



Beat On All Fronts; Maintain BUY

Est. Vs. Actual for Q4FY25: Revenue –**BEAT**; EBITDA – **BEAT** ; PAT – **BEAT**

Changes in Estimates post Q4FY25

FY26E/FY27E – Revenue: 7%/9%; **EBITDA:** 5%/10%; **PAT:** 0%/6%

Recommendation Rationale

- **Strong Performance** - Trent delivered strong performance in Q4FY25, with revenue rising ~29% YoY to Rs 4,106 Cr, surpassing expectations. The fashion segment maintained its growth momentum with mid-single-digit like-for-like growth in Q4 and double-digit growth for the whole year. FY25 revenue rose 40% YoY, and volume growth stood at 40%, which was led by rapid store expansion. The company's total retail area stood at 13 Mn sqft.
- **Strategic Expansion Driving Market Penetration:** In Q4, Trent added 10 Westside and 130 Zudio stores on a net basis, taking the total count to 248 and 765, respectively. The expansion strategy remains anchored in deepening its presence across metro and Tier 1 cities, while strengthening performance across key micro markets.

Sector Outlook: Positive

Company Outlook & Guidance: We maintain our **BUY** recommendation as a sharp correction provides a better entry point, as the long-term outlook remains strong.

Current Valuation: SOTP

Current TP: Rs 6,650/share (Previous TP: Rs 7,100/share).

Recommendation: With a 24% upside potential from the CMP, we **maintain our BUY rating on the stock.**

Financial Performance

The company's revenue grew ~29% YoY to Rs 4,106 Cr, while its fashion concept registered mid-single digit LFL growth in Q4FY25. EBITDA increased by ~38% YoY, while EBITDA margins improved by 101bps YoY to 16% due to store optimisation. PAT stood at Rs 350 Cr, down by ~47% YoY, primarily due to a one-off gain in the base quarter.

Outlook: Trent continues to deliver strong revenue growth despite macro headwinds. The correction in stock price has improved the risk-reward profile, offering a favourable entry point for long-term investors. With structural tailwinds in organised retail and ample headroom for market share gains, Trent remains well-positioned to benefit from the sector's multi-year growth trajectory. Furthermore, we remain positive on Trent as we expect robust sales growth to continue ahead of its peers, underpinned by its strategic focus on rapid store expansion and continual assortment refreshment, which should drive higher footfall. Furthermore, earnings improvement across all formats reinforces our confidence. Trent's recent approach to implementing its successful playbook at Star Business, driven by private labels, has proven beneficial and is expected to be a key growth catalyst. Additionally, the company's geographical expansion into the UAE, the launch of Zudio Beauty, and its entry into the fast-growing LGD Jewellery segment are anticipated to contribute significantly to long-term growth. Based on this thesis, we maintain a positive long-term outlook on Trent.

Valuation & Recommendation

We remain positive on the company and expect Revenue/EBITDA growth of 29%/31% CAGR on a standalone business over FY24-27E. **We maintain our BUY rating on the stock and value the company on an SOTP basis with a revised TP of Rs 6,650/ share. Our TP implies an upside of 24% from the CMP.**

Key Financials (Standalone)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	4,106	(9.5)	28.8	4,079	0.7
EBITDA	656	(21.6)	37.5	599	9.6
EBITDA Margin (%)	16.0	-249bps	101bps	14.7	130bps
Net Profit	350	(25.4)	(46.5)	267	31.2
EPS (Rs)	9.8	(25.4)	(46.5)	7.5	31.2

Source: Company, Axis Research

(CMP as of 29th April, 2025)

CMP (Rs)	5,380
Upside /Downside (%)	24%
High/Low (Rs)	8345/4058
Market cap (Cr)	191266
Avg. daily vol. (6m)Shrs. '000	1281
No. of shares (Cr)	35

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	37.0	37.0	37.0
FII's	26.6	21.7	19.7
MFs / UTI	9.3	11.0	11.9
FIs/Banks	0.0	0.0	0.0
Others	27.0	30.3	31.5

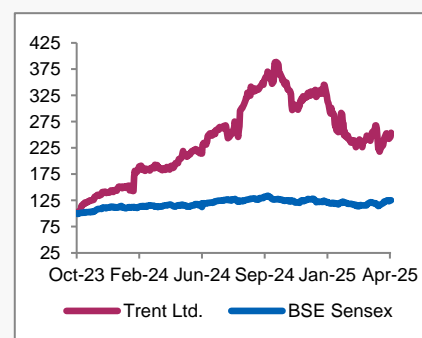
Financial & Valuations

Y/E Mar (Rs Cr)	FY25A	FY26E	FY27E
Net Sales	16,668	21,371	25,584
EBITDA	2,754	3,599	4,376
Adj Net Profit	1,585	2,124	2,663
EPS, Rs	44.6	59.8	74.9
PER, x	120.9	90.2	72.0
EV/EBITDA, x	70.2	53.1	43.0
P/BV, x	32.4	24.1	18.2
ROE, %	26.8	26.7	25.3

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	7	9
EBITDA	5	10
PAT	0	6

Relative Performance



Source: Ace Equity, Axis Securities

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Outlook

- **Impressive Growth in Star Business:** The Star business grew to 78 stores, with 12 additions in FY25, and posted 17% YoY revenue growth in Q4, led by strong traction across own brands, staples, fresh, and general merchandise. Applying Trent's playbook, private labels now contribute over 70% of Star's revenue. Management remains optimistic about the significant growth potential in the food retail space, with Star well-positioned to deliver long-term consumer value.

Key Risks to Our Estimates and TP

- Increase in competitive intensity, weakening of demand environment.

Change in Estimates

	Old Estimates		Revised Estimates		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	19,957	23,412	21,371	25,584	7	9
EBITDA	3,418	3,993	3,599	4,376	5	10
PAT	2,119	2,503	2,124	2,663	0	6
EPS	59.6	70.4	59.8	74.9	0	6

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q4FY24	Q3FY25	Axis Sec Est	Q4FY25	% Change (YoY)	% Change (QoQ)	Var (%) Axis Sec Est
Total Revenue	3,187	4,535	4,079	4,106	28.8	(9.5)	0.7
COGS	1,744	2,507	2,244	2,356	35.1	(6.1)	5.0
Gross Profit	1,443	2,027	1,836	1,750	21.3	(13.7)	(4.6)
GM%	45.3	44.7	45.0	42.6	-266bps	-208bps	-237bps
Expenditure							
Employee expenses	298	301	387	307	3.2	2.1	(20.6)
Other Exp	383	499	478	480	25.5	(3.8)	0.4
Total Expenditure	242	331	311	314	29.7	(5.0)	1.1
EBIDTA	477	838	599	656	37.5	(21.6)	9.6
EBITDA Margin (%)	15.0	18.5	14.7	16.0	101bps	-249bps	130bps
Depreciation	203	239	275	263	29.8	9.9	(4.4)
EBIT	275	598	324	393	43.2	(34.3)	21.5
Interest	32	36	37	37	15.3	2.3	1.3
Oth. Inc.	73	56	73	97	32.5	72.2	32.5
Exceptional Items	543	-	-	-	0.0	0.0	0.0
PBT	859	618	360	453	(47.2)	(26.7)	25.8
Tax	205	149	94	103	(49.5)	(30.7)	10.3
Effective Tax Rate(%)	23.8	24.1	26.0	22.8	-104bps	-130bps	-320bps
PAT	654	469	267	350	(46.5)	(25.4)	31.2
PAT Margin (%)	20.53	10.35	6.54	8.52	-1201bps	-183bps	198bps
EPS (Rs)	18.4	13.2	7.5	9.8	(46.5)	(25.4)	31.2

Source: Company, Axis Securities

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25A	FY26E	FY27E
Net sales	11,927	16,668	21,371	25,584
Growth, %	54.6	39.8	28.2	19.7
Other operating income	-	-	-	-
Total income	11,927	16,668	21,371	25,584
Raw material expenses	(6,541)	(9,262)	(11,855)	(14,107)
Employee expenses	(938)	(1,201)	(1,537)	(1,845)
Other Operating expenses	(2,521)	(3,452)	(4,380)	(5,256)
EBITDA (Core)	1,927	2,754	3,599	4,376
Growth, %	72.2	42.9	30.7	21.6
Margin, %	16.2	16.5	16.8	17.1
Depreciation	(639)	(870)	(940)	(1,010)
EBIT	1,288	1,884	2,659	3,366
Growth, %	96.4	46.2	41.1	26.6
Margin, %	10.8	11.3	12.4	13.2
Other Income	351	329	362	399
Non-recurring Items	543	-	-	-
Pre-tax profit	1,873	2,077	2,870	3,599
Tax provided	(438)	(492)	(746)	(936)
Profit after tax	1,436	1,585	2,124	2,663
Growth, %	60.9	77.6	34.0	25.4
Unadj. shares (Cr)	36	36	36	36
Wtdavg shares (Cr)	36	36	36	36

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E Mar	FY24	FY25A	FY26E	FY27E
Cash & bank	286	323	2,543	5,407
Debtors	79	60	76	92
Inventory	1,565	2,028	2,601	3,113
Loans & advances	-	-	-	-
Other current assets	408	575	575	575
Total current assets	2,957	3,503	6,312	9,703
Investments	1,282	1,619	1,619	1,619
Gross fixed assets	3,283	5,414	5,842	6,270
Less: Depreciation	(883)	(1,753)	(2,693)	(3,703)
Add: Capital WIP	161	118	118	118
Net fixed assets	2,562	3,779	3,267	2,685
Non-current assets	657	799	799	799
Total assets	7,429	9,696	11,993	14,803
Current liabilities	913	1,115	1,378	1,613
Provisions	-	-	-	-
Total current liabilities	913	1,115	1,378	1,613
Non-current liabilities	2,068	2,666	2,666	2,666
Total liabilities	2,982	3,781	4,044	4,279
Paid-up capital	36	36	36	36
Reserves & surplus	4,412	5,879	7,914	10,488
Shareholders' equity	4,447	5,914	7,950	10,524
Total equity & liabilities	7,429	9,696	11,993	14,803

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar	FY24	FY25A	FY26E	FY27E
Pre-tax profit	1,873	2,077	2,870	3,599
Depreciation	639	870	940	1,010
Chg in working capital	(275)	(462)	(327)	(293)
Total tax paid	(410)	(517)	(746)	(936)
Cash flow from operating activities	1,827	1,967	2,737	3,380
Capital expenditure	1,207	(2,087)	(428)	(428)
Chg in marketable securities	(164)	104	-	-
Cash flow from investing activities	953	(2,320)	(428)	(428)
Free cash flow	2,780	(353)	2,309	2,952
Equity raised/(repaid)	-	-	-	-
Dividend (incl. tax)	-	-	-	-
Cash flow from financing activities	(2,504)	507	-	-
Net chg in cash	276	154	2,309	2,952
Opening cash balance	79	286	323	2,543
Closing cash balance	286	323	2,543	5,407

Source: Company, Axis Securities

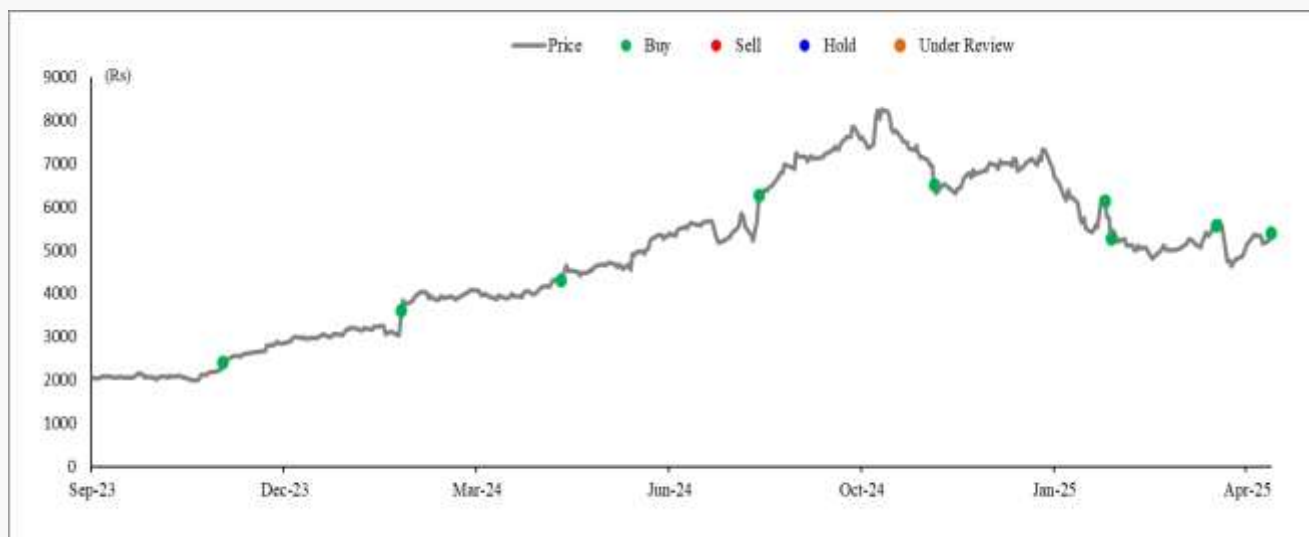
Ratio Analysis

(%)

Y/E Mar	FY24	FY25A	FY26E	FY27E
Per Share data				
EPS (INR)	40.4	44.6	59.8	74.9
Growth, %	60.9	77.6	34.0	25.4
Book NAV/share (INR)	125.1	166.4	223.6	296.0
FDEPS (INR)	25.1	44.6	59.8	74.9
CEPS (INR)	27.8	69.1	86.2	103.3
CFPS (INR)	46.0	50.1	66.8	83.9
DPS (INR)	-	-	-	-
Return ratios				
Return on assets (%)	22.2	20.1	21.0	21.1
Return on equity (%)	20.1	26.8	26.7	25.3
Return on capital employed (%)	24.8	22.8	23.7	23.8
Turnover ratios				
Asset turnover (x)	2.7	3.9	4.3	5.4
Sales/Total assets (x)	1.5	1.9	2.0	1.9
Sales/Net FA (x)	3.4	5.3	6.1	8.6
Working capital/Sales (x)	0.1	0.1	0.1	0.1
Receivable days	2.4	1.3	1.3	1.3
Inventory days	47.9	44.4	44.4	44.4
Payable days	27.5	24.4	24.5	24.6
Working capital days	34.8	33.9	32.0	30.9
Liquidity ratios				
Current ratio (x)	3.2	3.1	4.6	6.0
Quick ratio (x)	1.5	1.3	2.7	4.1
Interest cover (x)	4.2	13.8	17.7	20.3
Total debt/Equity (x)	0.4	0.4	0.3	0.2
Valuation				
PER (x)	214.7	120.9	90.2	72.0
PEG (x) - y-o-y growth	3.5	1.6	2.7	2.8
Price/Book (x)	43.1	32.4	24.1	18.2
EV/Net sales (x)	16.2	11.6	8.9	7.4
EV/EBITDA (x)	100.0	70.2	53.1	43.0
EV/EBIT (x)	149.5	102.5	71.8	55.9

Source: Company, Axis Securities

Trent Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
09-Feb-23	BUY	1,700	Result Update
28-Apr-23	BUY	1,700	Result Update
10-Aug-23	BUY	2,000	Result Update
08-Nov-23	BUY	2,750	Result Update
08-Feb-24	BUY	4,050	Result Update
30-Apr-24	BUY	4,800	Result Update
12-Aug-24	BUY	7,000	Result Update
08-Nov-24	BUY	7,450	Result Update
03-Feb-25	BUY	7,450	Top Picks
07-Feb-25	BUY	7,100	Result Update
01-Mar-25	BUY	6,570	Top Picks
01-Apr-25	BUY	6,570	Top Picks
30-Apr-25	BUY	6,650	Result Update

Source: Axis Securities Research

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