

**NOTICE**

NOTICE is hereby given that the Sixth Annual General Meeting of Trent Hypermarket Limited will be held on Monday, 28<sup>th</sup> July, 2014 at 2.00 pm at Trent House, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet for the year ended on 31st March, 2014, the Profit and Loss Account for the year ended 31st March, 2014 and the Directors' Report and Auditors' Report thereon.
2. To consider and, if thought fit, to pass with or without modification, if any, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. P. Venkatesalu, a Director liable to retire by rotation, who offers himself for re-appointment be and is hereby re-appointed as a Director of the Company."

3. To appoint M/s. N.M. Raiji & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. A.D. Cooper (DIN 00026134), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 28<sup>th</sup> July 2014 up to 23<sup>rd</sup> August 2015."



5. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Trevor John Masters (DIN No. 06879194), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3<sup>rd</sup> June 2014 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (“Act”) but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed a Director of the Company whose office shall be liable to retirement by rotation.”

6. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Matthew Peter Edmonds (DIN No. 06878575), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3<sup>rd</sup> June 2014 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (“Act”) but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed a Director of the Company whose office shall be liable to retirement by rotation.”

7. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Kevin Paul Grace (DIN No. 06879209), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3<sup>rd</sup> June 2014 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (“Act”) but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed a Director of the Company whose office shall be liable to retirement by rotation.”

8. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Jamshed Daboo (DIN No. 00050865), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 25<sup>th</sup> June 2014 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013

("Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed a Director of the Company whose office shall be liable to retirement by rotation."

9. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V of the Act, and the Rules made there under (including any statutory modification(s) thereof for the time being in force), and Articles of Association of the Company and subject to approval of the Central Government and subject to such conditions as may be imposed while granting such approval(s) and permission(s) and as agreed to by the Board of Directors, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Jamshed Daboo as Manager designated as 'Chief Executive Officer' of the Company for a period from 1<sup>st</sup> April 2014 upto 24<sup>th</sup> June, 2014, on the following remuneration and other terms and conditions as set out in the Explanatory Statement annexed to the Notice (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 liberty to the Board of Directors or Nomination and Remuneration Committee thereof, to alter and vary the terms and conditions of the said appointment and / or remuneration in such manner as may be agreed to between the Board/Committee and Mr. Daboo and subject to such approvals as may be required:

i. Remuneration:

- a. **Basic Salary:** Basic Salary Rs. 53,49,981/- per annum upto Rs.64,73,477/- per annum, with authority to the Board and/or Nomination and Remuneration Committee to fix Mr. Daboo's salary within the above scale from time to time. The increments may be decided by the Board and / or Nomination and Remuneration Committee from time to time.
- b. **Perquisites and allowances:** Mr. Daboo will be entitled to perquisites and allowances, as per the Company Rules in addition to the salary and incentive remuneration. Such perquisites and allowances shall not exceed 384% of Present Basic Salary and 457 % of the maximum Basic Salary in the scale.

c. **Incentive Remuneration:** Presently upto Rs. 85,57,920 per annum; maximum upto Rs.1,25,17,920/- per annum, to be paid at the discretion of the Board and/or Nomination and Remuneration Committee and based on certain performance criteria

d. **Others:**

Mr. Daboo shall be entitled to following benefits, which are not considered as part of Managerial remuneration in accordance with Schedule V to the Act:

A. Contributions to Provident Fund shall be as per the rules of the Company;

B. Gratuity and encashment of leave at the end of his tenure will be permitted as per the Rules of the Company;

Mr. Daboo is covered under Group Mediclaim, Group Personal Accident policy and Group FORT Medical benefit, as per the Company Rules.

The Manager is eligible to participate in the Employees' Stock Option Scheme(s) of the holding company as may be offered to and approved by the Board of Directors or its Committee or its shareholders.

ii. **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Manager, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of basic salary, benefits, perquisites and allowances and incentive remuneration, as specified in paragraph (i).

**RESOLVED FURTHER** that Directors of the Company and the Company Secretary be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient in order to give effect to this Resolution."

10. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V to the Act and the Rules made there under (including any statutory modification(s) thereof for the time being in force), and Articles of Association of the Company and subject to the prior approval of the Central Government and subject to such conditions as may be imposed while granting such approval(s) and permission(s) and as agreed to by the Board of Directors, the

Company hereby approves of the appointment and terms of remuneration of Mr. Jamshed Daboo as Managing Director of the Company for a period for a period of 3 years from 25<sup>th</sup> June, 2014 upto 24<sup>th</sup> June, 2017, upon the following remuneration and other terms and conditions set out in the Explanatory Statement annexed to this Notice (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 liberty to the Board of Directors or Nomination and Remuneration Committee thereof, to alter and vary the terms and conditions of the said appointment and / or remuneration in such manner as may be agreed to between the Board/Committee and Mr. Daboo and subject to such approvals as may be required:

i. Remuneration:

- e. **Basic Salary:** Basic Salary Rs. 53,49,981/- per annum upto Rs.64,73,477/- per annum, with authority to the Board and/or Nomination and Remuneration Committee to fix Mr. Daboo's salary within the above scale from time to time. The increments may be decided by the Board and / or Nomination and Remuneration Committee from time to time.
- f. **Perquisites and allowances:** Mr. Daboo will be entitled to perquisites and allowances, as per the Company Rules in addition to the salary and incentive remuneration. Such perquisites and allowances shall not exceed 384% of Present Basic Salary and 457 % of the maximum Basic Salary in the scale.
- g. **Incentive Remuneration:** Presently upto Rs. 85,57,920 per annum; maximum upto Rs.1,25,17,920/- per annum, to be paid at the discretion of the Board and/or Nomination and Remuneration Committee and based on certain performance criteria
- h. **Others:**

Mr. Daboo shall be entitled to following benefits, which are not considered as part of Managerial remuneration in accordance with Schedule V to the Act:

  - A. Contributions to Provident Fund shall be as per the rules of the Company;
  - B. Gratuity and encashment of leave at the end of his tenure will be permitted as per the Rules of the Company;

Mr. Daboo is covered under Group Medclaim, Group Personal Accident policy and Group FORT Medical benefit, as per the Company Rules.

The Managing Director is eligible to participate in the Employees' Stock Option Scheme(s) of the holding company as may be offered to and approved by the Board of Directors or its Committee or its shareholders.

ii. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained 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 basic salary, benefits, perquisites and allowances and incentive remuneration, as specified in paragraph (i).

**RESOLVED FURTHER** that Directors of the Company and the Company Secretary be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient in order to give effect to this Resolution."

By order of the Board of Directors



Sanjay Gupta

Company Secretary &  
Chief Financial Officer

**Registered Office:**

Taj Building, 2<sup>nd</sup> floor, 210 Dr. D.N. Road, Fort, Mumbai 400 001

Tel.:91 22 67194500; Fax No.: 91 22 22070216

Corporate Identification Number: U51900MH2008PLC184184

Date: 21<sup>st</sup> July 2014

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. Proxies, in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than 48 hours before the meeting. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company



carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service ("NECS"), Electronic Clearing Service ("ECS"), mandates, nominations, power of attorney, change of address, change of name and email address, etc., to their Depository Participant only and not to the Company's Registrars and Transfer Agents, TSR Darashaw Private Limited ("TSRDL"). Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDL to provide efficient and better Services. Members holding shares in physical form are requested to intimate such changes to TSRDL.



**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 ("ACT")**

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 4 to 9 in the accompanying Notice dated 21<sup>st</sup> July 2014.

**Item No. 4**

As per the provisions of Section 149 of Act which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term, up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. A.D. Cooper is a non-executive director on the Board of the Company and has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.

The matter regarding appointment of Mr. Cooper as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director up to 23<sup>rd</sup> August 2015, the date on which he attains retirement age in accordance with the Retirement Age policy of Directors of the Company.

In the opinion of the Board, Mr. Cooper fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Cooper as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company. Mr. Cooper is interested and concerned in the Resolution mentioned at Item No. 4 of the Notice. Other than Mr. Cooper, no other Directors/Key Managerial Personnel or their respective relatives are concerned or interested in the said resolution.

**Item No. 5 to 7**

Mr. Trevor Masters, Mr. Matthew Edmonds and Mr. Kevin Grace were appointed as Additional Directors on the Board of the Company with effect from 3<sup>rd</sup> June 2014 and hold office until the conclusion of the ensuing Annual General Meeting.

The Company is in receipt of three separate notices from a Member of the Company pursuant to Section 160 of the Act, as required, signifying its intention to propose each



of Mr. Trevor Masters, Mr. Matthew Edmonds and Mr. Kevin Grace for appointment as a Director of the Company.

Mr. Kevin Grace is Tesco Group Commercial Director. He has been working with Tesco since 1982 and has held a number of general roles in the Tesco Group, UK, including Support Office Director, before moving outside the UK, as COO in Korea and then moved on to lead Poland as CEO. Since 2006 he has been Property Director in the UK and joined the Tesco UK Board in March 2011. In December 2011 he was appointed to the Exec Committee as Group Commercial & Supply Chain Director.

Mr. Trevor Masters is CEO of Tesco Asia. He joined Tesco in 1979 and has held a number of roles including Store Manager, Store Director, Operations Director for Extras, and CEO of Central Europe.

Mr. Mathew Edmonds is Finance Director - Tesco Asia and is a Member of Chartered Institute of Management Accountants.

Accordingly, the resolutions at item Nos. 5 to 7 are proposed for the consideration of the Members for appointment of Mr. Trevor Masters, Mr. Matthew Edmonds and Mr. Kevin Grace as non-executive directors on the Board of the Company, liable to retire by rotation.

Mr. Trevor Masters, Mr. Matthew Edmonds and Mr. Kevin Grace may be regarded as interested in the respective resolutions proposing their individual appointment.

Other than Mr. Trevor Masters, Mr. Matthew Edmonds and Mr. Kevin Grace, no other Directors/Key Managerial Personnel or their respective relatives are concerned or interested in the said resolutions.

#### **Item No. 8**

Mr. Jamshed Daboo was appointed as an Additional Director on the Board of the Company with effect from 25<sup>th</sup> June 2014 and holds office until the conclusion of the ensuing Annual General Meeting.

The Company is in receipt of a notice pursuant to Section 160 of the Act, as required, signifying proposing Mr. Daboo for appointment as a Director of the Company.

The personal details about Mr. Daboo are contained in the below note to item No. 9 & 10.

Other than Mr. Daboo, no other Directors/Key Managerial Personnel or their respective relatives are concerned or interested in the said resolution.

#### **Item No. 9 & 10**

Mr. Jamshed Daboo, was appointed as a "Manager" under section 269 of the Companies Act, 1956 for a period of three years from 1<sup>st</sup> April, 2011. Mr. Daboo's term expired on 31<sup>st</sup> March 2014. The Directors of the Company had in their meeting held on 6<sup>th</sup> February 2014 approved of re-appointment of Mr. Daboo for a further term of 3 years commencing from 1<sup>st</sup> April 2014. The shareholders had vide a special

resolution passed at the extra-ordinary general meeting held on March 24, 2014 approved of the said re-appointment and remuneration.

Thereafter, an application was made to the Central Government by the Company on 29<sup>th</sup> May 2014 for the approval of the remuneration payable to Mr. Daboo for a period of 3 years commencing from April 1, 2014. The resolution at item No. 8 has been proposed as a Special Resolution to seek approval of the Members in terms of the provisions of the new Companies Act 2013 and in view of the reduced tenure of the Manager due to below mentioned new appointment of Mr. Daboo.

The Board of Directors of the Company at its meeting held on June 24, 2014 approved of appointment of Mr. Jamshed Daboo as Managing Director of the Company with effect from June 25, 2014. Upon such appointment, the engagement of Mr. Daboo as Manager, designated as the "Chief Executive Officer" of the Company was terminated with mutual consent with effect from June 24, 2014. The remuneration payable to Mr. Jamshed Daboo as Managing Director and approved by the Nomination and Remuneration Committee at its meeting held on 24<sup>th</sup> June 2014 payable during his tenure June 24, 2014 to June 25, 2017 is the same as approved earlier by the Remuneration Committee and the shareholders for the tenure of Manager from April 1, 2014 to March 31, 2017.

The remunerations for both the tenures of Mr. Daboo – as Manager and as Managing Director are subject to the approval of the Central Government under the provisions of section 196, 197 read with Schedule V of the Companies Act, 2013.

Mr. Jamshed Soli Daboo, 51, holds a Bachelors degree in Mechanical Engineering from Walchand College of Engineering and P.G.D.M. from X.L.R.I., Jamshedpur. Mr. Daboo has rich experience of more than twenty seven years, spanning in different fields and industries in the Tata Group of companies.

Mr. Daboo started his career in 1986 as TAS Officer with Tata Administrative Services in 1986 and has been with the Tata Group for over 27 years. Prior to joining the Company, he was Head - Consumer Finance and Advisory Business at Tata Capital Limited.

He has also served as Chief Operating Officer of various divisions at Indian Hotels Co. Ltd. As Chief Executive Officer at Tata Quality Management Services, he spearheaded the Tata Business Excellence Model, a group-wide initiative aimed at business excellence. He has also worked at Titan Industries Limited, in various functions.

Besides the terms and conditions for payment of managerial remuneration as contained in the proposed resolution, the other main terms and conditions, contained in the agreement which is proposed to be entered into in this behalf with Mr. Daboo as Manager upto June 24<sup>th</sup> June, 2014 and as Managing Director with effect from 25<sup>th</sup> June, 2014, as the case may be, are as given below:

### I. Tenure

The appointment of the Mr. Daboo as Manager is with effect from 1st April, 2014 to 24th June 2014. The appointment of Mr. Daboo as the Managing Director is with effect from 25<sup>th</sup> June, 2014 to 24<sup>th</sup> June 2017.

### II. Nature of Duties

The Manager/Managing Director shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board of Directors, and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board of Directors in connection with and in the best interest of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time, by serving on the Boards of such associate companies /subsidiaries or any other executive body or a committee of such a company.

### III. Other terms and conditions

1. The Manager/Managing Director shall not be interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
2. The terms and conditions of the appointment/remuneration of the Manager/Managing Director may be altered or varied from time to time by the Board/Nomination and Remuneration Committee as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V of the Act or any amendments or re-enactments made hereafter in this regard in such manner as may be agreed to between the Board and the Managing Director, within the maximum amounts payable to managerial person in accordance with the provisions of the Act , subject to such approvals as maybe required hereafter in this regard or as sanctioned by the Central Government, as the case may be.
3. The appointment of Manager/Managing Director may be terminated by either party by giving to the other party three month's notice of termination or the Company paying three months' remuneration in lieu thereof.
4. The employment of the Manager/Managing Director may be terminated by the Company without notice or payment in lieu of notice:

- If the Manager/Managing Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or
  - In the event of any serious repeated or continuing breach (after prior warning) or non observance by the Manager/Managing Director or any of the stipulations contained in the Agreement to be executed between the Company and the Managing Director; or
  - In the event the Board expresses its loss of confidence in the Manager/Managing Director.
5. In the event the Manager/Managing Director is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
6. Upon the termination by whatever means of the Manager's employment:
- the Manager shall immediately tender his resignations from offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office;
  - the Manager shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries or associated companies.
7. Upon the termination by whatever means of the Managing Director's employment:
- he shall immediately cease to hold offices held by him in any subsidiary or associate company without claim for compensation for loss of office;
  - the Managing Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries or associated companies.
8. Mr. Daboo is appointed as the Managing Director by virtue of his employment in the Company. If and when the Agreement expires or is terminated for any reason whatsoever, Mr. Daboo will cease to be the Director of the Company and he shall send the necessary intimation to the Registrar of companies under provisions of section 168 of the Companies Act 2013. If at any time he ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the

Managing Director and the agreement shall forthwith terminate. If at any time, the Managing Director ceases to be an employee of the Company for any reason whatsoever, he shall cease to be the Director and Managing Director, and the Agreement shall forthwith terminate.

9. All personnel policies of the Company and related rules, which are applicable to other employees of the Company, shall also be applicable to the Manager/Managing Director, unless specifically provided otherwise.
10. The terms and conditions of appointment of Manager/Managing Director also include clauses pertaining to the adherence to the applicable Code of Conduct of the Company, no conflict of interest with the Company and maintenance of confidentiality.

In compliance with the provisions of Sections 196, 197 of the Act, read with Schedule V of the Act, the terms of appointment and remuneration specified above are now being placed before the members for their approval.

The Board commends the Resolutions at item Nos. 8 & 9 for acceptance by the Members.

Mr. Daboo is interested and concerned in the Resolution mentioned at Item Nos. 8 & 9 of the Notice. Other than Mr. Daboo, no other Directors /Key managerial Personnel or their respective relatives are concerned or interested in the said resolution.

**ADDITIONAL INFORMATION RELEVANT TO THE SAID APPOINTMENT OF MANAGER & MANGING DIRECTOR AS REQUIRED UNDER POINT (iv) OF THIRD PROVISIO OF SECTION II OF PART II OF SCHEDULE V TO THE COMPANIES ACT, 2013**

**I. General Information**

- i) Nature of Industry: Retail
- ii) Date or expected date of commencement of commercial production: The Company was incorporated on 1<sup>st</sup> July, 2008. As on date the Company has 13 stores operating in India, each having different opening dates.
- iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

iv) Financial performance based on given indicators - as per audited financial results:

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	(Rs. Lakhs)	(Rs. Lakhs)
Income from operations & Other Income	82,076.45	78,518.68
Net Loss as per Profit & Loss Account	(6,930.52)	(7,205.49)
Profit as computed under Section 198 of the Act	(6,413.39)	(7,134.94)
<b>Net Worth</b>	<b>23,476.05</b>	<b>22,806.58</b>

v) Export performance and foreign exchange earned for the financial year ended March 31, 2014 : Rs.255 lakhs

(vi) Foreign Investments or collaborations, if any: Trent Hypermarket Limited ("the Company"), had, pursuant to definitive agreements entered into in March 2014 between Trent Limited, Tesco Overseas Investments Limited ("Tesco Overseas") and the Company, received investment of approximately Rs. 700 crore in June 2014 from Tesco Overseas, a wholly owned subsidiary of Tesco PLC, UK ("Tesco"). The Company has become a joint venture company of Tesco Overseas and Trent Limited, with each holding a 50% stake in the Company.

## II. Information about the appointee:

(i) *Background Details:*

Mr. Jamshed Soli Daboo, 51, holds a Bachelors degree in Mechanical Engineering from Walchand College of Engineering and P.G.D.M. from X.L.R.I., Jamshedpur. Mr. Daboo has rich experience of more than twenty four years, spanning in different fields and industries in the Tata Group of companies.

Mr. Daboo is currently the Chief Executive Officer of the Company. Mr. Daboo started his career in 1986 as TAS Officer with Tata Administrative Services in 1986 and has been with the Tata Group for over 27 years. Prior to joining the Company, he was Head - Consumer Finance and Advisory Business at Tata Capital Limited.

He has also served as Chief Operating Officer of various divisions at Indian Hotels Co. Ltd. As Chief Executive Officer at Tata Quality Management Services, he spearheaded the Tata Business Excellence Model, a group-wide initiative aimed at business excellence. He has also worked at Titan Industries Limited, in various functions.

*Past Remuneration:*

Mr. Jamshed Daboo has drawn following remuneration in the different roles handled by him in past 3 years:

April 2011 – March 2012	*Rs.1.52 crores
April 2012 – March 2013	*Rs. 1.88 crores
April 2013 – March 2014	*Rs.2.10 crores

\* Salary actually paid and inclusive of company's contribution to PF, Gratuity and superannuation scheme. Incentive remuneration considered on payment basis.

(ii) *Recognition & Awards / Achievements:* Mr. Jamshed Daboo was honoured with the Coca Cola Golden Spoon Award for the Most Admired Food & Grocery Personality of the Year 2012

(iii) *Job Profile and suitability:*

Mr. Daboo is responsible for overall management of the Company, subject to the supervision and control of the Board of Directors. He is also responsible to perform such other duties as may from time to time be entrusted by the Board. Taking into consideration the qualifications and expertise, he is best suited for the responsibilities assigned to him by the Board of Directors.

2. *Remuneration proposed for the period April 1, 2014 to June 24, 2017 for the Manager:*

- a. **Basic Salary:** Basic Salary Rs. 53,49,981/- per annum upto Rs.64,73,477/- per annum, with authority to the Board and/or Nomination and Remuneration Committee to fix his salary within the above scale from time to time. The increments may be decided by the Board and / or Nomination and Remuneration Committee from time to time.
- b. **Benefits, perquisites and allowances:** The Manager will be entitled to the perquisites and allowances as per the Company Rules in addition to the salary and incentive remuneration. Such perquisites and allowances shall not exceed 384% of Present Basic Salary and 457% of the maximum Basic Salary in the scale.
- c. **Incentive Remuneration:** Presently upto Rs. 85,57,920 per annum; maximum upto Rs.1,25,17,920/- per annum to be paid at the discretion of the Board and/or Nomination and Remuneration Committee and based on certain performance criteria.

d. Others:

The Manager shall be entitled to following benefits, which are not considered as part of Managerial remuneration in accordance with Schedule V of the Companies Act, 2013, including any amendment and re-enactment thereto:

- A. Contributions to Provident Fund shall be as per the rules of the Company;
- B. Gratuity and encashment of leave at the end of his tenure will be permitted as per the Rules of the Company;

The Manager is covered under Group Medclaim, Group Personal Accident policy and Group FORT Medical benefit, as per the Company Rules.

The Manager is eligible to participate in the Employees' Stock Option Scheme(s) of the holding company as may be offered to and approved by the Board of Directors or its Committee or its shareholders.

3. *Remuneration proposed for the period June 25, 2014 to June 24, 2017 for the Managing Director:*

- e. **Basic Salary:** Basic Salary Rs. 53,49,981/- per annum upto Rs.64,73,477/- per annum, with authority to the Board and/or Nomination and Remuneration Committee to fix his salary within the above scale from time to time. The increments may be decided by the Board and / or Nomination and Remuneration Committee from time to time.
- f. **Benefits, perquisites and allowances:** The Managing Director will be entitled to the perquisites and allowances as per the Company Rules in addition to the salary and incentive remuneration. Such perquisites and allowances shall not exceed 384% of Present Basic Salary and 457% of the maximum Basic Salary in the scale.
- g. **Incentive Remuneration:** Presently upto Rs. 85,57,920 per annum; maximum upto Rs.1,25,17,920/- per annum to be paid at the discretion of the Board and/or Nomination and Remuneration Committee and based on certain performance criteria.



h. Others:

The Managing Director shall be entitled to following benefits, which are not considered as part of Managerial remuneration in accordance with Schedule V of the Companies Act, 2013, including any amendment and re-enactment thereto:

- C. Contributions to Provident Fund shall be as per the rules of the Company;
- D. Gratuity and encashment of leave at the end of his tenure will be permitted as per the Rules of the Company;

The Managing Director is covered under Group Medclaim, Group Personal Accident policy and Group FORT Medical benefit, as per the Company Rules.

The Managing Director is eligible to participate in the Employees' Stock Option Scheme(s) of the holding company as may be offered to and approved by the Board of Directors or its Committee or its shareholders.

4. *Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):*

Rs. crores

Name of Company	Trent Limited	Avenue Supermarts Ltd	Aditya Birla Retail Ltd
Managerial remuneration paid during 2011-12	3.94	5.61	3.42
Managerial remuneration paid during 2012-13	4.20	1.66	1.14

(Source: Annual reports of the respective Company)

Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other companies.

5. *Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:* Besides the remuneration proposed, the appointee does not have any other pecuniary relationship with the Company.

### III. Other Information:

- (i) *Reasons for inadequate profits:* The Company is in initial stages of its growth.

Food and grocery (F&G) remains one of the largest categories and is estimated at around 60% of consumer spending of the Company. F&G retailing is a substantial opportunity in the hypermarket format, which is worthy of being seriously pursued in the medium term. Nevertheless, given the significantly lower gross margins on F&G vis-à-vis other merchandize (and therefore formats), this category takes longer to achieve breakeven.

The Company is currently in the process of setting its growth plans in pace and is suffering losses due to high start up costs, central planning overheads, etc. In the interim, the business warrants significant investment of capital and is expected to take 2 to 3 years before the shared services & central costs get covered by the contribution generated from stores.

- (ii) *Steps taken by the Company to improve performance:*

The plan and key initiatives in respect of growth plans of the Company include:

- Trent Hypermarket Limited ("the Company"), had, pursuant to definitive agreements entered into in March 2014 between Trent Limited, Tesco Overseas Investments Limited ("Tesco Overseas") and the Company, received investment of approximately Rs. 700 crore in June 2014 from Tesco Overseas, a wholly owned subsidiary of Tesco PLC, UK ("Tesco"). The Company has become a joint venture company of Tesco Overseas and Trent Limited, with each holding a 50% stake in the Company. The Company will benefit directly from the retail expertise of Tesco.
- This partnership should over time enable a further improved offer in terms of value, range & service. Also, the investment into the supply chain should afford efficiencies and give manufacturers, suppliers & farmers an efficient route to market.
- The Company will focus on evolving a sustainable store model that will allow a significant food & grocery retailing operation to be built out over time. The Company intends to concentrate store presence in the States of Maharashtra and Karnataka at this time and expect to open 3 to 5 new stores in a year.

- Focus to remain on further improving operational efficiencies in critical areas like Margin improvement, Stock Loss reduction, Supply-chain efficiency & Inventory Optimization.
  - Format –The business continues to review and optimize its store format and size to be in step with the catchment area and the need to maximize sales per square foot. The intent is to build on the existing Star Bazaar platform. The Company will operate under multiple banners like “Star Bazaar”, “Star Market” and “Star Daily”
  - Own label offerings - over time as the branding of the stores get entrenched, emphasis would be on increasing the contribution of 'own label' offerings across categories, since it should contribute to making the business more economically sustainable.
- (iii) *Expected increase in productivity and profits in measurable terms:* The long term profitability plans have gestation period. With the roadmap and strategies in place, there is increasing visibility of scaling up the business of the Company into a substantial and eventually profitable business over the next few years.

While the recent results have been impacted by the slowdown in economy, we see increasing visibility of scaling up this operation into a consequential and *eventually* profitable business over the next few years, aided by the strategies being pursued and the expertise accessed from Tesco through the Joint venture between Trent and Tesco. However, in the interim this business continues to warrant significant investment of capital and is expected to take a few more years before the shared services & central costs get covered by the contribution generated from stores

The initiatives cited above are expected to improve the financial performance of the Company.

**By the order of the Board  
For Trent Hypermarket Limited**

  
**Sanjay Gupta**  
**Company Secretary & CFO**

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