

TRENT

A **TATA** Enterprise

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Annual Report 1999-2000

TRENT
LIMITED

(Formerly known as Lakme Limited)

Forty-Eighth Annual Report 1999-2000

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)

Company Secretary

Mrs. H.R. Wadia

Registered Office

Bombay House,

24, Homi Mody Street,

Mumbai 400 001.

Bankers

Citibank N.A.

Auditors

N.M. Raiji & Co.

Share Registrars and Transfer Agents

Tata Share Registry Limited

Army & Navy Building,

148, Mahatma Gandhi Road,

Fort, Mumbai 400 001.

A TATA Enterprise



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Notice

NOTICE is hereby given that the **FORTY-EIGHTH 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, 14th September, 2000 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 year ended 31st March, 2000 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. N. A. Soonawala who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mrs. S. N. Tata who retires by rotation and is eligible for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall also

include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant, either directly or through a trust, to such employees as are in the permanent employment of the Company and to the Directors of the Company, at the time the grant is made, as may be decided solely by the Board, an option to subscribe to such number of Equity Shares of the Company, of the face value of Rs.10/- each under the Employees' Stock Option Scheme and therefor to issue, allocate or allot, either directly or through a trust such number of Equity Shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide, as set out in the Explanatory Statement hereto, not exceeding 4,00,000 Equity Shares of the Company.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue, allocate and allot either directly or through a trust, such number of Equity Shares, as may be required, in pursuance of the above issue, and that the Equity Shares, whenever so issued, allocated and allotted, shall rank *pari passu* in all respects with the existing Equity Shares of the Company, save and except that such Equity Shares shall carry the right to receive either the full dividend or a *pro-rata* dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the shares shall become effective.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, including to withdraw, suspend or revive the Scheme from time to time and to make and accept any modifications in the proposal, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue."

5. 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 4 set out above is annexed hereto.
- (b) NO HAND BAGS/PARCELS OF ANY KIND WILL BE ALLOWED INSIDE THE AUDITORIUM. THE SAME WILL HAVE TO BE DEPOSITED OUTSIDE THE AUDITORIUM ON THE COUNTER PROVIDED, AT THE SHAREHOLDERS'/PROXIES' OWN RISKS.
- (c) 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. PROXIES 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.

- (d) The Register of Members will be closed from Wednesday, 2nd August, 2000 to Tuesday, 8th August, 2000, both days inclusive.
- (e) The entitlement to the discount coupons issued by the Company to the shareholders is related to their shareholding.
- (f) Those shareholders who have not encashed their Dividend Warrants for the financial years ended 31st March, 1996, 31st March, 1997, 30th June, 1998 and 31st March, 1999 are requested to do so immediately or to contact the Company's Registrars, Tata Share Registry Limited, for any assistance required.

By Order of the Board of Directors,

Mrs. H. R. WADIA
Company Secretary

Registered Office:

Bombay House,
24, Homi Mody Street,
Mumbai 400 001.
28th July, 2000.



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Explanatory Statement

As 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 4 in the accompanying Notice dated 28th July, 2000.

Item 4

EMPLOYEES' STOCK OPTION SCHEME

In order to attract and retain qualified personnel, especially in the present competitive environment in the Country, it is appropriate to consider the introduction of an Employees' Stock Option Scheme. Stock Option Schemes are designed to foster a sense of ownership and belonging amongst personnel of a Company.

It is therefore proposed to introduce an Employees' Stock Option Scheme (ESOS) as per which select employees and Directors (present and future) of the Company (hereinafter referred to as "employees") would be given options to subscribe to a specific number of Equity Shares of the Company as may be decided by the Board/Compensation Committee constituted by the Board, in accordance with the Securities and Exchange Board of India (SEBI) guidelines. The Stock Options would be granted in addition to the existing compensation payable to the employees.

The salient features of Trent Limited Employees' Stock Option Scheme (TLESOS) are set out below:

- (a) The Employees' Stock Option Scheme shall apply to all permanent employees, present and future, of Trent Limited in India and abroad and to the Directors, present and future, of Trent Limited in India and abroad and may be decided by the Board/Compensation Committee and entitled to participate in the ESOS.

- (b) The total number of options/shares to be granted will not exceed 4,00,000 Equity Shares issued in terms of the Resolution at Item No.4 of the Notice.

- (c) The exercise price for the purpose of the grant will be computed on the basis of:

- (i) the closing market price (rounded off to the next rupee) of the Company's Equity Shares on The Stock Exchange, Mumbai, on the trading day immediately prior to the date of grant, or
- (ii) the average of the weekly high and low of the closing prices on The Stock Exchange, Mumbai, of the Company's Equity Shares during 13 weeks prior to the date of grant,

whichever is lower, with a discount, not exceeding 50% on the price as computed by the above formula, as may be decided by the Compensation Committee.

The Compensation Committee is also empowered to make a fair and reasonable adjustment to the exercise price in case of rights issues, bonus issues, other corporate actions and in case after the date of grant, the market price on the dates of the subsequent grants is lower than the exercise price determined earlier. The Equity Shares will be allotted to the employees on exercise of the options and the employees will have to pay the exercise price per share at the time of exercise of the option.

- (d) The Compensation Committee will determine the eligibility of the employees for the TLESOS, based on the Company's requirements.

The Compensation Committee shall have full discretion to lay down, change or modify the criteria, as it deems fit.

- (e) The options shall vest after one year from the date of grant, over a minimum period of three years and a maximum period of five years (as may be determined by the Compensation Committee) from the date of grant. The vesting may occur in tranches as may be stipulated by the Compensation Committee at its discretion and may include the performance appraisal of the employees.
- (f) The exercise period for the options shall be three years from the date of vesting, but within four years from the date of vesting or as may be decided by the Compensation Committee from time to time.
- (g) The maximum number of options granted per eligible employee will not exceed 25,000 Equity Shares. The aggregate of all such grants shall not exceed the total number mentioned in (b) above.

The Company shall comply with the Disclosure and Accounting policies prescribed by SEBI, as may be applicable.

Section 81 of the Companies Act, 1956, provides *inter alia* that whenever it is proposed to increase the Subscribed Capital of a company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Equity Shares of the Company in proportion to the Paid-up Capital unless the shareholders in General Meeting decide otherwise. To enable the Company to introduce TLESOS, the consent of the shareholders is required to authorise the Board of Directors to issue the Equity Shares in the manner set out in the Resolution at Item No. 4.

The Directors commend the Resolution for acceptance by the shareholders. The Directors of the Company may be deemed to be concerned or interested in the Resolution at Item No. 4 of the Notice to the extent of the Stock Options that may be granted to them.

By Order of the Board of Directors,

Mrs. H. R. WADIA
Company Secretary

Mumbai, 28th July, 2000.



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Directors' Report

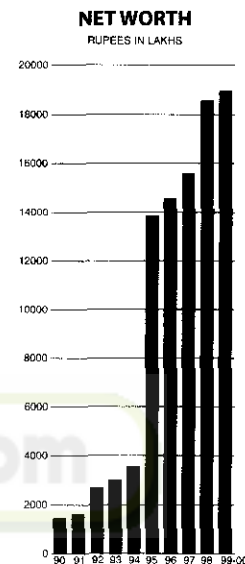
To The Members

The Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March, 2000.

The financial results as on 31st March, 2000 are for a period of 12 months as compared to the previous 9-month period ended on 31st March, 1999 and are therefore not comparable.

1. FINANCIAL RESULTS

	1999-2000 (12 months) Rupees in Crores	1998-1999 (9 months) Rupees in Crores
Income from Operations	49.54	26.03
Profit before Tax	14.98	12.33
Provision for Taxation	2.50	3.15
Profit after Tax	12.48	9.18
Excess/(Short) Tax Provision for prior years (net)	—	2.66
Profit for the year	12.48	11.84
Balance brought forward from previous period	4.24	5.45
Balance available for appropriation	16.72	17.29
Proposed Dividend:		
- Interim	7.87	—
- Final	—	5.90
Tax on Dividend	0.87	0.65
Transfer to General Reserve	2.00	6.50
Profit carried forward	5.98	4.24
	16.72	17.29

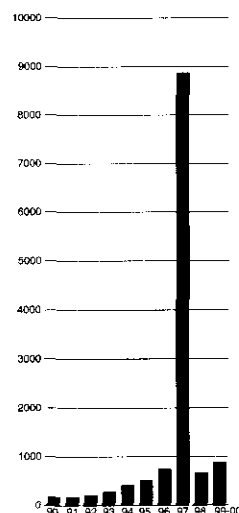
**2. PROFIT**

Profit before taxation for the year ended 31st March, 2000 stands at Rs.14.98 crores (previous period Rs.12.33 crores). Profit after provision for taxation amounts to Rs.12.48 crores (previous period Rs.11.84 crores).

3. DIVIDEND

During the year ended 31st March, 2000, an interim dividend @ 60% (Rs.6/- per share) was declared, which was paid on 19th May, 2000 on 1,31,17,764 Equity Shares of Rs.10/- each involving a distribution of Rs.8.74 crores, inclusive of tax on dividend.

DIVIDEND DISTRIBUTION
RUPEES IN LAKHS



In view of the high interim dividend already paid, the Directors have decided not to recommend a final dividend.

4. INDUSTRY OUTLOOK

Organised retailing, which is one of the largest industries worldwide, is still at a nascent stage in India, but has been widely acknowledged as a *sunrise industry*. Customers' acceptance for these new retailing formats has been very high due to their convenience, pleasant shopping experience and wide choice of merchandise. The changes taking place in lifestyles, the advent of shopping malls and new players entering the retail field, will accelerate the customer's conversion from traditional retailing to organized retailing at a much faster pace.

5. OPERATIONS

The income from operations of the Company, for the year ended 31st March, 2000, was Rs.49.54 crores. This consists of income from treasury operations and the turnover recorded

at the Company's four stores located at Bangalore, Chennai, Hyderabad and Mumbai. The Company's products offered under the brand names 'Westside' and 'Trent', have been well accepted by the customers.

Considering that the two Westside stores at Hyderabad and Chennai have only recently completed one year of operation, whereas the Mumbai one was in operation for only 11 months, their performance has been very encouraging and positive. The Bangalore store has also posted a significant growth. It needs to be mentioned that sales at the four stores have been steadily increasing with new customers being added month after month. A number of promotional activities were undertaken at each location, which drew large crowds and contributed to the expansion of the customer base.

The Company is in the process of expanding its activities to new locations such as Pune and Delhi. Some agreements have already been signed and others are under negotiations.

Since the take over of Littlewoods International (India) Limited in 1998, the Company has grown from one store to four stores. Since the opening of the Mumbai store, the Company has focused its attention on the strengthening and expanding its supply chain, which is of vital importance to meet the customers' requirements on a sustained basis, at the present locations as well as at future ones. Having resolved these issues, your Company is now well positioned to aggressively expand its operations in the near future.

On the product front, the Company has addressed customers' requirements for a large



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range of Indian wear for ladies. The roll out of the range has been highly successful and continues to grow in popularity. Further refinements in all product groups are taking place on an ongoing basis.

6. TATA BUSINESS EXCELLENCE MODEL

In order to enhance the quality of the Company's service and products, the Company has adopted the Tata Business Excellence Model in consultation with Tata Quality Management Services, a Division of Tata Sons Limited. Several initiatives have been implemented or are under implementation covering stakeholders' satisfaction, customers' expectations, service and product improvement.

7. CORPORATE GOVERNANCE

The Company has always believed in good corporate practices and in increasing stakeholders' value. It has, therefore, endeavoured to run its activities in an efficient and transparent manner. Many new practices have been introduced over the years. Nevertheless, further additions and refinements are under way to fully comply with the new Corporate Governance requirements, prescribed by the Listing Agreement with The Bombay Stock Exchange, by the end of the current financial year.

The Tata Code of Conduct was adopted by the Company and all its Officers have pledged compliance with it.

The present Board of Directors of the Company comprises seven Directors, of which three are independent Directors. Except the Managing Director, all the other Directors are non-

executive Directors. All the Directors of the Company are highly qualified and experienced professionals in their fields such as finance, business management, legal, technical etc. The composition of the Board is therefore well balanced. During the year under review, the Board of Directors met six times, when all the Directors were present. All the Directors were present at the last Annual General Meeting.

Apart from the Board approving matters which are statutorily required to be approved by it, all major business decisions are discussed and considered by the Board. The Board of Directors has constituted the following Committees for effective and efficient functioning of the Company:

(a) INVESTMENT COMMITTEE:

Mrs. S. N. Tata, Mr. N. A. Soonawala and Mr. H. N. Sethna are the Members of the Investment Committee for approving investments of surplus funds of the Company.

(b) REMUNERATION COMMITTEE:

Mr. N. A. Soonawala, Mr. H. N. Sethna and Mr. A. D. Cooper are the Members of the Remuneration Committee.

(c) AUDIT COMMITTEE:

This Committee has been recently formed and consists of Mr. A. D. Cooper (Chairman), Mr. B. S. Bhesania and Mr. K. N. Suntook. It will review the entire operations of the Company in line with the listing requirements of the Stock Exchange.

A Shareholders' Grievance Committee is also being set up.

8. COMMUNITY DEVELOPMENT

The Company has actively supported The Tata Council for Community Initiatives in its various activities. It has also donated generously to the Army Welfare Fund for rehabilitation of defence personnel injured in the conflict of Kargil and to the Tata Relief Committee for the victims of the Orissa disaster. All employees of the Company have also donated one day's wages on both occasions.

9. SUBSIDIARY COMPANY**TRENT BRANDS LIMITED**

The name of the Company was changed from Lakme Brands Limited to Trent Brands Limited with effect from 29th March, 2000.

In order to coincide with the financial year of the Holding Company, the financial year of the Company was changed to end on 31st March each year. Accordingly, the Accounts, attached to this report, are for the period 1st January, 1999 to 31st March, 2000.

The profit after tax for the 15-month period ended 31st March, 2000 amounted to Rs. 35.64 Lakhs.

10. 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 Outgo are as per Note Nos. 11 and 12 on the Balance Sheet and Profit and Loss Account.

11. PERSONNEL

The Board wishes to place on record its appreciation for the full co-operation and support it received from its employees throughout the year without which the present results would not have been achieved.

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.

**12. INFORMATION TECHNOLOGY
YEAR 2000 COMPLIANCE (Y2K)**

The Company has successfully managed Y2K transition without any disruption. Main operating software used by the Company is Y2K and Euro compliant and main hardware is Y2K compliant.

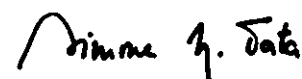
13. DIRECTORS

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

14. AUDITORS

The Auditors of the Company, M/s. N. M. Raiji & 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, 29th June, 2000.