

# Research Report

## Trent Limited



Prepared By-

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# About

Trent Ltd is engaged in retailing of apparels, footwear, accessories, toys, games, food, grocery & non food products through various of its retail formats/ concepts.

The company is a part of the Tata group, with the Tata group holding ~37% (Tata Sons Pvt Ltd holding 32.45%) as of Mar 24. Tata Group comprises 100 operating companies, in various business sectors. The group operates in over 80 countries across 6 continents. The company operates 875+ stores as of FY24 (vs 681 stores as of FY23) through different store concepts.)

## Key Brands

- Westside (~39% revenue share)
- Zudio (~55% revenue share)
- Utsa
- Misbu
- Samoh
- Zara and Massimo Dutti
- Grocery Retailing- Star

## Synopsis of Financials

- **In FY24, the company saw a 50% YoY revenue growth with a 16% OPM, driven by Zudio store expansion and strong LTL sales.**
- **However, its non-apparel formats (Landmark, Booker India) and JVs like Star Bazaar still incurred losses, though losses at Star Bazaar and Booker decreased compared to FY23.**

## Stock data (as 11th October 2024)

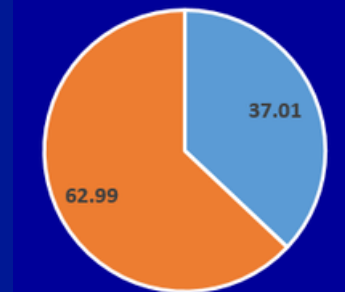
Nifty Price	: 24,950.10
52 week High (in Rs.)	: 8,322
52 week Low (in Rs.)	: 1,945
Market Cap. (in Crore)	: 2,87,936
NSE Code	: <u>TRENT</u>

## Stock data



-NIFTY50  
-Trent Limited

## Shareholding Pattern (June 2024)



-PUBLIC GROUP  
-PROMOTER GROUP

## Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	12,375	8,242	4,498
Sales Growth %	50%	83%	73%
Expenses	10,404	7,128	3,903
Operating Profit	1,971	1,114	595
OPM %	16%	14%	13%
Net Profit	1,477	394	35
EPS in Rs	41.82	12.51	2.98

# Quarterly Results

Particular	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Sales	2,303	2,183	2,628	2,982	3,467	3,298	4,104
Expenses	1,980	1,980	2,261	2,526	2,838	2,828	3,492
Operating Profit	323	203	367	457	629	470	613
OPM %	14%	9%	14%	15%	18%	14%	15%
Other Income	91	89	79	105	110	695	102
Interest	91	92	92	95	99	33	32
Depreciation	118	137	141	152	165	213	181
Profit before tax	204	64	212	314	475	919	501
Tax %	24%	30%	21%	27%	22%	23%	22%
Net Profit	155	45	167	228	371	712	391

Source: Screener

## Key Ratios

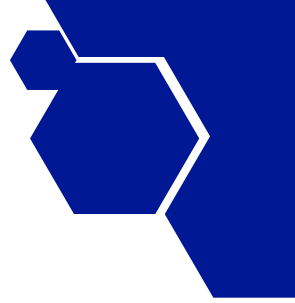
Ratio	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Remarks for variance more than 25%
Current Ratio (in times)	Current Assets	Current Liabilities excluding Debt Capital	2.68	2.63	2%	Not applicable
Debt-Equity Ratio (in times)	Total Debt*	Shareholder's Equity	0.39	1.40	-72%	Movement in ratio is mainly due to reduction in lease liability
Debt Service Coverage Ratio (in times)	Earnings before Interest and Tax and exceptional gain on reassessment	Debt Service	2.91	1.64	77%	Movement in ratio is due to improvement in EBIT and reduction in net debt servicing during the year
Return on Equity Ratio (%)	Net Profit after tax (excluding Exceptional Gain on reassessment)	Average Equity	27.35%	19.12%	43%	Movement in ratio is due to improvement in profitability
Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory	4.51	3.90	15%	Not applicable

Source: Annual Report

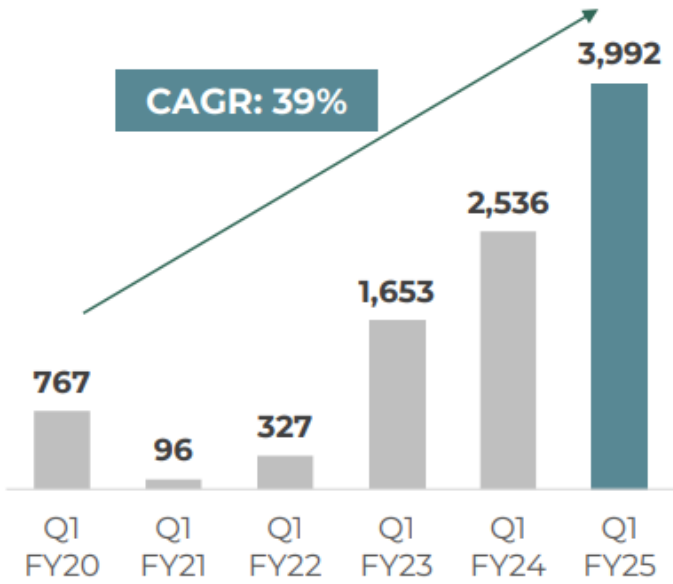
# Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	36	36	36
Reserves	4,032	2,560	2,328
Borrowings	1,753	4,464	4,725
Other Liabilities	1,341	1,022	637
Total Liabilities	7,162	8,082	7,726
Fixed Assets	2,450	4,527	4,687
CWIP	224	102	105
Investments	1,416	1,110	1,284
Other Assets	3,072	2,343	1,651
Total Assets	7,162	8,082	7,726

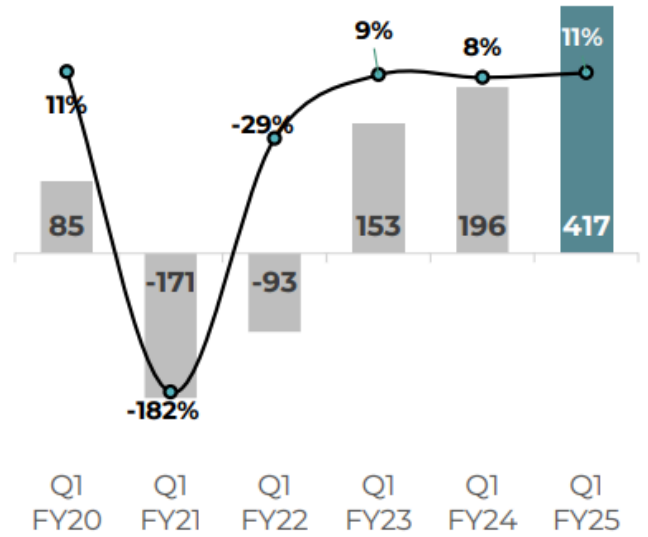
# Revenue Highlights



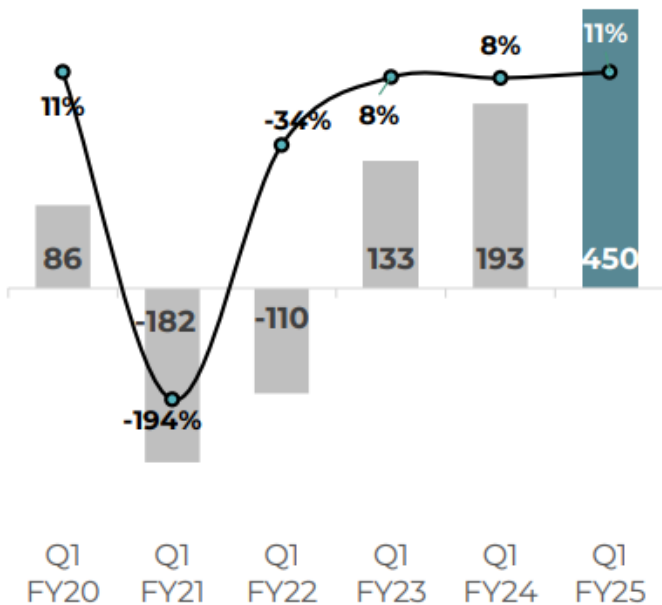
## Revenue



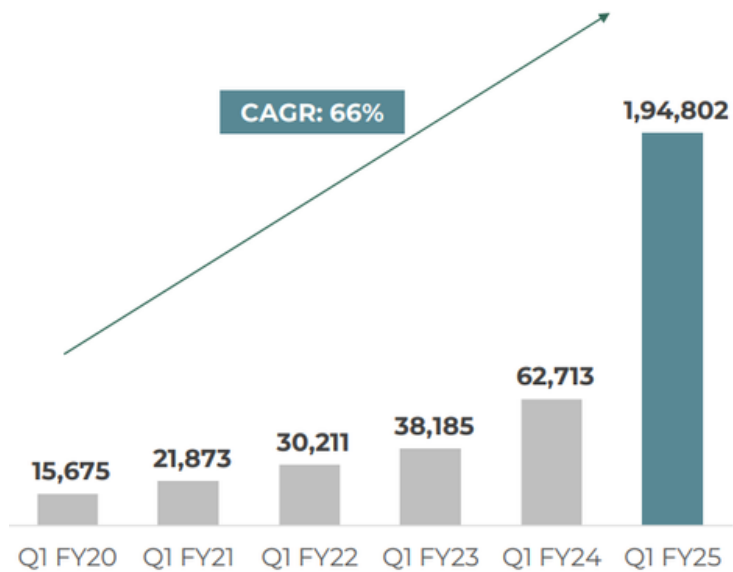
## Op. EBIT & Margin %



## PBT & Margin %

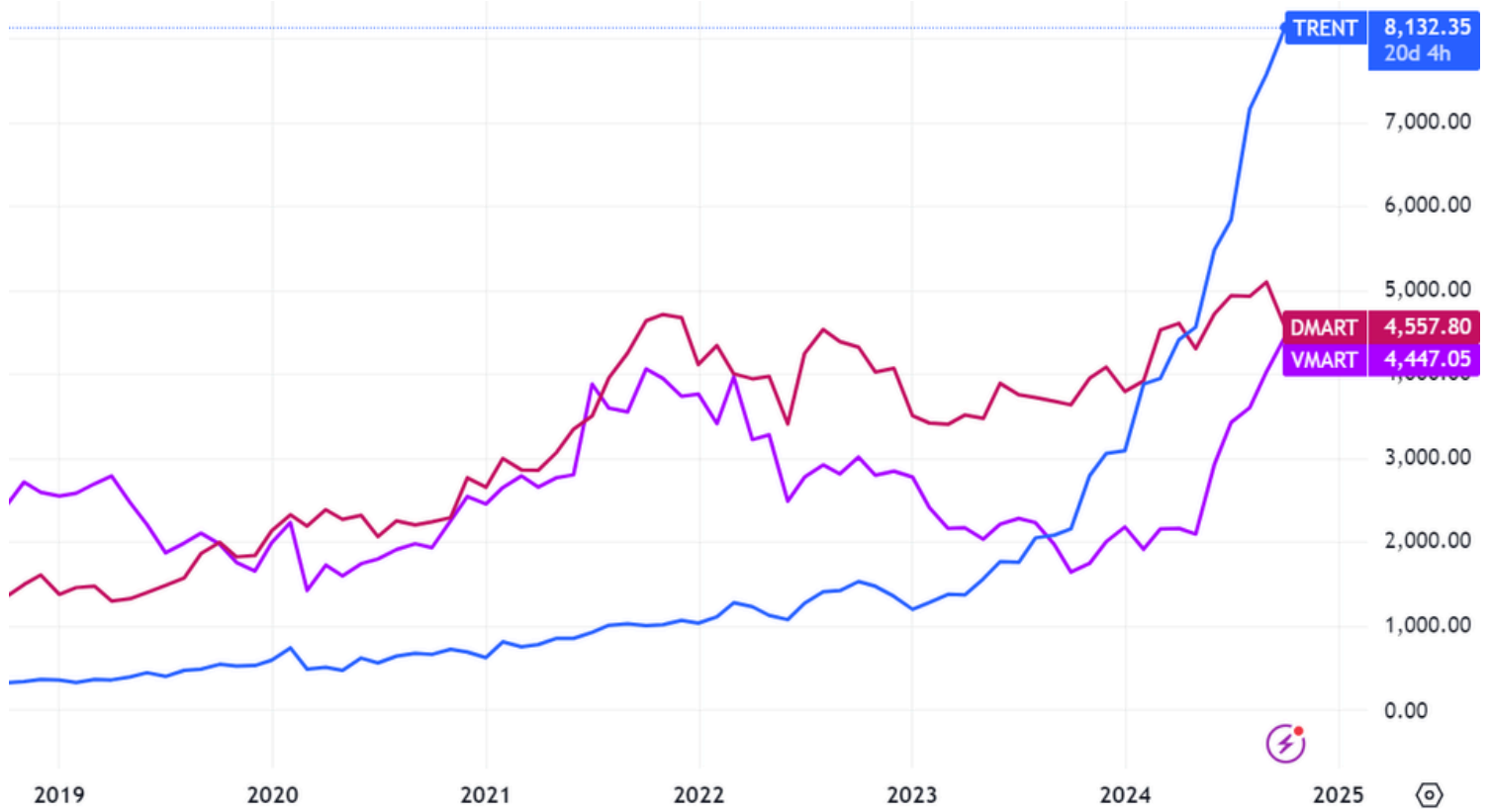


## Market Capitalization (Rs. Cr)



# Peer Comparison

## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	<a href="#">Avenue Super.</a>	4577.00	112.34	297840.51	0.00	773.68	17.45	14069.14	18.57	19.41
2.	<a href="#">Trent</a>	8099.75	229.87	287935.98	0.04	391.21	134.72	4104.44	56.16	23.79
3.	<a href="#">Brainbees Solut.</a>	690.15		35831.54	0.00	-75.69	46.13	1652.07	17.42	-4.00
4.	<a href="#">Redtape</a>	824.00	71.11	11387.85	0.00	30.64	-34.43	441.89	11.96	29.27
5.	<a href="#">V-Mart Retail</a>	4447.90		8800.99	0.00	12.14	155.33	786.08	15.85	0.54

Source: Screener

# Final Outlook

**TRENT: BUY | LTP: 8,100**

Trent, a leading retail company has reported a strong financial performance for the quarter ending March 2024. The company has shown significant improvement in its score with a high operating profit to interest ratio and a growing operating cash flow. Trent's profitability is remarkable with a low debt equity ratio and high net sales. One of the key factors contributing to this success is the interest payment with an operating profit to interest ratio of 19.42 times. This ratio has been consistently growing over the last five quarters, indicating Trent's strong financial management. Overall, Trent is a promising investment option in the retail industry.

- Company has reduced debt.
- Company is expected to give good quarter
- Company has delivered good profit growth of 56.5% CAGR over last 5 years
- Company has been maintaining a healthy dividend payout of 27.4%
- Company's median sales growth is 19.0% of last 10 years
- Company's working capital requirements have reduced from 39.0 days to 28.3 days