

TRENT LIMITED

(formerly known as Lakme Limited)

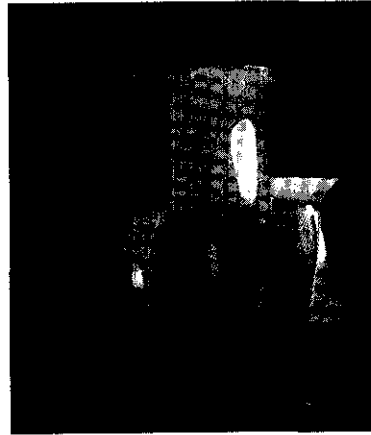
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annual report
1998-99



VERY *Unexpected*



VERY *Unique*



VERY *Proper*



VERY *Laid-back*



VERY *Naughty*



VERY *Nice*

VERY *WESTSIDE*

MUMBAI • BANGALORE • CHENNAI • HYDERABAD

BOARD OF DIRECTORS

S.N. Tata
Chairman

B.S. Bhesania

A.D. Cooper

H. N. Sethna

N.A. Soonawala

K.N. Suntook

N.N. Tata
Managing Director
(w.e.f. 15th June, 1999)

COMPANY SECRETARY

Mrs. H.R. Wadia

REGISTERED OFFICE

Bombay House,
24, Homi Mody Street,
Mumbai 400 001.

LEGAL ADVISORS

Mulla & Mulla &
Craigie, Blunt & Caroe

S.R. Vakil

AUDITORS

N. M. Raiji & Co.

BANKERS

Dena Bank
Citibank N.A.

**SHARE REGISTRARS AND
TRANSFER AGENTS**

Tata Share Registry Limited
Army & Navy Building,
148, Mahatma Gandhi Road,
Fort, Mumbai 400 001.



Notice

NOTICE is hereby given that the **FORTY-SEVENTH ANNUAL GENERAL MEETING OF TRENT LIMITED** will be held at the Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai 400 001, on Thursday, 26th August, 1999 at 3.30 P.M. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the nine month period ended 31st March, 1999 and the Balance Sheet as at that date.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. B. S. Bhesania who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. A. D. Cooper who retires by rotation and is eligible for re-appointment.
5. **APPOINTMENT OF MR. N. N. TATA AS
MANAGING DIRECTOR OF THE COMPANY**

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr. N. N. Tata as Managing Director of the Company for a period of 5 years with effect from 15th June, 1999, upon the terms and conditions set out in the draft Agreement submitted to this Meeting and, for identification, signed by a Director of the Company, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and enhance and vary the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to by the Board of Directors and Mr. N. N. Tata."

6. To appoint Auditors and to fix their remuneration.

Notes

- (a) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item 5 set out above is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT BOMBAY HOUSE, 24, HOMI MODY STREET, MUMBAI 400 001, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (c) The Register of Members will be closed from Thursday, 29th July, 1999 to Thursday, 26th August, 1999, both days inclusive.
- (d) The Dividend, if declared, will be payable on or after 27th August, 1999 to those members whose names appear on the Company's Register of Members as on 26th August, 1999.
- (e) Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Registrars and Share Transfer Agents to enable the Company to consolidate their holdings in one folio.
- (f) The Articles of Association of the Company provide that the Directors can refuse applications for sub-division of Share Certificates into denominations of less than the marketable lot, except when required to comply with the statutory provisions or an Order of a Competent Court. It is now decided to strictly adhere to this provision to reduce the administrative work and cost.
- (g) The entitlement to the discount coupons issued by the Company to the shareholders is related to their shareholding.

- (h) As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available for shareholders and fixed deposit holders in respect of shares and deposits held by them. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agents.

By Order of the Board of Directors,

MRS. H. R. WADIA
Company Secretary

Registered Office:

Bombay House,
24, Homi Mody Street,
Mumbai 400 001.

15th June, 1999.

Explanatory Statement

*A*s required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item 5 in the accompanying Notice dated 15th June, 1999.

Item 5

APPOINTMENT OF MR. N. N. TATA AS MANAGING DIRECTOR OF THE COMPANY

At the last Annual General Meeting of the Company, Mr. N. N. Tata was appointed a Director of the Company. Mr. N.N. Tata had earlier been the Managing Director of erstwhile Trent Limited.

As both the Karnataka High Court at Bangalore and the Bombay High Court have approved of the amalgamation of Trent Limited [erstwhile Littlewoods International (India) Limited] with the Company, the Board of Directors, has proposed, subject to the approval of the shareholders, the appointment of Mr. N. N. Tata as the Managing Director for a period of five years, with effect from 15th June, 1999.

Mr. N. N. Tata is 42 years old and is a graduate of Sussex University (U.K.) and IEP (INSEAD). He has 16 years of working experience starting with Nestle, U.K., as a Product Manager, and as a Senior General Manager with Tata International Limited. The Board therefore considers that he possesses the necessary experience and expertise to conduct the affairs of the Company.

The draft Agreement between the Company and Mr. N. N. Tata contains the following main terms and conditions :

1. Mr. Tata, Managing Director, shall carry out such duties as may be entrusted to him, subject to the supervision and control of the Board of Directors.
2. **Period of Agreement** : 5 years with effect from 15th June, 1999.
3. **Salary** : In the scale of Rs. 40,000 to Rs. 1,00,000 per month with authority to the Board of Directors to fix his salary within this scale, from time to time.

The annual increments will be effective 1st April each year and will be decided by the Board of Directors based on merit and take into account the Company's performance.

4. **Commission** : Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company, in a particular financial year, as may be determined by the Board of Directors or Committee of Directors, subject to the overall ceilings, stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable will be based on certain performance criteria to be laid down by the Board of Directors and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the shareholders.

5. Perquisites and Allowances :

- (a) In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, medical/accident insurance, medical reimbursement, leave travel concession for the Managing Director and his family, club fees and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director; such perquisites and allowances will be restricted to 1.25 times the annual salary of the Managing Director.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

- (b) Provision for use of the Company's car with a driver for official duties and telephone at residence (including payment of local and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (c) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
6. **Housing Loan :** In accordance with the Rules of the Company, applicable to Senior Executives of the Company.
7. **Minimum Remuneration :** Notwithstanding anything to the contrary herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.
8. **Leave :** As per the Rules of the Company, applicable to Senior Executives of the Company.
9. The terms and conditions of the said appointment and/or Agreement may be altered, enhanced and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amounts payable to managing directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
10. The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
11. The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned, directly or through his wife and/or minor children, in any selling agency of the Company, without the prior approval of the Central Government.
12. The Managing Director shall not have, inter alia, the following powers:
- (i) the power to make calls on Members in respect of monies unpaid on shares in the Company;
 - (ii) the power to issue debentures; and
 - (iii) the power to invest the funds of the Company in shares, stocks and securities.

In compliance with the provisions of Section 309 of the Act, the terms of appointment of Mr. N. N. Tata are now placed before the Members in this Meeting for their approval. The draft Agreement between the Company and Mr. N. N. Tata is available for inspection by any member of the Company at its Office at Taj Building, 210, Dr. D. N. Road, Mumbai 400 001 between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

Mrs. S. N. Tata being related to Mr. N.N. Tata and Mr. N. N. Tata are concerned or interested in the Resolution mentioned in Item 5 of the accompanying Notice.

This may be treated as an abstract of the draft Agreement between the Company and Mr. N. N. Tata, pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors,

Mumbai, 15th June, 1999.

MRS. H. R. WADIA
Company Secretary

Directors' Report

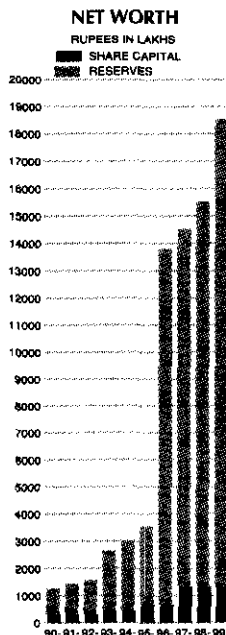
To

o the Members

The Directors have pleasure in presenting the Annual Report and the Audited Accounts for the nine-month period ended 31st March, 1999.

1. FINANCIAL RESULTS

	1998-1999 (9 months) Rupees in crores	1997-1998 (15 months) Rupees in crores
Income from Operations	19.73	64.12
Profit before Tax and Extra-ordinary items	12.33	31.11
Extra-ordinary items	—	97.97
Profit before Tax	12.33	129.08
Provision for Taxation	3.15	30.50
Profit after Tax	9.18	98.58
Excess/(Short) Tax Provision for prior years (net)	2.66	0.11
Profit for the period	11.84	98.69
Investment Allowance Reserve written back	—	0.41
Balance brought forward from previous year	5.45	4.93
Balance available for appropriation	17.29	104.03
Proposed Dividend :		
— Interim	—	80.53
— Final	5.90	—
Tax on Dividend	0.65	8.05
Transfer to General Reserve	6.50	10.00
Profit carried forward	4.24	5.45
	17.29	104.03



The Financial Results for the nine-month period ended 31st March, 1999 are not comparable with those of the previous period ended 30th June, 1998, on account of the following :

- (i) The results as on 31st March, 1999 are for a period of 9 months as compared to the previous period of 15 months and include the results of the Company's erstwhile Subsidiary, Trent Limited;
- (ii) The results of the previous 15-month period ended 30th June, 1998 include -
 - (a) the results of the operations of the Cosmetic Division for the 14-month period ended 31st May, 1998;
 - (b) Extra-ordinary income on account of sale of Deonar undertaking and the shares held by the Company in the Capital of Lakme Lever Limited.

2. PROFIT

Profit before taxation for the 9-month period ended on 31st March, 1999 amounted to Rs. 12.33 crores compared to Rs. 129.08 crores for the previous 15-month period. Profit after provision for taxation and adjustment of excess tax provision for prior years amounts to Rs. 11.84 crores for the 9-month period ended on 31st March, 1999, compared to Rs. 98.69 crores for the previous 15-month period.

3. CAPITAL

At the last Annual General Meeting, the shareholders had approved of the cancellation and the corresponding reduction in the Paid-up Capital of the Company to the extent of 3,03,650 Equity Shares of the Company, which were held by Lakme Exports Limited and which devolved on the erstwhile Trent Limited. Thereafter, the Bombay High Court has confirmed the said cancellation and reduction in the capital. The Paid-up Capital of the Company therefore stands reduced to Rs.13,11,77,640/- divided into 1,31,17,764 Equity Shares of Rs.10/- each, fully paid-up.

4. DIVIDEND

A Dividend of Rs. 4.50 per share is recommended for payment on 1,31,17,764 Equity Shares of Rs. 10/- each for the 9-month period ended 31st March, 1999 (equivalent to Rs. 6/- per share on an annualised basis), involving a distribution of Rs. 6.55 crores, inclusive of tax on Dividend.

5. AMALGAMATION OF TRENT LIMITED [FORMERLY KNOWN AS LITTLEWOODS INTERNATIONAL (INDIA) LIMITED] WITH THE COMPANY

As approved by the shareholders and in terms of the Orders passed by both the Bombay High Court and the Karnataka High Court at Bangalore, Trent Limited [formerly known as Littlewoods International (India) Limited] stands amalgamated with the Company, with effect from 1st July, 1998.

Consequently, on completion of the necessary formalities, the Company's name stands changed from Lakme Limited to Trent Limited, with effect from 15th June, 1999.

The Accounts of the Company include the Accounts of the erstwhile Trent Limited for the period 1st July, 1998 to 31st March, 1999.

6. OPERATIONS

The income from operations of the Company, for the 9-month period from 1st July, 1998 to 31st March, 1999, was Rs.19.73 crores.

The Company currently has 4 Stores at Bangalore, Chennai, Hyderabad and Mumbai, operating under the name 'WESTSIDE', resulting in a total of approximately 80,000 sq. ft. of trading space.

The stores at Hyderabad and Chennai started operations on 15th December, 1998 and 5th March, 1999, respectively. The fourth store of the Company opened at Hughes Road, Mumbai, on 28th April, 1999, i.e. during the current financial year. The opening of the stores met with considerable success at each of the locations.

The Company's mission is to provide quality products at reasonable prices to its customers. Value for money, styling, a pleasant and comfortable shopping, ambience accompanied by courteous service, are contributing to the success of all the existing Stores.

Right from the sourcing of raw materials to the designing and then manufacturing stage, a strict quality control ensures that all the products meet the high standards that the Company has set for itself.

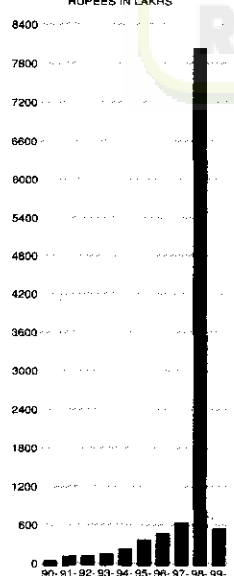
The Management is actively pursuing the setting up of other stores in various parts of India and some locations have already been identified for opening, during the current financial year.

7. SUBSIDIARY COMPANIES**A. LAKME BRANDS LIMITED :**

The income for the year ended 31st December, 1998 amounted to Rs. 3.03 crores.

After obtaining the necessary approvals, the Company has transferred to Hindustan Lever Limited, all its trademarks for a consideration of Rs. 110.03 crores and its Research and Development unit

DIVIDEND DISTRIBUTION
RUPEES IN LAKHS



alongwith related assets for a consideration of Rs. 0.29 crores.

Consequent to the change in the name of its Holding Company, it is proposed to change the name of the Company to Trent Brands Limited.

B. TRENT LIMITED [FORMERLY KNOWN AS LITTLEWOODS INTERNATIONAL (INDIA) LIMITED] :

In terms of the Orders passed by the Bombay High Court and the Karnataka High Court at Bangalore, Trent Limited [formerly known as Littlewoods International (India) Limited] stands amalgamated with the Company, with effect from 1st July, 1998. Therefore, the Statement of Accounts of the erstwhile Trent Limited is not annexed to this Annual Report.

8. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The relevant information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable to the Company's business.

The details of Foreign Exchange Earnings and Outgo are as per Note Nos.14, 12 and 13 on the Balance Sheet and Profit and Loss Account.

9. PERSONNEL

The Board wishes to place on record its appreciation to the contribution made by all the employees to the growth and performance of the Company.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed and forms an integral part of this Report.

10. INFORMATION TECHNOLOGY YEAR 2000 COMPLIANCE (Y2K)

The Company is in the process of ensuring that all its computer systems are year 2000 (Y2K) compliant. Main operating software is Y2K and Euro compliant and main hardware is already Y2K compliant. Risk of business disruption due to Y2K issues is judged to be minimal. The rest of the computer systems and software shall be made compliant by 30th November, 1999. The cost of the entire exercise is estimated to be negligible.

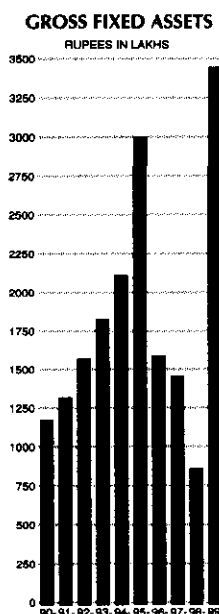
11. ODD LOT SHARES

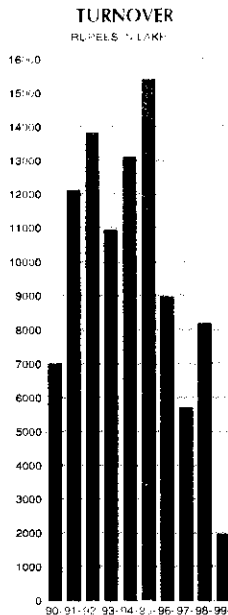
A scheme for purchase of odd lot shares is being operated by Tata Share Registry Limited. In terms of the Scheme, a shareholder holding odd lots would be entitled to sell his shares of the Company at the prevailing market price, without incurring any administrative expenses, which was earlier at the rate of 8% of the sale price. This scheme is open to all members who desire to avail of the benefit. The Application Form alongwith a Share Transfer Form are being sent separately to all Shareholders holding Shares of the Company in "Odd Lots".

12. DIRECTORS

Subject to the approval of the shareholders, the Board of Directors has appointed Mr. N. N. Tata as the Managing Director of the Company, with effect from 15th June, 1999, for a period of 5 years, on the terms and conditions stated in Item 5 of the Explanatory Statement annexed to the Notice dated 15th June, 1999.

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. B. S. Bhesania and Mr. A. D. Cooper retire at the ensuing Annual General Meeting and are eligible for re-appointment.



TRENT**13. AUDITORS' REPORT**

The Auditors have made a reference in their Report in respect of maintenance of records showing particulars of fixed assets, which is self explanatory.

14. AUDITORS

The Auditors of the Company, M/s. N. M. Rajji & Co., retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

On behalf of the Board of Directors,

SIMONE N. TATA
Chairman

Mumbai, 15th June, 1999.

Annexure to Directors' Report

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the nine month period ended 31st March, 1999.

Name	Designation/ Nature of Duties	Remune- ration Received Rs.	Net Remune- ration Rs.	Qualifications	Expe- rience (Years)	Date of Commence- ment of Employment	Age	Last Employment before joining the Company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Anand P.K.*	Vice-President Operations - of erstwhile Trent Ltd.	6,34,117	3,24,490	M.Com.	24	17-08-1998	45	Vice President - Flora Cosmetics Ltd.
Forbes G.B.	Company Secretary - Controller Int. Audit of erstwhile Trent Ltd.	4,66,724	2,99,175	A.C.A., A.C.S.	30	01-04-1996	54	Company Secretary - cum Controller (Internal Audit) Lakme Exports Ltd.
Phene S.V.	Vice-President - Corporate Planning	9,91,717	5,36,612	B.Com., A.C.A.	21	04-08-1986	43	Sr. Mgr. - Finance - Hindustan Construction Co. Ltd.
Sawant S.R.	Vice-President - Human Resources	7,52,181	4,29,116	B.A., D.L.W., D.B.M.	31	02-02-1987	57	Personnel Mgr. - Fit Tight Nuts & Bolts Ltd.
Shah R.A.*	Chief Engineer	2,15,491	1,30,142	B.E. (Electrical)	22	20-11-1981	45	Maint. Engineer - U.S. Vitamins & Pharm. Corpn. (India) Ltd.
Tata N.N.	Managing Director of erstwhile Trent Ltd.	8,20,800	5,27,526	B.A. (Eco) Univ. of Sussex, IEP, INSEAD, France	16	03-02-1998	42	Managing Director - Lakme Exports Ltd.
Thakur H.R.*	Acting Company Secretary	1,06,311	1,06,311	M.Com., L.L.M., M.B.A., F.C.S.	26	19-09-1994	48	Jt. Secretary - Varun Shipping Co. Ltd.
Vijaykumar L.	Manager - Corporate Accounts	4,97,114	3,26,818	B.Com. Ed., A.C.A.	22	03-10-1989	47	Div. Manager - Finance & Accounts - Hindustan Dorr Oliver Ltd.
Wadia H.R.	Company Secretary	6,59,079	4,18,929	B.Com., A.C.A., A.C.S.	15	01-05-1998	39	Company Secretary - Lakme Lever Ltd.

NOTES :

- 'Remuneration Received' includes salary, taxable value of perquisites and Company's contribution to Provident and Superannuation Funds wherever applicable.
- 'Net Remuneration' is arrived at by deducting from the Gross Remuneration, Income-tax and Company's contribution to Provident and Superannuation Funds and the monetary value of non-cash perquisites, wherever applicable.
- The Company has made a provision for contribution to the Employees' Gratuity Fund based on actuarial valuation. This amount has not been included in 'Gross Remuneration' as no separate figures are available for individual employees.
- * The employee was in service only for a part of the year.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- The nature of employment in all cases is contractual.

On behalf of the Board of Directors,

SIMONE N. TATA
Chairman

Mumbai, 15th June, 1999.