

BOARD'S REPORT

TO THE MEMBERS OF TRENT LIMITED

The Directors present their Sixty Sixth Annual Report together with the Audited Financial Statements for the year ended 31st March 2018.

1. Financial Results

	Standalone		Consolidated	
	2017-2018 ₹ Crores	2016-2017 ₹ Crores	2017-2018 ₹ Crores	2016-2017 ₹ Crores
Revenue from operations	2066.29	1716.58	2157.46	1812.44
Other Income	42.55	58.59	44.21	60.52
Total Revenue	2108.84	1775.57	2201.67	1872.96
Total Expenses	1937.20	1665.23	2032.37	1761.81
Profit/(Loss) before exceptional items and tax	171.64	110.34	169.30	111.15
Exceptional Items	-	24.70	-	(0.47)
Share in profit and loss of Associates/Joint venture as per Equity method	-	-	(22.64)	(8.97)
Profit/(Loss) before tax	171.64	135.04	146.66	101.71
Total Tax expenses	54.91	28.17	59.62	43.05
Pre-acquisition Profit/(Loss)	-	-	-	-
Profit/(Loss) for the period from continuing operations	116.73	106.87	87.04	58.66
Profit/(Loss) from discontinued operations (after tax)	-	-	-	26.29
Profit/(Loss) for the period	116.73	106.87	87.04	84.95
Other Comprehensive Income				
Items that will not be reclassified to profit and loss	(1.16)	0.68	(0.05)	(2.77)
Income tax relating to items that will not be reclassified to profit or loss	0.75	0.05	0.78	0.26
Items that will be reclassified to profit and loss *[Full Figure (₹ 806)]	-	-	(0.00)*	(0.02)
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Other Comprehensive Income for the period, net of tax	(0.41)	0.73	0.73	(2.53)
Total Comprehensive Income for the period	116.32	107.60	87.77	82.42
Profit/(Loss) attributable to Equity holders of the Company			86.97	84.86
Profit/(Loss) attributable to Non-Controlling interest			0.07	0.09
Total Comprehensive Income attributable to Equity holders of the Company			87.68	82.44

	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Total Comprehensive Income attributable to Non-Controlling interest			0.09	(0.02)
Retained earnings - Opening Balance	298.94	192.07	66.65	(18.21)
Appropriations				
Transfer to Debenture Redemption Reserve	-	-	-	-
Dividend on equity shares (excluding tax)	33.23	-	33.23	-
Tax on dividend	6.77	-	6.77	-
Closing balance of retained earnings	375.67	298.94	113.62	66.65

Pursuant to the notification dated 16th February 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April 2016.

2. Dividend

Considering the Company's financial performance, the Board of Directors recommend a dividend @ 115% i.e. ₹ 1.15/- per Equity Share of ₹ 1/- each (previous year @ 100% i.e. ₹ 1/- per Equity Share) on 33,23,16,730 Equity Shares for the Financial Year ended 31st March 2018. The said dividend, if approved by the Members, alongwith dividend distribution tax represents a payout ratio of around 39% of the profit after tax.

3. Dividend Distribution Policy

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of the Company has adopted a Dividend Distribution Policy, which is annexed as **Annexure A**. The Policy is also uploaded on the website of the Company www.mywestside.com.

4. Share Capital

The paid up Equity Share Capital as on 31st March 2018 is ₹ 33,23,16,730/- comprising of 33,23,16,730 Equity Shares of ₹ 1/- each. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. The Company has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

5. Management Discussion and Analysis Report

A separate section on Management Discussion and Analysis Report ("MD&A") is included in the Annual Report as required under Regulation 34(2)(e) of the Listing Regulations. The MD&A includes discussion on the following matters within the limits set by the Company's competitive position: industry prospects & developments, opportunities & risks, the performance of key retail formats & the outlook for the business, risks & concerns, internal control systems & their adequacy and discussion on financial performance.

6. Business Excellence Initiative

The Company participates in the Tata Business Excellence Model ("TBEM") business maturity review and evaluation mechanism. TBEM emphasizes quality, leadership, strategic planning, customer orientation & services, process orientation, human relations, shareholder value and commitment to community development.

7. Board and Audit Committee Meetings

During the year, Six Board Meetings and Seven Audit Committee Meetings were held.

The Audit Committee consists of Mr. A. Sen as the Chairman and Mr. N. N. Tata, Mr. Z. S. Dubash and Mr. B. N. Vakil as Members. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board.

8. Directors

At the Sixty Fifth Annual General Meeting (“AGM”) of the Company held on 1st August 2017, the shareholders approved the re-appointment of Ms. S. Singh and Mr. A. Sen as Independent Directors of the Company for the second term with effect from 3rd March 2017 to 2nd March 2022 and from 27th May 2017 to 17th November 2020, respectively. The shareholders also approved the terms and conditions of re-appointment and revised remuneration of Mr. P. Auld as Managing Director of the Company with effect from 1st May 2017 to 30th April 2020 at the said AGM.

At the Sixty Third AGM of the Company held on 7th August 2015, the shareholders had approved the terms and conditions of appointment and remuneration of Mr. P. Venkatesalu as Executive Director (Finance) and Chief Financial Officer of the Company for a term of three years with effect from 1st June 2015 to 31st May 2018. On the recommendation of the Nomination and Remuneration Committee (“NRC”), the Board has approved the re-appointment of Mr. P. Venkatesalu as Executive Director (Finance) and Chief Financial Officer of the Company for a term of five years with effect from 1st June 2018 to 31st May 2023, subject to approval of the shareholders and such other approvals, if any.

All the Independent Directors have submitted declarations that each of them meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (“the Act”) and Regulation 16(1)(b) of the Listing Regulations and there has been no change in the circumstances which may affect their status as an independent director during the year.

In accordance with the provisions of the Act and in terms of the Articles of Association of the Company, Mr. P. Venkatesalu is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment.

9. Key Managerial Personnel

Mr. P. Auld - Managing Director, Mr. P. Venkatesalu – Executive Director (Finance) and Chief Financial Officer and Mr. M. M. Surti - Company Secretary are the Key Managerial Personnel of the Company as per the provisions of the Act.

10. Particulars of loans, guarantees or investments

Particulars of loans given, investments made, guarantees given and securities provided are disclosed in the standalone financial statements.

11. Related Party Transactions

All related party transactions that were entered into during the financial year were in the ordinary course of the business and on an arm’s length basis. The Company has not entered into material contracts or arrangements or transactions with related parties in accordance with Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. There were no materially significant Related Party Transactions made by the Company during the year that would have required Shareholders approval under the Listing Regulations. The Company has nothing to report in Form AOC-2, hence, the same is not annexed.

All Related Party Transactions are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is also obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature and value of the transactions.

The Company has adopted a policy on Related Party Transactions. The policy as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company www.mywestside.com.

12. Business Responsibility Report

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the initiatives taken by the Company from an environmental, social and governance perspective, are provided in the Business Responsibility Report which is included as a separate section in the Annual Report.

13. Risk Management Policy

The Company has a Risk Management Policy consistent with the provisions of the Act and the Listing Regulations.

The Internal Audit Department facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and related procedures & status.

The major risks forming part of the Enterprise Risk Management process are also aligned with the audit universe, to the extent seen appropriate/relevant.

14. Subsidiaries, associates and joint venture companies

Key subsidiaries and joint ventures of the Company:

- a) **Fiora Services Limited** ("FSL"), a subsidiary of the Company, continues to render various services in terms of sourcing activities, warehousing, distribution, clearing and forwarding etc. FSL reported a total revenue of ₹ 32.13 crores (₹ 45.22 crores in FY 2016-17) for the period under review and total comprehensive income of ₹ 2.93 crores (total comprehensive loss of ₹ 0.56 crores in FY 2016-17).
- b) **Fiora Business Support Services Limited** ("FBSSL") [formerly known as "Westland Limited"], a subsidiary of the Company, is engaged in the business of providing business support and consultancy services relating to accounting, merchandising, human resources, payroll etc. FBSSL reported a total revenue of ₹ 13 crores (₹ 0.85 crores in FY 2016-17) for the period under review and total comprehensive income of ₹ 0.94 crores (₹ 25.15 crores in FY 2016-17). During the previous year, FBSSL concluded a slump sale of its publishing business into Westland Publications Limited (An Amazon entity). The results of the current year are hence not comparable with the results of the previous year.
- c) **Fiora Hypermarket Limited** ("FHL"), a subsidiary of the Company, is engaged in retailing business. FHL operates hypermarket stores in the name of Star Bazaar. FHL reported a total revenue of ₹ 93.82 crores (₹ 95.73 crores in FY 2016-17) for the period under review and total comprehensive loss of ₹ 6.39 crores (₹ 5.24 crores in FY 2016-17).
- d) **Fiora Online Limited** was incorporated on 28th December 2017 as a subsidiary of FHL for expansion of the grocery retailing business pursued by FHL.
- e) **Trent Hypermarket Private Limited** ("THPL"), a joint venture of the Company, operates the Star (including under the banners Star Market & Star Hyper) retail business. THPL reported a total revenue of ₹ 962.23 crores (₹ 890.73 crores in FY 2016-17) for the period under review and total comprehensive loss of ₹ 90.32 crores (₹ 52.39 crores in FY 2016-17).
- f) **Inditex Trent Retail India Private Limited** ("Inditex"), a joint venture of the Company, is engaged in the retailing business. Inditex operates stores in the name of 'Zara'. Inditex reported a total revenue of ₹ 1,221.67 crores (₹ 1,023.10 crores in FY 2016-17) for the period under review.

The Company has 7 subsidiaries and 3 joint ventures as on 31st March 2018. Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries and joint ventures in Form AOC-1 is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company www.mywestside.com. Any Member, who is interested in obtaining a copy of the audited accounts in respect of subsidiaries, may write to the Company Secretary.

15. Deposits

During the year under review, the Company has not accepted any deposits from the public. As on 31st March 2018, there were no deposits which were unclaimed and due for repayment.

16. Significant and material orders passed by regulators or courts

No significant or material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

17. Material changes and commitments, if any, affecting the financial position of the Company

Except as disclosed elsewhere in the Report, no material changes and commitments which could affect the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

18. Internal Financial Controls

The Company has laid down standards and processes which enable internal financial control across the Company and ensure that the same are adequate and are operating effectively.

Details of the internal controls system are given in the Management Discussion and Analysis Report.

19. Particulars of Employees

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure B**.

The information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including amendment thereto, is provided in the Annexure forming part of the Report. In terms of the first proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. The said Annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

20. Annual evaluation made by the Board of its own performance and that of its committees and individual directors

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act, the corporate governance requirements as prescribed by the Listing Regulations and the guidance note on Board evaluation issued by Securities and Exchange Board of India dated 5th January 2017.

The NRC has defined the evaluation criteria for the performance evaluation of individual Directors and the Board/Committees.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as structure of the Board, meetings and functions of the Board, degree of fulfillment of key responsibilities, establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information and functioning and quality of relationship between the Board and the Management etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, independence of the Committee from the Board, contribution to decisions of the Board, effectiveness of the meetings and quality of relationship of the Committee with the Board and the Management etc.

The Board and the NRC reviewed the performance of the individual Directors on the basis of the criteria such as knowledge and competency, fulfillment of functions, ability to function as a team, initiatives taken, availability and attendance at the meeting, integrity, independence, contribution at Board/Committee Meetings and guidance/support to the management outside Board/Committee Meetings etc. In addition, the Chairman was also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer the meetings, impartiality, ability to keep shareholders' interests in mind and motivating and providing guidance to the Executive Directors etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

21. Company's Policy on Directors' appointment and remuneration etc.

Procedure for nomination and appointment of Directors

The NRC is responsible for developing competency requirements for the Board, based on the industry and strategy of the Company. Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The NRC conducts a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The Committee is also responsible for reviewing and vetting the CVs of potential candidates' vis-à-vis the required competencies and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

Criteria for determining Qualifications, Positive Attributes and Independence of a Director

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and the Listing Regulations.

Independence: In accordance with the above criteria, a Director will be considered as an 'Independent Director' if one meets with the criteria for 'Independent Director' as laid down in the Act and Regulation 16(1)(b) of the Listing Regulations.

Qualifications: A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is also ensured that the Board has an appropriate blend of functional and industry expertise. While recommending the appointment of a Director, the NRC considers the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

Positive Attributes: In addition to the duties as prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

Remuneration Policy

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and the Listing Regulations.

The philosophy for remuneration of Directors, Key Managerial Personnel and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The Remuneration Policy of the Company is aligned to this philosophy.

The NRC has considered the following factors while formulating the Policy:

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is as per the Remuneration Policy of the Company. Details of the Remuneration Policy are given in the Corporate Governance Report.

22. Details of establishment of Vigil Mechanism/Whistle Blower Policy

The Board of Directors on the recommendations of the Audit Committee has approved and adopted a Whistle Blower Policy that provides a formal mechanism to the Directors and all employees of the Company to approach the Chairman of the Audit Committee/Chief Ethics Counselor of the Company and make protective disclosure about the unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is available on the website of the Company www.mywestside.com.

23. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of our culture. The Company strongly believes in the Tata ethos of "what comes from the community should go back many times". One of the key features of our CSR projects is focus on participatory and collaborative approach with the community. The Company continues to emphasize on implementation of key areas denoted and chosen in its sustainability. The Company has adopted a CSR Policy in compliance with the provisions of the Act.

Majority of our interventions are weaved around key CSR focus areas, including Employability, Education, Entrepreneurship and Affirmative Action initiatives. Under Educational interventions, the Company's focus is English Communication skills, along with support for infrastructure and capacity building. Under Employability, focus is on skill development especially for youth & women. The Company, under its Affirmative Action programme, focuses on empowering the backward community youth to earn a livelihood. Under Entrepreneurship, our focus is on skilling as well as empowering the rural women with entrepreneur skills along with an opportunity to contribute towards the family income. The above projects are in accordance with Schedule VII of the Act. The Company has spent ₹ 106.92 lakhs towards the CSR projects during the current Financial Year 2017-18. Under the Company's flagship Initiative of Star & Diya, the Company has spent ₹ 43.58 lakhs towards the procurement cost of Christmas - stars and Diwali - diyas and earned a revenue of ₹ 112.74 lakhs from the sale of Christmas - stars and Diwali - diyas, most of which was spent back towards the thrust areas of health, education and malnutrition as community aid.

The Annual Report on CSR activities is attached as **Annexure C**.

24. Secretarial Auditor's Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Parikh & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the year ended 31st March 2018. The Secretarial Audit Report is given as **Annexure D**. The Secretarial Auditor's Report does not contain any qualification, reservations or adverse remarks.

25. Extract of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return in Form MGT-9 as at 31st March 2018 forms part of this report as **Annexure E**.

26. Corporate Governance

A separate section on Corporate Governance is included in the Annual Report along with the certificate from M/s. Parikh & Associates, Practicing Company Secretaries confirming compliance with conditions on Corporate Governance as stipulated in the Listing Regulations.

27. Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, and secretarial auditors including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

Accordingly, pursuant to Section 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their information and knowledge, confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments 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 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;
- d. the Directors had prepared the annual accounts on a going concern basis;
- e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

28. Auditors

The Shareholders of the Company at the Sixty Fifth AGM held on 1st August 2017 have approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as the Statutory Auditors of the Company, to hold office till the conclusion of Seventieth AGM of the Company to be held in the year 2022. The Auditor's reports do not contain any qualifications, reservations or adverse remarks.

29. Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, to provide protection to employees at the workplace and for prevention and redressal of complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee to consider and to redress complaints of sexual harassment. During FY 2017-18, the Committee has received 12 complaints pertaining to sexual harassment all of which were resolved with appropriate action taken.

30. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

- A. Conservation of Energy: The Company consciously makes all efforts to conserve energy across all its operations.
- B. Technology Absorption: Nil
- C. Foreign Exchange Earnings and Outgo: The Company incurred ₹ 130.68 crores in foreign currency for purchase of goods, receipt of services and reimbursement of expenses. The Company earned ₹ 18.02 crores in foreign currency from retail sales through International credit cards.

31. Compliance with Secretarial Standards

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

32. Acknowledgements

The Board wishes to place on record their sincere appreciation for the continued support which the Company has received from its customers, suppliers, debenture holders, shareholders, promoters, bankers, group companies and above all, its employees.

On behalf of the Board of Directors

Noel N. Tata
Chairman

Mumbai, 3rd May 2018

