



Board of Directors

S.N. Tata (Chairman)

N.A. Soonawala

H.N. Sethna

B.S. Bhesania

A.D. Cooper

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



Forty-Ninth Annual Report 2000-2001

Notice

NOTICE is hereby given that the **FORTY-NINTH ANNUAL GENERAL MEETING OF TRENT LIMITED** will be held at the Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai 400 001, on Monday, 27th August, 2001 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, 2001 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. K. N. Suntook who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. B. S. Bhesania who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of Resolution No.5, passed at the Annual General Meeting of the Company held on 26th August, 1999, for the appointment and remuneration payable to Mr. N. N. Tata as Managing Director of the Company, and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in salary scale applicable to Mr. N. N. Tata (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to fix his salary within the scale, increasing thereby, proportionately, all benefits related to the quantum of salary, with effect from 1st April, 2002, for the remainder of the tenure of his contract, as set out in the draft Agreement submitted to this Meeting and initialled by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned."

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company, calculated in

accordance with the provisions of Sections 198, 349 and 350 of the said Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Director) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2001."

7. To appoint Auditors and to fix their remuneration.

Notes:

- (a) The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Items 5 and 6 set out above and the relevant details in respect of Items 3 and 4 above, pursuant to Clause 49 of the Listing Agreement, are 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.
- (c) The Register of Members and the Transfer Books of the Company will be closed from Thursday, 2nd August, 2001 to Monday, 27th August, 2001, both days inclusive.
- (d) The dividend, if declared, will be payable on or after 28th August, 2001, to those members whose names appear on the Company's Register of Members on 27th August, 2001. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on 2nd August, 2001, as per details furnished by the Depositories for this purpose.
- (e) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held

in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.

- (f) The entitlement to the discount coupons issued by the Company to the shareholders is related to their shareholding.
- (g) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period, are requested to forward their claims to the Office of the Registrar of Companies, CBD, Belapur 400 614, Telephone No.7576802.

Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund to be set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1995 onwards, are requested to make their claims to the Company accordingly, without any delay.

- (h) Members who have multiple accounts in identical names or joint accounts in the same order are required to send all their Share Certificates to the Company's Registrars and Share Transfer Agents for consolidating all such shareholdings into one account to facilitate better service.

By Order of the Board of Directors,

MRS. H. R. WADIA
Company Secretary

Registered Office:
Bombay House,
24, Homi Mody Street,
Mumbai 400 001.
29th June, 2001.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statements set out all material facts relating to the business mentioned under Items 5 and 6 in the accompanying Notice dated 29th June, 2001.

Item 5

1. At the Annual General Meeting of the Company held on 26th August, 1999, the Members had approved of the appointment and terms of remuneration of Mr. N. N. Tata as the Managing Director of the Company in the salary scale of Rs.40,000-Rs.1,00,000 per month together with such perquisites and commission, as specified in the Explanatory Statement annexed to the Notice of the Meeting.
2. The Managing Director's present salary has reached the maximum limit of the current salary scale of Rs.40,000-Rs.1,00,000 per month. It is proposed to enhance, with effect from 1st April, 2002, the salary scale to Rs.40,000-Rs.2,00,000 per month (with proportionate increases in the value of the benefits related to salary) for the remainder of the tenure of his contract i.e. up to 14th June, 2004 with the authority to the Board to fix his salary within the enhanced scale from time to time. The annual increment will be merit based and take into account the Company's performance.
3. All other terms and conditions of the appointment of Mr. N. N. Tata, as approved by the shareholders, will remain unchanged. The Resolution for the change in the scale of remuneration payable to the Managing Director is commended for acceptance by the shareholders.
4. The draft Agreement between the Company and Mr. N. N. Tata is available for inspection at the Corporate Office of the Company at Navsari Buildings, 3rd Floor, 240, Dr. D. N. Road,



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Mumbai 400 001 between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

5. 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.
6. This may also 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.

Item 6

At the Annual General Meeting of the Company held on 5th September, 1996, the members had approved of the payment of remuneration by way of commission to the non-whole-time Directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956, subject to a ceiling of Rs.10.00 Lakhs per annum for a period of five years commencing 1st April, 1996.

Taking into consideration the increased role of Directors in the emerging competitive environment, especially the added responsibilities of non-whole-time Directors, required by the new Corporate Governance Regulations at various Board and Committee Meetings, it is appropriate that the Directors (apart from the Managing Director and Whole-time Directors, if any) be compensated and therefore, it is proposed that, in terms of Section 309 of the Companies Act, 1956, for each of the five financial years commencing 1st April, 2001, the non-whole-time Directors be paid a remuneration not exceeding 1% of the net profits of the Company, computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the non-whole-time Directors in accordance with the directions given by the Board. The commission that will be paid will be in addition to the sitting fees for attendance of Board/Committee Meetings.

All the Directors of the Company apart from the Managing Director are concerned or interested in the Resolution mentioned at Item 6 of the Notice to the extent of the remuneration that may be received by them.

DETAILS OF MR. K. N. SUNTOOK AND MR. B. S. BHESANIA, AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**Item No.3**

Mr. K. N. Suntook has been appointed on the Board of Directors with effect from 22nd August, 1995 and has business experience in general, and legal, in particular. His qualifications are B.A., LL.B. (Advocate), F.C.S.

Name of the Companies in which Mr. K. N. Suntook holds directorships/ executive committee memberships	:	National Peroxide Ltd.; Tata Finance Ltd.; The Associated Building Co. Ltd. (Chairman) Tata Investment Corpn. Ltd.; The Tata McGraw-Hill Publishing Company Ltd.; The Cricket Club of India Ltd. (CCI).
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Member of the Committee of the Board of other Companies	:	Tata Finance Ltd., Audit Committee; Tata Investment Corpn. Ltd., Investment Committee and Audit Committee; CCI – Investment Committee.
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Item No.4

Mr. B. S. Bhesania has been appointed on the Board of Directors with effect from 17th May, 1983 and is a Senior Partner of M/s. Mulla & Mulla & Craigie Blunt & Caroe, with specialization in areas in shipping laws, corporate laws, property laws etc. He is B.Sc. LL.M. Advocate, High Court, Mumbai and Supreme Court of India; Solicitor, High Court, Mumbai, Supreme Court of England & Wales and Supreme Court of Hongkong.

Name of the Companies in which Mr. B. S. Bhesania holds directorships	:	Gilt Edge Finance & Investments Ltd.; Bhansali Engineering and Polymers Ltd.; DGP Hinoday Industries Ltd.
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Member of the Committee of the Board of other Companies	:	Bhansali Engineering & Polymers Ltd., Audit Committee
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By Order of the Board of Directors,

MRS. H. R. WADIA
Company Secretary

Mumbai, 29th June 2001.

Directors' Report

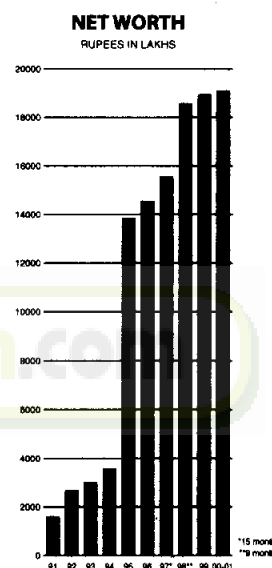
To The Members

The Directors have pleasure in presenting the Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	2000-2001	1999-2000
	Rupees	Rupees
	in Crores	in Crores
Total Income	66.13	58.68
Profit before taxes and diminution in value of long-term investments	15.00	14.98
Provision for taxation	0.02	2.50
Profit after Taxes and before diminution in value of long-term investments	14.98	12.48
Provision for diminution in value of long-term investments	5.00	—
Profit after taxes and provision for diminution in value of long-term investments	9.98	12.48
Excess/(Short) Tax Provision for prior years (net)	0.19	—
Net Profit	10.17	12.48
Balance brought forward from previous year	5.98	4.24
Balance available for appropriation	16.15	16.72
Proposed Dividend:		
- Interim	—	7.87
- Final	7.87	—
Tax on Dividend	0.80	0.87
Transfer to General Reserve	1.02	2.00
Profit carried forward	6.46	5.98
	16.15	16.72

The Company's total income for the year ended 31st March 2001 was Rs. 66.13 Crores, an increase of 12.75% over the previous year. Retail sales grew by 24%. Profit after tax but before diminution in the value of long-term investments at Rs.14.98 Crores was higher by 20% over the previous year. However, the Board of Directors decided to make a provision of Rs.5.00 Crores towards such diminution. Therefore, the Net Profit at Rs.10.17Crores is lower by 20% over the previous year.



RETAIL OPERATIONS

With economic growth and the markets continuing to be sluggish throughout the financial year, the Company made concerted efforts to maintain its pricing at the same level as in the previous years. This has been very favourably commented upon by our customers and has enhanced significantly our competitiveness. The Company's objective to retail only quality products in each product category has been equally appreciated.

The growth in the turnover of the retail operations was affected by delays in properties being handed over on schedule, thus retarding our start of operations. A new Store in Pune, which opened in August 2000, was delayed by 5 months and the Kolkata Store could not be opened in the year under review due to similar delays as well.

Considering the above, the 24% growth in sales has been satisfactory.

In order to support faster growth, greater emphasis has been placed on the development of our supply chain, broadening our vendor base and more efficient management of our inventories. This will be further consolidated in the current year.

There has also been a sustained effort to enhance our customer service level through an enhanced level of staff training. Product innovation has taken a greater focus with a successful expansion of lines in many areas. As a result, we have seen a worthwhile expansion of our customer base.

All these initiatives will be continuous and are a concerted drive towards sustaining the high growth programme which the Company is committed to achieve.

TREASURY OPERATIONS

The year under review has seen a sharp fall in stock markets all over the world. Indian markets have witnessed a similar trend. Income from treasury operations fell by over 50% compared to the previous year.

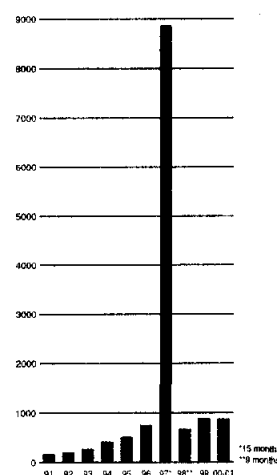
Whilst the Company substantially reduced its exposure to the equity linked mutual funds markets by placing more assets in debt based mutual funds, it still suffered losses in line with rest of the market on its equity funds. A provision of Rs.5.00 Crores has been made towards offsetting the diminution in value of these assets.

During the year, the Company had discounted bills of exchange amounting to Rs.102.74 Crores. Out of the above total amount of bills discounted, bills worth Rs.2.04 Crores turned out to be forged bills. Out of the above, Rs.0.90 Crores have been recovered, of which Rs.0.58 Crores is under dispute and is included under contingent liabilities. A provision of Rs.1.14 Crores has been made in respect of the amount outstanding which has been included under the head provision for doubtful advances. The Company has already initiated the necessary legal action as per the legal advice received by it.

DIVIDEND

A dividend of Rs.6/- per share is recommended for payment on 1,31,17,764 Equity Shares of Rs.10/- each for the year ended 31st March 2001, involving a distribution of Rs.8.67 Crores, inclusive of tax on dividend.

DIVIDEND DISTRIBUTION
RUPEES IN LAKHS



SUBSIDIARY COMPANY: TRENT BRANDS LTD.

To coincide with the financial year of the Holding Company, the financial year was changed to end on 31st March, 2000. Consequently, the financial results for the year ended 31st March, 2001 are not comparable as the previous year's figures were for a period of 15 months. The Company has declared an interim dividend of Rs.292.50 Lakhs. The Accounts of the Company are appended to this Report.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The relevant information required to be given 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.

PERSONNEL

The Directors would like to place on record their deep appreciation to the Management team and all its employees for their unstinted support and commitment to the organisation throughout the year.

DIRECTORS

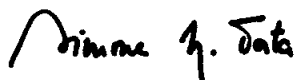
In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. K. N. Suntook and Mr. B. S. Bhesania retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, the Directors hereby confirm that :

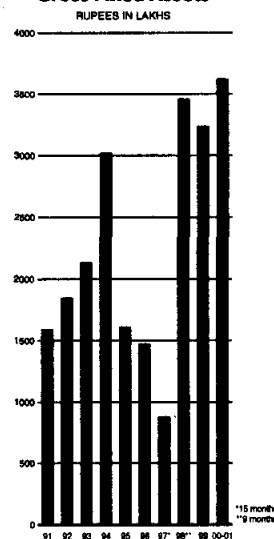
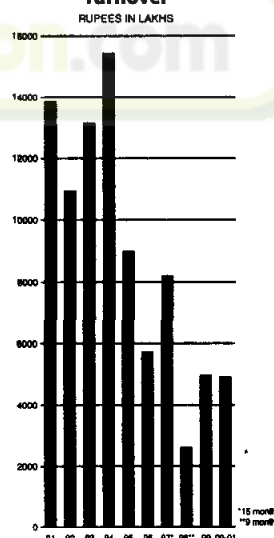
- (a) in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors had, as far as possible, taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of their knowledge and ability;
- (d) the Directors had prepared the Annual Accounts on a going concern basis.

On behalf of the Board of Directors,



SIMONE N. TATA
CHAIRMAN

Mumbai, 29th June 2001.

Gross Fixed Assets**Turnover**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(a) INDUSTRY STRUCTURE & DEVELOPMENTS

Organised retailing is one of the largest sectors in most global economies and is currently in its infancy in India. With the slow emergence of larger stores, specialised in a distinct category of products, on the lines of international formats, organised retailing in India is expected to grow by 20% per year fuelled by a variety of factors such as increased purchasing power, rapid increase in double income households and working women and the growth of the upper middle class. With increasing pressure on time, consumers are seeking the convenience of one-stop shopping whereby they can have better utility of their time, better shopping comforts in a pleasant ambience with efficient service. Organised retailing satisfies the needs of the consumers.

The retail market in India accounts for 10% to 11% of GDP. However, it is highly fragmented and organised retail accounts for only 2% of the total retail market.

Organised retailing industry is becoming a technology intensive industry with online systems linking-up stores to warehouses and head offices enabling the companies to closely control their operations for a smooth flow of goods, and adapt their purchases to reflect customer preferences.

(b) OPPORTUNITIES & THREATS

Research analysis estimates the textile and clothing market at Rs.87,000 Crores, 22% of which comprises of readymade garments with only Rs.4,000 Crores in branded apparel. This indicates that there is a large scope for expanding demand for branded apparels. The key drivers for continued penetration are attractive price points and more innovative marketing, as the bulk of the market still remains very price conscious.

The men's segment currently accounts for 70% of all branded apparel sales. Based on current trends it is expected to grow by 30% a year. This is the strongest and best-established category in stores across the country.

The women's apparel market is growing by 10% per year and the branded women's apparel currently accounts for only 13% of the total

women's apparel market. The crucial factors to be considered for penetration in women's apparel market are the ability to combine variety and style with customisation and to manage sourcing and design, making this the most challenging category to cater to.

The Company's brands, Westside, Trent, Stoneriver Classics, Sassy, Street Blues, Gia, Intima and Westsport have been well accepted and are fast gaining popularity. With the Company's brands creating a place for itself, the Company is confident of achieving a substantial growth in the coming years, as proved by the growth of our customer base.

E-tailing which at one point was considered to be a threat to departmental stores worldwide, has not fared well. Customers need to touch, feel and see the product before they make a purchase decision. E-tailing therefore does not appear to pose a threat to the Company's format of retailing.

(c) OPERATIONS

Catering to the entire spectrum of clothing needs, Westside is positioned as a family store and is aimed at the middle and upper end of the market. The Company's income from retailing for the year ended 31st March, 2001 ended with a growth of 24% over the previous year in a depressed environment when overall growth in consumers' spending started slowing down.

Though delayed by over 5 months, the Company opened a new Store in Pune at the end of August 2000. Due to prolonged delays from builders, the opening of our Kolkata Store had to be postponed to the current year in addition to our first Delhi Store at Karol Bagh, which started in April 2001. Our second Delhi Store is slated to open in the 3rd quarter of the current year. These store openings will increase our existing trading floor space by 75%.

The performance of the new Stores has been encouraging with a positive response from customers. The Company's products have been well accepted and well recognised and are perceived as value for money. The Company has signed an agreement in respect of one additional Store at Mumbai. Taking into

account the encouraging response received at all its stores, the Company plans to continue its expansion in metros and mini metros.

In order to sustain a rapid growth, continuous efforts are being made to develop enhanced sourcing and merchandising systems. The Company is also tracking customer satisfaction. To enhance customer satisfaction, the Company is constantly researching current tastes and needs of its customers with feedback and customer satisfaction surveys being conducted on a regular basis.

The Company has also launched a loyalty programme called "Club West" which offers various benefits to the customer.

The Company is also planning to enter the grocery-retailing segment with plans of opening 100 grocery stores in the western and northern regions of India. The proposal, which was approved by the Company's Board of Directors, will be in self-service supermarket formats, selling food and non-food items including wet groceries.

(d) TREASURY OPERATIONS

The Company will continue to carry on its treasury operations for some further period of time pending utilisation of funds in its retail business.

Given the current economic scenario in the country, interest rates may decline during the next year, which may impact the returns from treasury operations. This is expected to be more than made up by the improved performance of the retailing business.

(e) RISKS & CONCERNS

The excise duty introduced on readymade garments is imposing an unfair burden on the organised retailers. This may impact the industry's growth. Also, the drop in yields of debt instruments will reduce the income from treasury operations.

(f) INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The system of internal control of the Company is adequate, keeping in mind the size of the

Company's business. Systems and operations are regularly reviewed by the Audit Committee of Directors to ensure their effectiveness and implementation. The Company is also taking necessary steps to enhance the scope of internal audit with regard to its treasury operations.

(g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

With effect from 1st May, 2001, excise duty of 16% was introduced on readymade garments. As the entire amount of excise duty cannot be passed on to the consumers, margins will be affected. This unfortunate levy of tax may slow the pace of transition from tailored to readymade garments and from unbranded to branded products.

(h) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company pays adequate attention to human resources development. Regular training is imparted to its employees at all the locations. The Company sends a weekly publication to all its stores in order to improve communication and make its employees aware of new products introduction. Employee satisfaction surveys are regularly being conducted and acted upon.

The number of people employed by the Company as of 31st March, 2001 was 349.

(i) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.