

Trent Q2FY25 Standalone results were in line with our expectation with Strong LFL growth @ double digits in Fashion concept.

- **Revenue** recorded 40% growth on YoY basis to Rs 40355.6mn aided by double digit LFL in Fashion concept stores.
- **EBIDTA** margins stood at 15.9% as against 15.9% YoY. In absolute terms EBIDTA was up 39% at Rs 6407 mn, mainly driven by drop in other expenses of 70 bps as percentage to Revenue.
- **EBIT margins (as mentioned in Press-Release)** : stood at 10.8% Q2FY25 v/s 9.8% YoY.
- **Raw Materials to Revenue**, stood at 55.8% v/s 55.3% YoY and 53.8% QoQ. This quarter generally has EOSS sales.
- **Employee Cost** on a QoQ basis witnessed a 5.4% drop to Rs 2880mn
- **PAT (adjusted)** stood at Rs 4234 mn up 46% YoY aided by lower growth in depreciation @32% YoY and drop interest cost by 65% due to changes made in Rou and Lease liability in Q4FY24 quarter.

Outlook

- 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	159,077	207,116	264,542
% Growth	98.8	54.6	33.4	30.2	27.7
EBIDTA	11,193	19,269	25,311	35,171	47,002
Margins	15	16	16	17	18
PAT	5,546	10,292	14,253	20,416	27,878
growth (%)	113.5	85.6	38.5	43.2	36.6
EPS	15.6	29.0	40.1	57.4	78.4
P/E (x)	416.5	224.4	162.1	113.1	82.9
P/B (x)	75.0	51.9	39.9	29.8	22.1
EV/EBITDA (x)	206.7	120.0	91.1	65.1	48.2
ROCE (%)	18.3	26.1	27.4	30.6	32.1
RoE (%)	18.0	23.1	24.6	26.3	26.6

Source: Dalal and Broacha

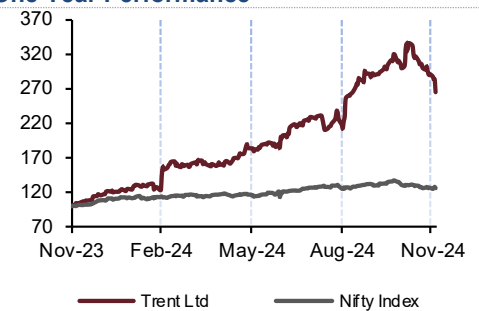
Rating	TP (Rs)	Up/Dn (%)
HOLD	6,035	-7

Market data

Current price	Rs	6,506
Market Cap (Rs.Bn)	(Rs Bn)	2,313
Market Cap (US\$ Mn)	(US\$ Mn)	27,440
Face Value	Rs	1
52 Weeks High/Low	Rs	345.85 / 2181.6
Average Daily Volume	('000)	1,221
BSE Code		500251
Bloomberg		TRENT.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-24	Jun-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 39% YoY to Rs 41566.7mn (+1% QoQ)
- EBIDTA margins stood at 15.5% v/s 15.3% YoY and 14.9% QoQ
- PAT adjusted owners shares stood at Rs 3387mn +44% YoY dropped 14% QoQ
- Share of Profits from JV and Associates stood at Rs 57.7mn as against Rs 253.7mn YoY and 3925mn QoQ on account of drop in stake in Zara as well poor performance of Star in this quarter.

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 5% of Westside revenues
- **Cash Flow Statement Observations:**
Sales/redemption/buyback of investments in subsidiaries, Joint venture and associates stood at Rs 1,334.6mn which includes Rs 1050mn from Zara Buy Back.

Westside	Q2FY25	Q2FY24	Growth YoY	Q1FY25	Growth QoQ
Stores NO.s	226	223	1.3%	228	-0.9%
Sq FT Mns	4.7	4.2	11.9%	4.6	2.2%
Cities	81	87	-6.9%	86	-5.8%
Stores Opened	7			6	
Stores Consolidated	9			10	
Zudio	Q2FY25	Q2FY24	Growth YoY	Q1FY25	Growth QoQ
Stores NO.s	577	411	40.4%	559	3.2%
Sq FT Mns	5.5	3.5	57.1%	5.2	5.8%
Cities	184	130	41.5%	164	12.2%
Stores Opened	34				
Stores Consolidated	16				
Star Bazaar	Q2FY25	Q2FY24	Growth YoY	Q1FY25	Growth QoQ
Revenue (Rs Mns)	8980	7080	26.8%	8150	10.2%
Stores NO.s	74	65	13.8%	72	2.8%
Sq FT Mns	1.2	1	20.0%	1.1	9.1%
Cities	10	10	0.0%	10	0.0%
Own Brands	73	66	10.6%	72	1.4%
LFL	14	29		22	

Source: Dalal & Broacha Research, Company

Quarterly Financials

TRENT Particulars (Rs Mns)	Q2FY25	Q2FY24	YoY Growth	Q1FY25	QoQ Growth
Revenue	40,355.6	28,907.2	39.6%	39,917.4	1.1%
Raw Material	22,521.2	15,996.5	40.8%	21,463.9	4.9%
Employee Cost	2,880.1	2,105.8	36.8%	3,045.7	-5.4%
Rent Exps	4,039.7	2,758.4	46.5%	4,648.3	
Other Expenses	4,508.0	3,438.0	31.1%	4,654.0	-3.1%
EBIDTA	6,406.6	4,608.5	39.0%	6,105.5	4.9%
Depreciation	1,915.0	1,448.4	32.2%	1,759.3	8.9%
Interest	323.8	923.3	-64.9%	311.6	3.9%
PBT (before O.Inc & Exceptional)	4,167.8	2,236.8	86.3%	4,034.6	3.3%
Other Income	1,386.6	1,510.8	-8.2%	461.1	200.7%
Exceptional Items					
PBT Reported	5,554.4	3,747.6	48.2%	4,495.7	23.5%
PAT (reported)	4,234.4	2,896.7	46.2%	3,421.5	23.8%
Adjusted PAT	4,234.4	2,896.7	46.2%	3,421.5	23.8%
Equity	355.49	355.49	0.0%	355.49	0.0%
EPS (on adj)	11.91	8.15	46.2%	9.62	23.8%
Tax Rate	24%	23%		24%	
% to Revenue					
Raw Material	55.8%	55.3%		53.8%	
Employee Cost	7.1%	7.3%		7.6%	
Rent Exps	10.0%	9.5%		11.6%	
Other Expenses	11.2%	11.9%		11.7%	
EBIDTA Margins	15.9%	15.9%		15.3%	
Westside Store	226	223	1%	228	-0.9%
Zudio Store	577	411	40%	559	3.2%
Other concepts	28	27	4%	36	-22.2%
Total Stores	831	661	26%	823	1.0%
CONDOLIDATED	Q2FY25	Q2FY24	YoY Growth	Q1FY25	QoQ Growth
Revenue	41566.70	29824.20	39%	41044.40	1%
EBIDTA Margins	15.5%	15.3%		14.9%	
PAT (owners share)	3387.50	2347.30	44%	3925.70	-14%
Sh of Pft/ Loss of JV	57.70	253.70	-77%	556.00	-90%

Source: Dalal & Broacha Research, Company

Outlook and valuations

Trent SOTP Method					
Segment	Particulars	FY27	Metric	Multiple (X)	Value/Per Share Contribution
Westside + Zudio PAT	PAT Standalone (Rs Mns)	27878	P/E	70	1,951,456
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					58,613
Total Value in Mns					2,145,361
NO. of Shares (In Mns)					355
Value Per Share Rs					6,035
CMP					6,498
Upside					-7%

Trent Ltd has shown strong growth in its recent financial performance, the company achieved a **CAGR of over 37% in revenue and 57% in profit before tax (PBT)** since Q2 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 Q1 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 **66% in Q2 FY24 to 73% in Q2 FY25**. The company opened two new stores in Q2 FY25 and nine stores year-over-year. 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. However, this forecast is slightly below the historical CAGR recorded between FY20 and FY24 due to a higher base effect. The pace of store openings for Zudio might decelerate a bit, compounded by increased competition targeting the value segment where Zudio operates.

We have revised our numbers post-Q2 FY25 and have set a target price of ₹6,035 (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 "HOLD"** shares of Trent Ltd at the current price of **₹6,498**.

The company is expected to continue outperforming its competitors, reflecting strong fundamentals and growth potential. However, should the stock price decline, it may present an attractive opportunity to acquire additional shares at a lower cost.

Financial

STANDALONE											
P&L (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	Cash Flow St. (Rs. mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	77,151.9	119,265.6	159,077.1	207,116.0	264,542.5	Net Profit	5,545.7	14,358.2	14,253.4	20,415.7	27,877.9
Cost of sales	(65,959.4)	(99,996.3)	(133,765.8)	(171,945.2)	(217,540.0)	Add: Dep. & Amort.	4,632.1	6,385.2	8,097.6	9,873.1	11,850.1
Operating Profit	11,192.5	19,269.3	25,311.3	35,170.9	47,002.5	Cash profits (Inc)/Dec in					
Depreciation	(4,632.1)	(6,385.2)	(8,097.6)	(9,873.1)	(11,850.1)	Sundry debtors	(151.0)	(471.7)	(263.3)	(317.9)	(380.1)
PBIT	6,560.4	12,884.1	17,213.7	25,297.7	35,152.4	Inventories	(5,144.3)	(2,279.3)	(5,241.0)	(6,329.0)	(7,566.6)
Other income	4,117.0	3,509.3	3,139.0	3,474.0	3,811.1	Loans/advances	(1,648.1)	(3,451.3)	(3,482.2)	(2,715.1)	(3,258.2)
Interest	(3,572.3)	(3,093.7)	(1,297.4)	(1,488.9)	(1,708.5)	Current Liab and Provision	5,213.6	5,576.3	5,436.9	4,236.8	4,912.5
Profit before tax	7,105.1	13,299.7	19,055.4	27,282.8	37,255.0	Change in working capital	(1,729.8)	(626.0)	(3,549.5)	(5,125.2)	(6,292.3)
Exceptional and Extra Ordinary	-	5,433.5	-	-	-	CF from Oper. activities	8,448.0	20,117.4	18,801.5	25,163.6	33,435.7
PBT (Post Extra Ordinary)	7,105.1	18,733.2	19,055.4	27,282.8	37,255.0	CF from Inv. activities	(2,418.5)	9,533.8	(13,168.3)	(10,925.5)	(12,007.7)
Provision for tax	(1,559.4)	(4,375.0)	(4,801.9)	(6,867.1)	(9,377.1)	CF from Fin. activities	(5,984.6)	(27,578.0)	813.1	1,136.1	1,416.5
Reported PAT	5,545.7	14,358.2	14,253.4	20,415.7	27,877.9	Cash generated/(utilise)	44.9	2,073.2	6,446.3	15,374.3	22,844.5
MI	-	-	-	-	-	Cash at start of the year	743.8	788.7	2,861.9	9,308.2	24,682.5
Adjusted PAT	5,545.7	10,292.2	14,253.4	20,415.7	27,877.9	Cash at end of the year	788.7	2,861.9	9,308.2	24,682.5	47,527.0
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	15.9	17.0	17.8
Reserves	30,443.9	44,116.4	57,587.8	77,221.5	104,317.4	NPM	6.8	8.4	8.8	9.7	10.4
Net worth	30,799.4	44,471.9	57,943.2	77,576.9	104,672.8	Tax rate	(21.9)	(32.9)	(25.2)	(25.2)	(25.2)
Non Current Liabilities	41,965.7	15,081.5	16,832.3	18,921.7	21,308.6	Growth Ratios (%)					
Current Liabilities	10,446.1	15,027.4	20,308.7	24,374.3	29,098.4	Net Sales	98.8	54.6	33.4	30.2	27.7
CAPITAL EMPLOYED	83,211.2	74,580.8	95,084.3	120,872.9	155,079.8	Operating Profit	60.3	72.2	31.4	39.0	33.6
Non Current Assets	57,546.6	39,002.2	43,075.5	43,130.8	42,292.1	PBIT	58.0	96.4	33.6	47.0	39.0
Fixed Assets	44,074.2	25,616.1	28,420.3	28,472.7	27,630.2	PAT	113.5	85.6	38.5	43.2	36.6
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	40.1	57.4	78.4
Long Term Loans and Advance:	14.2	12.7	15.2	18.3	21.9	Cash Earnings (CPS)	28.6	46.9	62.9	85.2	111.8
Current Assets	25,664.6	35,578.6	52,008.8	77,742.1	112,787.8	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	163.0	218.2	294.5
Inventories	13,368.8	15,648.1	20,889.1	27,218.0	34,784.6	Free Cash Flow	17.0	83.4	15.8	40.1	60.3
Trade Receivables	314.3	786.0	1,049.3	1,367.2	1,747.2	Valuation Ratios					
Cash and Bank Balances	788.7	2,861.9	9,308.2	24,682.5	47,527.0	P/E(x)	416.5	224.4	162.1	113.1	82.9
Short Term Loans and Advance	167.9	168.5	202.2	242.6	291.2	P/B(x)	75.0	51.9	39.9	29.8	22.1
Other Current Assets	6,460.1	9,912.3	13,358.3	16,029.9	19,235.9	EV/EBIDTA(x)	206.7	120.0	91.1	65.1	48.2
CAPITAL DEPLOYED	83,211.2	74,580.8	95,084.3	120,872.9	155,079.8	Div. Yield(%)	0.0	0.0	0.0	0.0	0.0
						FCF Yield(%)	0.3	1.3	0.2	0.6	0.9
						Return Ratios (%)					
						ROE	18.0	23.1	24.6	26.3	26.6
						ROCE	18.3	26.1	27.4	30.6	32.1

Source: Dalal & Broacha Research, Company

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