

Trent Q4FY24 Standalone results were better than our expectation. Strong LFL growth @ 10% in Fashion concept stores along with aggressive store expansion especially in Zudio drove standalone growth.

- **Revenue** recorded 53% growth on YoY basis to Rs 31,869mn aided by strong store additions and 10% LFL in Fashion concept stores.
- **Store count** for Q4FY24 stood at 811 (~232 Westside, 34 other concepts and 545 Zudio) as against 715 (~227 Westside, 28 other concepts and 460 Zudio) in Q3FY24 and 590 last year (214 Westside, 24 other concepts and 352 Zudio)
- **EBIDTA** margins stood at 15% as against 10.2% YoY. In absolute terms EBIDTA was up 125% at Rs 4773 mn, mainly driven by topline and gross margins expansion of 450bps and 310bps leverage on other expenses.
- **EBIT margins ( as mentioned in Press-Release) :** stood at 8.2% Q4FY24 v/s 13% QoQ and 2.8% YoY
- **Raw Materials to Revenue**, down to 54.7% v/s 59.2% YoY and 54% QoQ. We believe this would be led by lower raw material prices and better product mix in Zudio.
- **Employee Cost** on a QoQ basis was higher by 22% to Rs 2978mn higher than Revenue growth indicating store opening trajectory continues.
- **Exceptional Item:** Q4FY24 is Rs. 5430mn [Rs. 5760 mn at consolidated level], tax impact thereon of Rs. 1370 mn :- Net of tax Rs. 4070 mn [Rs. 4390 mn at consolidated level] relates to reassessment of the estimates of measurement and recognition of the right to use assets (including related security deposits) and corresponding lease liabilities under IND AS 116.

#### Financial Summary Standalone

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25e	FY26e
Netsales	38,807	77,152	119,266	159,547	202,607
% Growth	89.5	98.8	54.6	33.8	27.0
EBIDTA	6,983	11,193	19,269	25,953	34,565
Margins	18	15	16	16	17
PAT	2,598.0	5,545.7	10,288.9	14,540.9	20,031.2
growth (%)	(609.2)	113.5	85.5	41.3	37.8
EPS	7.3	15.6	28.9	40.9	56.4
P/E (x)	603.3	282.6	152.3	107.8	78.2
P/B (x)	57.6	50.9	35.2	26.9	20.2
EV/EBITDA (x)	225.1	140.4	81.4	60.1	44.7
ROCE (%)	12.9	18.3	26.1	30.4	32.5
RoE (%)	9.6	18.0	23.1	25.0	25.9

Source: Dalal and Broacha

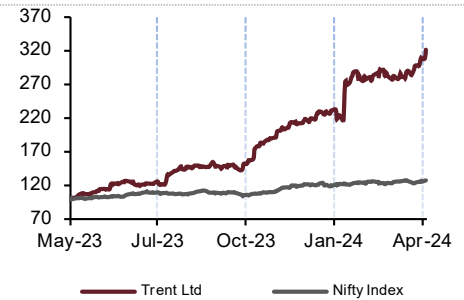
Rating	TP (Rs)	Up/Dn (%)
<b>BUY ON DIPS</b>	<b>4,153</b>	<b>-6</b>

#### Market data

<b>Current price</b>	<b>Rs</b>	<b>4,409</b>
Market Cap (Rs.Bn)	(Rs Bn)	1,597
Market Cap (US\$ Mn)	(US\$ Mn)	19,134
Face Value	Rs	1
52 Weeks High/Low	Rs	4670 / 1368
Average Daily Volume	('000)	2,466
BSE Code		500251
Bloomberg		TRENT.IN

Source: Bloomberg

#### One Year Performance



Source: Bloomberg

% Shareholding	Mar-24	Dec-23
Promoters	37.01	37.01
Public	62.99	62.99
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Bloomberg

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- PAT (adjusted) stood at Rs 2404 mn up 129% YoY and down 30% QoQ.

### 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.
- Contribution i.e. Share of Profit from JV's and Associate remain positive at Rs 419mn +41% QoQ and ~5x+ YoY indicating Zara has been performing very well.

### Consolidated Results

- **Revenue** grew by 51% YoY to Rs 32977mn (QoQ -5%)
- **EBIDTA margins stood at 14.2% v/s 9.3% YoY and 18.1% QoQ**
- PAT adjusted owners shares stood at Rs 2702.3mn +399% YoY -28% QoQ
- Share of Profits from JV and Associates stood at +ve at Rs 419mn as against Rs 67mn YoY and 297mn QoQ

### Other KTA's

- **Store Area** Westside 4.5mn+ (@ 232 stores in 91 cities) | Zudio 5mn+ (@ 545 stores in 163 cities)
- **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
- **STAR Business:**
  - Revenue +30% YoY at Rs 7350mn
  - LFL @ 24% v/s 44% YoY
  - Stores 66 v/s 67 QoQ Retail Area @1mn sqft +
  - 67 stores v/s 65 stores QoQ
  - Own Brands @ 69% v/s 60% YoY

## Quarterly Financials

TRENT			YoY		
Particulars (Rs Mns)	Q4FY24	Q4FY23	Growth	Q3FY24	QoQ Growth
<b>Revenue</b>	<b>31,869.3</b>	<b>20,772.1</b>	<b>53.4%</b>	<b>33,124.8</b>	<b>-3.8%</b>
Raw Material	17,436.8	12,298.4	41.8%	17,903.8	-2.6%
Employee Cost	2,978.1	1,569.0	89.8%	2,441.3	22.0%
Rent Exps	2,855.1	1,639.1	74.2%	2,857.9	
Other Expenses	3,826.6	3,145.2	21.7%	3,690.3	3.7%
<b>EBIDTA</b>	<b>4,772.7</b>	<b>2,120.4</b>	<b>125.1%</b>	<b>6,231.5</b>	<b>-23.4%</b>
Depreciation	2,026.5	1,281.0	58.2%	1,575.4	28.6%
Interest	321.6	882.9	-63.6%	957.4	-66.4%
<b>PBT (before O.Inc &amp; Exceptional )</b>	<b>2,424.6</b>	<b>-43.5</b>	<b>-5673.8%</b>	<b>3,698.7</b>	<b>-34.4%</b>
Other Income	732.6	1,291.3	-43.3%	768.2	-4.6%
Exceptional Items	5,433.5				
PBT Reported	8,590.7	1,247.8	588.5%	4,466.9	92.3%
PAT (reported)	6,542.8	1,051.3	522.4%	3,436.0	90.4%
Adjusted PAT	2,404.6	1,051.3	128.7%	3,436.0	-30.0%
<b>Equity</b>	<b>355.49</b>	<b>355.49</b>	<b>0.0%</b>	<b>355.49</b>	<b>0.0%</b>
EPS (on adj)	6.76	2.96	128.7%	9.67	-30.0%
<b>Tax Rate</b>	<b>24%</b>	<b>16%</b>		<b>23%</b>	
<b>% to Revenue</b>					
Raw Material	54.7%	59.2%		54.0%	
Other Expenses	12.0%	15.1%		11.1%	
<b>EBIDTA Margins</b>	<b>15.0%</b>	<b>10.2%</b>		<b>18.8%</b>	
Westside Store	232	214	8%	227	2.2%
Zudio Store	545	352	55%	460	18.5%
Other concepts	34	24	42%	28	21.4%
Total Stores	811	590	37%	715	13.4%
CONDOLIDATED	Q4FY24	Q4FY23	YoY Growth	Q3FY24	QoQ Growth
Revenue	32977.00	21827.50	51%	34666.20	-5%
EBIDTA Margins	14%	9%		18%	
PAT (owners share)	2702.28	541.60	399%	3743.60	-28%
Sh of Pft/Loss of J V	419.30	66.60	530%	296.80	41%

Source: Company

## Outlook and valuations

Trent SOTP Method					
Segment	Particulars	FY26	Metric	Multiple (X)	Value/ Per Share Contribution
<b>Westside + Zudio PAT (excluding Post Tax Zara Div)</b>	PAT Standalone (Rs Mns)	19469	P/E	65	1,265,464
<b>Star Bazaar 50% JV</b>	Sales (Rs Mns)	21783	P/S ales	3	65,349
<b>Zara Trent's Share 49%</b>	PAT (Rs Mns)	3386	P/E	30	101,570
<b>Booker India 51%</b>	Sales (Rs Mns)	4855	P/S ales	3	14,564
Less: Debt (Rs Mns)					4,986
Add: Cash + Invest ( Rs Mns) less Inv in Subs					34,310
<b>Total Value in Mns</b>					<b>1,476,270</b>
NO. of Shares ( In Mns)					355
<b>Value Per Share Rs</b>					<b>4,153</b>
CMP					4,409
Upside					-6%

Trent for Q4FY24 grew at a CAGR (over Q4FY20) of 45%+ in Revenue and 162%+ on PBT( before exceptional).

On a full year basis topline grew at a CAGR of 39% over FY20 and PBT at 66%.

With the aggressive store expansion, right product mix we expect this business to consistently deliver CAGR of 25%+ for couple of years.

Emerging categories contributed 20% to standalone Revenue in Q4FY24 which according to us are margins accretive.

### Additional triggers of growth in place:

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:** Management has been successfully scaling up Own-brands from 60% in Q4FY23 to 69% in Q4FY24.

**Conclusion & View:** Trent has exceeded expectations with robust store openings, particularly in Zudio. Our internal calculations indicate that the full-year EBIDTA margins (pre-IND AS) stands at approximately 12%, marking one of the highest in last few years.

Trent consistently delivers impressive financial performance, making it a standout stock in the Rs 1.5 to 2 lakh crore market cap segment.

Its sustained growth trajectory and solid operational metrics position it to command a scarcity premium, contingent upon its ability to maintain a robust pace of store openings.

***Our target price of Rs 4,007 post Q3FY24 has been achieved.***

We have revised our numbers post Q4FY24. Based on our SOTP valuation, we arrive at a target price of Rs 4153 (12-month perspective). **We recommend investors to Buy on Dips from a Long-term perspective, anticipating it to remain a relative outperformer.**

# Financial

STANDALONE											
P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	38,807.3	77,151.9	119,265.6	159,547.3	202,606.7	Net Profit	2,496.3	5,545.7	14,354.9	14,540.9	20,031.2
Cost of sales	(31,824.5)	(65,959.4)	(99,996.3)	(133,594.5)	(168,041.6)	Add: Dep. & Amort	2,830.8	4,632.1	6,385.2	6,720.4	7,799.7
<b>Operating Profit</b>	<b>6,982.8</b>	<b>11,192.5</b>	<b>19,269.4</b>	<b>25,952.8</b>	<b>34,565.0</b>	<b>Cash profits (Inc)/Dec in</b>	<b>5,327.1</b>	<b>10,177.8</b>	<b>20,740.1</b>	<b>21,261.4</b>	<b>27,830.9</b>
Depreciation	(2,830.8)	(4,632.1)	(6,385.2)	(6,720.4)	(7,799.7)	Sundry debtors	42.4	(151.0)	(471.7)	(266.1)	(284.6)
PBIT	4,152.0	6,560.4	12,884.2	19,232.4	26,765.3	Inventories	(4,278.8)	(5,144.3)	(2,279.3)	(5,298.0)	(5,665.0)
Other income	2,142.3	4,117.0	3,506.0	3,733.1	4,050.7	Loans/advances	(688.7)	(1,648.1)	(3,451.3)	(2,018.7)	(2,422.4)
Interest	(2,932.7)	(3,572.3)	(3,093.7)	(3,525.7)	(4,047.2)	Current Liab and Provisions	(1,058.5)	5,213.6	5,576.3	3,456.9	3,697.0
Profit before tax	3,361.6	7,105.1	13,296.4	19,439.8	26,768.9	Change in working capital	(5,983.6)	(1,729.8)	(626.0)	(4,125.9)	(4,675.0)
Exceptional and Extra Ordinary It	(131.6)	-	5,433.5	-	-	<b>CF from Oper. activities</b>	<b>(656.4)</b>	<b>8,448.0</b>	<b>20,114.1</b>	<b>17,135.5</b>	<b>23,155.8</b>
PBT ( Post Extra Ordinary)	3,230.0	7,105.1	18,729.9	19,439.8	26,768.9	<b>CF from Inv. activities</b>	<b>(18,736.7)</b>	<b>(2,418.5)</b>	<b>9,533.8</b>	<b>(7,356.6)</b>	<b>(8,671.8)</b>
Provision for tax	(733.7)	(1,559.4)	(4,375.0)	(4,898.8)	(6,737.7)	<b>CF from Fin. activities</b>	<b>19,467.7</b>	<b>(5,984.6)</b>	<b>(27,574.7)</b>	<b>521.7</b>	<b>790.3</b>
<b>Reported PAT</b>	<b>2,496.3</b>	<b>5,545.7</b>	<b>14,354.9</b>	<b>14,540.9</b>	<b>20,031.2</b>	<b>Cash generated/(utilised)</b>	<b>74.5</b>	<b>44.9</b>	<b>2,073.2</b>	<b>10,300.6</b>	<b>15,274.4</b>
MI	-	-	-	-	-	Cash at start of the year	669.2	743.8	788.7	2,861.9	13,162.5
<b>Adjusted PAT</b>	<b>2,598.0</b>	<b>5,545.7</b>	<b>10,288.9</b>	<b>14,540.9</b>	<b>20,031.2</b>	Cash at end of the year	743.8	788.7	2,861.9	13,162.5	28,436.8
<b>Balance Sheet</b>						<b>Ratios</b>					
Equity capital	355.5	355.5	355.5	355.5	355.5	OPM	18.0	14.5	16.2	16.3	17.1
Reserves	26,844.9	30,443.9	44,116.4	57,875.3	77,124.4	NPM	6.3	6.8	8.4	8.9	9.7
<b>Net worth</b>	<b>27,200.4</b>	<b>30,799.4</b>	<b>44,471.9</b>	<b>58,230.8</b>	<b>77,479.9</b>	Tax rate	(21.8)	(21.9)	(32.9)	(25.2)	(25.2)
<b>Non Current Liabilities</b>	<b>45,312.7</b>	<b>41,965.7</b>	<b>15,081.5</b>	<b>16,540.9</b>	<b>18,284.5</b>	<b>Growth Ratios (%)</b>					
<b>Current Liabilities</b>	<b>5,608.4</b>	<b>10,446.1</b>	<b>15,027.4</b>	<b>18,328.6</b>	<b>21,854.4</b>	Net Sales	89.5	98.8	54.6	33.8	27.0
<b>CAPITAL EMPLOYED</b>	<b>78,121.5</b>	<b>83,211.2</b>	<b>74,580.8</b>	<b>93,100.3</b>	<b>117,618.8</b>	Operating Profit	138.6	60.3	72.2	34.7	33.2
<b>Non Current Assets</b>	<b>59,594.3</b>	<b>57,546.6</b>	<b>39,002.2</b>	<b>38,640.9</b>	<b>38,516.1</b>	PBIT	631.6	58.0	96.4	49.3	39.2
Fixed Assets	45,531.2	44,074.2	25,616.1	25,252.3	25,124.4	PAT	(609.2)	113.5	85.5	41.3	37.8
Non Current Investments	12,821.9	11,917.9	12,820.0	12,820.0	12,820.0	<b>Per Share (Rs.)</b>					
Deferred Tax Asset	1,225.3	1,540.3	553.4	553.4	553.4	Net Earnings (EPS)	7.3	15.6	28.9	40.9	56.4
Long Term Loans and Advances	15.9	14.2	12.7	15.2	18.3	Cash Earnings (CPS)	15.3	28.6	46.9	59.8	78.3
<b>Current Assets</b>	<b>18,527.2</b>	<b>25,664.6</b>	<b>35,578.6</b>	<b>54,459.4</b>	<b>79,102.7</b>	Dividend	1.1	2.2	3.2	3.2	3.2
<b>Current investments</b>	<b>4,417.4</b>	<b>4,564.8</b>	<b>6,201.8</b>	<b>7,201.8</b>	<b>8,201.8</b>	Book Value	76.5	86.6	125.1	163.8	218.0
Inventories	8,224.5	13,368.8	15,648.1	20,946.1	26,611.1	Free Cash Flow	(54.6)	17.0	83.4	27.5	40.7
Trade Receivables	163.3	314.3	786.0	1,052.1	1,336.7	<b>Valuation Ratios</b>					
Cash and Bank Balances	743.8	788.7	2,861.9	13,162.5	28,436.8	P/E(x)	603.3	282.6	152.3	107.8	78.2
Short Term Loans and Advances	261.5	167.9	168.5	202.2	242.6	P/B(x)	57.6	50.9	35.2	26.9	20.2
Other Current Assets	4,716.7	6,460.1	9,912.3	11,894.8	14,273.7	EV/EBIDTA(x)	225.1	140.4	81.4	60.1	44.7
<b>CAPITAL DEPLOYED</b>	<b>78,121.5</b>	<b>83,211.2</b>	<b>74,580.8</b>	<b>93,100.3</b>	<b>117,618.8</b>	Div. Yield(%)	0.0	0.0	0.1	0.1	0.1
						<b>FCF Yield(%)</b>	<b>(1.2)</b>	<b>0.4</b>	<b>1.9</b>	<b>0.6</b>	<b>0.9</b>
						<b>Return Ratios (%)</b>					
						ROE	9.6	18.0	23.1	25.0	25.9
						ROCE	12.9	18.3	26.1	30.4	32.5

Source: Dalal & Broacha Research, Company

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