

Stock Info

Symbol	TRENT
CMP	₹ 4,720
P/E Ratio (TTM)	133.01
Enterprise Value	₹ 1,99,317 Cr
Market CAP	₹ 1,97,695 Cr

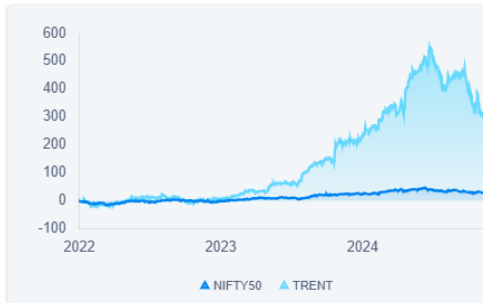
Financial Ratios

ROE (TTM)	29.14
ROCE (TTM)	30.26
Current Ratio (TTM)	2.33
PEG Ratio (TTM)	1.68
Net Profit Margin (TTM)	6.94
Price/Book Value (TTM)	31.56
Debt to Equity (TTM)	0.80
ROA (TTM)	19.25

Shareholding Pattern

PARTICULARS	JUN 24	SEP 24	DEC 24
Promoters	37.01	37.01	37.01
Share Holding Pledge	0	0	0
FII	27.87	26.62	21.68
Total DII	13.19	13.39	15.29
Public	21.94	22.99	26.02

Indexed Stock Performance



PARTICULARS	TRENT	NIFTY50
1M	13.51%	3.46%
6M	-23.82%	-5.9%
1Y	44.34%	2.94%
3Y	333.97%	32.27%
3Y-CAGR	63.11%	9.77%

Analyst

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Shashi Kumar

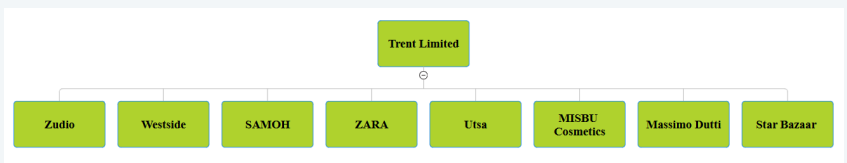
►Company Overview

Established in 1998, Trent Limited is a leading Indian retail company and a part of the Tata Group, primarily focusing on fashion and lifestyle products. The company operates a diverse portfolio of retail formats, including Westside (lifestyle), Zudio (value fashion retail), Utsa (ethnic fashion retail), Samoh (occasion wear), and Misbu (beauty and personal care). In addition to its extensive retail network across India, Trent has significantly expanded its store presence both domestically and internationally.

As of Q4FY25, Trent operates over 248 Westside stores, 765 Zudio stores (including 2 in the UAE), and 30 stores across other lifestyle concepts. With this the company has crossed an operating portfolio of over 1000 large-box fashion stores and has served over 100 million customers across 230 cities

The company's standalone revenue (incl. GST) in Q4 FY25 stood at Rs 4,334 Cr, which is a growth of 28% from Rs 3,381 Cr in Q4 FY24. On a yearly basis, Trent reported a revenue of Rs 17,624 Cr, a growth of 39% from Rs 12,669 Cr in FY24.

Brands Portfolio

*(Source: Company Annual Report)*

►Investment Rationale

Transition from a single-format to a multi-format model: Trent's transition to a multi-format model has enabled the company to target diverse customer needs, expand its reach, and adapt to varying shopping preferences across locations. This strategic approach has strengthened its product portfolio and enhanced overall brand value. Over the last five years, the company has achieved a CAGR revenue growth of 36% and a profit CAGR growth of 73%. With rising consumer discretionary spending, Trent is well-positioned to capture significant market share through its diversified brand portfolio. Considering the strong growth momentum, we project a PAT growth of 16-20% for FY25E to FY26E.

Expanding Presence in Domestic and International Markets: Trent Limited is expanding its footprint both in India and internationally, marked by the launch of its first Zudio store in Dubai to strengthen market penetration and tap into value fashion demand. Domestically, Trent plans to focus on Tier 2 and Tier 3 cities, to address the rising demand for organized retail through its Westside and Zudio brands. As the Indian retail market becomes increasingly organized and competitive, Trent is well-positioned to cater to a wide spectrum of fashion needs through its diverse brand portfolio, including Westside for mid-premium segments and Zudio for value-conscious consumers. This dual approach allows Trent to compete effectively against both local and global players while staying attuned to evolving consumer preferences. We anticipate Trent will significantly strengthen its market presence in the coming years.

Trent's Strategic Entry into the Emerging Lab-Grown Diamond Market: The global lab-grown diamond market is valued at \$15 billion, with India witnessing an annual consumption growth of 15-20%. India is the second-largest market and produces over 3 million lab-grown diamonds annually, accounting for 15% of global production. This growth is driven by rising consumer awareness of sustainability and affordability. India holds a 25% share of the global market, with the industry valued at \$299.9 million in 2023 and projected to reach \$1,192.3 million by 2033, reflecting a CAGR of 14.8%. Trent has entered the lab-grown diamond market through its subsidiary by launching the Pome brand in Westside stores across Tier 1 cities. The company plans to leverage its existing customer base to drive sales and plans to expand the brand through Exclusive Brand Outlets (EBOs), to enhance its presence in the sector. We believe Pome has the potential to compete with established players like Titan in the jewelry market, particularly in the everyday jewelry segment. Additionally, Pome is well-positioned to capture market share from leading jewelry brands, and we expect lab-grown diamonds to contribute 2-4% of Trent's overall revenue by FY26.

Optimizing E-commerce and Online Presence to Tap New Markets: Trent Ltd. has launched e-commerce platforms for its brands, including Westside, Zudio, and Star, capitalizing on India's growing online shopping trend. Its collaboration with Tata Neu and TataCiq has enhanced its e-commerce capabilities, which are expected to drive sales and expand customer reach. Additionally, Trent's strategy to increase online sales in Tier 3 cities aims to tap into new customer segments and strengthen its market presence.

Trent's Competitive Moat in the Fashion Retail Industry: Trent's 100%-owned branded business model is a key differentiator, with both Westside and Zudio offering exclusively own-branded merchandise across their stores and online channels. The company's direct-to-consumer strategy, free of intermediaries, further sets it apart. Other notable differentiators include a focus on offering fresh merchandise and maintaining consistent no-discount pricing for most of the year, with only two end-of-season sales offering special deals. To sustain this growth momentum, management plans to open 30-40 new Westside stores annually, primarily targeting Tier 2 and Tier 3 cities to tap into emerging markets. Additionally, the company is pursuing a store portfolio optimization strategy, focusing on upgrading or consolidating smaller footprint stores and replacing them with newer stores in more attractive micro-markets.

Business Performance

In FY24, Trent Ltd. recorded revenues of Rs. 12,375 crores, a 50% increase from Rs. 8,242 crores in FY23, driven by Zudio's expansion and improved store performance. Profit after tax (PAT) surged to Rs. 1,477 crores, more than tripling

from Rs. 393 crores in the previous year, reflecting strong revenue growth.

In Q3FY25, the company reported a consolidated revenue of Rs. 4,656 crores, reflecting a 34% year-on-year increase from Rs. 3,466 crores in Q3FY24. Net profit for the quarter rose by 34%, reaching Rs. 496 crores, up from Rs. 370 crores in the same period last year.

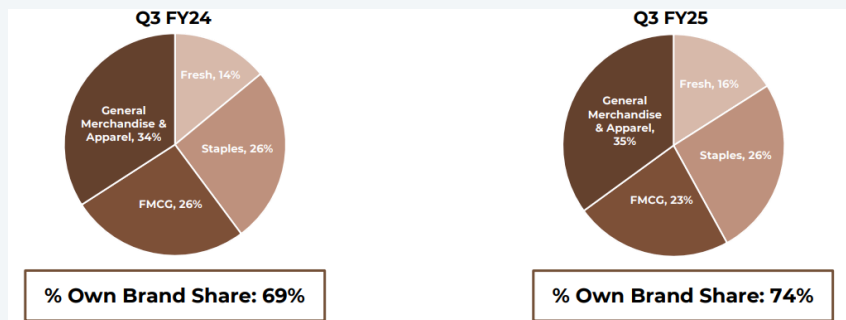
During this quarter, the company expanded its portfolio by adding 82 new stores, including 14 Westside stores, bringing the total count to 238. Additionally, 62 new Zudio stores were opened, raising the total number of Zudio stores to 635.

Trent's gross margin saw a slight increase, with an operating EBIT margin of 13% in Q3FY25, up from 11% in Q2FY25.

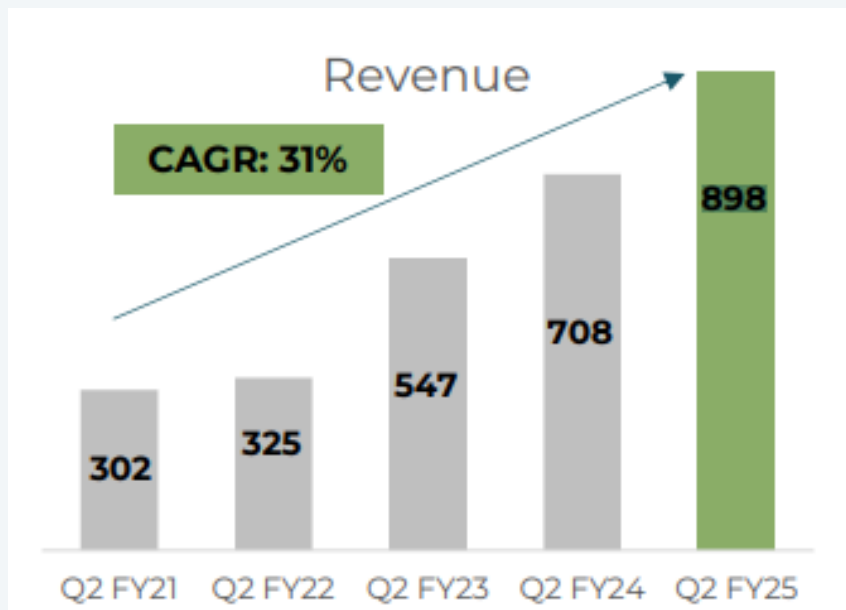
In Q3FY25, Trent Fashion Concepts achieved high single-digit like-for-like (LFL) growth. As of December 31st, the company operated a footprint of over 11 million sqft across its fashion brands, marking a 33% increase from the previous year. Alongside a 43% revenue growth for 9MFY24, the company registered a 39% volume growth.

Trent's emerging categories, including beauty & personal care, innerwear, and footwear, continued to gain traction with customers. These emerging categories contributed to over 20% of the company's revenues in Q3FY25.

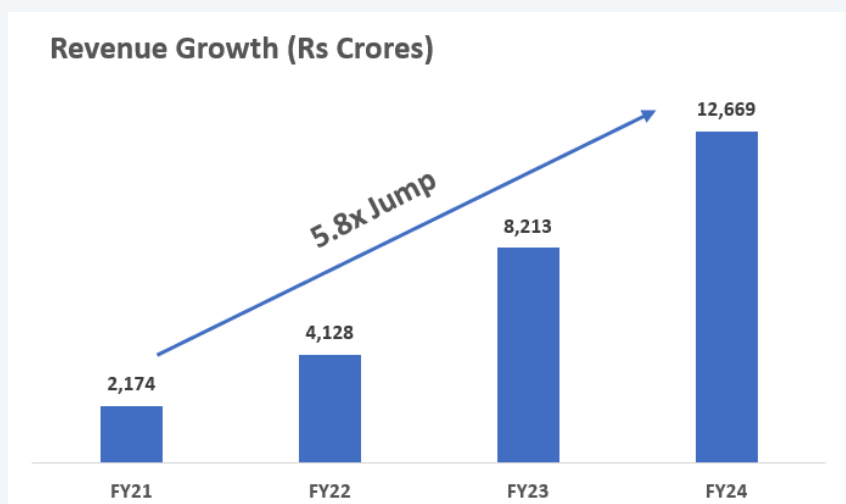
Trent's Star business gained strong traction during Q3FY25. As of Q3FY25, Westside consists of 74 stores, including the addition of 8 stores in the current year. The business experienced an all-around improved operating performance, driven by Trent's brands, staples, fresh, and general merchandise offerings. It registered an operating revenue growth of 25% and achieved double-digit like-for-like (LFL) growth in Q3FY25.



(Source: Company Annual Report)



(Source: Company Annual Report)



(Source: Company Annual Report, Trade Brains Research)

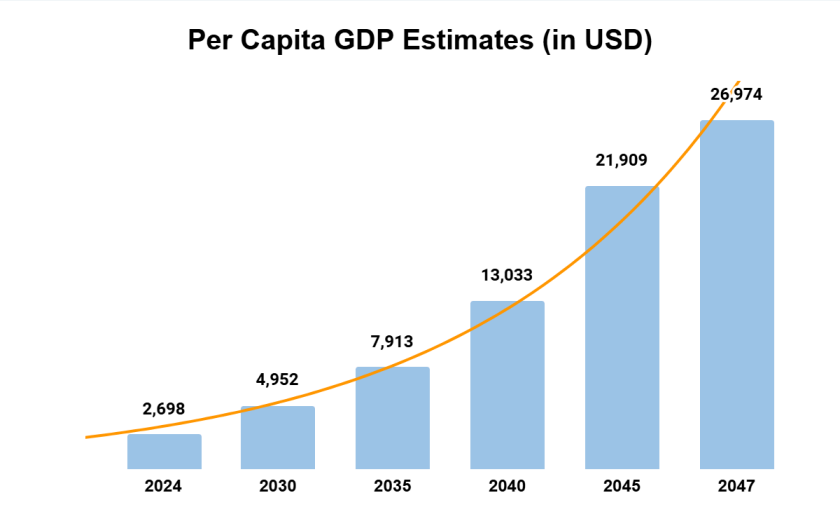
Industry Overview

The Indian retail industry, the fourth largest globally, is among the fastest-growing sectors in the economy, fueled by urbanization, increasing disposable incomes, and the rise of a robust middle class. Valued at US\$ 1,200 billion in 2023, the industry is expected to grow at a 9% CAGR, reaching US\$ 1,407 billion by 2026 and US\$ 1,884 billion by 2030. It contributes over 10% to India's GDP and employs around 8% of the workforce, reflecting its significant role in the economy.

The retail landscape features a mix of traditional and modern formats, with organized retail steadily expanding its share. The largest segments include Food & Grocery (63%), Apparel & Accessories (~8%), and Jewellery & Watches (8.6%).

Key growth drivers include the expanding e-commerce market and evolving consumer preferences for convenience and quality. The rise of digital platforms has reshaped shopping habits, providing access to a broader product range. Government initiatives to boost foreign investment and infrastructure further support this growth, fostering a favorable retail environment.

Additionally, the growing middle class has led to a significant rise in discretionary spending, particularly in categories such as apparel, electronics, and food.



(Source: PwC Research)

As per capita GDP rises, retail activity in India continues to grow, leading to higher consumer spending. However, the sector faces challenges, including intense competition from both organized and unorganized players, high operational costs, and supply chain inefficiencies. Future opportunities lie in expanding into rural markets and strengthening omnichannel strategies, allowing businesses to reach new consumer segments and drive further growth in this evolving industry.

►Risks and concerns

Intense Competition: The retail and fashion industry faces significant competition from domestic and international players, which could impact Trent's market share if rivals implement aggressive pricing strategies.

Economic Fluctuations: Factors such as high interest rates, inflation, or economic downturns could negatively affect sales, as the sector is largely driven by discretionary spending.

Customer Retention Risk: The competitive retail landscape poses challenges for customer retention. Shifting consumer preferences and price sensitivity may impact loyalty if Trent fails to consistently innovate and deliver value.

►Outlook and Valuation

Income Statement (Extract)

Particulars (Rs in crores)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue from Operations	4,498	8,242	12,375	14,355	16,508	18,985
other income	175	261	289	347	417	492
Net Sales	4,673	8,503	12,664	14,702	16,925	19,476
Operating Expense	3,924	7,168	10,453	11,572	12,934	14,450
Purchases of Stock-in-Trade	2,920	5,211	7,124	7,693	8,386	9,057
Change in inventory	(439)	(491)	(165)	(211)	(274)	(365)
Employee benefits expense	399	655	1,037	1,140	1,254	1,405
Other expenses	1,044	1,793	2,457	2,949	3,568	4,353
EBITDA	749	1,335	2,211	3,130	3,991	5,026
EBITDA Margin (%)	16.03%	15.70%	17.46%	21.29%	23.58%	25.81%
Depreciation and amortisation expense	311	494	671	732	1,061	1,188
EBIT	438	841	1,540	2,399	2,930	3,838
Interest Cost	305	369	319	351	439	548
Exceptional items	(27)	(3)	576	0	0	0

Profit Before Tax (PBT)	106	469	1,797	2,048	2,491	3,289
Share in profit of associate	5	83	124	0	0	0
Effective Tax Rate	72.23%	33.81%	24.67%	25.00%	25.00%	25.00%
Tax amount	77	158	443	512	623	822
Net Profit	35	394	1,477	1,536	1,868	2,467
No of Equity shares (in cr)	12	31	35	36	36	36
EPS Basic	3.0	12.5	41.8	43.2	52.6	69.4

(Source: Company reports, Trade Brains Research)

Balance sheet (Extract)

Particulars (Rs in crores)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Property Plant and Equipment	725	871	1,146	2,265	3,654	5,466
Capital Work-in-Progress	105	102	224	251	281	323
Investment Property	28	27	27	27	30	35
Goodwill	27	27	27	27	27	27
Intangible Assets	43	51	47	53	59	68
Right of use assets	3,864	3,550	1,202	1,202	1,202	1,202
Investments	757	564	696	780	873	1,004
Loans	97	139	449	503	564	648
Deferred tax assets (net)	126	156	54	61	68	79
Other Non-Current Assets	171	216	178	200	223	257
Total Non-Current Assets	5,943	5,704	4,052	5,368	6,983	9,109
Inventories	868	1,361	1,583	1,931	2,278	2,620
Investments	526	546	720	749	779	810
Trade receivables	18	34	82	110	171	197
Cash and cash equivalents	82	83	295	334	426	527
Bank balances other the cash and cash equivalents	4	3	3	3	4	4
Loans	26	17	17	19	21	25
Other financial assets	98	119	140	157	176	202
Current tax asset	2	17	4	4	5	6
Other current assets	152	188	254	284	298	343
Total Current Assets	1,777	2,369	3,097	3,592	4,159	4,733
Assets held for sale	6	9	13	13	13	13
TOTAL ASSETS	7,726	8,082	7,162	8,974	11,154	13,856
Lease Liabilities	102	216	409	458	513	575
Trade payables	378	665	774	913	1,105	1,238
Other financial liabilities	86	79	160	179	200	224
Other current liabilities	72	118	150	168	188	211
Provisions	10	12	19	21	23	26
Current tax liabilities	6	2	30	34	38	42
Total current Liabilities	653	1,094	1,541	1,773	2,068	2,316
Borrowings	497	498	499	548	603	664
Lease liabilities	4,126	3,750	845	930	1,023	1,125
Other financial liabilities	8	8	5	6	6	7
Provisions	21	59	160	176	194	213
Other non-current liabilities	10	9	9	9	10	11
Total Non-Current Liabilities	4,663	4,325	1,518	1,669	1,836	2,020
Equity Share Capital	36	36	36	36	36	36
Other Equity	2,328	2,560	4,032	5,462	7,179	9,449
Non-controlling interests	46	67	35	35	35	35
Total Equity	2,410	2,663	4,103	5,531	7,250	9,520

TOTAL LIABILITIES AND EQUITY	7,726	8,082	7,162	8,974	11,154	13,856
(Source: Company reports, Trade Brains Research)						
Cash Flow Statement (Extract)						
Particulars (Rs in crores)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Profit Before Tax before Exceptional items	139	555	1,345	2,048	2,491	3,289
Depreciation and amortisation expense	311	494	671	732	1,061	1,188
Finance Cost	281	352	299	351	439	548
other adjustments	410	301	(395)	0	0	0
Operating profit before changes in assets and liabilities	569	1,079	1,919	3,130	3,991	5,026
Increase/Decrease in Inventories	(439)	(494)	(222)	(348)	(348)	(342)
(Increase) / decrease in trade receivables & Other Current Assets	(102)	(101)	(208)	(76)	(94)	(98)
Increase/Decrease in Loans and Other Non Current Assets	(46)	(72)	(113)	(82)	(92)	(128)
Increase/(Decrease) in Trade Payable & Other Current Liabilities	134	332	178	231	295	248
Increase/(Decrease) in Non Current Liabilities	24	42	93	102	112	123
Cash (used in) / generated from operating activities	140	786	1,648	2,957	3,864	4,830
Income tax paid (net of refunds)	(82)	(191)	(299)	(512)	(623)	(822)
Net cash flow generated from operating activities	58	595	1,349	2,445	3,241	4,007
Fixed asset purchased	(271)	(503)	(737)	(1,877)	(2,480)	(3,042)
sale/(purchase) of Investments	1,607	1,905	2,155	0	0	0
Purchase of Investments	(1,322)	(1,610)	(1,938)	(89)	(103)	(144)
Other Investing Items	41	105	12	(31)	(33)	(35)
Net Cash Flow from Investing Activities	56	(103)	(508)	(1,997)	(2,616)	(3,221)
Issue of securities	551	46	36	0	0	0
Repayment of short Term borrowings	(69)	(139)	(277)	0	0	0
Finance Cost	(246)	(359)	(309)	(351)	(439)	(548)
Dividend Paid	(43)	(39)	(78)	(108)	(149)	(197)
Other Financing Activities	(301)	0	0	50	55	60
Net Cash Flow from Financing Activities	(108)	(491)	(629)	(409)	(533)	(685)
Net Cash flow	7	1	212	39	92	100
Cash and cash equivalent at the beginning of the year	76	82	83	295	334	426
Cash and Cash Equivalents at the end of the year	82	83	295	334	426	527
(Source: Company reports, Trade Brains Research)						

►Summary

We anticipate strong growth for Trent, which will be driven by rising consumer spending and growing demand in the retail sector. The company's expansion, shift to a multi-format model, and robust product portfolio, combined with increasing income levels, position it well for market growth.

Additionally, government initiatives such as urbanization, digital adoption, and infrastructure developments will further support retail sector expansion. Trent's focus on aspiration, accessibility, and resilience aligns with its customer-centric approach, which is essential for building long-term relationships and driving repeat business. Its cost efficiency and discount strategies are expected to provide a competitive edge.

We remain optimistic about the company's prospects, with expectations of revenue and PAT growth of 24-30% and 15-20%, respectively, for FY25-FY26E. Any further corrections present a good buying opportunity. **We recommend a "Buy" rating with a target price of Rs 5,500 per share.**

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Ratings	Expected absolute returns over 12 - 18 months
BUY	More than 10%
HOLD	Between 10% to -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stocks, but we refrain from assigning valuation and recommendation
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