

Trent Q3FY25 Standalone results were in line with our expectation with LFL growth @ high single digits in Fashion concept. Store additions were strong at 12 in case of Westside, 58 in case of Zudio. Overall fashion concept sqft increase QoQ stood at 11%.

- **Revenue** recorded 37% growth on YoY basis to Rs 45347mn aided by high single digit LFL in Fashion concept stores.
- **Per sqft Sales Flat:** which we believe is on account of Westside stores being added towards the end of the quarter.
- **EBIDTA** margins stood at 18.5% as against 18.8% YoY. In absolute terms EBIDTA was up 34% YoY to Rs 8376 mn, lower than revenue on account of 40% rise in Raw Materials cost YoY.
- **EBIT margins (as mentioned in Press-Release):** stood at 13.1% Q3FY25 v/s 13.3% YoY.
- **Raw Materials to Revenue,** stood at 55.3% v/s 54% YoY and 55.8% QoQ.
- **Employee Cost** on a QoQ basis witnessed a 4.5% growth to Rs 3010mn
- **PBT** (ex of other income increased by 51% YoY to Rs 5620mn and **PAT** (adjusted) stood at Rs4693 mn up 37% YoY

Outlook

- Trent has the capability to grow at 25%+ CAGR over next few years.
- Outperformer in the entire retail apparel space where everyone is struggling.
- Store expansion strategy remains intact.
- **Trent's longer-term focus** is to be a "Portfolio of Brands" which are originated and scalable, like Westside and Zudio that are now both profitable and sustainable business models.

Financial Summary Standalone

Y/E Mar (Rs mn)	FY23	FY24	FY25e	FY26e	FY27e
Net sales	77,152	119,266	169,174	214,843	273,877
% Growth	98.8	54.6	41.8	27.0	27.5
EBIDTA	11,193	19,269	27,472	36,644	47,849
Margins	15	16	16	17	17
PAT	5,546	10,292	15,438	21,114	27,964
growth (%)	113.5	85.6	50.0	36.8	32.4
EPS	15.6	29.0	43.4	59.4	78.7
P/E (x)	338.1	182.2	121.5	88.8	67.1
P/B (x)	60.9	42.2	31.7	23.6	17.6
EV/EBITDA (x)	167.9	97.4	68.1	50.6	38.2
ROCE (%)	18.3	26.1	29.4	31.1	31.7
RoE (%)	18.0	23.1	26.1	26.6	26.2

Source: Dalal and Broacha

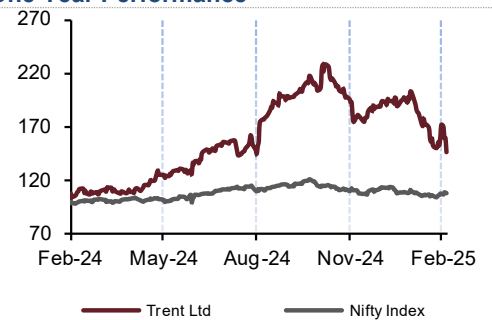
Rating	TP (Rs)	Up/Dn (%)
ACCUMULATE	6,060	15

Market data

Current price	Rs	5,275
Market Cap (Rs.Bn)	(Rs Bn)	1,876
Market Cap (US\$ Mn)	(US\$ Mn)	21,449
Face Value	Rs	1
52 Weeks High/Low	Rs	8345.85 / 2955
Average Daily Volume	('000)	1,486
BSE Code		500251
Bloomberg		TRENT.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	37.01	37.01
Public	62.99	62.99
Total	100	100

Source: Bloomberg

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Consolidated Results

- **Revenue** grew by 34% YoY to Rs 46566mn (+12% QoQ)
- **EBIDTA** margins stood at 18.1% v/s 18.1% YoY and 14.9% QoQ
- **PAT** adjusted owners shares stood at Rs 4973mn +33% YoY +47% QoQ
- Share of Profits from JV and Associates stood at Rs 262mn as against Rs 297mn YoY and 58mn QoQ on account *despite drop in stake in Zara.*
- **Additional Other Income in coming quarters:** Trent approved a proposal for sale of 1.75lac Massimo Dutti's shares at Rs 207.5mn

Other KTA's

- **LFL** for fashion stores recorded double digit growth
- **Emerging categories** Emerging categories including beauty and personal care, innerwear and footwear contribute 20% to standalone Revenue
- **Online Revenue** through Westside.com and other Tata group platforms and currently contribute over 6% of Westside revenues
- **Sales Per Sqft** :which we believe is on account of Westside stores being added towards the end of the quarter.

Presentation KTA's

Westside	Q3FY24	Q2FY25	Q3FY25	Growth YoY	Growth QoQ
Stores NO.s	227	226	238	4.8%	5.3%
Sq FT Mns	4.3	4.7	5.1	18.6%	8.5%
Cities	89	81	82	-7.9%	1.2%
Stores Opened		7	14		
Stores Consolidated		9	2		
Zudio	Q3FY24	Q2FY25	Q3FY25	Growth YoY	Growth QoQ
Stores NO.s	460	577	635	38.0%	10.1%
Sq FT Mns	4	5.5	6.2	55.0%	12.7%
Cities	139	184	190	36.7%	3.3%
Stores Opened		34	62		
Stores Consolidated		16	4		
Star Bazaar	Q3FY24	Q2FY25	Q3FY25	Growth YoY	Growth QoQ
Revenue (Rs Mns)	7570	8980	9470	25.1%	5.5%
Stores NO.s	67	74	74	10.4%	0.0%
Sq FT Mns	1	1.2	1.2	20.0%	0.0%
Cities	10	10	10	0.0%	0.0%
Own Brands	69	73	74	7.2%	1.4%
LFL	24	14	10		
Average Sq FT					
Westside	18,943	20,796	21,429	13.1%	3.0%
Zudio	8,696	9,532	9,764	12.3%	2.4%
Star Bazaar	14,925	16,216	16,216	8.6%	0.0%
Revenue	33,125	40,356	45,347	36.9%	12.4%
Sales Per Sq Ft STANDALONE	3,991	3,956	4,013	0.6%	1.4%
Total Sq FT	8.3	10.2	11.3	36.1%	10.8%

Quarterly Financials

TRENT Particulars (Rs Mns)	Q3FY25	Q3FY24	YoY Growth	Q2FY25	QoQ Growth
Revenue	45,347.1	33,124.8	36.9%	40,355.6	12.4%
Raw Material	25,073.8	17,903.8	40.0%	22,521.2	11.3%
Employee Cost	3,010.4	2,441.3	23.3%	2,880.1	4.5%
Rent Exps	3,894.0	2,857.9	36.3%	4,039.7	
Other Expenses	4,992.9	3,690.3	35.3%	4,508.0	10.8%
EBIDTA	8,376.0	6,231.5	34.4%	6,406.6	30.7%
Depreciation	2,393.4	1,575.4	51.9%	1,915.0	25.0%
Interest	362.6	957.4	-62.1%	323.8	12.0%
PBT (before O.Inc & Exceptional)	5,620.0	3,698.7	51.9%	4,167.8	34.8%
Other Income	563.6	768.2	-26.6%	1,386.6	-59.4%
Exceptional Items					
PBT Reported	6,183.6	4,466.9	38.4%	5,554.4	11.3%
PAT (reported)	4,693.3	3,436.0	36.6%	4,234.4	10.8%
Adjusted PAT	4,693.3	3,436.0	36.6%	4,234.4	10.8%
Equity	355.49	355.49	0.0%	355.49	0.0%
EPS (on adj)	13.20	9.67	36.6%	11.91	10.8%
Tax Rate	24%	23%		24%	
% to Revenue					
Raw Material	55.3%	54.0%		55.8%	
Employee Cost	6.6%	7.4%		7.1%	
Rent Exps	8.6%	8.6%		10.0%	
Other Expenses	11.0%	11.1%		11.2%	
EBIDTA Margins	18.5%	18.8%		15.9%	
Westside Store	238	227	5%	226	5.3%
Zudio Store	635	460	38%	577	10.1%
Other concepts	34	28	21%	28	21.4%
Total Stores	907	715	27%	831	9.1%
CONDOLIDATED	Q3FY25	Q3FY24	YoY Growth	Q2FY25	QoQ Growth
Revenue	46565.60	34666.20	34%	41566.70	12%
EBIDTA Margins	18.1%	18.1%		15.5%	
PAT (owners share)	4972.50	3743.60	33%	3387.50	47%
Sh of Pft/ Loss of JV	262.30	296.80	-12%	57.70	355%

Source:, Company

Outlook and valuations

Trent SOTP Method					
Segment	Particulars	FY27	Metric	Multiple (X)	Value/Per Share Contribution
Westside + Zudio PAT	PAT				
	Standalone (Rs Mns)	27964	P/E	70	1,957,504
Star Bazaar 50% JV	Sales (Rs Mns)	31215	P/Sales	4	124,859
Booker India 51%	Sales (Rs Mns)	3855	P/Sales	4	15,420
Less: Debt (Rs Mns)					4,988
Add: Cash + Invest (Rs Mns) less Inv in Subs					61,219
Total Value in Mns					2,154,015
NO. of Shares (In Mns)					355
Value Per Share Rs					6,060
CMP					5,275
Upside					15%

Source: Dalal & Broacha Research, Company

Trent Ltd has shown strong growth in its recent financial performance, the company achieved a **CAGR of over 39% in revenue** and **46% in profit before tax (PBT)** since Q3 FY20.

For the full fiscal year 2024, Trent reported a **CAGR of 39% in revenue** and **53% in PBT** compared to FY20.

Notably, emerging categories contributed **20% of standalone revenue** in Q3 FY25, which are expected to improve margins.

Growth drivers for the future include:

1. The New **JV with MAS Group** of Sri Lanka for design, development and manufacture of lingerie, activewear and related apparel products is another lever of growth.
2. **Star Business progressing well:** The Star segment is performing well, with its share of own-brands increasing from **69% in Q3 FY24 to 74% in Q3 FY25**. Successful strategies from Westside and Zudio are being applied to StarBazaar, which should lead to further improvements.

Conclusion:

Looking ahead, Trent is projected to maintain a **CAGR of over 25%** for the next few years despite a high base. The pace of store openings for Zudio might decelerate a bit, compounded by increased competition targeting the value segment where Zudio operates. Star Bazaar growth has been consistent and if store expansion were to kick-in it may become the new growth engine.

We have revised our numbers post-Q3 FY25 and have set a target price of ₹6060 (on SOTP basis) for Trent, with a 12-month outlook. Our valuation now excludes any contribution from Zara.

In conclusion, we recommend that investors to "Accumulate" shares of Trent Ltd at the current price of **₹5275**. The company is expected to continue outperforming its competitors.

Financial

STANDALONE						Cash Flow St. (Rs. mn)					
P&L (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY23	FY24	FY25E	FY26E	FY27E	
Net Sales	77,151.9	119,265.6	169,174.0	214,843.2	273,877.0	Net Profit	5,545.7	14,358.2	15,437.9	21,114.4	27,964.3
Cost of sales	(65,959.4)	(99,996.3)	(141,702.3)	(178,199.3)	(226,027.7)	Add: Dep. & Amort.	4,632.1	6,385.2	8,639.5	10,348.2	12,502.6
Operating Profit	11,192.5	19,269.3	27,471.7	36,643.9	47,849.3	Cash profits (Inc)/Dec in	10,177.8	20,743.4	24,077.4	31,462.6	40,467.0
Depreciation	(4,632.1)	(6,385.2)	(8,639.5)	(10,348.2)	(12,502.6)	Sundry debtors	(151.0)	(471.7)	(330.2)	(302.2)	(390.7)
PBIT	6,560.4	12,884.1	18,832.2	26,295.7	35,346.7	Inventories	(5,144.3)	(2,279.3)	(6,574.5)	(6,016.0)	(7,778.9)
Other income	4,117.0	3,509.3	3,139.0	3,477.4	3,824.9	Loans/advances	(1,648.1)	(3,451.3)	(3,482.2)	(2,715.1)	(3,258.2)
Interest	(3,572.3)	(3,093.7)	(1,387.4)	(1,556.7)	(1,801.1)	Current Liab and Provision	5,213.6	5,576.3	6,186.1	4,097.4	5,082.2
Profit before tax	7,105.1	13,299.7	20,583.9	28,216.4	37,370.5	Change in working capital	(1,729.8)	(626.0)	(4,200.9)	(4,935.9)	(6,345.6)
Exceptional and Extra Ordinary	-	5,433.5	-	-	-	CF from Oper. activities	8,448.0	20,117.4	19,876.5	26,526.7	34,121.3
PBT (Post Extra Ordinary)	7,105.1	18,733.2	20,583.9	28,216.4	37,370.5	CF from Inv. activities	(2,418.5)	9,533.8	(14,439.1)	(10,386.7)	(12,511.8)
Provision for tax	(1,559.4)	(4,375.0)	(5,146.0)	(7,102.1)	(9,406.2)	CF from Fin. activities	(5,984.6)	(27,578.0)	1,562.1	891.2	1,630.9
Reported PAT	5,545.7	14,358.2	15,437.9	21,114.4	27,964.3	Cash generated/utlilise	44.9	2,073.2	6,999.4	17,031.3	23,240.4
MI	-	-	-	-	-	Cash at start of the year	743.8	788.7	2,861.9	9,861.3	26,892.6
Adjusted PAT	5,545.7	10,292.2	15,437.9	21,114.4	27,964.3	Cash at end of the year	788.7	2,861.9	9,861.3	26,892.6	50,133.1

Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E	Ratios	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	355.5	355.5	355.5	355.5	355.5	OPM	14.5	16.2	16.2	17.1	17.5
Reserves	30,443.9	44,116.4	58,772.3	79,104.6	106,286.9	NPM	6.8	8.4	9.0	9.7	10.1
Net worth	30,799.4	44,471.9	59,127.7	79,460.1	106,642.4	Tax rate	(21.9)	(32.9)	(25.0)	(25.2)	(25.2)
Non Current Liabilities	41,965.7	15,081.5	17,581.2	19,425.7	22,027.0	Growth Ratios (%)					
Current Liabilities	10,446.1	15,027.4	21,057.8	24,984.1	29,877.9	Net Sales	98.8	54.6	41.8	27.0	27.5
CAPITAL EMPLOYED	83,211.2	74,580.8	97,766.8	123,869.8	158,547.2	Operating Profit	60.3	72.2	42.6	33.4	30.6
Non Current Assets	57,546.6	39,002.2	43,804.3	42,845.8	41,858.6	PBIT	58.0	96.4	46.2	39.6	34.4
Fixed Assets	44,074.2	25,616.1	29,149.2	28,187.6	27,196.8	PAT	113.5	85.6	50.0	36.8	32.4
Non Current Investments	11,917.9	12,820.0	14,086.5	14,086.5	14,086.5	Per Share (Rs.)					
Deferred Tax Asset	1,540.3	553.4	553.4	553.4	553.4	Net Earnings (EPS)	15.6	29.0	43.4	59.4	78.7
Long Term Loans and Advances:	14.2	12.7	15.2	18.3	21.9	Cash Earnings (CPS)	28.6	46.9	67.7	88.5	113.8
Current Assets	25,664.6	35,578.6	53,962.5	81,024.0	116,688.6	Dividend	2.2	3.2	3.2	3.2	3.2
Current investments	4,564.8	6,201.8	7,201.8	8,201.8	9,201.8	Book Value	86.6	125.1	166.3	223.5	300.0
Inventories	13,368.8	15,648.1	22,222.6	28,238.6	36,017.5	Free Cash Flow	17.0	83.4	15.3	45.4	60.8
Trade Receivables	314.3	786.0	1,116.2	1,418.4	1,809.2	Valuation Ratios					
Cash and Bank Balances	788.7	2,861.9	9,861.3	26,892.6	50,133.1	P/E(x)	338.1	182.2	121.5	88.8	67.1
Short Term Loans and Advance:	167.9	168.5	202.2	242.6	291.2	P/B(x)	60.9	42.2	31.7	23.6	17.6
Other Current Assets	6,460.1	9,912.3	13,358.3	16,029.9	19,235.9	EV/EBIDTA(x)	167.9	97.4	68.1	50.6	38.2
CAPITAL DEPLOYED	83,211.2	74,580.8	97,766.8	123,869.8	158,547.2	Div. Yield(%)	0.0	0.1	0.1	0.1	0.1
						FCF Yield(%)	0.3	1.6	0.3	0.9	1.2
						Return Ratios (%)					
						ROE	18.0	23.1	26.1	26.6	26.2
						ROCE	18.3	26.1	29.4	31.1	31.7

Source: Dalal & Broacha Research, Company

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