

TRENT LIMITED

A **TATA** Enterprise

Fashion for all seasons



Annual Report
2003-2004

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Fifty-Second Annual Report 2003-2004

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.

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Notice

NOTICE is hereby given that the **FIFTY-SECOND ANNUAL GENERAL MEETING OF TRENT LIMITED** will be held at the Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai 400 001, on Friday, 3rd September, 2004 at 3:30 P.M. to transact the following business:

- 1] To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
- 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] 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 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-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, 2004, 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 and the relevant details in respect of Items 3, 4 and 5 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 Tuesday, 10th August, 2004 to Friday, 3rd September, 2004, both days inclusive, for the purpose of payment of dividend to those Members whose names stand on the Register of Members as on 3rd September, 2004. The dividend in respect of Equity Shares held in electronic form will be payable to the beneficial owners of the Equity Shares as at the end of business hours on 9th August, 2004 as per the details furnished by the depositories for this purpose.
- [d] The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2004 will be payable on or after 4th September, 2004 in accordance with the resolution to be passed by the Members of the Company.
- [e] The entitlement to the discount coupons issued by the Company to the shareholders is related to their shareholding.

- [f] Pursuant to Section 205A 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 warrant(s) for the said period, are requested to forward their claims in prescribed Form No. II to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Office of the Registrar of Companies, Central Government Office Bldg., 'A' Wing, 2nd Floor, Next to Reserve Bank of India, CBD, Belapur 400 614, Telephone No. 27576802.

Consequent upon the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies [Amendment] Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Accordingly, the Company has transferred to IEPF all unclaimed / unpaid dividends in respect of the financial year ended 31st March 1996.

Members who have not yet encashed their dividend warrant[s] for the financial year ended 31st March, 1997 and subsequent financial years, are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31st March, 1997 is due for transfer to IEPF on 8th October, 2004.

- [g] Having regard to the difficulties experienced by shareholders in disposing of the shares held by them in physical form, Tata Share Registry Limited, Registrars of the Company, has framed a Scheme for the purchase of such shares. Interested shareholders may contact Tata Share Registry Limited for further details.
- [h] 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.

By Order of the Board of Directors,

MRS. H. R. WADIA
Company Secretary

Registered Office :

Bombay House,
24, Homi Mody Street,
Mumbai 400 001.
Mumbai, 30th June, 2004.



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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) 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 30th June, 2004.

Item 5

At the Annual General Meeting of the Company held on 26th August, 1999, the members had approved the appointment of Mr. N. N. Tata as the Managing Director of the Company. The Company had entered into an Agreement dated 23rd September, 1999 with Mr. N. N. Tata for his appointment as the Managing Director for a period of 5 years effective 15th June, 1999.

Subject to the approval of the Shareholders of the Company the Directors on 14th June, 2004 have re-appointed Mr. N. N. Tata as the Managing Director of the Company for a period of 5 years with effect from 15th June, 2004, on the following terms and conditions:

1. Remuneration :**(a) Salary:**

In the scale of Rs.1,00,000/- to Rs.4,00,000/- 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.

(b) 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.

(c) Perquisites and Allowances:

- (i) 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, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as water, electricity, gas, furnishings, repairs, servants' salaries, medical/accident insurance, medical reimbursement, leave travel concession for the Managing Director and his family, club fees and such other perquisites, 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 1.40 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.
- (ii) 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.
- (iii) 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.

(d) 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.

(e) Employees Stock Option Scheme:

Participation in the Employees Stock Option Scheme(s) as may be framed by the Company from time to time.

2. The extent and scope of the remuneration and the perquisites, including the monetary value thereof, specified herein, may be enhanced, enlarged, widened, altered and varied, from time to time, by the Board as it may, in its discretion, deem fit, within the maximum amounts payable to managing and whole time directors, in accordance with Schedule XIII to the Companies Act, 1956, or any amendments made and/or any notification issued in this regard.
3. 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.
4. If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.
5. If at any time the Managing Director ceases to be Managing Director of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
6. The Managing Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(i) of the Companies Act, 1956.
7. If at any time the Managing Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
8. 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.
9. The Managing Director shall not have the following powers :
 - (a) the power to make calls on shareholders in respect of monies unpaid on shares in the Company;
 - (b) the power to issue debentures; and
 - (c) the power to invest the funds of the Company in shares, stocks and securities.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the terms of re-appointment of Mr. N. N. Tata are now placed before the members, in General Meeting, for their approval. The Directors commend the Resolution for acceptance by the members.

The draft Agreement to be entered into with Mr. N. N. Tata is available for inspection by any member of the Company at the Company's Office at Navsari Buildings, 240 Dr. D. N. Road, Mumbai - 400 001 on any working day of the Company between the hours of 11:00 A. M. and 1:00 P. M.

Mr. N. N. Tata, Managing Director and Mrs. S. N. Tata, Chairman are concerned or interested in the Resolution mentioned in Item 5 of the Notice.

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



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DETAILS OF MR. B. S. BHESANIA, MR. A. D. COOPER AND MR. N. N. TATA AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT.**Item No. 3**

Mr. B. S. Bhesania has been appointed on the Board of Directors of the Company 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.

Names of the other Public Companies in which Mr. B. S. Bhesania holds directorships as on 31st March, 2004. : Gilt Edge Finance and Investments Limited
DGP Hinoday Industries Limited

Chairman / Member of the Committees of the Board of other Companies on which Mr. B. S. Bhesania is a Director as on 31st March, 2004. : None

Item No. 4

Mr. A. D. Cooper has been appointed on the Board of Directors of the Company with effect from 29th May, 1984 and is a partner in S. B. Billimoria & Co., Chartered Accountants. Mr. Cooper has expertise in Financial & Management Consultancy and his qualifications are B.Com., F.C.A., A.C.M.A.

Names of other Public Companies in which Mr. A. D. Cooper holds directorships as on 31st March, 2004. : Trent Brands Limited

Chairman / Member of the Committees of the Board of other Companies on which Mr. A. D. Cooper is a Director as on 31st March, 2004. : None

Item No.5

Mr. N. N. Tata has been appointed on the Board of Directors of the Company w. e. f 18th December, 1997. He has been appointed as the Managing Director of the Company w. e. f. 15th June, 1999.

Mr. N. N. Tata is a graduate of Sussex University (U.K.) and IEP (INSEAD). He has worked for two years with Nestle, U.K., as a Product Manager, and as a Senior General Manager with Tata Exports Limited (now Tata International Limited) and possesses the necessary experience and expertise to conduct the retailing business.

Names of other Public Companies in which Mr. N. N. Tata holds directorships as on 31st March, 2004. : Voltas Limited.
Titan Industries Limited

Chairman / Member of the Committees of the Board of other Companies on which Mr. N. N. Tata is a Director as on 31st March, 2004. : None

By Order of the Board of Directors,

MRS. H. R. WADIA
Company Secretary

Mumbai, 30th June, 2004.

Directors' Report

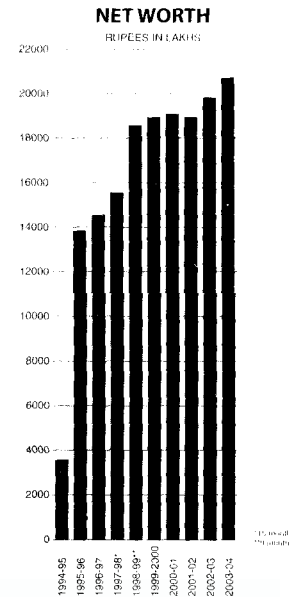
TO THE MEMBERS,

The Directors are pleased to present their Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-2004 [Rupees in Crores]	2002-2003 [Rupees in Crores]
Total Income	166.39	120.10
Profit before taxes and Exceptional Items	21.18	14.45
Less : Exceptional Items	0.70	2.40
Less : Provision for taxation	3.37	2.20
Profit for the year after Tax	17.11	9.85
Add : Excess Tax Provision for prior years [Net]	0.09	7.04
Net Profit	17.20	16.89
Balance brought forward from previous year	16.15	9.09
Balance available for appropriation	33.35	25.98
Proposed Dividend :		
- Final Dividend	7.21	7.21
Tax on Dividend	0.93	0.93
Transfer to General Reserve	10.00	1.69
Profit carried forward	15.21	16.15
	33.35	25.98

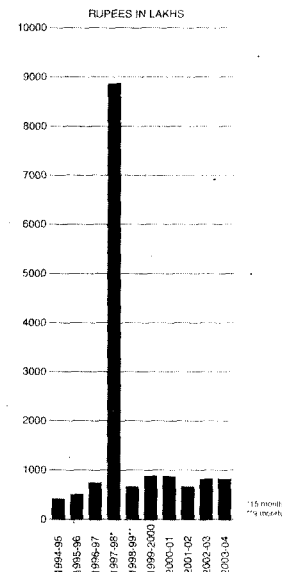
In the year under review, the Company income of Rs.166.39 Crores grew by 38.5% and the profit for the year by 74% from Rs. 9.85 Crores to Rs. 17.11 Crores.



DIVIDEND

With the approval of the Shareholders, the Directors propose the payment of a dividend of Rs.5.50 per share on 1,31,17,764 Equity Shares of Rs.10/- each. The total amount of Rs.8.14 Crores includes the Corporate Dividend Tax and represents a payout ratio of 47.3 % of net profits.

DIVIDEND DISTRIBUTION





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RETAILING OPERATIONS

The Company's retail business had a very good year with a strong growth of 41% over the previous year. In the first quarter of the year under review, two new stores were opened, in South Mumbai and Ahmedabad followed by Noida and Mulund in mid year and finally Bangalore in February 2004. With these additions, the Company now operates 14 stores. Profit before tax from retail operations also recorded a quantum jump of 210% at Rs.8.19 Crores (previous year Rs.2.64 Crores).

TREASURY OPERATIONS

The year under review saw a continuing decline in interest rates to a record low. Investments made in Income Funds therefore did very well. The stock market registered an unusually healthy growth. The Company had maintained a small exposure to the equity markets, where good appreciation was seen. Net Treasury Income increased by 55% over financial year 2002-2003.

SUBSIDIARIES

The Company had applied to the Central Government under section 212(8) of the Companies Act, 1956, seeking an exemption from attaching copies of the Balance Sheet, Profit and Loss Accounts, Directors Report and Auditors Report of its subsidiary companies as required under section 212(1) of the Company's Act, 1956. Approval for the same has been received. Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, which are available for inspection at the Company's registered office and copies shall be provided on request.

Trent Brands Limited

Trent Brands Limited posted a net profit of Rs.6.36 Crores for the year under review. This increase in profit is mainly due to interest received on an income tax refund, which however has gone into appeal by the Income Tax Department.

Fiora Services Limited

This subsidiary which renders various services to the Company in terms of sourcing activities, warehousing and clearing and forwarding is being strengthened to cater to the considerable increase in volumes anticipated in the future.

Fiora's total income grew by 89% and its net profit stood at Rs.0.65 Crores.

CORPORATE GOVERNANCE

The strong emphasis on Good Corporate Governance has remained a focus area of the Company's management. The Tata Code of Conduct is strictly adhered to across all activities of the Company.

The Company continues to comply with the requirements of the Listing Agreement with the Stock Exchange where the Company's shares are listed.

COMMUNITY INITIATIVE

As in the past, the Company continues to expand its community initiatives directed primarily towards women and children. In the course of the year, financial assistance has been extended to 15 different children organizations located in and around each city where the Company's stores are located. Further assistance has been extended to various NGO's by selling their products in the Company's stores and guiding them through technical assistance and design inputs, in line with customer's taste.

PERSONNEL

The steady progress made by the Company is the result of its very committed and capable human resource at all levels of activities, and the management wishes to extend to all of them its sincere appreciation for their contribution.

The Tata Business Excellence Model, in improvement and development of systems, has been vigorously and further expanded towards operational excellence as the engine of the Company's future growth.