

## A cut above the rest

15 January 2025

Trent (TRENT IN), a subsidiary of the Tata Group, is a leading player in India's retail industry and manages well-known brands, *Zudio* and *Westside*. *Zudio* is set to grow ahead of peers (though at a modest pace) despite intensifying competition, led by many moats: a) a successful private label strategy, b) robust traction led by differentiated fashion, and c) prudent focus on product quality at reasonable price points and organic growth. *Zudio* shall continue to be the market leader in the fast fashion segment by a wide margin due to its edge. Also, expect *Westside* to continue to deliver steady show – **Initiate with Buy**.

**Zudio – Dominating the fast fashion space and all set for expansion: Expect Zudio to continue to be the largest player in fast fashion and grow ahead of the industry. Led by a 31% CAGR through FY27E, the share of fast fashion in the apparel industry is set to touch 14% by FY27E from 10% as of FY24.** This may be led by healthy store penetration opportunity (Exhibit 12) and robust same store sales growth (SSSG). The distribution of India's youth cohort (15-30 years; ~60% of population) should remain stable till 2031, aiding visibility for fast-fashion brands such as *Zudio*. So, *Zudio's* growth journey should be stellar given its: a) astute fashion sense, b) higher non-apparel offering and c) appealing fit for Gen-Z and millennials. Higher footfall despite private-label focus has proven the model's strength. Quality apparel at affordable price yet differentiated positioning appeal for the Gen Z is a key pull for the brand.

**TRENT leads peers with differentiated play; outperformance to continue:** As TRENT gears up for expansion, we expect it to maintain industry-leading metrics due to differentiated product offerings, strong grip over processes and full reliance on private labels. TRENT's fashion portfolio has consistently outperformed peers on key parameters – Store size, revenue per sqft/per store and EBITDA margin – by a wide margin (30-40% versus the industry) along with leading headline growth. Expect this to sustain, led by firm focus on fundamentals such as: a) product market fit, b) promising quality at reasonable price points and c) faster design-to-shelf cycle.

**Brand incubation to continue:** Expect TRENT to evolve as a key consumer brand by leveraging key prior learnings and *Zudio's* brand equity. Its emerging brands are *Misbu*, *Samoh* and *Utsa*, with recent entry into beauty (*Zudio Beauty*) and lab-grown diamonds (*Pome*). While leading brands are resolving internal issues – Aditya Birla Fashion & Retail (ABFRL – serial acquisitions) and VMart (awaiting turnaround) – TRENT is focused on organic growth via building own brands. TRENT with prudent capital allocation is set to expand its brand portfolio.

**Initiate with Buy and SoTP-TP of INR 8,500:** Expect TRENT (consolidated) to post revenue/EBITDA/adjusted PAT CAGRs of 27%/29%/38% in FY24-28E (surpassing 16% growth for the apparel space). This is likely to be led by *Zudio's* 37% sales CAGR. Organic focus with premium growth offers robust performance amongst peers. Quick Commerce plays should not pose a threat given the constraint of store size. We initiate with Buy and SoTP-TP of INR 8,500 – We value the standalone business at 57x EV/EBITDA (Sep '27E), Star Bazaar at 4x EV/sales and *Zara+ Massimo Dutti* at 30x EV/EBITDA. Slower-than-expected store addition, price war among value players and failure to gauge fashion dynamics are risks to our call.

### Key Financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR mn)	82,420	123,751	178,100	219,502	268,478
YoY (%)	83.2	50.1	43.9	23.2	22.3
EBITDA (INR mn)	10,737	19,221	26,433	34,059	42,962
EBITDA margin (%)	13.0	15.5	14.8	15.5	16.0
Adj. PAT (INR mn)	3,937	14,775	16,960	21,778	27,013
YoY (%)	1,037.8	275.3	14.8	28.4	24.0
Fully DEPS (INR)	11.2	25.4	47.7	61.3	76.0
RoE (%)	15.5	43.7	34.8	33.2	31.5
RoCE (%)	8.2	19.8	29.6	31.0	31.1
P/E (x)	123.2	156.9	129.2	100.6	81.1
EV/EBITDA (x)	44.9	72.9	82.3	63.6	50.0

Note: Pricing as on 14 January 2025; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 8,500**

Upside: **38%**

CMP: **INR 6,161**

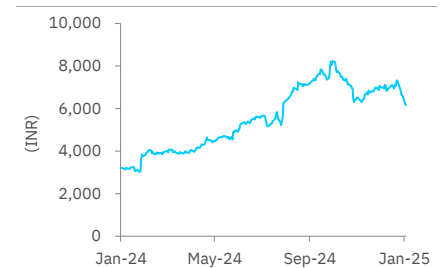
As on 14 January 2025

### Key data

Bloomberg	TRENT IN
Reuters Code	TREN.NS
Shares outstanding (mn)	355
Market cap (INR bn/USD mn)	2190/25298
Enterprise Value (INR bn/USD mn)	2186/25226
Avg daily volume 3M (INR mn/USD mn)	6938/80
52 week high/low	8346/2955
Free float (%)	63

Note: \*as on 14 January 2025; Source: Bloomberg

### Price chart



Source: Bloomberg

Shareholding (%)	Q4	Q1	Q2	Q3
	FY24	FY25	FY25	FY25
Promoter	37.0	37.0	37.0	37.0
% Pledge	-	-	-	-
FII	26.8	27.9	26.6	21.7
DII	13.9	13.2	13.4	15.3
Others	22.3	21.9	23.0	26.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(7.8)	(5.4)	5.9
Trent	(24.8)	9.0	91.8
NSE Mid-cap	(9.7)	(6.1)	13.0
NSE Small-cap	(9.6)	(8.9)	11.0

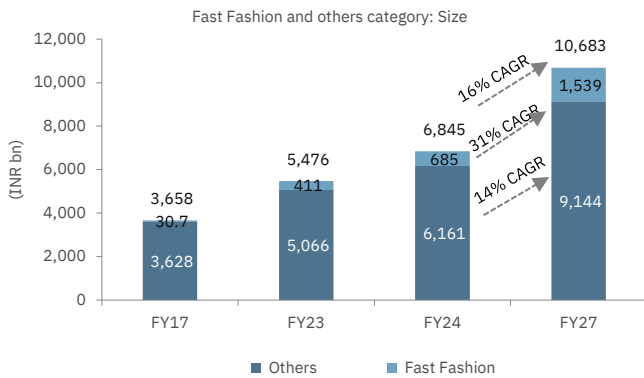
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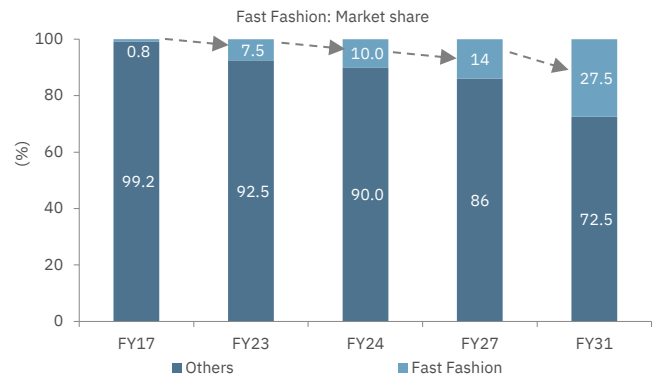
## Story in charts

**Exhibit 1: Fast Fashion set to post 31% CAGR in FY24-27**



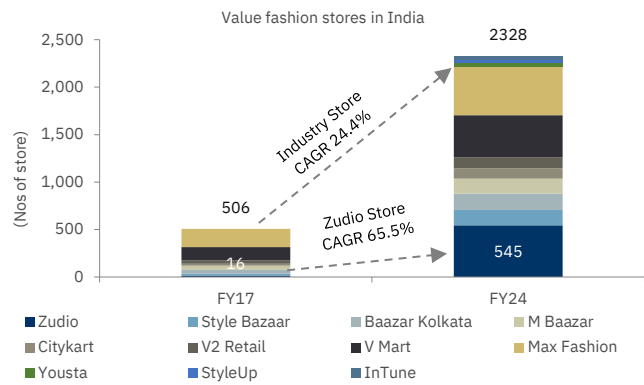
Source: Redseer article, Technopak in Bazaar Style (BS) RHP (Industry Overview section), Elara Securities Research

**Exhibit 2: Fast Fashion to gain 27.5% share in Apparel space**



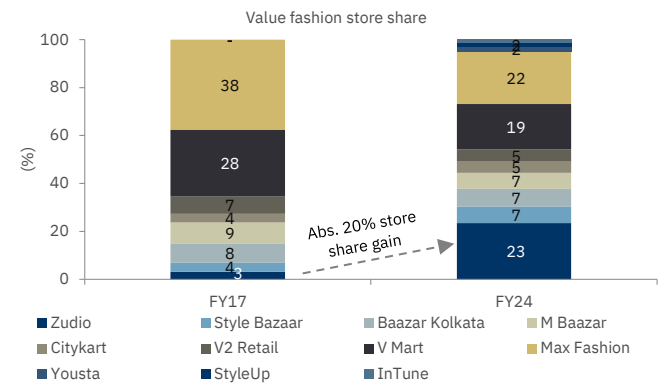
Source: Redseer article, Technopak in BS RHP, Elara Securities Research

**Exhibit 3: Zudio – Store addition outpacing industry...**



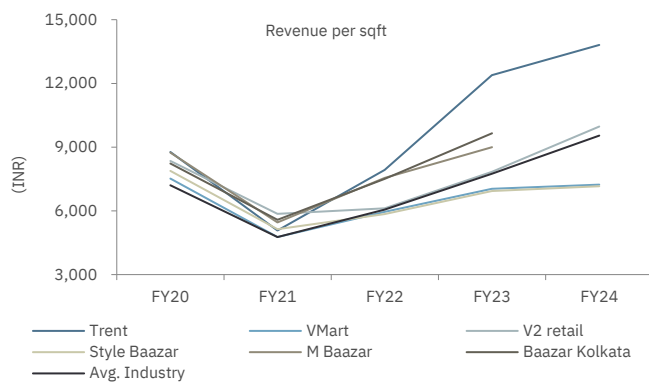
Source: Company, Elara Securities Research

**Exhibit 4: ...leading to market share gain in value fashion stores**



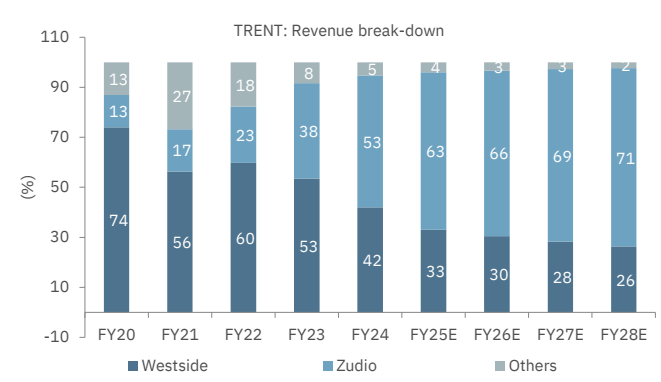
Source: Company, Elara Securities Research

**Exhibit 5: Robust footfall drives healthy revenue/sqft**



Note: TRENT= Zudio + Westside; estimates for M Baazar and Baazar Kolkata, Source: Company, Elara Securities Estimate

**Exhibit 6: Westside + Zudio to form 97% of revenue by FY28E**



Source: Company, Elara Securities Estimate

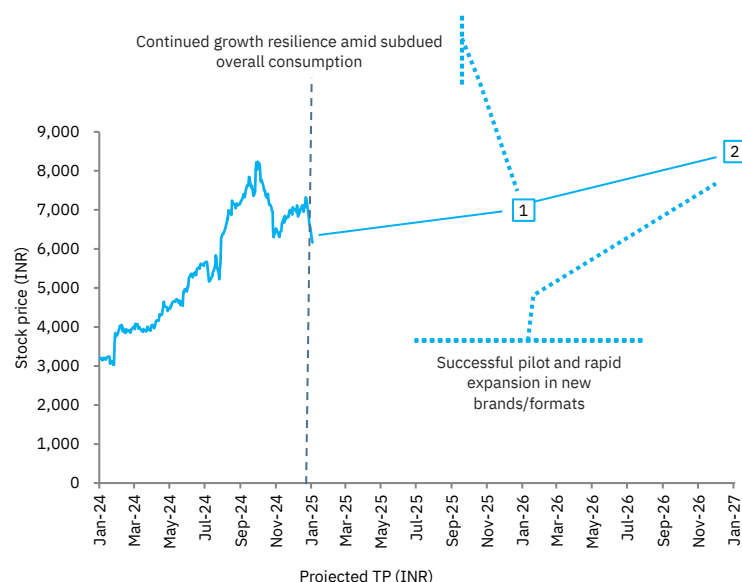
## Investment Rationale

*Zudio*, which is driving TRENT's growth, should post an 18% CAGR in store additions in FY24-28E, as the share of the fast fashion space with Apparel is set to rise to 14% by FY27E from 10% in FY24. *Zudio* and thus, TRENT enjoy wider appeal among the Gen Z, amid intensifying competition.

TRENT will continue to grow ahead of peers, with 30-40% higher revenue per sqft/store and EBITDA margin. The growth is to be led by apt product-market fit, quality at reasonable price point, and a swifter design-to-shelf cycle. These enable consistent performance with prudent pricing despite low ad spends.

TRENT is set to evolve into a key consumer brand, expanding beyond Apparel with launches such as *Zudio Beauty* and *Pome* (lab-grown diamonds). Unlike peers with internal challenges, focus on organic growth and prudent capital allocation should help build a robust brand portfolio.

## Valuation Triggers



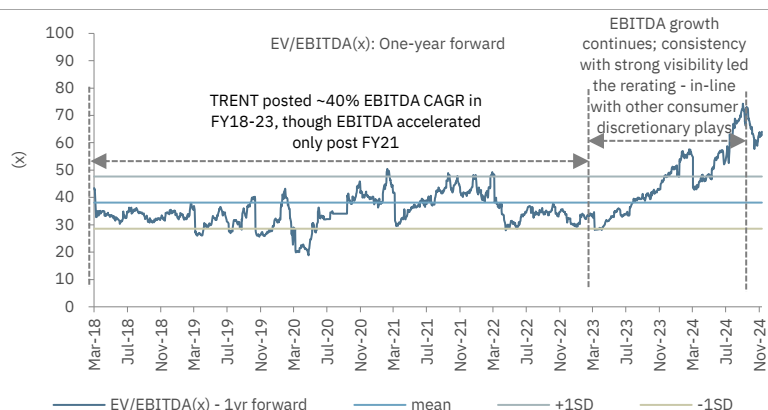
### Valuation triggers

- ▶ Continued growth resilience amid subdued overall consumption.
- ▶ Successful pilot and rapid expansion in new brands/formats.

### Our assumptions

- ▶ We factor in a revenue CAGR of 27%, an EBITDA CAGR of 29% and an adjusted PAT CAGR of 38% in FY24-28E.
- ▶ We assume annual store addition at ~25 for *Westside* in FY24-28E and at 120/140 for *Zudio* by FY26E/28E.
- ▶ We expect store additions for Star Bazaar at 20, for *Zara* at two and for *Massimo Dutti* muted in FY24-28E.

### One-year forward EV/EBITDA



Source: Bloomberg, Company, Elara Securities Research

### Industry trends and macro factors

- ▶ The fast-fashion space is set to grow at 31%, at twice the rate for the Apparel space.
- ▶ Better fashion sense with increased wardrobe sizes led by the Gen-Z augur well.

### Key risks

- ▶ Any moderation in store additions (primarily in *Zudio* and *Westside*), led by overall economic slowdown or changes in strategy.
- ▶ Increased competition from emerging fast-fashion players from leading business houses.
- ▶ Failure to identify emerging fashion trends may divert TRENT from growth track.
- ▶ Poor traction in newly-launched businesses – *Zudio Beauty/Pome* – may consume significant cashflow.

### Market position and competitive landscape

- ▶ *Zudio* has established itself as a key player in the fast fashion space, led by differentiated fashion and value at-price.
- ▶ Entry of new brands may heat up the competition. TRENT may continue to dominate given the strong focus on fundamentals.

## Consolidated Financials (YE March)

<b>Income Statement (INR mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Net Revenues	82,420	123,751	178,100	219,502	268,478
<b>EBITDA</b>	<b>10,737</b>	<b>19,221</b>	<b>26,433</b>	<b>34,059</b>	<b>42,962</b>
Add:- Non operating Income	2,609	2,893	3,596	3,632	3,668
OPBIDTA	13,346	22,114	30,028	37,690	46,630
Less :- Depreciation & Amortization	4,937	6,711	7,512	8,755	10,607
<b>EBIT</b>	<b>8,409</b>	<b>15,403</b>	<b>22,516</b>	<b>28,935</b>	<b>36,024</b>
Less:- Interest Expenses	3,692	3,191	1,883	2,176	2,754
<b>PBT &amp; EO Items</b>	<b>4,717</b>	<b>12,212</b>	<b>20,633</b>	<b>26,758</b>	<b>33,269</b>
Less :- Taxes	1,584	4,434	5,261	6,823	8,484
<b>Adjusted PAT</b>	<b>3,967</b>	<b>9,014</b>	<b>16,960</b>	<b>21,778</b>	<b>27,013</b>
Add/(Less): - Extra ordinary exp/(Inc)	(30)	5,761	-	-	-
<b>Reported PAT</b>	<b>3,937</b>	<b>14,775</b>	<b>16,960</b>	<b>21,778</b>	<b>27,013</b>
<b>Balance Sheet (INR mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Share Capital	356	356	356	356	356
Reserves	26,274	40,670	56,208	74,431	96,111
Total borrowings	4,980	4,986	5,085	5,187	5,291
Trade Payables	6,652	7,739	9,759	12,027	14,711
Other liabilities	42,554	17,867	17,446	20,339	23,761
<b>Total Equity &amp; Liabilities</b>	<b>80,815</b>	<b>71,618</b>	<b>88,853</b>	<b>112,340</b>	<b>140,230</b>
Fixed Assets	44,214	23,485	30,770	34,564	37,777
Investments	11,099	14,160	14,508	14,874	15,258
Inventories	13,612	15,827	22,445	29,467	36,778
Trade Receivables	344	817	1,464	1,804	2,207
Cash & other bank balances	863	2,976	4,892	16,374	32,445
Other assets	10,684	14,352	14,773	15,256	15,766
<b>Total Assets</b>	<b>80,815</b>	<b>71,618</b>	<b>88,853</b>	<b>112,340</b>	<b>140,230</b>
<b>Cash Flow Statement (INR mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Operating Cash Flow	5,949	13,490	19,022	27,133	34,835
Less:- Capex	(5,034)	(7,370)	(13,130)	(12,549)	(13,820)
Free Cash Flow	915	6,120	5,892	14,583	21,016
Investing Cash Flow	(1,026)	(5,082)	(13,478)	(12,915)	(14,203)
Financing Cash Flow	(4,914)	(6,295)	(3,627)	(2,736)	(4,561)
Net change in Cash	8	2,113	1,917	11,482	16,071
Closing Cash	832	2,946	4,862	16,344	32,415
<b>Ratio Analysis</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Income Statement Ratios (%)</b>					
Revenue Growth	83.2	50.1	43.9	23.2	22.3
EBITDA Growth	87.1	79.0	37.5	28.9	26.1
PAT Growth	1,037.8	275.3	14.8	28.4	24.0
EBITDA Margin	13.0	15.5	14.8	15.5	16.0
Adj. PAT Margin	4.8	7.3	9.5	9.9	10.1
<b>Return &amp; Liquidity Ratios (%)</b>					
Net Debt/Equity (x)	0.2	0.1	0.1	0.1	0.1
ROE (%)	15.5	43.7	34.8	33.2	31.5
ROCE (%)	8.2	19.8	29.6	31.0	31.1
<b>Per Share data &amp; Valuation Ratios</b>					
Diluted EPS (INR/Share)	11.2	25.4	47.7	61.3	76.0
EPS Growth (%)	539.4	127.2	88.2	28.4	24.0
DPS (INR/Share)	2.2	3.2	4.0	10.0	15.0
P/E Ratio (x)	123.2	156.9	129.2	100.6	81.1
EV/EBITDA (x)	44.9	72.9	82.3	63.6	50.0
EV/Sales (x)	5.8	11.3	12.2	9.9	8.0
BVPS (INR)	74.9	115.4	159.1	210.4	271.4
Price/Book (x)	18.4	34.5	38.7	29.3	22.7
Dividend Yield (%)	0.2	0.1	0.1	0.2	0.2

We expect an overall revenue of 29% and an adjusted earnings CAGR of 44% in FY24-27E

Note: Pricing as on 14 January 2025; Source: Company, Elara Securities Estimate

## A cut above the rest

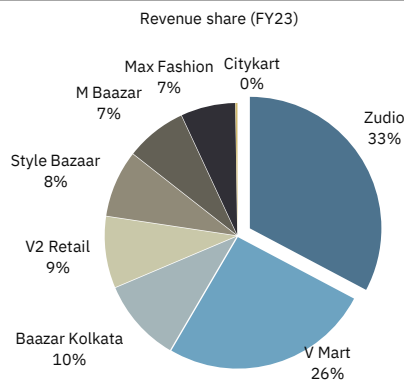
- ▶ *Zudio* – Dominating the fast fashion space and all set for expansion
- ▶ TRENT leads peers with differentiated play; outperformance to continue
- ▶ Brand incubation to continue

### Zudio – Dominating fast fashion space and all set for expansion

*Zudio*, leading the pack by a wide margin

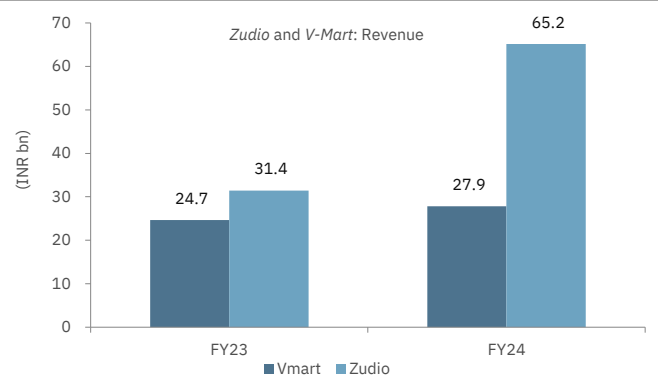
*Zudio*, TRENT's growth engine, has become a dominant player in the fast fashion space, with 33% revenue share (FY23), led by healthy store growth through expansion in tier I/II cities. **VMart**, with strong presence in North India, enjoys a 26% revenue share, making it the #2 player in the value fashion space. *Zudio* has continued on its growth trajectory, with 107% YoY revenue growth in FY24 and is now 2.3x the size of the #2 player, VMart as regards revenue. The gap between *Zudio* and VMart may likely be maintained as *Zudio* maintains its market share even as other players expand in the fast fashion segment.

**Exhibit 7: Zudio leads the pack with 33% revenue share (FY23)**



Source: Tracxn, Company, Elara Securities Research

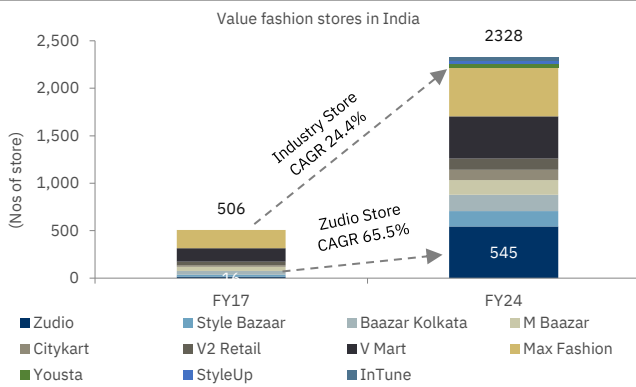
**Exhibit 8: Zudio now 2.3x VMart's revenue size, with 107% YoY growth**



Source: Company, Elara Securities Research

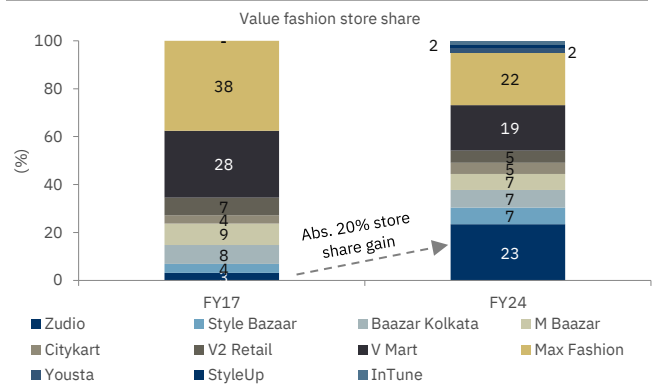
*Zudio* grew significantly after Covid, posting 94% revenue CAGR through FY20-24. TRENT has been keen on capital allocation to strengthen *Zudio's* network and capitalize on the opportunity. *Zudio* has seen store addition at 65% CAGR vis-à-vis 24% CAGR by key players through FY17-24, resulting in store share rising to 23% in FY24 from 3% in FY17. *Zudio* will continue to dominate the store share, especially now given that it is a prime growth driver for TRENT, expanding aggressively beyond tier I cities and *Zudio* products have found the market fit, resulting in higher store footfalls.

**Exhibit 9: Zudio – Store addition outpacing industry...**



Source: Company, News articles, Elara Securities Research

**Exhibit 10: ...leading to market share gain in value fashion stores**



Source: Company, News articles Elara Securities Research

### Zudio set for expansion; fast-fashion offers healthy store penetration opportunity

Led by the 65.5% store addition CAGR (FY27-24), *Zudio* now enjoys the top three positions in major value fashion states in India. Barring West Bengal (dominated by regional plays), *Zudio* is set to lead the market. Pan-India, *Zudio* is the leader, with 545 stores in FY24, followed by Max Fashion/VMart at 529/ 174 respectively. Expect *Zudio*'s store count to grow at 18% CAGR through FY24-28E.

#### Exhibit 11: Zudio either at second or third position in top value fashion states

State	Value fashion	State share in value fashion stores (%)	Dominant player (number of stores)		
			Player 1	Player 2	Player 3
West Bengal	307	14	Baazar Kolkata (90)	Styler Baazar (64)	M Baazar (64)
Uttar Pradesh	277	12	VMart (148)	Max Fashion (38)	<b>Zudio (33)</b>
Karnataka	175	8	Max Fashion (78)	<b>Zudio (58)</b>	VMart (17)
Maharashtra	163	7	<b>Zudio (86)</b>	Max Fashion (50)	VMart (5)
Bihar	151	7	VMart (67)	V2Retail (33)	Styler Baazar (22)
Gujarat	139	6	<b>Zudio (82)</b>	Max Fashion (21)	VMart (12)
Others	1,029	46	Max Fashion (309)	<b>Zudio (245)</b>	VMart (12)
<b>Total</b>	<b>2,241</b>	<b>100</b>	<b>Zudio (545)</b>	<b>Max Fashion (529)</b>	<b>VMart (174)</b>

Source: Company website, Elara Securities Research

Store penetration opportunity for *Zudio* is healthy – On an average, each state has ~1.6 fast-fashion stores per mn population versus *Zudio*'s 0.4 per mn. Among the top three states in terms of population, Maharashtra has the highest number of fast-fashion stores (1.3 stores per mn population), followed by Uttar Pradesh and Bihar (both at 1.2 stores per mn). *Zudio*'s penetration in Maharashtra/Uttar Pradesh/Bihar stands at 0.7/0.1/0.1 stores per mn, respectively. This underlines store expansion opportunities in such states.

Also, we compared fast-fashion stores with other consumer channels (pizza outlets, cinema theatres). Pizza outlets (2.3 stores per mn) and cinema screens (7.2 stores per mn) are well penetrated as against fast-fashion stores (1.6 stores per mn). Increasing popularity of fast-fashion trends and healthy expansion strategy by leading brands should spike penetration. Also, in Northwest India, states of Rajasthan and Madhya Pradesh have mere 0.6 fast-fashion stores per mn, versus 1.1-2.0 stores per mn in neighboring states. This offers an expansion opportunity for *Zudio* in the near-to-medium term.

#### Exhibit 12: Fast fashion stores at 1.6 per mn population versus 2.3 for pizza outlets and 7.2 cinema screens

State	Per capita GSDP (INR)	Population – 2021 (mn)	Total fast fashion stores	Number of Zudio stores	Total fast fashion stores per mn population	Zudio stores per mn population	Pizza stores per mn population	Cinema screens per mn population
Andhra Pradesh	1,54,121	52.8	68	18	1.3	0.3	1.0	20.9
Arunachal Pradesh	1,20,842	1.5	3	0	2.0	0.0	2.2	13.0
Assam	88,715	35.0	106	9	3.0	0.3	1.0	3.0
Bihar	36,333	123.1	151	9	1.2	0.1	0.4	1.2
Chhattisgarh	1,05,973	29.5	33	5	1.1	0.2	1.0	5.2
Chandigarh	2,76,037	1.2	1	0	0.8	0.0	0.0	21.5
Delhi	3,11,398	20.6	42	14	2.0	0.7	6.1	8.8
Goa	3,46,508	1.6	12	5	7.7	3.2	13.7	21.2
Gujarat	2,06,046	69.8	139	82	2.0	1.2	2.1	13.2
Haryana	2,09,499	29.5	29	13	1.0	0.4	4.4	8.4
Himachal Pradesh	1,90,654	7.4	4	1	0.5	0.1	2.2	5.3
Jammu and Kashmir	-	13.4	13	2	1.0	0.1	0.0	2.9
Jharkhand	71,705	38.5	72	6	1.9	0.2	0.7	2.2
Karnataka	2,09,486	66.8	175	58	2.6	0.9	4.9	13.5
Kerala	1,76,072	35.5	109	44	3.1	1.2	1.9	21.0
Madhya Pradesh	75,747	84.5	53	15	0.6	0.2	0.8	4.0
Maharashtra	1,89,903	124.4	163	86	1.3	0.7	3.7	8.4
Manipur	69,354	3.2	3	2	0.9	0.6	1.1	0.6
Meghalaya	83,507	3.3	3	1	0.9	0.3	1.0	3.0
Mizoram	1,63,611	1.2	0	0	0.0	0.0	4.6	0.8
Nagaland	90,257	2.2	2	1	0.9	0.5	2.0	1.8

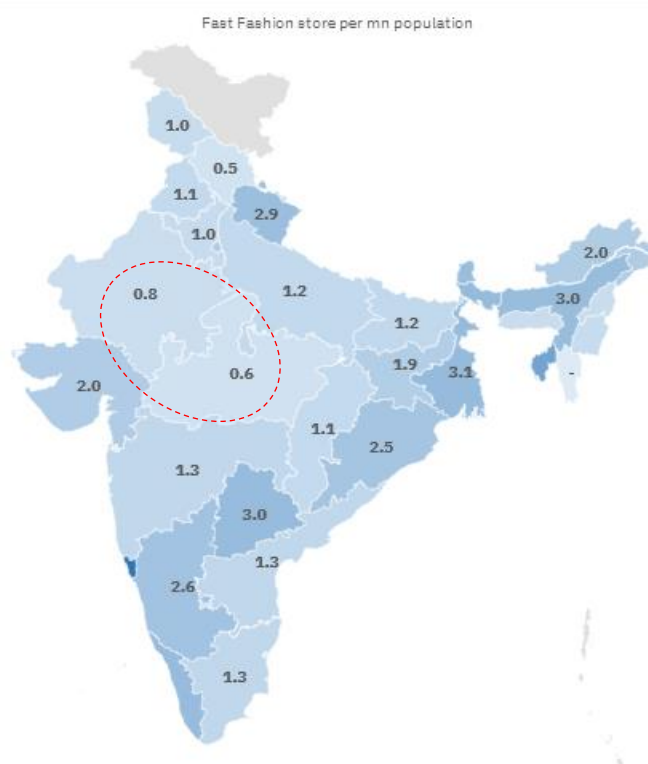
State	Per capita GSDP (INR)	Population – 2021 (mn)	Total fast fashion stores	Number of Zudio stores	Total fast fashion stores per mn population	Zudio stores per mn population	Pizza stores per mn population	Cinema screens per mn population
Odisha	1,12,154	44.0	110	8	2.5	0.2	0.5	3.7
Puducherry	1,60,560	1.6	1	0	0.6	0.0	0.0	17.8
Punjab	1,51,747	30.3	34	15	1.1	0.5	3.0	9.5
Rajasthan	1,03,652	79.3	66	21	0.8	0.3	0.8	3.1
Sikkim	3,59,860	0.7	2	1	3.0	1.5	6.6	8.9
Tamil Nadu	2,04,092	76.4	96	24	1.3	0.3	1.9	15.6
Telangana	2,07,679	37.7	115	42	3.0	1.1	3.9	16.1
Tripura	1,11,538	4.1	19	0	4.7	0.0	0.8	2.7
Uttar Pradesh	60,037	230.9	277	33	1.2	0.1	1.0	2.5
Uttarakhand	1,82,281	11.4	33	7	2.9	0.6	2.8	7.7
West Bengal	90,988	98.1	307	23	3.1	0.2	1.3	3.8
<b>Total</b>		<b>1,359.5</b>	<b>2,241</b>	<b>545</b>	<b>1.6</b>	<b>0.4</b>	<b>2.3</b>	<b>7.2</b>

Source: MOSPI, Company, EY-FICCI, Elara Securities Research

**Exhibit 13: Rajasthan and Madhya Pradesh offer healthy expansion opportunity**

Madhya Pradesh and Rajasthan offer healthy store penetration opportunity, with 0.6 and 0.8 fast fashion stores per mn population

Fast fashion space set to grow at 31% CAGR (twice of Apparel) in FY24-27



Note: Map not to scale; Source: MOSPI, Company Website, Elara Securities Research

**Apparel and Fast Fashion – Industry dynamics favorable**

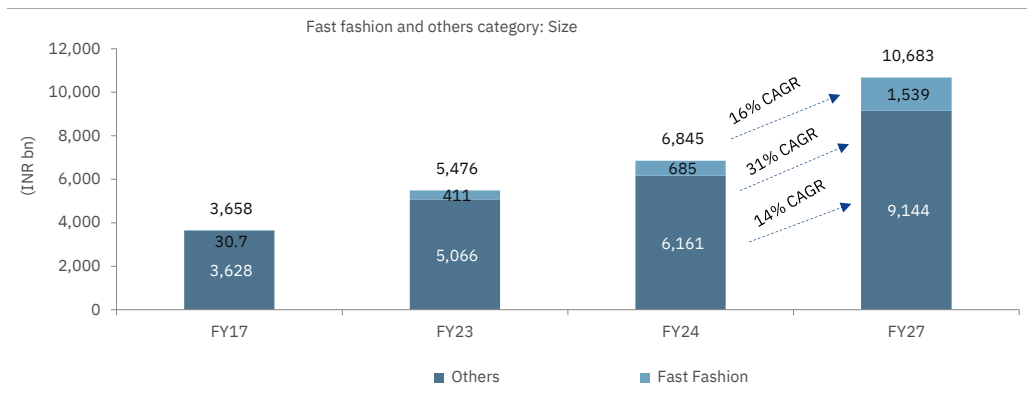
**Fast fashion to grow at twice the pace as Apparel – Zudio, a pioneer in offering the apt fit**

The fast-fashion space is set to post a 31% CAGR (~twice that of Apparel) through to FY24-27 and has grown ~20x in the past seven years to INR 685bn in FY24 from INR 30.7bn in FY17, resulting in a 117% CAGR during the period. This was largely led by: a) a low base, b) higher store expansion during the phase and c) healthy SSSG, led by increasing popularity. With this, the market share of the fast fashion space stood at ~10.0% as of FY24 as against just 0.84% in FY17.

Fast fashion/value fashion category is seeing much change in style, design and themes in a short span with attractive price points (INR 499-999). Zudio and in turn, TRENT’s success relies on meeting all such requirements promptly. Even before Zudio came to the fore, these price points have always been part of the overall apparel category (as offered by VMart, V2Retail, Style Baazar, Pantaloons etc.). But Zudio has been a pioneer in terms of offering: a) attractive price points (to address the mass market), b) a super shopping experience in a mall-like format (without hurting pockets deeply) and c) relevant fashion trends (a core for any fashion domain) appealing to the Generation-Z and millennials.



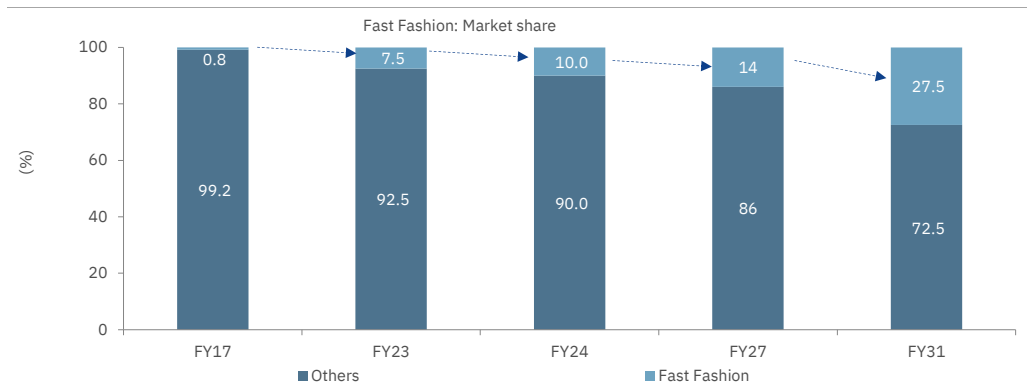
**Exhibit 14: Expect fast fashion to post 31% CAGR in FY24-27**



Source: Redseer article, Technopak in BS RHP, Elara Securities Research

Going ahead, the store expansion opportunity is high in non-metro cities (key focus of *Zudio*) given favorable unit economics, led by lower opex and sufficient business to seize growth opportunity. So, the penetration of mature stores is set to rise. These together are set to drive growth for the fast fashion industry at a healthy 31% CAGR through FY24-27, per Technopak and Redseer.

**Exhibit 15: Fast fashion market set to gain 27.5% share in overall apparel category**



Source: Redseer article, Technopak in BS RHP, Elara Securities Research

**Changes in demographics; a key driver of fast fashion**

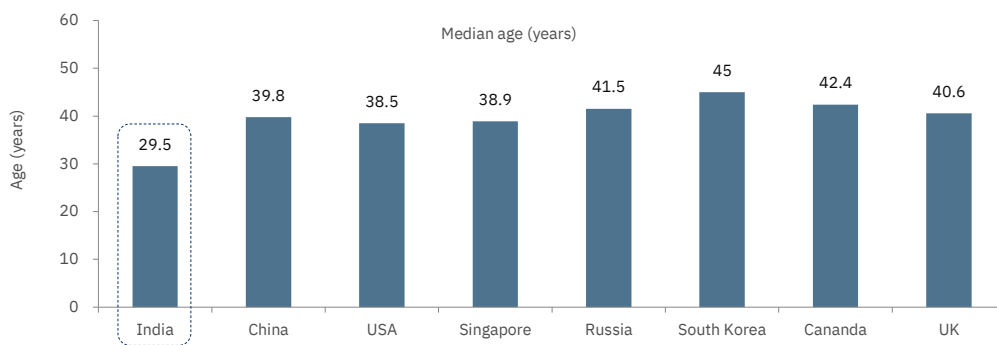
In the past decade, India has experienced significant growth in Gen-Z (born post-1995) and millennials (born through 1980-1995) – Generations with an elevated fashion sense. The change in demographics and increased fashion sense result from: a) India being the youngest country amongst key countries, b) favorable demographics driving apparel/ fashion industry, c) rapid urbanization, and d) other macro factors such as increased number of celebratory occasions and rising penetration of working women.

**#1 – India, among the youngest countries:** India’s median age is young at 29.5 years, ~10-15 years younger than most global counterparts and 10 years younger than China’s. This should ensure sustained growth in the value/fast fashion apparel sector.



India's median age is young at 29.5 years, ~10-15 years younger than most global counterparts and 10 years younger than China's

Exhibit 16: India's median age 10-15 years lower than other key countries

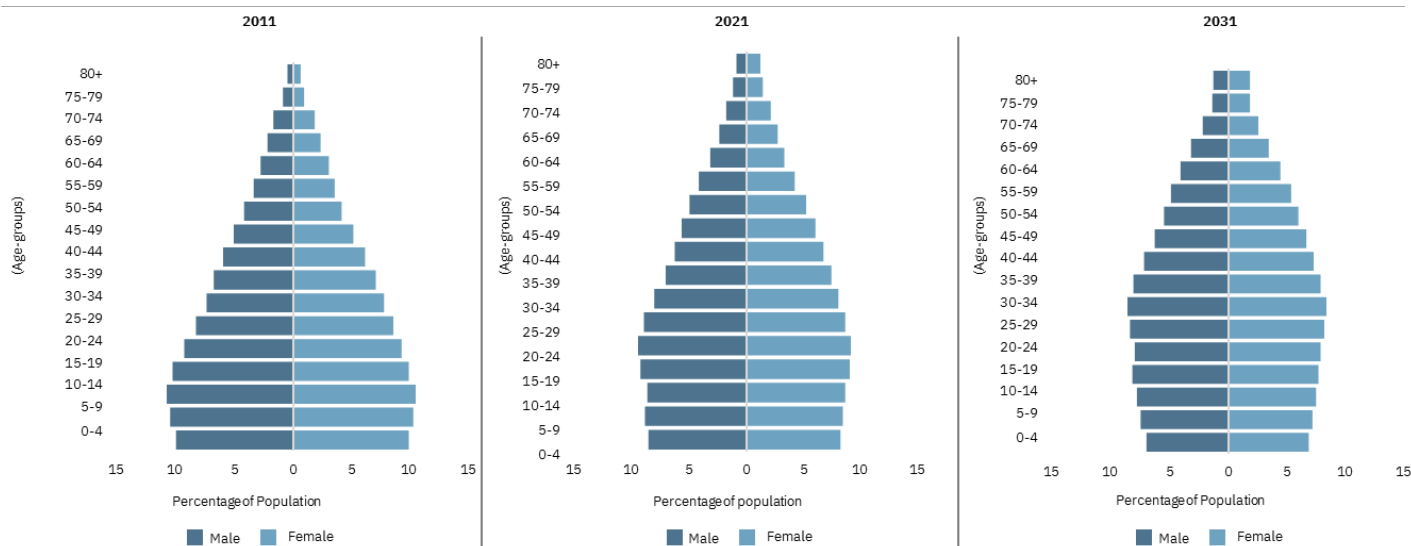


Source: Technopak in BS RHP (Industry Overview section), Elara Securities Research

**#2 – Favorable demographics driving apparel/fashion industry:** Apparel is a primary essential and as India has added ~250mn population (up 20%) through 2011-2023, a significant part is now working – ~50% of the population was in 0-24 year age cohort in 2011 (Exhibit 17). Improved fashion sense has been a key driver for the apparel sector.

India's population pyramid has evolved favorably for overall consumption and apparel sector. The youth is associated with increased wardrobe sizes and India's apparel sector, especially fast fashion, benefits significantly from this. India's peak population distribution was centered around the youth (15-30 years, ~60% of population) in 2021 and this may sustain till 2031, ensuring visibility of demand.

Exhibit 17: India's age pyramid to be skewed towards the 'youth cohort' till 2031



Source: MOSPI, Elara Securities Research

**#3 – Rapid urbanization fueling apparel sector:** Urbanization has a direct role in positively catalyzing growth for the apparel industry. India's urban population (36%), as a percentage of total population, is significantly lower than the global average of 58%. Urban population penetration is set to rise to 40.9% by CY30E at a 2.4% CAGR from CY23. India's urban population was at 519mn as of CY23.

**#4 – Other factors:** Other key factors such as the increased number of wearable occasions and rising penetration of working women have played key roles in driving demand

- **Greater number of occasions** for wearables has been a key catalyst to having bigger wardrobes. Occasions have increased significantly in the past decade given the popularity of pre-wedding events, a broadened scope of semi-formals, relaxation of dress codes within corporates, a surge in active sport and athleisure wear, and social media-led fashion trends.
- **Penetration of working women in the workforce has increased** to 37% in FY23 from 23% in FY18. This spikes the number of double-income households, leading to higher disposable incomes and augurs well for apparel forming 4% of the overall wallet spend.

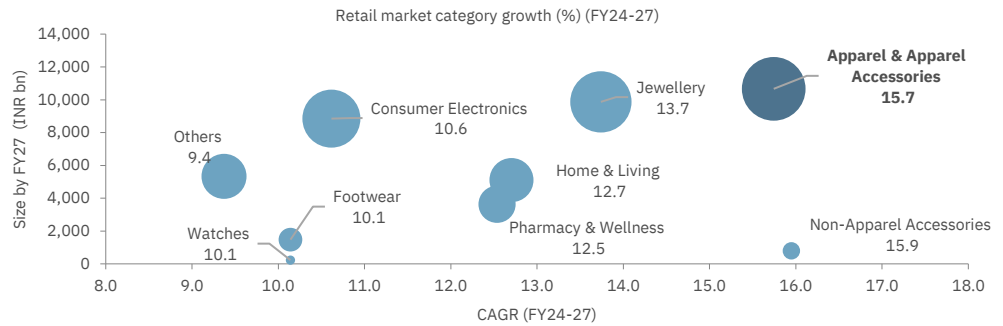
At 16% CAGR through FY24-27E, Apparel to be the fastest growing major category in overall retail industry

The Apparel category is set to demonstrate the best of its performance through FY24-27E, beating growth through FY18-20 and FY20-24

**Apparel – Set to post a 16.0% CAGR to INR 10,683bn through to FY27E**

The Indian Apparel industry is set to post a 16.0% CAGR through to FY24-27E, significantly higher than average 10.1% growth by other categories within retail. The market size for the Apparel space is estimated at INR 10,683bn by FY27E versus INR 6,845bn in FY23. The Apparel category’s share in the retail industry shall increase by 130bps to 9.4% by FY27E as against 8.1% in FY24. The growth tide in Apparel is expected to influence the overall styling ecosystem, as non-apparel accessories (belts, wallets and watches) and Jewellery are projected to post 15.9%/13.7% CAGRs during the same period.

**Exhibit 18: Apparel to be the fastest-growing category in Retail**



Note: Bubble size represents the category share by FY27 (%); Source: Technopak in BS RHP, Elara Securities Research

An Indian household spends 48% on merchandise retail and 52% on services. Apparel and Jewellery form 4% of the wallet spending each. However, buying in the Jewelry sector (4% share) is also driven by an investment angle. Thus, Apparel is the largest category within pure discretionary spending.

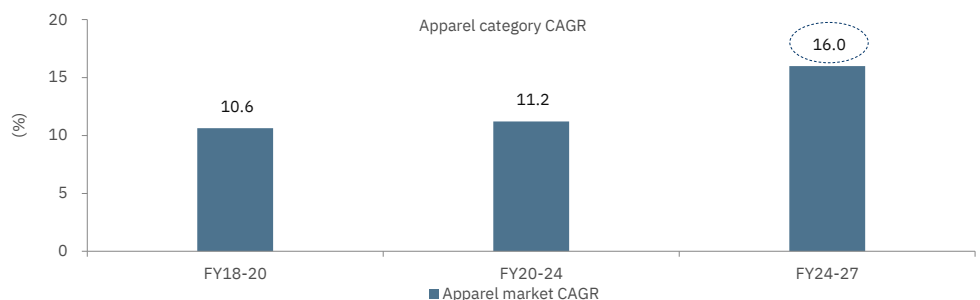
**Apparel poised for high growth; product market fit achieved:** The Apparel category is set to demonstrate the best of its performance through FY24-27E (Exhibit 19), beating growth during FY18-20 and FY20-24. The performance should be underpinned by increased adaption of fast fashion (Exhibit 15), sustained favorable demographics (Exhibit 17), innovation in outfits and category expansion led by multi-channel retail strategies (EBOs, e-commerce, D2C etc.) Thus, Apparel is set to fortify its place as a growth engine led by it being: a) the fastest-growing category in retail and b) experiencing its own phase of high growth.

In the past, the Indian apparel market has undergone two phases during 2010-2024: a) **Phase 2010-2020** witnessed the emergence of the Value Retail segment, with key players such as V Mart, Style Bazaar, V2 Retail, and Max Fashion. *Zudio* emerged strong post-2018 and achieved impressive product-market fit to experience a high-growth phase.

**b) Phase 2020-2024:** Post market fit, retailers improved the shopping experiences by addressing issues – limited product selection, inadequate store amenities, poor product information. This accelerated consumer preference from unorganized to organized (unorganized market share at 45% in FY24).

Also, high growth in Apparel through FY24-27E should be led by improved recognition of niche categories (Indian wear, casuals, sportswear, daily wear), spike in occasions (events such as pre-wedding events, outings), social media-led fashion trends and overall fast-fashion space.

**Exhibit 19: Apparel sector experiencing the best of its time**



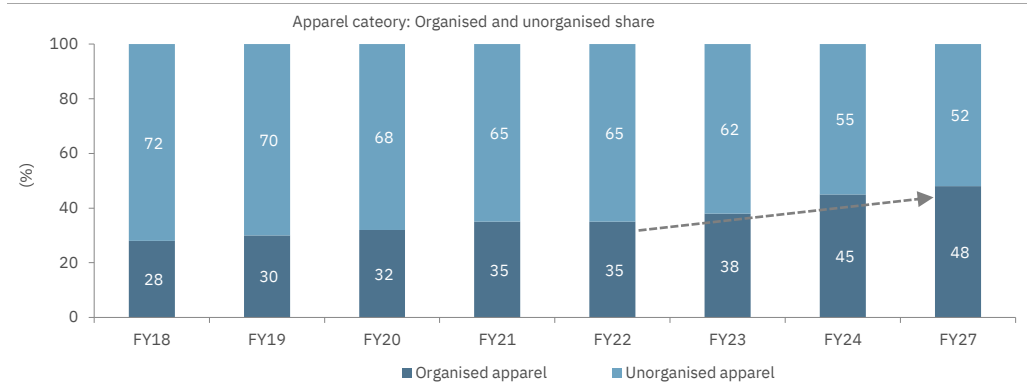
Source: Technopak in BS RHP, Elara Securities Research

**Apparel – Organized share to increase to 48% by FY27**

Per Technopak, the organized apparel market is set to outpace the unorganized space at an 18.5% CAGR through FY24-27 to INR 5,128bn. Drivers are: a) elevated consciousness as regards brands, b) increased purchasing power, c) higher adaption of ready-to-wear apparel, d) rising penetration of private labels in the value fashion segment, and e) focus on omni-channel distribution such as exclusive brand outlets (EBOs – *Zudio, Westside, Zara, H&M*) and large format stores (LFS, DMart).

The gap between the organized and unorganized channels in the past six years has been reduced by 57% to just INR 685bn in FY24 from INR 1,610bn in FY18, led by pent-up demand and an accelerated shift to newer shopping formats.

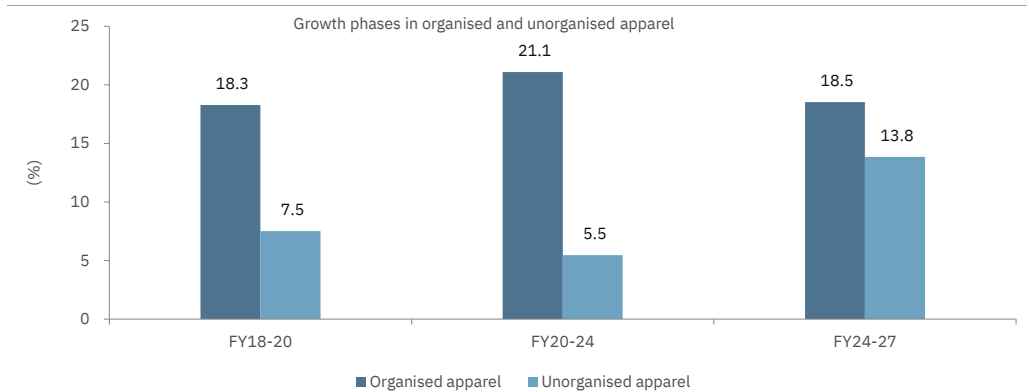
**Exhibit 20: Organized apparel set to grow its share to 48% by FY27**



Source: Technopak in BS RHP (Industry Overview section), Elara Securities Research

Organized players with proven characteristics – superior product market fit, agile design-to-inventory process, ability to keep up with trends, offerings at affordable prices with desired quality and capability to seize demand through strategic expansion – are well set to ride the tailwinds and beat peers.

**Exhibit 21: Organized apparel set to post an 18.5% CAGR through FY27**



Source: Technopak in BS RHP, Elara Securities Research

## Trent leads peers with differentiated play

### Zudio leads across most parameters; emerging players in learning phase

The Indian fast-fashion retail landscape is evolving rapidly. To get a handle of the change therein and TRENT's (and thus, *Zudio's*) edge, we have evaluated value fashion players such as Max Fashion, *Zudio*, Yousta, Intune, Easy Buy and DMart (apparel) through store visits across parameters such as in-store experience, product offerings, pricing ranges, non-apparel exposure and footfall cohorts.

*Zudio* dominates the indicators of affordability and assortment, with keen focus on Gen Z. Notably, it does not have price banners above INR 999 – High-turnover SKUs such as T-shirts are priced as low as INR 199.

*VMart* focuses on families, offering 'premium feel', quality products at an average price of INR 699. V2 Retail purely offers value + variety and has the widest collection across categories amongst peers. *Westside* focuses on premium ethnic and modern wear, and *Max Fashion* delivers value-driven collections through a mix of brand collaborations and private labels.

Amongst emerging players, *Yousta* (Reliance), *Intune* (Shoppers Stop) and *Style Up* (ABFRL), *Yousta* received higher footfalls despite clear focus on women's wear. Emerging players are undergoing a learning phase and will need strong product market fit before competing with *Zudio*.

### Exhibit 22: Store visits – Comparative analysis across parameters

Feature	Zudio	VMart	V2Retail	Max Fashion	Yousta	DMart (apparel)	Easy Buy	Style Up	Intune	Westside
Average store size (sqft)	7,000-10,000	9,000-10,000	10,000-11,000	7,000	5,000-6,000	1,500-2,000	5,000-6,000	3,000-4,000	8,000-9,000	20,000-25,000
Key target cohort	Gen Z and millennials	Youth and family	Youth and family	Family	Women-focused	Family	Women focused	Men and women	Women focused	Men and women
Average footfall rank (1 being the best)	1	4	2	3	6	7	8	9	10	5
Average apparel price (INR)	499	699	499	699	499	499	799	699	799	1999
Ambience score	5	4	2	5	5	3	5	4	4	5
Number of billing counters	10	3	4	5	3	NA	5	4	3	7
Staff generation	Gen Z	Mixed	Mixed	Mixed	Gen Z	Millennials	Mixed	Gen Z	Gen Z	Mixed
Location	Mall + standalone	Standalone	Standalone	Mall	Mall	Standalone	Mall	Mall	Mall	Mall + standalone
Staff strength (nos.)	40	20	25	20	25	5	15	5	15	20
Price sensitivity	Ultra-affordable	Affordable	Ultra-affordable	Affordable	Ultra-affordable	Affordable	Mid to premium	Affordable	Affordable	Mid to premium
Discounts	No	No	No	No	Yes	Yes	yes	No	No	No
Key brand commentary	Fast fashion across men, women, kids + focus on BPC and non-apparel	Premium feel product quality focusing on family fashion	Brands with widest collection across players	House of brands; focus on value to premium	In learning phase, women footfall noteworthy	Linear fashion, focused on casual home wear	Simple fashion with medium variety	Carrying ABFRL DNA, less on modern fashion	Less modern, high women's apparel mix	Premium apparel with in-house labels
Key differentiator	Vibrant choices at ultra-low prices	Better design than peers	A stop shops for a family with different fashion choices	House of brands with wider SKUs	Combination of modern and ethnic women's wear	Addresses all house wear and entry-level apparel	Premium products with wider choices	Balanced fashion with moderate choices	Availability of Indian traditional wear	Affordable men's formal wear in a premium store

Note: Based on store visits, Source: Elara Securities Research

### #1: Affordability – Zudio's offerings aptly priced with superior quality

*Zudio's* pricing is attractive (~15-20% lower than new value fashion peers). So, it is a go-to destination for budget-conscious shoppers and enjoys higher footfall and SSSG. But, limited ethnic and premium options restrict shoppers with premium budgets. *Westside* serves the premium market, focusing on ethnic, modern and semi-formal categories.

*VMart* offers fashion solutions for the family, though is low on trendy fashion for the youth. *V2 Retail* offers 'variety with value', with quality that is less refined compared with *VMart* and *DMart*. *Max Fashion* offers affordability and quality (footfall more family-led). But its higher-end offerings are sold via premium brand collaborations.

*Yousta*, *Style Up* and *Intune* compete on affordability but lack variety and trendy designs – These have embarked on a learning curve, limiting their ability to attract the youth. *DMart* offers functional affordability, though offerings were low on trendy fashion but excelling in high-volume, basic, daily-life product segments.

**Exhibit 23: Store visits – Prices across apparel categories**

Category price (INR)	Zudio	VMart	V2Retail	Max Fashion	Yousta	DMart (apparel)	Easy Buy	Intune	Style Up	Westside
<b>Men's wear</b>										
T-Shirts	199-399	399-499	299-499	999 (private label), 399 (basic)	199-799	399 (casual wear)	299-699	199-499	399	699-999
Casual shirts	799-899	499-599	399-599	699-2,499	799	699+	799	399-799	699	999
Sweatshirts	899	699	425	1,499	699	NA	699	799	799	1,299
Jeans	699-899	499-1499	450	999-2,499	499	599	699	799	699	1,299
Joggers/trackpants	699	699	550	1,499	699	599	799	799	799	1,699
Bomber jackets	899	999	699	2,499	999	NA	999	NA	NA	NA
<b>Women wear</b>										
Tops	399-799	899	499	599-1,299	399-499	599	799	499	999	1,299
Jeans	799	399	550	599-1,299	799	599	699	699	699	1,299
Sweatshirts	899	699	699	999	699	NA	899	499	NA	1,299
Kurta	499-799	999-1199	499	999-1,299	599	499	899	999	899	2,299-2,599
<b>Kids</b>										
Frocks	399-599	459	399	799	399	399	499	499-799	499	799
T-Shirts	399	299	299	499	299	399	499	499	499	699
<b>Home wear</b>	<b>199</b>	<b>499</b>	<b>399</b>	<b>249</b>	<b>399</b>	<b>159+</b>	<b>299</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Note: Based on store visits, Source: Elara Securities Research

**#2: Pricing, quality and value for money – Zudio among the top three on all three parameters**

Our pecking order (top three plays) on pricing, quality and value is as follows:

- ▶ **Pricing:** V2Retail, DMart and Zudio.
- ▶ **Quality:** Westside, Zudio and Max Fashion.
- ▶ **Value for money:** Zudio, Yousta and V2Retail.

**Zudio** dominates affordability (in the fast fashion space). It does not have any price banner above INR 999 (except 1-2% of SKUs), with T-shirts priced as low as INR 199 and casual shirts at INR 799-899, appealing to Gen Z and millennials. Barring V2Retail, its prices are among the lowest. High-selling jeans are competitively priced at INR 699-899, offering multiple fits and colours. Zudio boasts a healthy combination of best prices and offers differentiated, trendy fashion when stacked against peers. Focus on budget-friendly options with differentiated offerings have positioned it well to cater to value-conscious customers.

**Westside** targets the mid-to-premium segment, with shirts starting at INR 999 and jeans at INR 1,299 (40-50% more than fast fashion segment prices). Notably, the quality of Westside aligns with some premium exclusive brands of ABFRL (Peter England and Allen Solly). Westside's average price banner in the store is INR 1,999. A key differentiator was affordable formal shirts and pants (INR 999 each) with premium quality, which received traction.

**Exhibit 24: Zudio store**



Source: Zudio – Kurla store, Mumbai, Elara Securities Research

**Exhibit 25: Wider variety offered**



Source: Zudio – Kurla store, Mumbai; Elara Securities Research



Exhibit 26: Westside store



Source: Westside – Kurla store, Mumbai, Elara Securities Research

Exhibit 27: Wider store aisles with large walkways



Source: Westside – Kurla store, Mumbai, Elara Securities Research

- ▶ **VMart** offers affordable clothing with premium feel and quality at similar price points as other value players. The brand offers fashion solutions for the whole family at affordable prices. VMart stores offered more Indian, ethnic and balanced fashion, with slightly less focus on fast fashion choices relative to *Zudio*. Its average price banner was at INR 699. Apart from value fashion, VMart also offers affordable wedding wear. The three-level store had dedicated floors for men's, women's and kid's fashion. VMart remains a go-to-destination for family shopping.
- ▶ **V2 Retail**: We found V2 Retail to be the most affordable player per our store visits, truly standing out as regards value and variety. The prices were as low as INR 499 for trendy jeans. V2 Retail appears to be a one-stop shop for a complete family. Though offerings were significantly lower in the fast fashion space, the value was there for the entire Indian wear range. The store lagged in terms of ambience and shopping experience as the focus was clearly on affordability. V2 Retail offers the widest possible collection amongst peers.
- ▶ **Max Fashion** straddles affordability and mid-range pricing. Its average price banner is in the range of INR 499-1,599. Its stores also hosted 3P brands (*John Players, Peter England*) and own private labels. Note that Max Fashion uses a private-label strategy to offer low-priced tickets and 3P brands for high-priced apparel. Max Fashion has a wider SKU array across price points.
- ▶ **Yousta** (by Reliance) focuses on affordability, similar to *Zudio*. Yousta does not have any price banner above INR 999. The store saw higher women footfall. Note that 60-65% of the store space was dedicated to the women's section, and the remaining for others. Despite this, Yousta was able to gain traction versus other emerging players due to a balanced mix of modern and regular wear. We expect Yousta to have significant headroom to grow with execution through learning. It may emerge as a key brand besides *Reliance Trends*.
- ▶ **Style Up** is an ABFRL brand in the fast fashion segment. The brand has the ABFRL DNA as regards design and affordability. The pricing is in line with other peers, with headroom for improvement in collections as also differentiation vis-à-vis *Zudio/ Max Fashion*.
- ▶ **Intune** is backed by Shoppers Stop. Pricing is affordable but on the higher side (INR 799+) than *Zudio* and Yousta. Note that Intune is still behind the learning curve with scope for better prices and modern fashion offerings. Intune has a higher women apparel mix and is the only fast fashion store that also offers men's traditional *wear*.
- ▶ **DMart** is focused on functionality and affordability, with basic homeware T-shirts priced at INR 199 and linear colour options for formal pants starting at INR 599. Its offerings are selective and may not fully cater to the diverse preferences of fast fashion consumers. DMart has a ~9,000-10,000sqft apparel section. It has a wide collection of formal wear at affordable prices, with scope for improving designs and quality.

**Exhibit 28: VMart – Three-floor store format, hosting men’s, women’s and kids’ fashion**



Source: VMart – Mahipalpur store, Delhi; Elara Securities Research

**Exhibit 29: V2 Retail – Dedicated rows for each category of apparel**



Source: V2Retail – Dwarka store, Delhi; Elara Securities Research

**Exhibit 30: Yousta – Pricing at par with Zudio**



Source: Yousta - Ghodbandar store, Thane, Elara Securities Research

**Exhibit 31: Max Fashion – Collaborating with premium brands**



Source: Max Fashion – Kurla store, Mumbai; Elara Securities Research

**Exhibit 32: Intune – Prices higher than Zudio and Yousta**



Source: Intune – RMall store, Thane; Elara Securities Research

**Exhibit 33: Style Up – Collection thin in modern fashion category**



Source: Style Up – Kalyan store, Thane; Elara Securities Research

**Exhibit 34: DMart – Focus on daily essentials**



Source: DMart – Kanjurmarg store, Mumbai; Elara Securities Research

**Exhibit 35: DMart – Wider collection of T-Shirts**



Source: DMart – Kanjurmarg store, Mumbai; Elara Securities Research



### #3: Styling, variety and assortment – Zudio cracks the code

- ▶ **Zudio** hosts an impressive breadth across men's, women's, and kids wear fashion. The store displays a wide range of SKU colors and size choices, ensuring meeting all levels of demand. We found **Zudio** to be the most concentrated brand, even for kids wear. **Zudio** is strategically focused on modern fashion, unlike Style Up and Intune. Differentiated designs with attractive price tags have been the key to having healthy footfalls. While other brands' products featured largely similar designs, **Zudio** stood out as a differentiated player with unique designs, thus attracting traffic. **Zudio** does offer the widest price range in high-selling SKUs. Designs are tailored for Gen Z and millennials who seek trendy and affordable apparel.
- ▶ **Westside's** breadth and depth span ~20 private labels – *ETA, WES, Luna Blu, LOV, HOP* etc. Its private labels ensure an assortment of ethnic, modern, and casual apparel. The store has a dedicated area for each of its key labels as also pilot brands such as 'Utsa'. A 20,000-25,000sqft store is enough to display assortments with variety and depth. **Westside's** fabric quality has been premium with balanced offerings for men and women fashion. The brand aims to target both mid-tier and premium shoppers. Despite an average price banner of INR 1,499+, it offers a wider collection of men's formal wear at affordable INR 999 price point, with quality equivalent to *Peter England* and *Allen Solly*.

Exhibit 36: Zudio stores offer a wider choice for T-shirts...



Source: Zudio – Kurla store, Mumbai; Elara Securities Research

Exhibit 38: Westside has dedicated racks for brands...



Source: Westside – Kurla store Mumbai; Elara Securities Research

Exhibit 37: ...and kids section along with men's and women's wear



Source: Zudio – Kurla store, Mumbai; Elara Securities Research

Exhibit 39: ...and is also promoting Utsa through its stores



Source: Westside – Kurla store, Mumbai; Elara Securities Research

- ▶ **VMart** stores span three floors, with dedicated level 1 for men's fashion, level 2 for women's fashion and level 3 for kid's fashion. This has allowed VMart to offer wise choices. It is focused on offerings multiple categories to the family. The ad campaigns inside stores were centered around weddings and fashion for college goers, though fashion was balanced.
- ▶ **V2 Retail's** range of offering was notable. The availability of offering and category are the widest compared with other players, which has been the key to attracting footfalls. In terms of styling, V2 Retail is similar as VMart. V2 Retail has dedicated rows for each category across genres. The stores also offered a variety of winter wear. V2 Retail's entry in South and West India may intensify competition for value players. However, players such as **Zudio** may be immune given the 'differentiated fashion' positioning.

- ▶ **Max Fashion** offers a balanced breadth across categories and price tags. Private labels focus on value fashion and 3P brands on premium offerings, targeting families seeking affordable casuals and semi-formals. Max Fashion stores have a similar variety as *Zudio*, but target family shopping unlike Gen Z-led fashion focus by *Zudio*.
- ▶ **DMart's** fashion theme is centered around daily use, formal occasions, innerwear with a slight mix of trendy fashion. DMart's targeted audiences are families, with its products focusing on 'daily use' cases. DMart is purely focused on serving daily needs, with products aligning to that purpose. Thus, DMart may face a long haul in terms of fast fashion offerings.
- ▶ **Yousta, Intune and Style Up – Emerging fast fashion players:** Yousta and Intune are more focused on women wear. Style Up offers a balanced product mix (men's and women's fashion). Yousta was able to gain footfall, led by lower prices and better variety than other emerging players. Style Up and Intune have headroom to improve their overall collection and chart out fortes to play in a competitive market (so as to drive more footfalls).

**Exhibit 40: Different styles at VMart (men's pullover collection)**



Source: VMart – Mahipalpur store, Delhi, Elara Securities Research

**Exhibit 41: V2 Retail offers the widest variety with large collection**



Source: V2 Retail – Dwarka store, Delhi, Elara Securities Research

**Exhibit 42: Max Fashion – Offers mix of fast/family fashion apparel**



Source: Max Fashion – Kurla store, Mumbai, Elara Securities Research

**Exhibit 43: DMart's formal collection with value offerings**



Source: DMart – Kanjurmarg store, Mumbai, Elara Securities Research



Mall-like shopping experience without hurting pockets is also the key that is driving footfalls in the store

#### #4: In-store experience similar across all stores

The shopping experience across brands was largely the same in terms of ambience, lighting, product racks, assistance, changing room conditions and shopping carts. Extensive presence in malls and strong parent backing are the key enablers to provide a premium shopping experience. In-store shopping experience was similar to that of an exclusive brand outlet.

- ▶ **Ambience:** All stores were equipped with optimal lighting and play background music. The ambience provides a shopping experience similar to that of an exclusive brands outlet. The layout of *Zudio* and *Westside* stores adequately represent all the categories (Exhibits 46-47).
- ▶ **Product presentation:** All fast-fashion players have minimalistic approach as regards product racks, making the products more visible. The apparel is presented on a hanger without folding (except T-shirts and sweatshirts, displayed on a table), offering a better view.
- ▶ **Changing rooms:** Almost all the brands offered taking up to five apparel in a changing room, except DMart, that offered an upper limit of three. The conditions of the changing rooms were good in terms of lighting, seats and sufficient mirrors. Changing rooms for most brands were almost the same.
- ▶ **Billing process and options:** *Zudio* has the highest number of billing counters at 10, followed by *Westside* with seven. This helps it ease the traffic emanating from higher footfalls. All established value players, including *Zudio*, have a dedicated billing staff, while emerging players cross-utilize the billing staff. Reliance's *Yousta* has differentiated itself through a self-check-out kiosk desk along with traditional billing desks. All stores offer payment options via all modes.
- ▶ **Discounts:** Fast-fashion runs on the theme of low prices and stores offer no price discounts. Interestingly, companies forgo marketing gimmicks ('price cut' labels) to clearly focus on 'full price' selling. We found *Yousta* store to be running a marketing campaign ('mid-season sale'). However, 'price cut' labels/banners were absent, indicating a potential marketing gimmick to attract footfall, as prices were largely at par with *Zudio*.
- ▶ **Staff strength and assistance:** *Zudio* boasts higher staff strength – A team of ~35-40 serve a 7,000-10,000sqft store, among the highest within peers, to improve in-store service. The staff handles dedicated billing, changing rooms and in-store guidance among other services. Other brands have fewer staff and cross-utilize to meet varied administrative functions. Most of the on-floor staff (*Zudio* and emerging players) was from Gen-Z to ensure lubricated communication with targeted customers.

Exhibit 44: *Zudio* – Billing counters



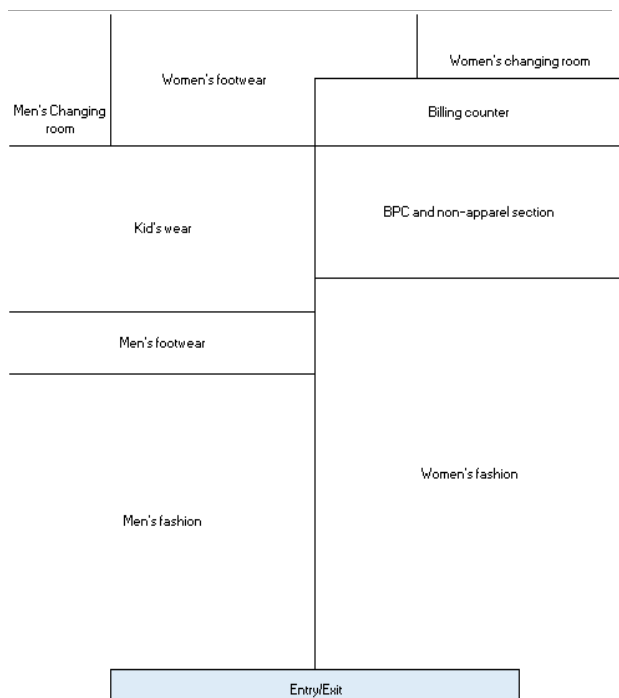
Source: *Zudio* – Kurla store, Mumbai; Elara Securities Research

Exhibit 45: Seats within changing rooms



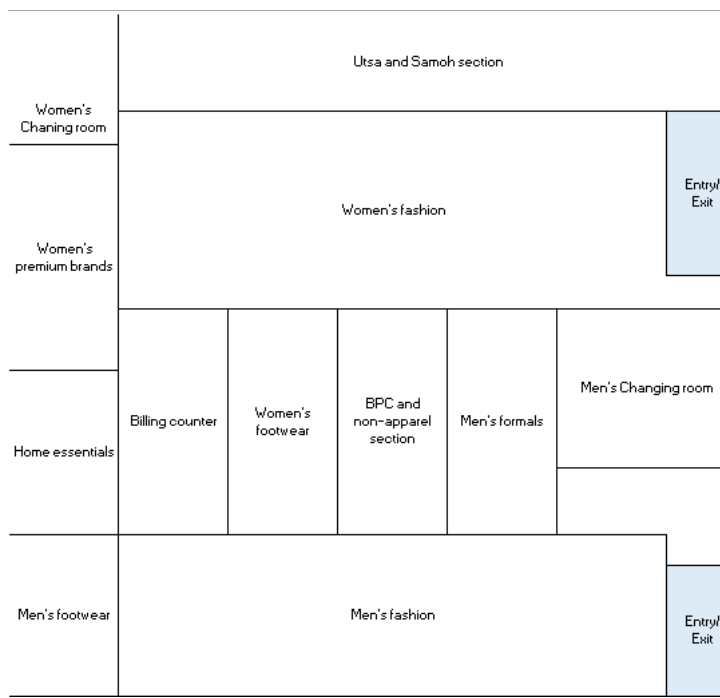
Source: *Zudio* – Kurla store, Mumbai; Elara Securities Research

Exhibit 46: Zudio – Store layout



Source: Zudio – Kurla store, Mumbai, Elara Securities Research

Exhibit 47: Westside – Store layout



Source: Westside – Kurla store, Mumbai, Elara Securities Research

**TRENT – Enjoys non-apparel SKU exposure**

Zudio distinguishes itself by equally prioritizing both its apparel and non-apparel offerings, prominently featuring categories such as Beauty and Personal Care (BPC), footwear, and perfumes. Zudio offers enough choices and has apt allotted space in the store for the non-apparel section. Non-apparel SKUs are the key to increasing customer engagement. Items such as perfumes, deodorants and fast-selling BPS products serve as impulse purchases along with apparel and prop the basket value. This also allows brands to differentiate from peers. Brands can achieve higher margins with backward integrated SKUs.

Exhibit 48: Non-apparel offerings

Category price (INR)	Zudio	VMart	V2 Retail	Max Fashion	Yousta	DMart (apparel)	Easy Buy	Intune	Style Up	Westside
<b>Non apparel / BPC</b>										
Perfume	199	NA	NA	149	NA	NA	NA	NA	299	299 - 1,499
Deodorant	99	199	199	NA	NA	NA	NA	NA	99	149
Nail paint	99	160	NA	NA	NA	NA	NA	NA	NA	395
Lipstick	99	99	NA	NA	NA	NA	NA	NA	NA	599
Hair bands and accessory	79-199	NA	NA	99	199	NA	NA	NA	NA	499
Body lotion	99	NA	NA	149	NA	NA	NA	NA	NA	NA
<b>Men's footwear</b>										
Chappals	199	NA	NA	199	199	199	NA	NA	199	599
Sandals	599	NA	299	399-499	399	499	NA	NA	399	1,499-1,699
Sports shoes	699-999	399	NA	399-699	999	799	NA	NA	NA	1,699
Casual shoes	399	459	NA	399-599	299	799+	NA	NA	399	1,699
<b>Women's footwear</b>										
Sandals	499	399	159	399-499	399	NA	NA	NA	399	1,599
Casual shoes	999	499	NA	599	NA	NA	NA	NA	599	1,699
Chappals	499	NA	NA	NA	199	199+	NA	NA	NA	599
<b>Kids' footwear</b>										
Sandals	299-599	399	NA	NA	199	NA	NA	NA	199	499

Note: Based on store visits, Source: Elara Securities Research

- ▶ **Beauty and personal care products (BPC):** Only TRENT brands, *Westside* and *Zudio*, offer key, fast-selling BPC SKUs such as nail paints, lipstick, hairbands, body lotions, face masks etc. at price points as low as INR 99. The categories offer wider choices, with focus on affordability. Low-priced deodorants and nail paints achieve traction. Many competitors in the fast-fashion space have lacked SKUs in the BPC segment.
- ▶ **Footwear** has been dominated by *Zudio*, with men's footwear prices ranged within INR 199-999. High in-demand products such as sports and casual shoes were priced within INR 599-699, with premium appeal. The category also offered wider choices, both in men and women footwear. In women footwear, sandal prices starting from INR 299 were directly competing with the low prices of the unorganized sector. Max Fashion also caters to men and women footwear but with lower choices. Among emerging players, Intune stores are yet to feature footwear section and Yousta has headroom in differentiation though offering all the categories. VMart and V2 Retail also offered footwear, though variety and quality appeal were lower than TRENT and other players.

Exhibit 49: BPC products in *Zudio* stores

Source: Zudio – Kurla store, Mumbai, Elara Securities Research

Exhibit 50: Footwear collection starting from INR 299



Source: Zudio – Kurla store, Mumbai, Elara Securities Research

Exhibit 51: *Westside* stores – Bags for sale

Source: Westside – Kurla store, Mumbai, Elara Securities Research

Exhibit 52: Perfumes and deodorants



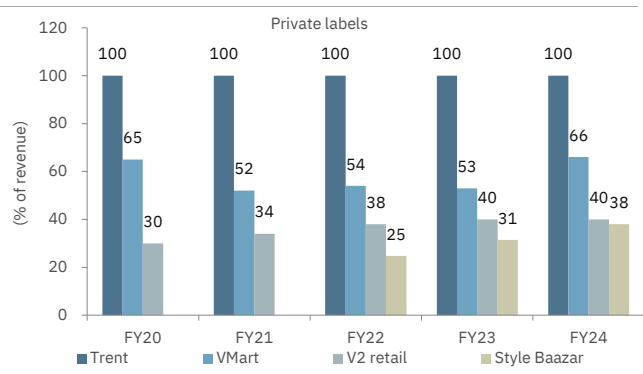
Source: Westside – Kurla store, Mumbai, Elara Securities Research

**TRENT – Private labels offer an edge; ATS and store size stout**

We compared TRENT (*Westside + Zudio*) vis-à-vis key players in the fashion domain. Aggressive store growth and leading revenue growth for TRENT were solely led by private labels. Other listed players have private label exposure in the range of 40-70% and have grown in a subdued fashion over the years. Promoting private label is challenging given: a) competition in the market and b) extensive learning required across the categories.

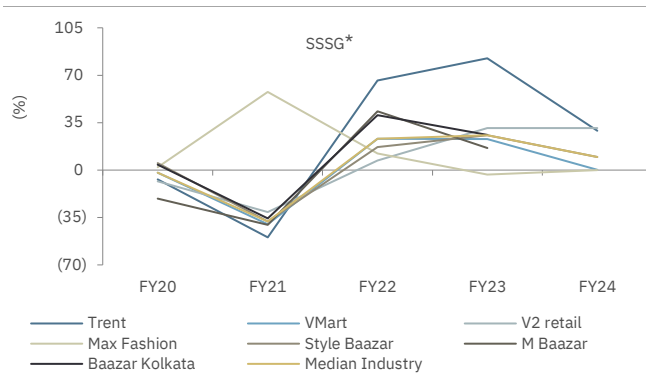
**#1 – Exposure to private labels:** TRENT (*Westside + Zudio*) has relied on private labels across all the categories. Despite this, SSSG of its fashion portfolio remained robust in double-digits (20-30% in FY23-24) and significantly ahead of the industry. This broadly underlines the acceptance of TRENT's private label products and the success of its business model. In the past, TRENT has invested in strengthening its private labels through years of learnings and its exclusive selling strategy with improved product quality have driven footfalls.

**Exhibit 53: TRENT keen on promoting 100% exclusive brands**



Source: Company, Elara Securities Research

**Exhibit 54: Healthy SSSG despite 100% private labels**

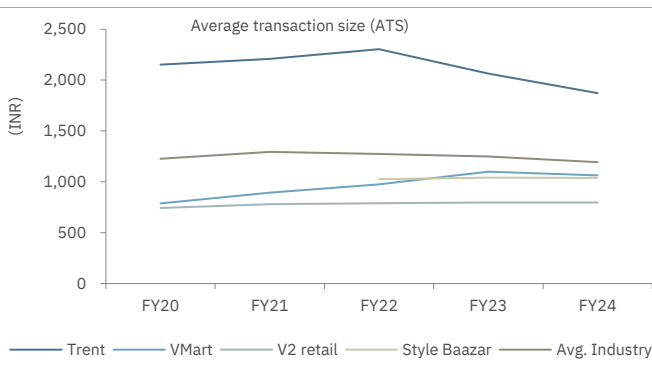


\*Calculated for TRENT, Max Fashion, M Baazar, Baazar Kolkata and Style Baazar for FY20, FY21 (revenue growth less store growth × new store factor); Source: Company, Tracxn, Elara Securities Research

**#2 – Average transaction size:** The average transaction size (ATS) for TRENT's fashion portfolio is 55-60% higher than the industry (INR 1,000), largely due to *Westside* that has an ATS of ~INR 2,900. However, the ATS has converged sharply post FY22 due to higher revenue mix for *Zudio*. Expect this to converge further as we assume *Zudio's* ATS to be INR 1,000, largely in line with that for other value fashion players. Value fashion players are not expected to see any sharp growth in ATS due to focus on affordability, but seasonality of the festival season and improved consumer demand may aid growth.

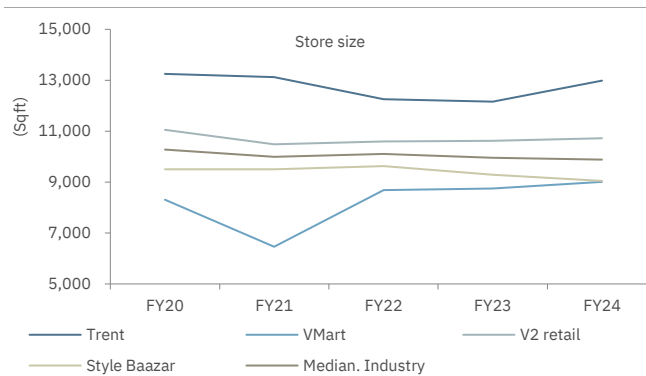
**#3 – Store size:** The store size for TRENT's fashion portfolio (average area/ number of stores) is ~30% larger than the industry's 10,000 sqft size, led by: a) an average size of 20,000sqft for *Westside* stores and b) average store size for *Zudio* rising to 10,000sqft in FY24 from 8,000sqft in FY23. Most of the fast fashion players operate within a 5,000-10,000sqft store size and *Zudio* has aligned itself at the highest point of this band. Further, *Zudio* is focusing more on expanding in non-metro cities, which may influence the store size due to availability of more area at lower rentals compared with metro cities.

**Exhibit 55: ATS high led by Westside, but likely to converge....**



Source: Company, Elara Securities Research

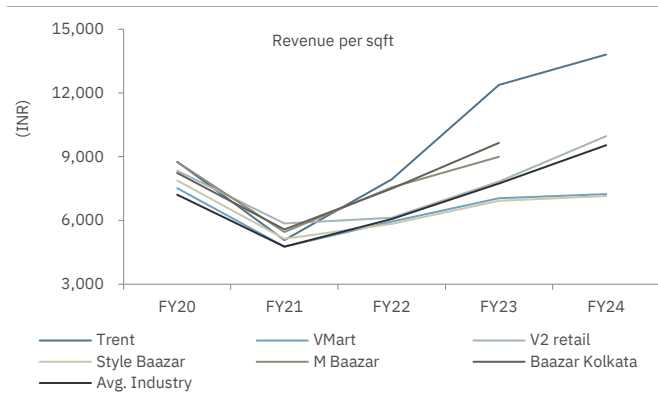
**Exhibit 56: ... and TRENT's store size larger than peers**



Source: Company, Elara Securities Research

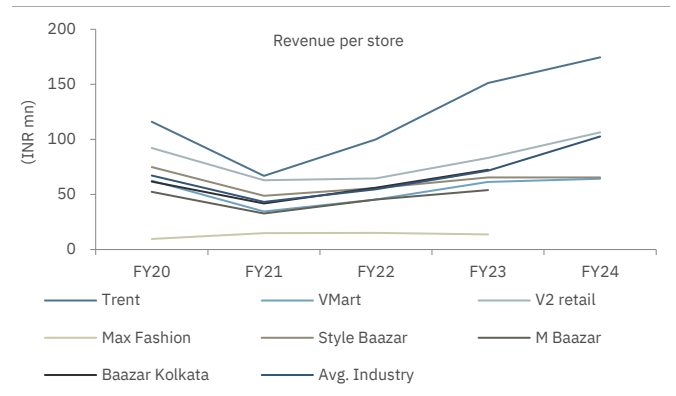
**#4 – TRENT has the highest revenue per sqft**, given business traction in its stores. As of FY24, TRENT’s revenue per sqft (INR 13,800) was 45% higher than the industry’s, up from a 22% premium in FY20. A higher revenue per sqft is a function of: a) higher ATS, b) strong business traction (implied from store footfall), and c) higher in-store non-apparel sales than peers (per channel checks). Notably, the metric (revenue per sqft) is resilient despite the store size being 30% larger than the industry. With continued business momentum, revenue per sqft is likely to be healthy and industry-leading. This has led to increased store-level business as revenue per store was ~INR 175mn vis-à-vis INR 103mn for the industry in FY24.

**Exhibit 57: Despite larger store size; higher transaction size + robust SSSG driving strong revenue per sqft...**



Note: (Calculated); Source: Company, Elara Securities Research

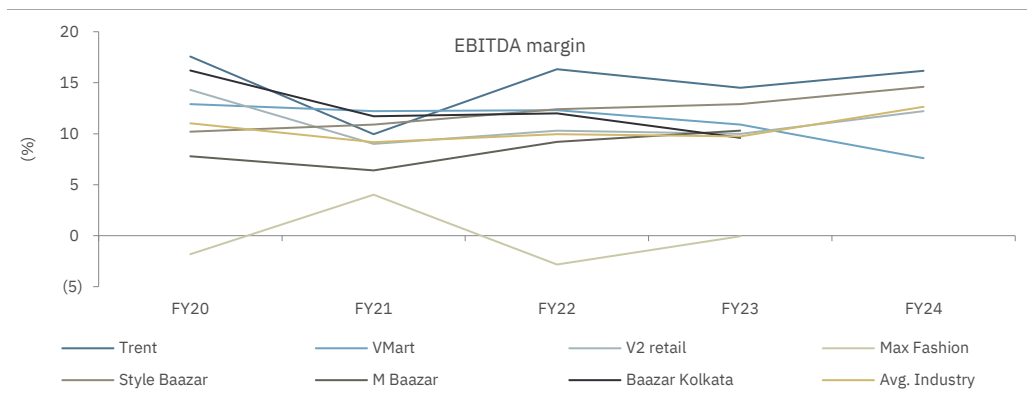
**Exhibit 58: ....thus, resulting in industry-leading store level revenue....**



Note: \*Max Fashion revenue, a representation of Landmark Online Fashion Pvt; Source: Company, Tracxn, Elara Securities Research

Benefitting from leading performances across key metrics, TRENT enjoyed superlative EBITDA margin at 16.2% in FY24 versus the industry average of 12.2%. TRENT has maintained leading margin in the past five years. The company has seen sustained improvement in profitability with mid double-digit EBITDA margin post FY20, as against higher single digit (8-9%) margin in FY15-19. The improved margins underscore private label fit for market and higher business traction. Leading EBITDA margins are also a result of 100% brand exclusivity, enabling savings via backward integration and complete grip over distribution. We expect the trend to continue led by industry-leading margins as private labels (key margin enhancer) have seen muted growth for peers (Exhibit 53) and may require a prolonged arc to achieve the market fit needed.

**Exhibit 59: ...and healthy operating margins**



Source: Company, Tracxn, Elara Securities Research

**TRENT collaborating with select vendors for apparel manufacturing**

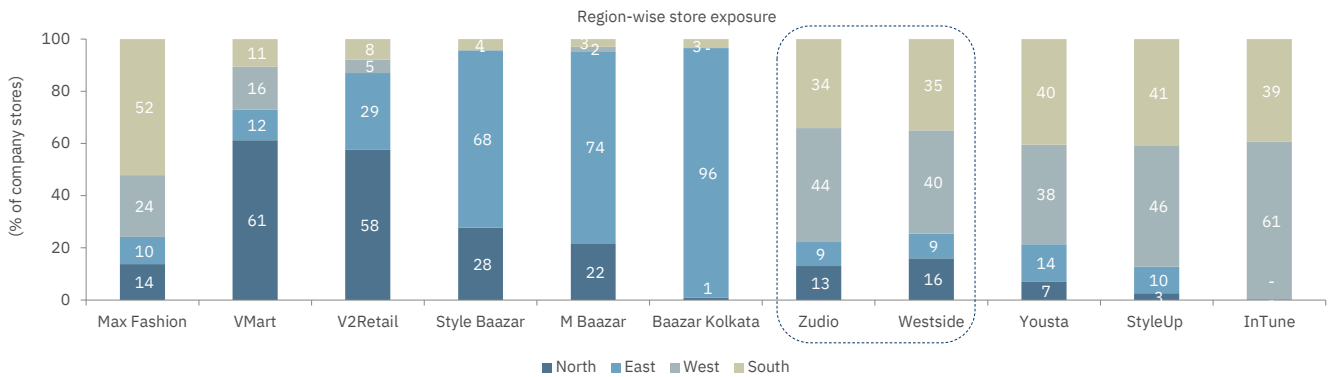
TRENT operates with 100% private labels in its stores. It is not directly involved in manufacturing and collaborates with select vendors for custom manufacturing. The manufacturing collaboration can be extended via a new joint venture 'Trent: MAS Fashion'. As on Jan-23, TRENT entered into a 50:50 joint venture with Singapore-based, MAS Amity Pte to design, develop and make apparel and apparel-related products, including intimate wear and activewear. This manufacturing collaboration can be extended to other apparel categories.



**TRENT: Store exposure mainly in South and West India**

Region-wise, both of TRENT's key fashion brands are focused on West (~40-44%) and South India (~35%). These markets were the areas where TRENT forayed early. However, TRENT has the potential to explore North India where VMart (61% exposure to North) and V2 Retail (58% to North) hold strong. TRENT may approach these regions through cluster-based expansion and may find expansion opportunities in North India (VMart and V2Retail operate in the region). East India is dominated by regional Kolkata-based players such as Style Baazar (68% exposure to East), M Baazar (74% East) and Baazar Kolkata (96% East). Directionally, emerging players largely have similar exposure to TRENT and current regional exposure may be similar while expanding as the business scales up.

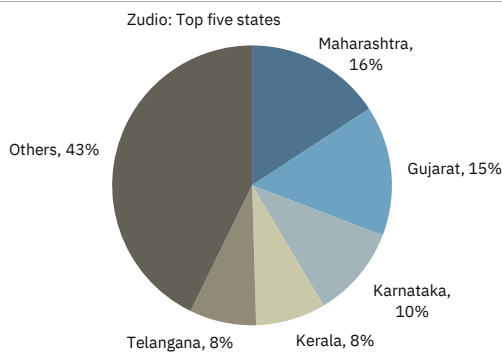
**Exhibit 60: TRENT more focused on South and West India**



Source: Company website, Elara Securities Research

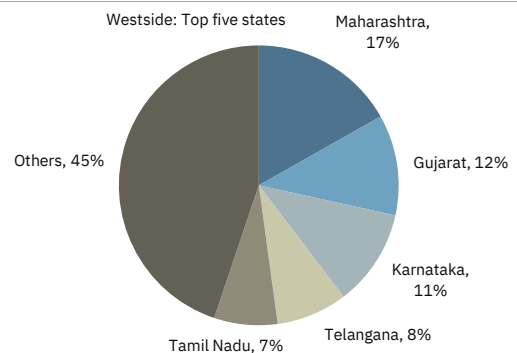
State wise, Maharashtra (~17%), Gujarat (~12-15%) and Karnataka (~10%) are the top three key markets for both Zudio and Westside. Kerala despite its smaller population is the fourth largest market for Zudio with 8% store network exposure. The top five states form ~55% of the store network for Zudio. At present, directional and state exposure of both the brands is similar. But Zudio with aggressive store expansion may deviate from during the course.

**Exhibit 61: Zudio mainly present in West India, led by Maharashtra and Gujarat....**



Source: Company, Elara Securities Research

**Exhibit 62: ....and so is Westside**



Source: Company, Elara Securities Research

## D2C and fast fashion: Cross-analysis I

### D2C no threat to value fashion

Direct to consumer (D2C) brands have gained pace recently. India has leading D2C brands such as *Wrogn, The Souled Store, The Indian Garage, Bewakoof* etc. D2C brands have marked significant presence in the Fashion space. As of FY23, India's D2C fashion market stood at INR 382bn and is expected to post a 34% CAGR (similar to growth for the fast fashion space) through FY23-27E.

The higher growth may be fuelled by: a) D2C brands gaining traction, b) easy and direct marketing via digital channels and c) increased innovations. As of FY23, D2C fashion formed 7%/18% of the total apparel/organized apparel space. Boosted by a 34% CAGR, the share of D2C fashion is expected to reach 12%/24% by FY27E.

D2C fashion plays by a different playbook. Brands focus on creating strong recall via onboarding celebrities as brand ambassadors, spending higher on marketing etc. Thus, pricing for D2C fashion products, on an average, is more than INR 1,000 and may not directly compete with value fashion brands but with other exclusive marquee brands.

Exhibit 63: Key D2C fashion brands in India

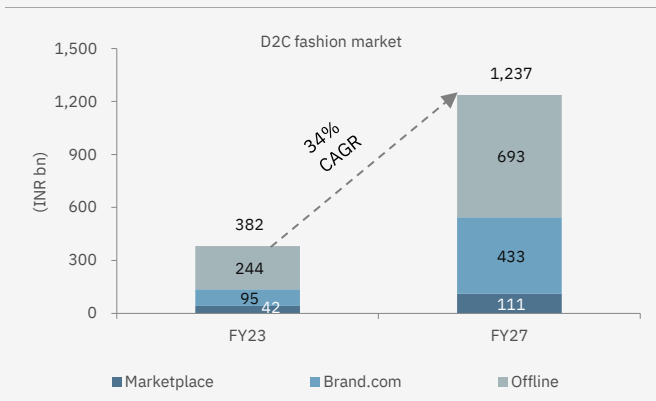


Source: Sorin D2C report, Elara Securities Research

### D2C – Online, primary distribution channel

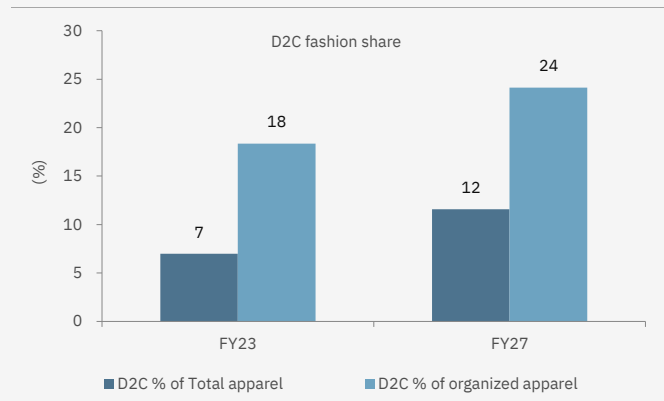
At present, D2C brands have marked their presence largely via online channels, with own websites and 3P platforms such as Myntra. Brands, however, have some stores (10-100) for physical visibility in select locations of key cities. Some brands are increasing their physical presence (*Rare Rabbit*: ~100 stores). *The Indian Garage Company* (TIGC), backed by ABFRL, plans to open ~100 stores in the next five years. We expect D2C brands to maintain presence primarily via the online channel. *Zudio* is already focused on the B&M model with a mix of FOCO and COCO stores. An online channel similar to *Westside* should be the next focus for *Zudio*.

Exhibit 64: D2C fashion market set to grow at 34% CAGR....



Source: Sorin D2C report, Elara Securities Research

Exhibit 65: .... with high growth leading to market share gain

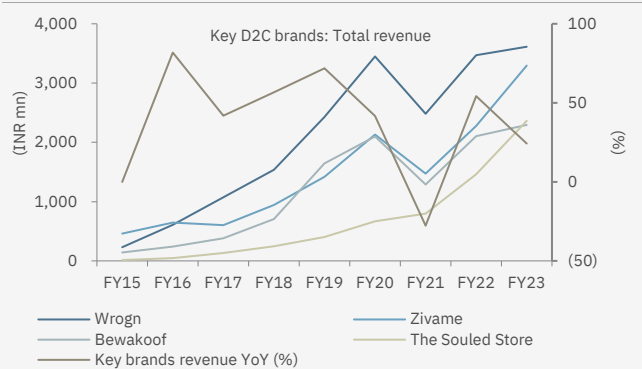


Source: Sorin D2C report, Technopak in BS RHP, Elara Securities Research

Revenue CAGR for key D2C fashion brands – *Wrogn, Zivame, Bewakoof* and *The Souled Store's* – has averaged 39% through FY15-23. The growth has been on the back of social media-led influence, celebrity endorsement and the right channel selection. D2C fashion brands in India are diversified and leading brands such as *Wrogn, Zivame, Bewakoof, The Souled Store* and *The Indian Garage Company* hold ~1% share individually in the D2C market.

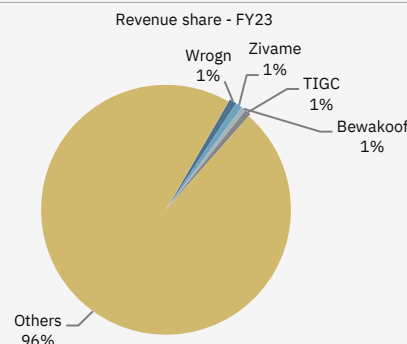
- ▶ **Wrogn** founded in 2024 and co-created by Virat Kohli raised an investment from ABFRL-backed TMRW in 2024. *Wrogn* offers trendy, unique fashion choices for men. The category spans: a) top wear – shirts, T-shirt, blazers, sweatshirts, and b) bottom wear – Joggers, cargo, jeans, and shorts, while also selling footwear and accessories. However, the average ticket price remains at ~INR 1,999, ~2x the average transaction value for fast fashion, showing a differentiated strategy vis-à-vis value fashion.
- ▶ **Zivame**, founded in 2011, sells lingerie, activewear, shapewear and sleepwear via its website and offline retail stores. The start-up had earlier said that ~40% of its sales come from tier-II/III cities in India. In 2020, Reliance Brands acquired *Zivame*. The brand follows an offline presence through >170 retail stores. The ATS ranges from as low as INR 250.
- ▶ **Bewakoof** was founded in 2012. The brand sells a wide variety of clothes for men and women, footwear, and mobile accessories on its website. The D2C brand also sells a host of merchandise, clothes and accessories in partnership with Marvel, F.R.I.E.N.D.S, Star Wars, Disney, DC and Looney Tunes. The *Bewakoof* brand was acquired by ABFRL (81.77%) in 2022 at an investment of INR 2bn.

**Exhibit 66: Key D2C fashion brands – Revenue growth healthy**



Source: Tracxn, Elara Securities Research

**Exhibit 67: D2C fashion remains diversified**



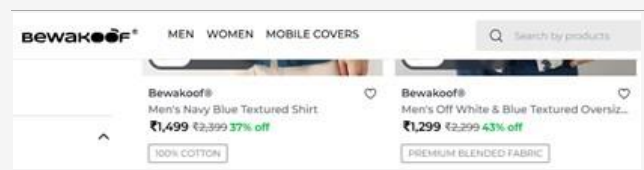
Source: Sorin D2C, Tracxn, Elara Securities Research

**D2C: Discounts, key to driving traction; profitability still awaited**

D2C brands' stellar revenue growth is primarily led by heavy discounts and seasonal sale offers. The discounts start as low as 20% and go up to 60% in select cases. This has led to significant traffic for the sales channel. With investments/acquisitions from Indian conglomerates such as ABFRL and Reliance, we expect these leading D2C brands to receive support in terms of discounts in the near term to attain the desired business size.

Given that most brands are pursuing sales, related profitability is yet to be established as companies are posting an operational loss in the range of 5-10%. The losses are also a result of increased spendings on advertising through social media and influencers etc. Brands also need to chart out a profitability roadmap to sustain in the long term rather than solely depending on discounts. TRENT has been keen on full-price selling, though at an affordable level. Value fashion offers attractive price labels, and thus is gaining popularity and footfalls without significant push towards discounts.

**Exhibit 68: Zivame – Discounts**



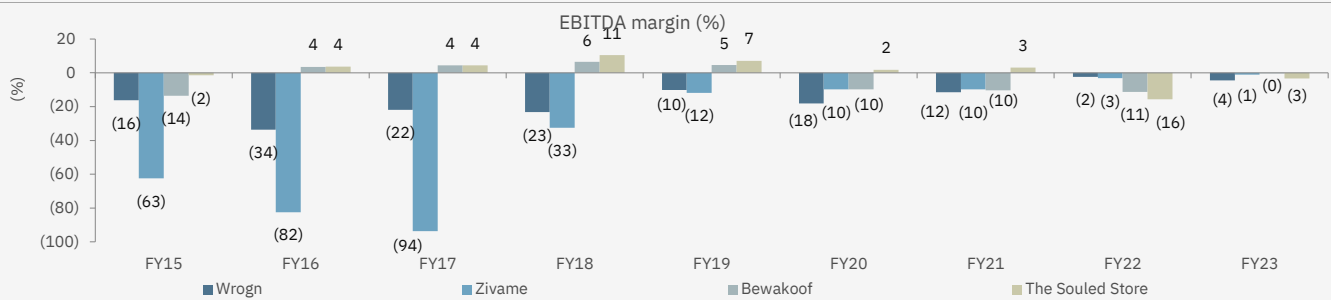
Source: Company website, Elara Securities Research

**Exhibit 69: Wrogn – Discounts**



Source: Company website, Elara Securities Research

Most leading D2C brands have posted operational losses (the range shifted to higher single-digit post-FY19 as against FY15-17 due to revenue expansion with in-line fixed cost). We do not foresee any strong competition from other D2C players due to sole reliance on high marketing spend and discount-led traffic generation. These brands may lack brand loyalty due to reliance on a single brand for various categories unlike fast fashion players that have different private labels and act as a house of brands. D2C brands garner seasonal loyalty.

**Exhibit 70: D2C brands – Operating losses indicate discount-driven business model**

Source: Tracxn, Elara Securities Research

**D2C brands taking center stage and attracting Indian conglomerates**

Investment backing for D2C brands have primarily come from large Indian business houses such as Reliance, ABG etc. D2C brands focus on online channel sales and reducing middleman costs. Further, these brands remain popular amongst the youth given celebrity endorsements and influencer marketing driving higher sales.

Major deals have manifested in the D2C brand segment. a) ABFRL invested USD 23.9mn in Virat Kohli-backed *Wrogn* in two rounds in June 2024 and October 2024, holding a 10.7% stake in the company (source: Tracxn). b) ABFRL acquired a controlling stake (81.7%) in *Bewakoof* at ~INR 2bn investment in 2022. c) Reliance Brands took over *Zivame* in 2020 for USD 120mn. Large Indian business houses are backing these brands with rich marketing budgets, synergies and access to wider resources. ABFRL, India's leading fashion player, has increased its focus on D2C brands. In 2022, ABFRL set up a new subsidiary, to foray into the D2C business and build a portfolio of distinct, new-age, digital brands across categories of fashion, beauty and allied lifestyle segments. The D2C portfolio will be overseen by ABDFL-backed venture, TMRW via organic and inorganic means. At present, TMRW Venture hosts key D2C brands with significant share in the D2C space.

**Exhibit 71: ABDFL to oversee D2C brands through TMRW Venture**

Source: Company, Elara Securities Research

**Marquee names investing in D2C brands**

For distribution, most brands rely on online channels through the support of their own website and listing on fashion websites such as Myntra.com / AJIO.com. Many brands have a few stores at select locations in key cities for brand visibility. However, the online channel is the primary mode of selling. *The Indian Garage Company*, backed by ABFRL, aims to open 100 stores in the next five years. Below-mentioned brands have received a total of USD 294mn funding and have ~USD 645mn valuations (based on the last deal). These brands have received popularity only post mass digital adaption (after 2016) in India. Firms have earned brand recall via digital marketing, marking significant presence in sales on leading online websites.

**Exhibit 72: D2C brands – Funding and valuations**

Brands	Online shopping platform	Total number of stores	Total fundings received (USD mn)	Valuations (USD mn)	Last funding date	Founded in	Marquee investors
Wrogn	wrogn.com	1	99	58	Jun, 2024	2014	ABFRL, Myntra, Accel
Zivame	zivame.com	30	73	92	Feb, 2020	2011	Reliance
Bewakoof	bewakoof.com	NA	40	63	Apr, 2022	2012	Aarti Industries, Uniqorn, Investcorp
The Souled Store	thesouledstore.com	22	30	99	May, 2023	2013	RPSG Ventures, Elevation Capital, Xponentia
The Indian Garage	tigc.in	Plan for 100 stores in five years	19		Oct, 2023	2012	TMRW (ABFRL)
Bombay Shirt	bombayshirts.com	18	23	28	Feb, 2024	2012	Lightbox, Singularity, RAAAY Global
Fable Street	fablestreet.com	15	10	40	Jun, 2024	2016	Fireside Ventures, Trifecta
The Bear House	thebearhouse.com	1	NA	NA	NA	2018	NA
Rare Rabbit	thehouseofrare.com	100	NA	265	Jun, 2024	2015	Nikhil Kamath, A91, NKSquared

Source: Tracxn, Elara Securities Research

## Quick commerce and fast fashion: Cross-analysis II

Quick commerce offerings limited to basics and 'regular use' categories

At present, quick commerce platforms predominantly focused on daily basics and regular-use cases, limiting their appeal for value/fast fashion apparel consumers. These platforms prioritize essential items such as casual T-shirts and innerwear, while broader apparel categories such as polo shirts, bottom wear, and occasion-specific outfits remain under-represented in terms of variety. Seasonal and event-driven offerings, such as *kurtas* during Diwali or jerseys during the IPL, indicate an opportunity-based than strategic approach to apparel sales. While innerwear collections are wider, the overall value-apparel presence is constrained. This narrow focus suggests that quick commerce serves more as a channel for immediate needs than as a comprehensive platform for fashion or occasion-driven purchases.

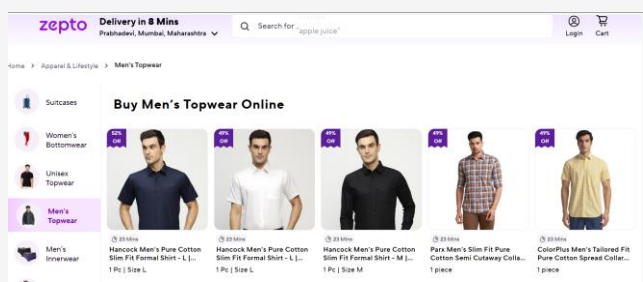
Exhibit 73: Quick commerce platforms – Categories and prices of apparel

Blinkit		Zepto		Instamart	
<b>Men's wear</b>					
<b>Top wear</b>	<b>Price (INR)</b>	<b>Top wear</b>	<b>Price (INR)</b>		
Hoodie	1293	Polo shirt	437		
Polo shirt	975	Cricket jersey	1199		
Round neck shirt	603				
Sweatshirt					
Jacket	1302				
Cricket jersey	999				
<b>Bottom wear</b>		<b>Bottom wear</b>			
Shorts	719	Shorts	660		
Track pants	899	Track pant	999		
Jogger	1199				
<b>Innerwear</b>		<b>Innerwear</b>			
	399		309		
<b>Ethnic wear</b>		<b>Ethnic wear</b>			
Kurta	1499	Kurta	637		
<b>Others</b>		<b>Others</b>		<b>Others</b>	<b>Price (INR)</b>
Socks	449	Socks	200	Socks	389
Handkerchief	299	Handkerchief	83	Handkerchief	199
<b>Women's wear</b>					
<b>Top wear</b>		<b>Top wear</b>		<b>Women's wear</b>	
Jacket	1302	Racerback top	329		
<b>Bottom wear</b>		<b>Bottom wear</b>			
Leggings	489	Pyjama	949		
Treggings	599				
Track pant	834				
<b>Innerwear</b>		<b>Innerwear</b>			
	339				
<b>Ethnic wear</b>		<b>Ethnic wear</b>			
Bengali saree	802				

Source: Company website, Elara Securities Research

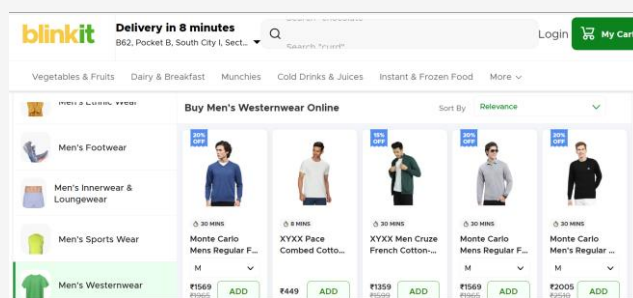
The variety for men and women apparel is constrained to round neck t-shirts, and polo t-shirts, with linear colors and less fashion. Going ahead, to improve collections, platforms are likely to expand collaborations with varied D2C brands rather than introducing their own private labels. This is because competing with focused fashion players may divert core business interest. Within quick commerce platforms, Blinkit has listed higher categories than Zepto. Instamart's offerings at present are limited to socks and handkerchiefs.

Exhibit 74: Zepto – Products of marquee brands



Source: Company website, Elara Securities Research

Exhibit 75: Blinkit offers a wider variety of products



Source: Company website, Elara Securities Research

Higher prices on quick-commerce due to marquee brand partnership; value prices not a focus

Offerings are clearly at premium prices and do not challenge any value apparel/ fast fashion players as quick commerce platforms have partnered with marquee brands such as Pepe Jeans, Jockey, Decathlon, and U.S. Polo Assn. Premium prices are aligned with quick commerce use cases for affluent customers, valuing time over price. The select variety of apparel with the absence of price-competitive brands highlight the platforms positioning themselves for emergency purchases rather than addressing broader fashion needs.

Unlike fast-fashion players that leverage backward integration to achieve cost efficiency, quick commerce platforms at present avoid this operational complexity, relying instead on brand onboarding. This approach aligns with their business model, as managing large inventories, ensuring economies of scale, and handling high return rates could dilute their core value proposition of speed and convenience. However, this strategy also caps the scope to cater to the price-sensitive mass market, positioning quick commerce as a channel primarily focused on essential products for immediate consumption, rather than a comprehensive destination for apparel.

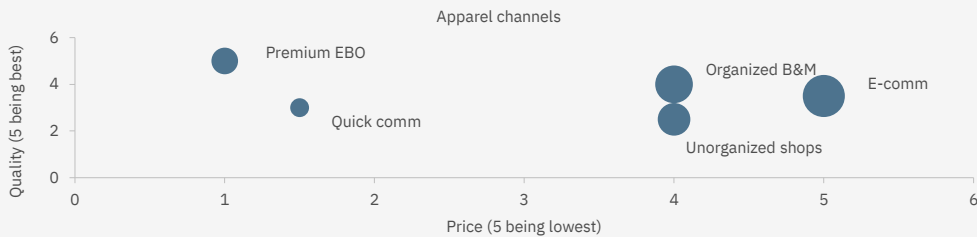
Exhibit 76: Marquee brand partnerships



Source: Company, Elara Securities Research

Channel wise, e-commerce offers the widest range of collections and prices, aided by an aggregator-led business model. Quick commerce lags in key metrics positioning due to focus on grocery and food items. Organized B&M players offer enhanced shopping experience with improved quality, while maintaining affordability in-line with long-serving unorganized shops, improving positioning. Premium EBO brands with exclusive stores have maintained high-quality standards at premium prices, but product variety and designs are subjective to brand DNA and company strategy.

Exhibit 77: Apparel channels with key metrics positioning



Note: Bubble size represents apparel variety; Source: Elara Securities Research

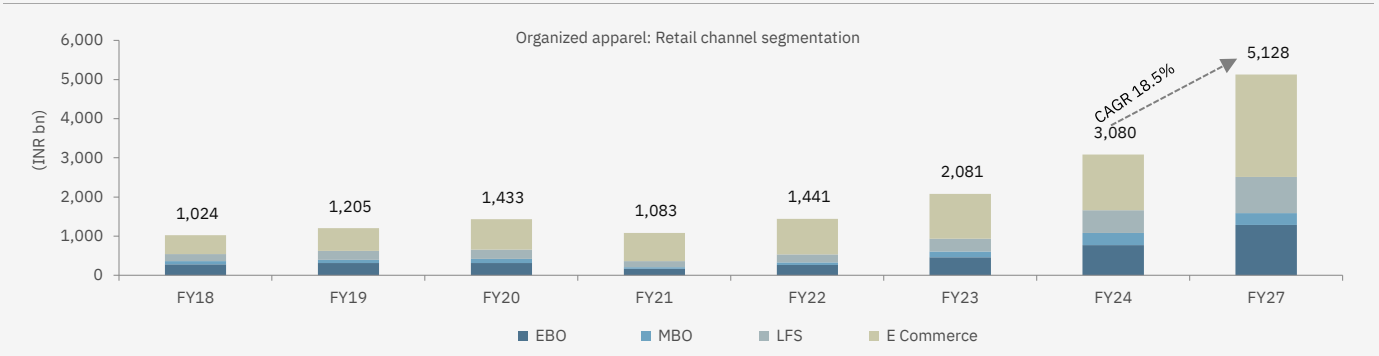


## e-commerce and fast fashion: Cross-analysis III

### Apparel: e-commerce to grow despite high base

Distribution channel-wise, e-commerce remains the largest contributor with 20.7%/46% share of the apparel/organized apparel sector in FY24. Through FY24-27E, higher growth in the organized market may be primarily led by e-commerce (22.7% CAGR), EBOs (18.5% CAGR) and then LFS (16.4% CAGR). e-commerce has been a key contributor to the overall apparel sector and its contribution post Covid has sustained at 22-24% as against pre-Covid range of 15-18%. The share of e-commerce in overall apparel is expected to scale up by 380bps to 24.5% at a 22.7% CAGR in FY24-27E due to increased popularity of online platforms such as Myntra, Ajoio etc. and incentives to consumers through various festival season offers.

### Exhibit 78: Channel wise, e-commerce forms a large pie

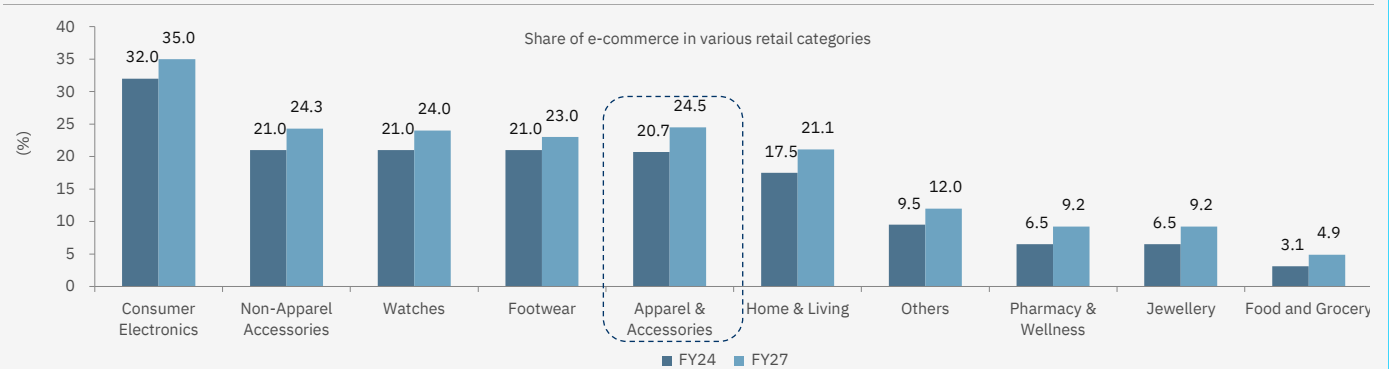


Source: Technopak in BS RHP (Industry Overview section), Elara Securities Research

### Apparel: e-commerce to grow by 22.7% despite a high base

e-commerce's contribution to apparel sales is largely in line with other e-commerce appealing categories. However, e-commerce CAGR for apparel at 22.7% is the highest (ex-food, jewelry and pharma on a low base). The high growth is characterized by: a) consumer preference for online given convenience, b) wider assortment vis-à-vis a traditional stores, and c) higher pull factor led by discounts and combo offers.

### Exhibit 79: e-commerce share in apparel sales set to be 24.5% by FY27E



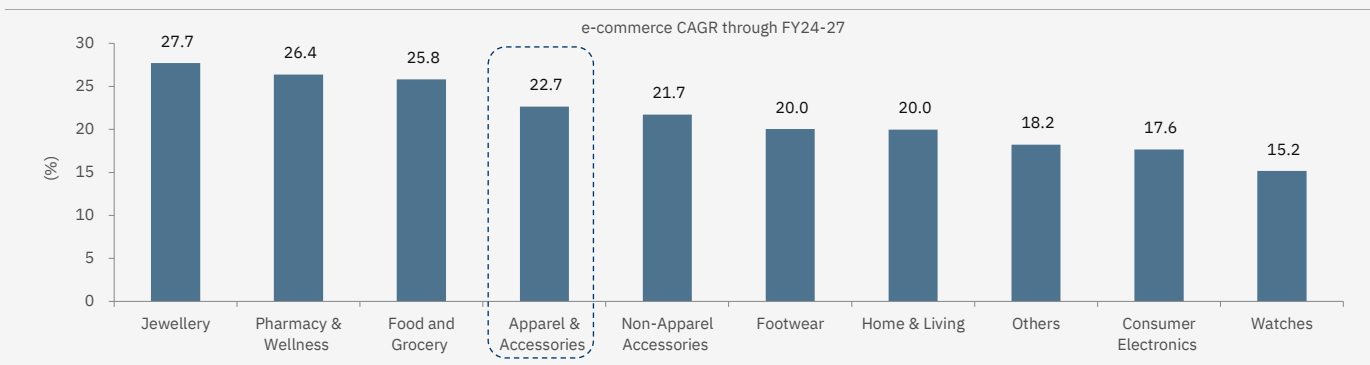
Source: Technopak in BS RHP (Industry Overview section), Elara Securities Research

### T-shirts and jeans have higher exposure to online channel

Within Apparel, the categories with high exposure to online channels are T-shirts, jeans, tops, innerwear and apparel accessories such as handkerchiefs, scarf, socks etc. *Westside* and *Zudio* continue to protect their brands with exclusive selling through brand outlets and setting trends in the fast fashion segment with higher shelf turns.



**Exhibit 80: Apparel – e-commerce to grow despite higher base**



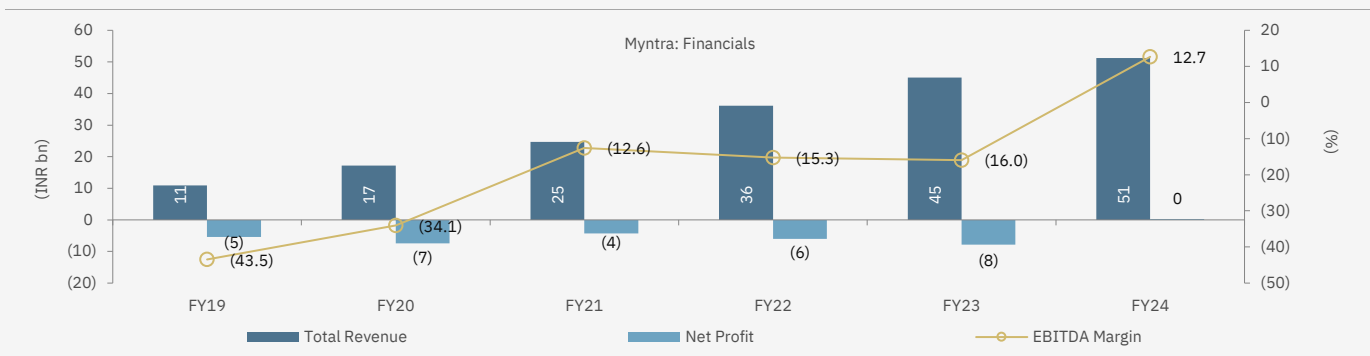
Source: Technopak in BS RHP (Industry Overview section), Elara Securities Research

**Myntra aims to bridge the gap with 'Mnow'**

Myntra has initiated a quick delivery service, 'Mnow', through which the platform is piloting a two-hour delivery, aiming to lower the order cycle time. A lower delivery time is the key to propel order completion and increased orderflows. The project was initially live in some parts of Bengaluru. We believe this move is a step to bridge the gap in the market as consumers face a choice dilemma between a) e-commerce, which offers the widest array of choices but has long delivery times (1-2 days) and, b) quick-commerce with faster delivery but limited choices and high prices. Thus, an evolved solution would be to offer the widest array of choices but with the shorter delivery time. Myntra with wide offerings seem to be striving to bridge this gap. However, shorter delivery is a function of: a) select SKUs, b) in-city presence of delivery stores to fulfil orders fast and c), optimal volumes for favorable unit economics. Operating through dark stores may limit SKU catalogues, and thus choices.

Successful traction for such a platform could push B&M players such as TRENT to re-strategize the channel of sale (surfers have searched for Zudio products online the most, Exhibit 84). The importance of online channel has further increased given the target cohort – Gen Z which is highly adaptive to such platforms.

**Exhibit 81: Myntra – Revenue up 4.7x through FY19-24**

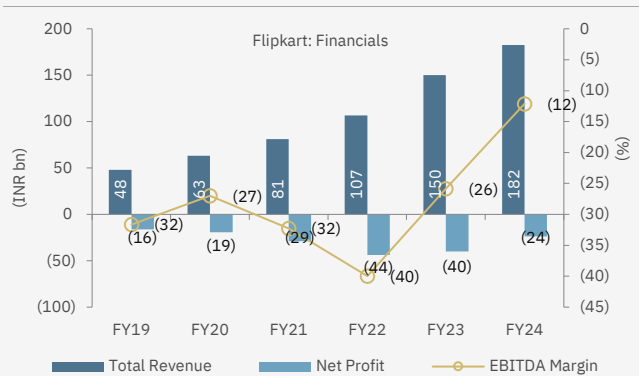


Source: Tracxn, ET, Elara Securities Research

e-commerce companies have emerged as the preferred destinations for fashion and accessory shopping. e-commerce as a preferred fashion channel has flourished, primarily led by: a) a wider variety due to brand collaborations, b) attractive prices led by discounts, offers, seasonal sales, and c) ability to serve all age groups and fashions at all prices.

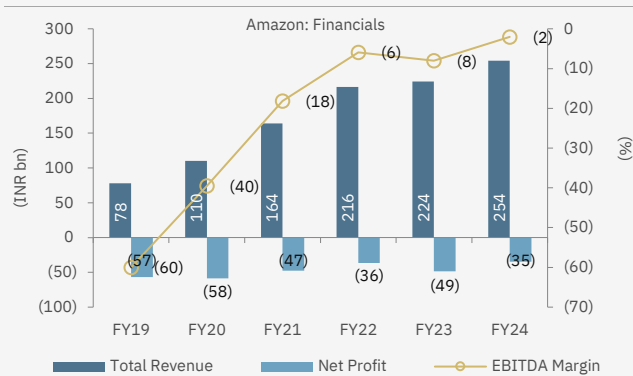
Major e-commerce players in India are Amazon, Flipkart, Myntra and Ajo. However, Flipkart-owned Myntra has been able to position as a niche fashion player and is popular amongst the youth, primarily due to better fashion designs, higher brand onboarding, and clear focus on fashion compared with Amazon and Flipkart (focus on other general merchandise). Amazon, Flipkart and Myntra together generated INR 488bn in sales in FY24, up 16% YoY with INR 58bn losses in the same period, lower than INR 96bn in FY23.

**Exhibit 82: Flipkart – Revenue grew 3.8x in five years**



Source: Tracxn, Elara Securities Research

**Exhibit 83: Amazon – EBITDA losses reducing**



Source: Tracxn, ET, Elara Securities Research

**e-commerce plays – Losses high, though at an ebb now**

Through FY19-24, cumulatively, Amazon, Flipkart and Myntra (FAM) posted INR 485bn losses despite generating INR 1,863bn in revenue. EBITDA losses also stood at INR 337bn. However, operational profitability has seen a rebound, with EBITDA loss within 8-12% in FY24 as against 30-60% in FY19.

e-commerce platforms also run seasonal sales via events such as Flipkart’s ‘Big Billion Day’, Amazon’s ‘Great Indian Festival’ and Myntra’s ‘End of Reason Sale’, which offer products at 30-40% discount, generating significant traffic. Higher advertising budgets and a discount-led push strategy are key reasons for losses. In contrast, Zudio through various forums has been vocal about maintaining pricing discipline, even within the B&M model, resulting in industry-leading profitability.

**Advertisement income forms a key portion of sales**

Apart from the core business, advertising revenue is the mainstay of profitability. Flipkart’s ad income rose 50% YoY to INR 50bn in FY24, and Myntra’s 33% YoY to INR 7.2bn. The ad income formed 27%/14% of total sales for Flipkart and Myntra in FY24.

Online viability for Zudio appears low given the low-ticket size, but it may opt for an online channel similar to Westside, to mark presence

Searching for Zudio clothes online remains a top question on google as regards the brand

**Zudio – Full-fledged online viability low....**

Zudio’s value products range below ~INR 1,000 ticket size. Also, the online markets benchmark products against a wide range of competition, leading to the pressure of potential discounts on brands, impacting overall profitability. So, largely, Zudio may strategically maintain operations via EBOs, with strong SSSG. Huge headroom for physical store expansion may further distance Zudio’s full-fledged entry into online channels. Zudio’s store network has expanded exponentially only post Covid, and with many stores yet to mature, an online entry may mar store sales, straining profitability given the higher fixed cost in initial years. At present, the online channel forms 5-6% of Westside’s revenue and has been stable over the years, showing the management’s conservative policy for online exposure.

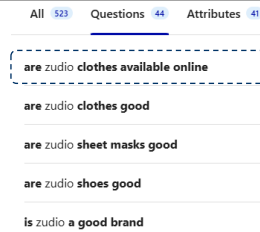
**.... but Zudio may leverage online channel as e-commerce shaping profitability**

In the medium-to-long run, Zudio may again strategize its online entry amid recent developments of Myntra foraying into two-hour delivery and in case other fast fashion/value fashion players enter the online channel.

However, Zudio may follow an online channel approach via its app/website, similar to Westside, to prevent benchmarking with heavily discounted products on the online platform. The e-commerce company’s losses are paring and the focus on profitability has spiked over the years. Thus, the e-commerce segment is returning to better shape (Myntra turned profitable in FY24) and D2C brands are also adopting an offline channel strategy, indicating omni-channel presence by the competition.

In the near term, convenience led by lower delivery time shall aid traction for online purchases. Gen-Z and millennials prefer online channels (searching for ‘Zudio clothes online’ remains the top question for Zudio – TRENT may need to re-strategize its B&M model and may initiate online channel for Zudio through own app/website).

**Exhibit 84: Enquiring about Zudio clothes online, a top ‘search question’**

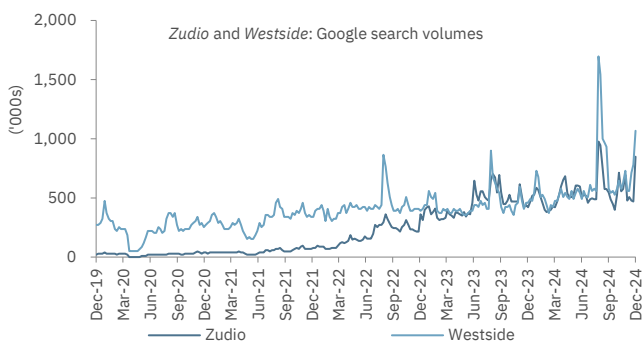


Source: Google Glimpse, Elara Securities Research

**Search volumes on Google corroborate Zudio’s popularity**

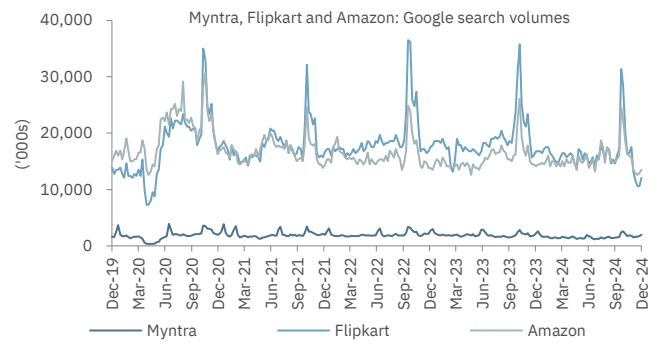
Search volumes on Google (thousands per week) for Zudio gained traction post June 2022 as the economy opened up post Covid. This popularity has sustained and accelerated in CY23-24. This corroborates Zudio’s store expansion in the past two years (233 in FY22 to 545 in FY24). Search volume for Westside remained steady. Search volume for e-commerce companies – Flipkart, Amazon, Myntra (FAM) – has largely remained consistent due to evolved business (search volumes are 15-18x higher than for Westside and Zudio). FAM are e-commerce platforms, serving wider SKUs across categories.

**Exhibit 85: Search volumes on Google corroborate Zudio’s popularity**



Source: Google Glimpse, Elara Securities Research

**Exhibit 86: Amazon and Flipkart have similar search volumes on Google**



Source: Google Glimpse, Elara Securities Research

**Brand incubation to continue**

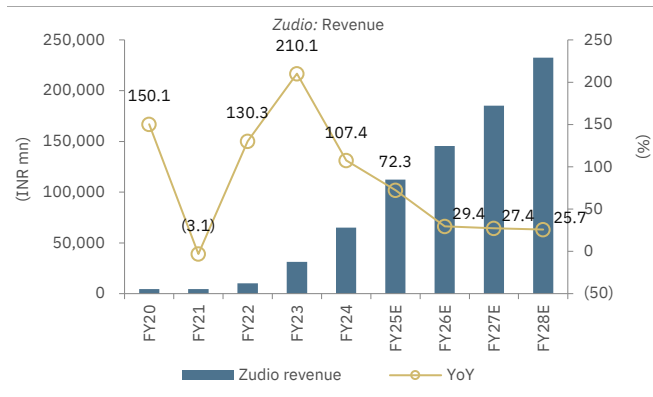
*Westside and Zudio – Firm growth pillars*

**Zudio has been able to grow significantly ahead of leading listed fashion players**

Initially started as a small brand in Star Bazaar stores, Zudio formed 53% of TRENT's topline in FY24, led by ~95% revenue CAGR through FY20-24. Zudio has been able to grow significantly ahead of leading listed fashion players in India despite Covid-led disruptions and slowdown in consumer spending. The trailblazer growth was backed by 59% store addition CAGR (FY20-24). Zudio expanded its presence by ~6x to 545 stores during (FY20-24) (577 stores in 184 cities as of Q2FY25).

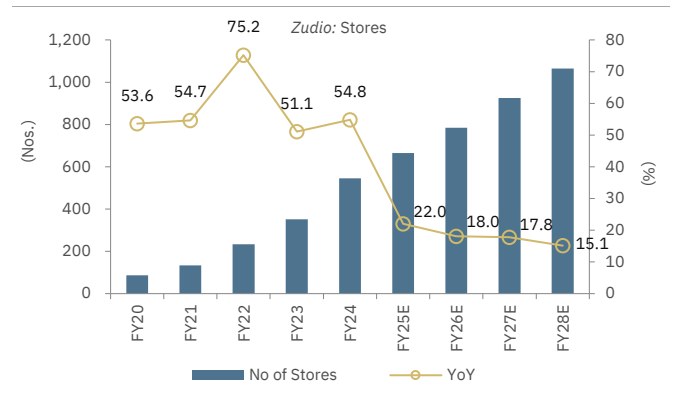
We expect Zudio to maintain a revenue CAGR of 37% through FY24-28E, led by ~120 annual store additions (till FY26E) and then 140 stores till FY28E. We believe attractive pricing is not the sole moat of Zudio but also differentiated fashion (unavailable with other fast fashion players, which is highly appealing to the Gen-Z). Zudio is thus successfully able to differentiate itself from other brands and create a moat by offering the latest fashion trends with lower design-to-shelf time.

**Exhibit 87: Zudio – Revenue to grow at 37% CAGR in FY24-28E...**



Source: Company, Elara Securities Estimate

**Exhibit 88: ...backed by 18% annual store addition**

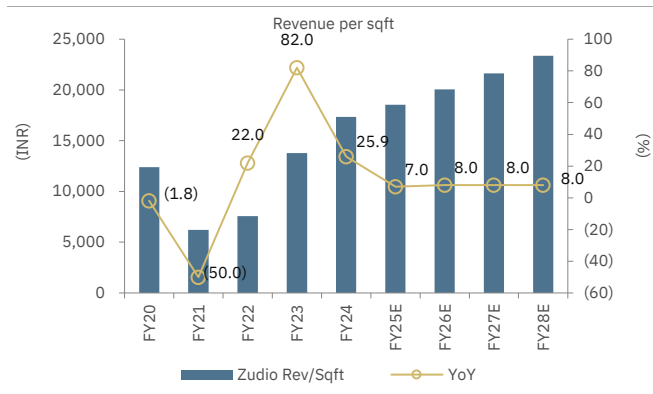


Source: Company, Elara Securities Estimate

Operating with a ~10,000sqft store, Zudio generates ~INR 17,000 revenue per sqft per annum, significantly higher than other value fashion players such as VMart (INR 7,236/sqft) and V2 Retail (INR 9,970/sqft) despite similar store size, as the metric is a pure function of footfalls which lead by Zudio.

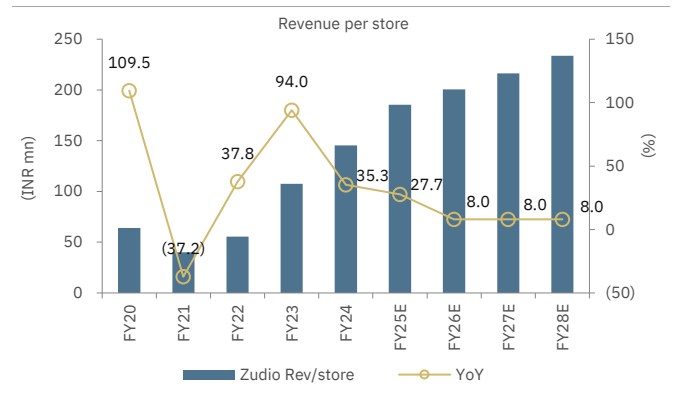
Zudio is the preferred destination for Gen-Z that has unique fashion choices. Zudio has cracked the code to generate higher throughput per operating area. Higher revenue per sqft despite 59% annual store addition underscores Zudio's popularity and strength in its moat. This has also reflected in its revenue per store (INR 145mn/store) versus VMart/V2 Retail's INR 64mn/106mn in FY24, respectively. Expect Zudio to continue this performance given its unique positioning and ability to harness fast fashion dynamics.

**Exhibit 89: Revenue / per sqft to move to INR 23,000 gradually...**



Source: Company, Elara Securities Estimate

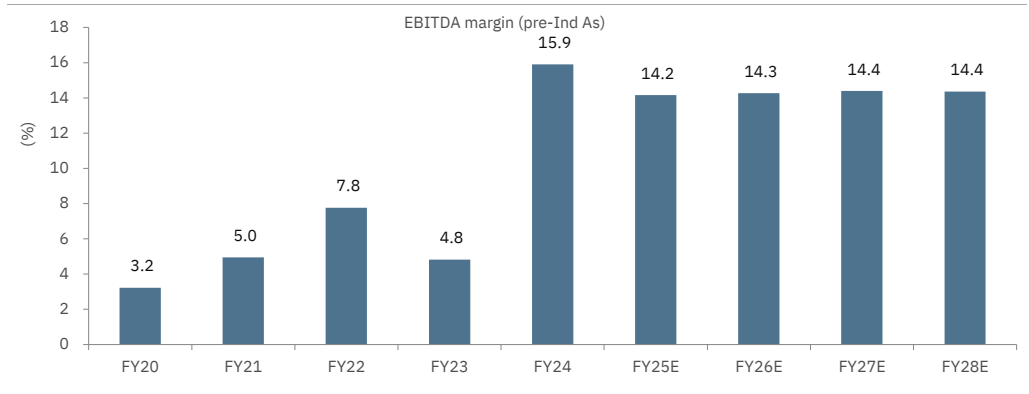
**Exhibit 90: .... and revenue/per store to move to ~INR 230mn by FY28E**



Source: Company, Elara Securities Estimate

As per our analysis, *Zudio* has improved its EBITDA margin (pre-Ind AS) to ~16% in FY24, and we expect margin to remain stable in the range of 14-14.5% given clear focus on pricing while maintaining quality in the face of a surge in new brands.

**Exhibit 91: *Zudio* – EBITDA margin (pre-Ind AS) to remain stable**



Source: Company, Elara Securities Estimate

***Westside* to continue with its consistent performance**

*Westside* is the oldest brand from TRENT's fold. The first *Westside* store opened in 1998. As of Q2FY25, *Westside* marked its presence through 226 stores in 81 cities with a large ~20,000 sqft store size. Through FY20-24, *Westside* added stores at a 9% CAGR and LFL recovered to 49% in FY23 (post Covid), resulting in a 19% revenue CAGR during the same period. Through FY11-20, *Westside* has maintained a steady LFL of 8-9%, showing consistency in performance. We estimate ~9% LFL and store addition of ~20-25 per year, resulting in a revenue CAGR of 13% through FY24-28E.

*Westside* is a mid-premium player with an overall bill size of ~INR 2,800. *Westside* positions itself as a one-stop fashion shop with 23 own brands across men's, women's and kids' wear and offerings in innerwear, BPC and home categories. The *Westside* brand also has an online channel (website, Tata Neo and own app with 1mn + downloads on Play Store). However, its contribution has been stable at ~5-6% of sales. We do not expect this share to grow exponentially unless TRENT changes strategy. The online channel is exposed to significant competition, while TRENT is focused on maintaining pricing discipline.

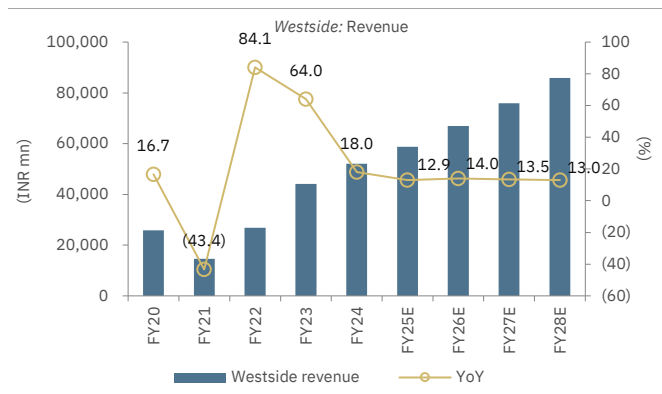
**Exhibit 92: *Westside* – Private label playbook**



Source: Company, Elara Securities Research

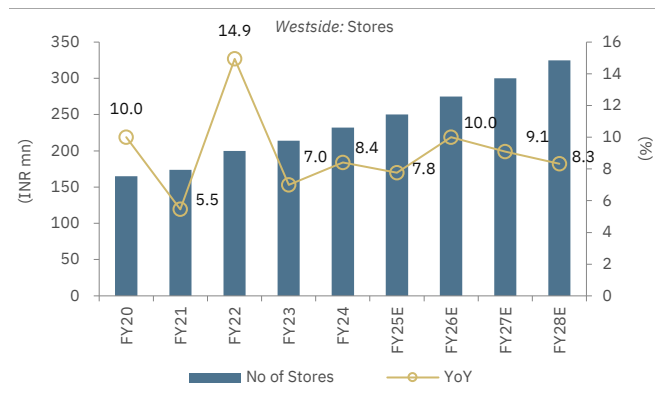
Westside stores have seen a steady 9% annual store addition during FY20-24. The company aims to add 30-40 *Westside* stores per year. Store addition for *Westside* will be slower than *Zudio's* due to business traction differential and larger store size resulting in increased store/location selection.

**Exhibit 93: Westside – Expect 13% revenue CAGR through FY28E...**



Source: Company, Elara Securities Estimate

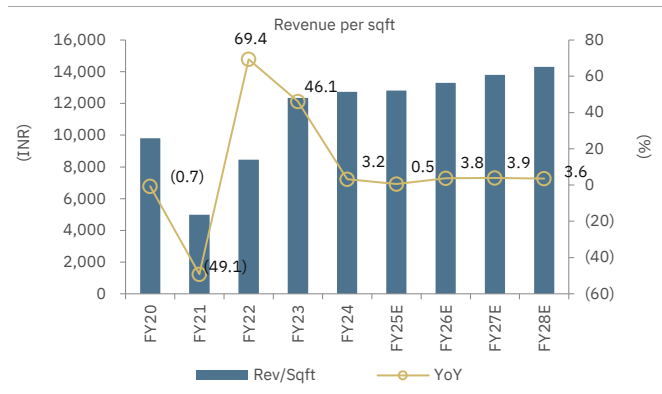
**Exhibit 94: .... led by ~25 store additions per year**



Source: Company, Elara Securities Estimate

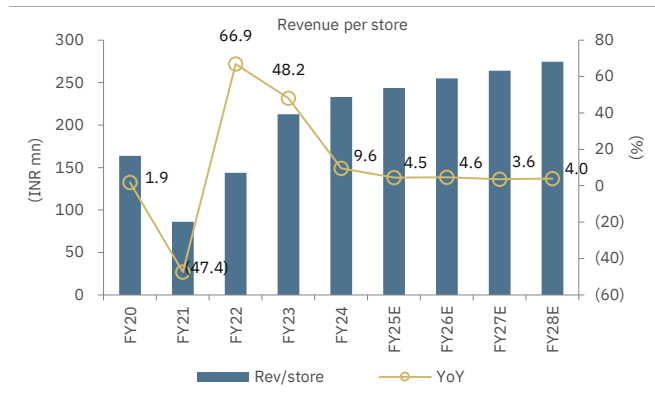
*Westside's* throughput per operating area has improved stoutly to ~INR 12,700 in FY24 from ~INR 9,800 in FY20, thus improving store-level revenue. Increasing revenue per sqft underlines healthy business traction. We expect it move to INR 14,300 by FY28E.

**Exhibit 95: Westside – Annual revenue per sqft to grow ~3.0%...**



Source: Company, Elara Securities Estimate

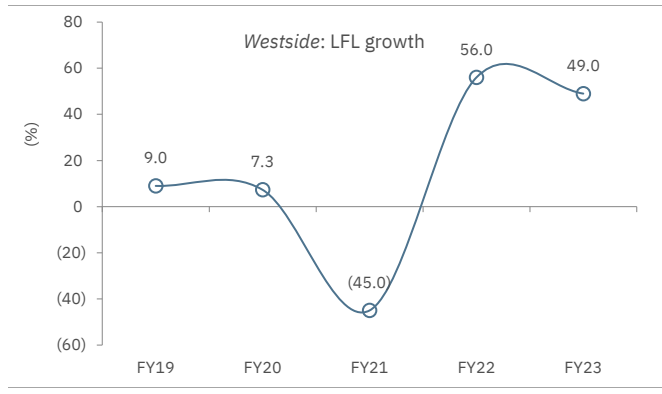
**Exhibit 96: .... resulting in better store-level revenue**



Source: Company, Elara Securities Estimate

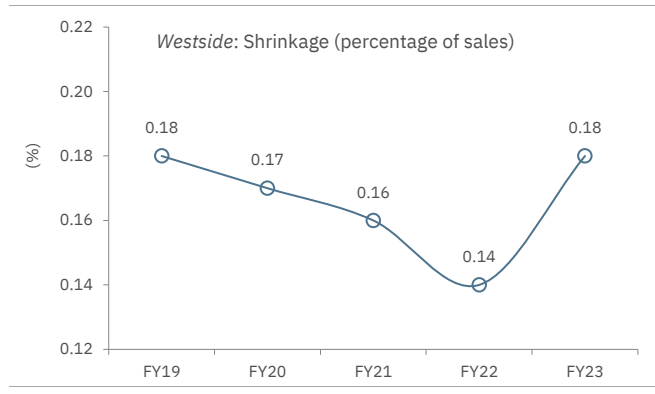
*Westside* maintained steady LFL growth of 8-9% through FY11-20 and posted 56%/49% LFL in FY22/23 on a low base due to Covid-led store closures. Robust LFL despite pure private label focus across categories underscores the success of business model and is a hallmark of product quality. Shrinkages, as a percentage of sales, have remained in control, aiding profitability.

**Exhibit 97: Robust LFL despite private label focus**



Source: Company, Elara Securities Research

**Exhibit 98: Shrinkage under control, thus aiding profitability**

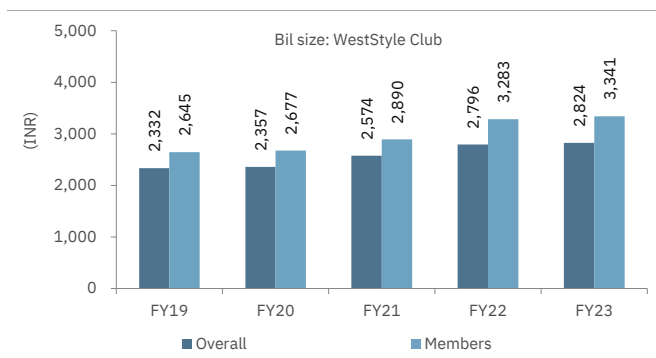


Source: Company, Elara Securities Research

WestStyle Club members have shaped *Westside's* consistent performance. Club members contributed ~84% to *Westside's* sales in FY23. As of Q2FY25, *Westside* enjoyed 12mn + WestStyle club members, which has grown at a 16.6% CAGR through FY20-24. Moreover, the bill size generated by club members was ~18% more than the overall bill size in FY23 (and has seen a range shift from 12-14% through FY19-21). Membership comes with privileged offerings such as: a) style voucher worth INR 400 on a purchase of INR 3,000, b) 20% off on a minimum in-store purchase of INR 4,000 in the birthday month, and c) a curated box of fragrances, colour cosmetics and bath & body products on annual spends of INR 12,000.

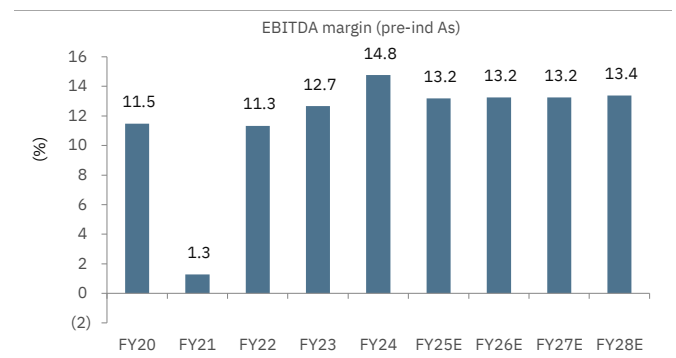
*Westside* maintains comprehensive control over its entire value chain, including critical elements such as design, branding, sourcing, logistics, pricing, display, promotion and sales. This integrated approach facilitates rapid transformation of concepts into market-ready products, allowing *Westside* to swiftly introduce the latest fashion trends. This direct oversight enhances operational efficiency and market responsiveness. Despite being a mid-premium player, *Westside* enjoys healthy 14.8% EBITDA margin likely due to: a) backward integration-led savings, b) full price selling, c) 80% nearshored merchandise in turn lowering transportation cost and d) contained shrinkages.

**Exhibit 99: Members' bill size ~18% higher than overall bill size**



Source: Company, Elara Securities Research

**Exhibit 100: *Westside* – FY28E EBITDA margin (pre-Ind As) at 13-14%**



Source: Company, Elara Securities Estimate

### Baby brands: *Utsa*, *Samoh* and *Misbu*

TRENT's fashion portfolio includes different styling brands operating at different growth rates and evolution phases. *Westside* and *Zudio* are now established players. TRENT is incubating and strengthening new brands such as *Utsa*, *Samoh* and *Misbu*. These fashion brands are in trial mode and TRENT may scale these post completion of a learning curve. Strengthening and establishing private labels in a highly competitive fashion market is difficult, and TRENT's experience and learnings from *Westside* and *Zudio* may help boost these brands.

*Utsa* offers curated *Westside* categories in the store. The brand was launched in 2019 from Pune. As of FY24, *Utsa* operated 22 stores in 12 cities (store size – 2,000-3,000sqft). These stores serve only women's categories across apparel, BPC, footwear, innerwear etc. *Utsa* brings select products and categories closer to consumers through smaller store sizes. As per the company, the key audience for *Utsa* brand is the 'modern Indian woman' and themes are centred around lifestyle, apparel, footwear, innerwear, beauty and accessories. As only select products from *Westside* are offered at *Utsa*, expect growth and expansion to be modest until the company has a brand-specific strategy.

*Samoh* is the youngest fashion brand in TRENT's portfolio. The brand was launched in FY24 in Lucknow. *Samoh* has a total of two stores in two cities. The brand's DNA focuses on premium, luxury, and contemporary designs with differentiated occasion wear for both men and women. *Samoh* can play an important role in expanding TRENT's presence as *Zudio* and *Westside* cater to mass and mid-premium customers, focused on modern fashion. *Samoh* with contemporary designs at luxury prices sets up TRENT comfortably in the luxury fashion market.

*Misbu* operates in beauty, personal care, fashion accessories and décor categories since FY23. The brand targets Gen Z and millennials. *Misbu* aims to provide BPC products at attractive pricing. Brands are present across six cities via 10 stores. The BPS space is highly competitive and the sole focus on private labels is likely to see a prolonged gestation period before being ready for growth.

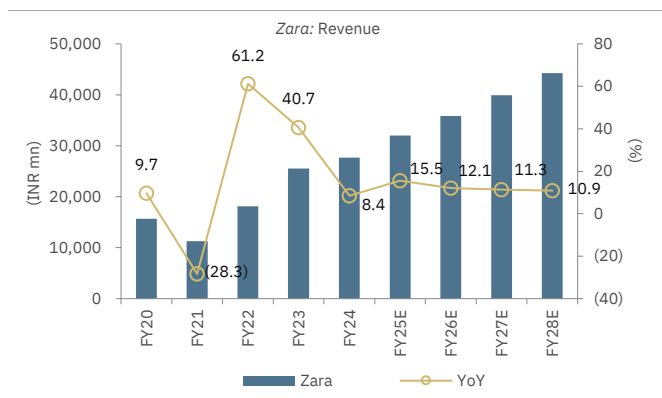


**Zara and Massimo Dutti – Stable growth**

**Zara will continue with its steady growth**

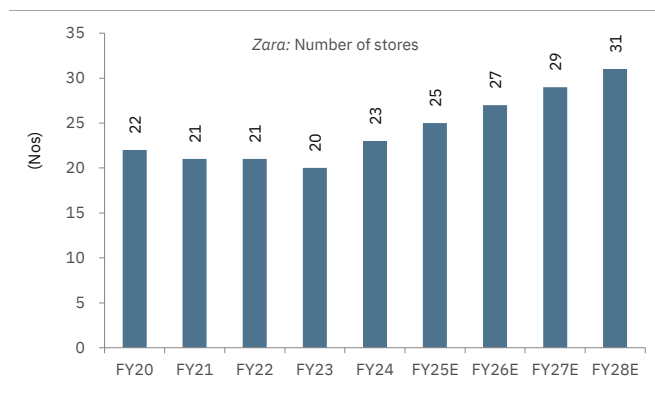
TRENT operates 23 stores with *Zara* brand across 12 cities through Inditex Trent Retail India Private (ITRIPL) in India. As per TRENT, these entities are mandated to source merchandise only from the Inditex Group. The choice of product and related specifications are also at Inditex’s discretion. TRENT views these partnerships as financial investments rather than commitments. *Zara* has posted a 15% revenue CAGR in FY20-24. Expect Zara to continue with its steady growth and is estimated to post a 12.5% revenue CAGR in FY24-28E.

**Exhibit 101: Zara – Revenue CAGR to be 12.5% through FY28E**



Source: Company, Elara Securities Estimate

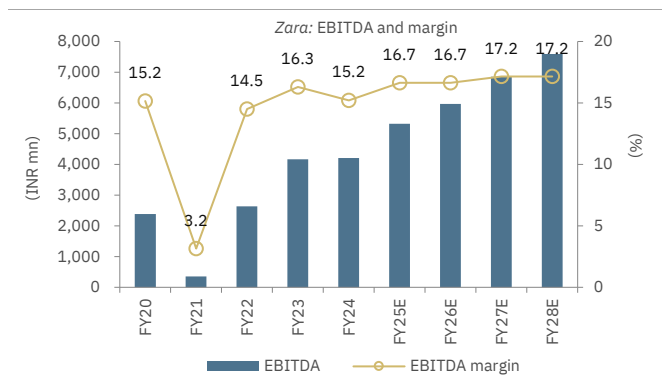
**Exhibit 102: Expect modest store addition**



Source: Company, Elara Securities Estimate

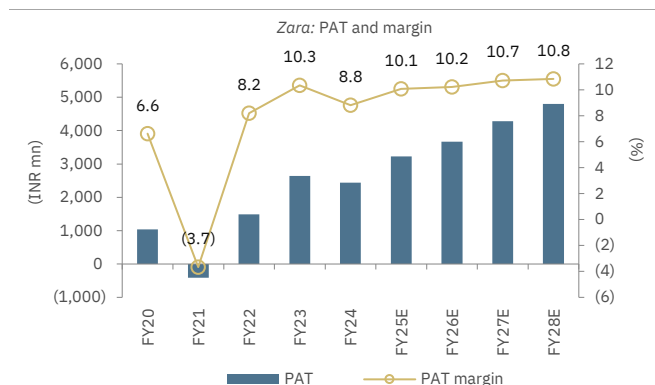
The *Zara* brand posted an EBITDA CAGR of 15.3% with EBITDA margin in the range of 14-16% through FY20-24. We estimate a 16% EBITDA CAGR with 16-17% margin through FY24-28E. Led by lower fixed costs, PAT grew 18.5% per annum with PAT margin at 10-10.8% through FY24-28E.

**Exhibit 103: Zara – Expect EBITDA margin at 16-17% in FY24-28E...**



Source: Company, Elara Securities Estimate

**Exhibit 104: ....and PAT CAGR at 18.5%**

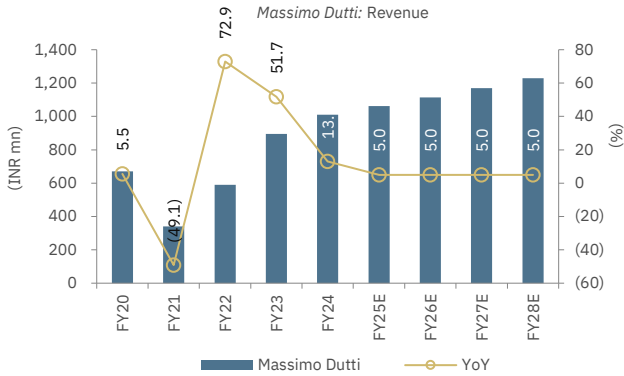


Source: Company, Elara Securities Estimate

**Massimo Dutti – Three stores in two cities**

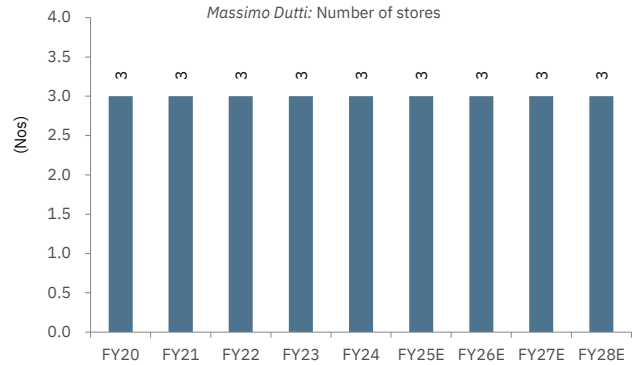
TRENT operates three stores of the *Massimo Dutti* (MD) brand in two cities through Massimo Dutti India Private (MDIPL). MD posted a 10.8% revenue CAGR with three stores constantly operational through FY20-24.

**Exhibit 105: MD – Revenue to post a modest 5% CAGR...**



Source: Company, Elara Securities Estimate

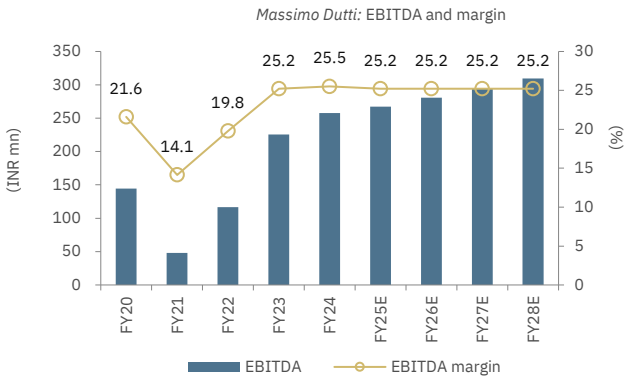
**Exhibit 106: ....as store addition may remain silent in FY24-28E**



Source: Company, Elara Securities Estimate

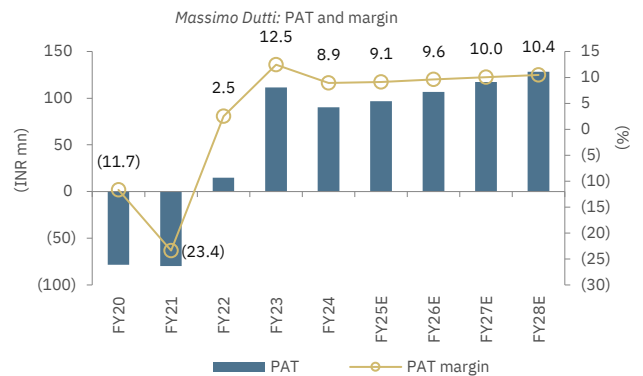
MD has posted an EBITDA CAGR of 15.5% with healthy EBITDA margin at 21-25% through FY20-24. The brand has seen a net earnings turnaround in FY22.

**Exhibit 107: MD – Expect 5% EBITDA CAGR through FY24-28E**



Source: Company, Elara Securities Estimate

**Exhibit 108: MD turned bottom-line positive in FY22**



Source: Company, Elara Securities Estimate

**Star Bazaar: Monitor private label performance as network expands**

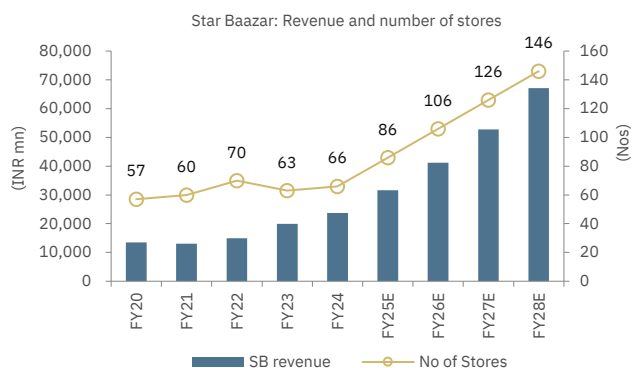
TRENT operates Star Bazaar (SB) primarily through Trent Hypermarket Private (THPL), which is a 50:50 joint venture between TRENT-Tesco Plc Inc. and Fiora Hypermarkets. Unlike DMart, Star Bazaar has a grade of stores – Hypermarket (full-fledged offerings similar to departmental store) and supermarket (fulfilling top-up purchases with focus on fresh products, groceries and FMCG).

The store sizes range within 16,000-24,000sqft (62% lower than DMart’s ~42,000 sqft store) due to presence in large commercial spaces/malls, where the availability of desired size is a key challenge. As of Q2FY25, TRENT operates 74 SB stores in 10 cities under THPL and Fiora Hypermart (a Trent subsidiary). Historically, store addition for SB has been slow despite a lower base (at 10-year CAGR of 15.2% as against 17% for DMart through FY14-24).

With modest store growth, Star Bazaar’s (THPL+ Fiora Hypermarket) revenue grew 15.2% in FY20-24, with ‘EBITDA positive’ operations in FY24. Levers for improving EBITDA margins are: a) continued healthy LFL, b) traction in own brands during expansion, c) sufficient expansion for scale benefits, and d) attractive pricing versus peers to drive footfalls in stores.

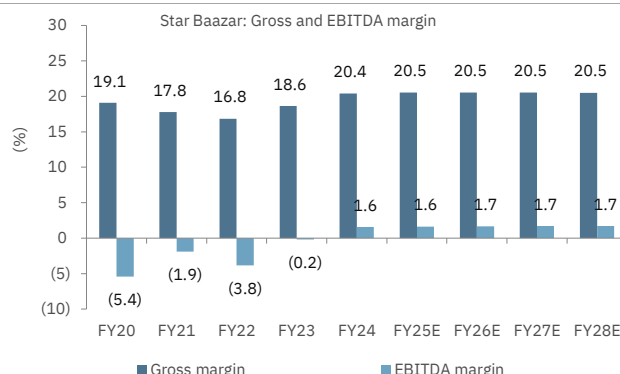
Expect Star Bazaar to add 20 stores annually through FY24-28E. Calibrated expansion in select markets shall prop the share of own brands. We expect Star Bazaar’s revenue/EBITDA CAGRs at 29.6%/32.5% through FY24-28E, primarily due to gaining scale on a lower base.

**Exhibit 109: Star Bazaar to post 29.6% revenue CAGR in FY24-28E**



Source: Company, Elara Securities Estimate

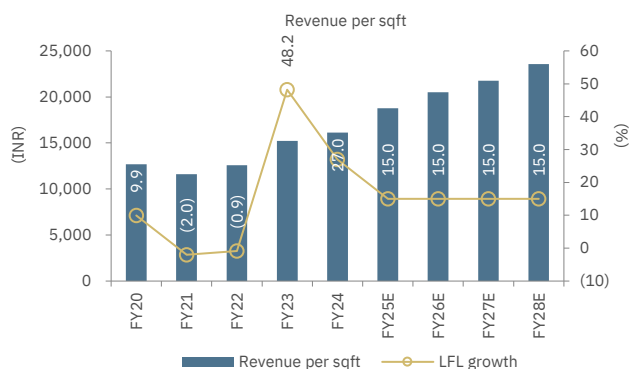
**Exhibit 110: Expect profitability to remain muted**



Source: Company, Elara Securities Estimate

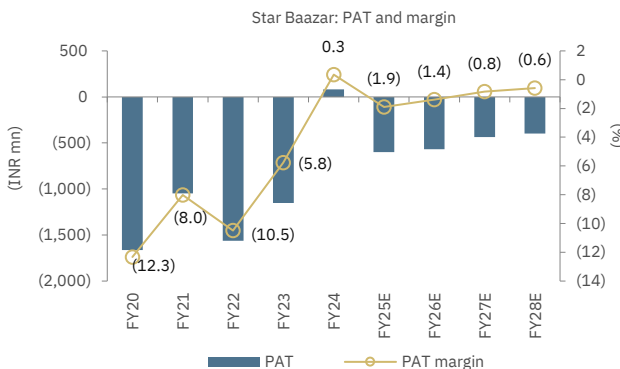
Star Bazaar’s revenue per sqft improved sharply to ~INR 16,000 in FY24, though still 52% below DMart’s revenue per sqft of INR 32,800 in FY24, as it is function of: a) higher footfalls and b) higher inventory turnover. We expect revenue per sqft to move to ~ INR 23,000 gradually. Lower EBITDA losses and other income resulted in a turnaround in FY24.

**Exhibit 111: LFL growth to remain at 15.0% due to lower scale**



Source: Company, Elara Securities Estimate

**Exhibit 112: Star Bazaar – On path to post a turnaround**



Source: Company, Elara Securities Estimate

Star Bazaar seeks to drive a balanced revenue mix across verticals. Fresh (vegetables, fruits, meat) also forms a significant 18% of the company’s revenue (items are sourced directly from a network of 1,000 farmers). Notably, the company has seen material improvement in the General Merchandise and Apparel (GMA) category (24% in Q1FY23 to 32% in Q2FY25). This may have contributed to chasing a break-even as private labels have higher margins unlike traditional trading of other brands.

**Exhibit 113: GMA share improved to 32% as on Q2FY25**



Source: Company, Elara Securities Research

Source: Company, Elara Securities Research

**Private labels, a major theme; performance with expansion, a key monitorable**

Star Bazaar operates per its own brand playbook. Rising share of its own brands augur well for Star to pare losses. We believe the success of Star Bazaar will solely depend on quality and perception of its products when stacked against leading FMCG giants. Given the push for its own brands: a) consumers may find limited products variety; also, addressing a wide array of choices will be key while expanding into new cities and b) diversification of offerings may be marred due to focus on own brands.

**Exhibit 114: Private labels across categories**

Brand	Category	Operates in
Klia	FMCG	Home cleaning and toiletries
Fabsta	Food	Packaged food and beverages
Skye	FMCG	Personal care products
Smartle	GM	Utility, home appliances, toys
Star	Food	Packaged staples and fresh products

Source: Company, Elara Securities Research

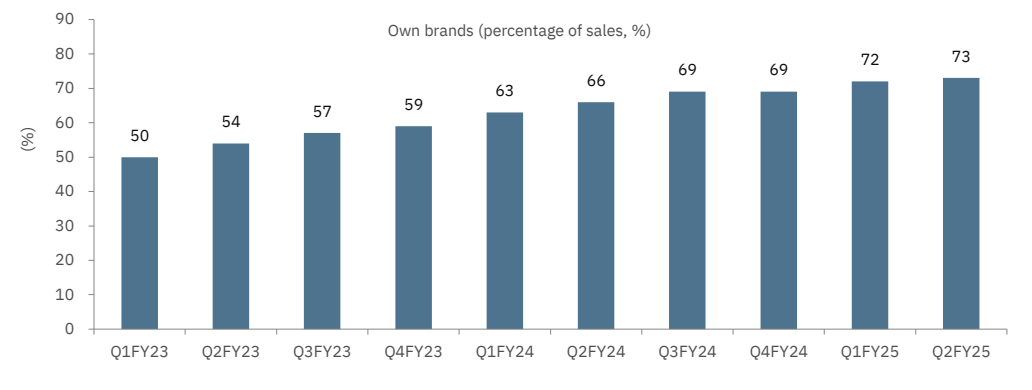
**Exhibit 115: Star’s private labels**



Source: Company, Elara Securities Research

Star's revenue is skewed towards its own brands. SB has seen a steady and consistent rise in share, to 73% in Q2FY25 from 50% in Q1FY23. The share of its exclusive FMCG brand rose by 580bps in the past four years to 14.8%, while within five quarters, the share of the recently launched (in FY24) *Smartle – GM* brand rose to 80%. The performance is noteworthy, but at present, Star is present only in 10 cities and appeal and continuity of its own brands' share will be key monitorables as SB expands. In our view, SB's labels are likely to do well in non-FMCG, fresh and staple category, while FMCG brands, especially associated with external/and internal use will have to compete with FMCG brands.

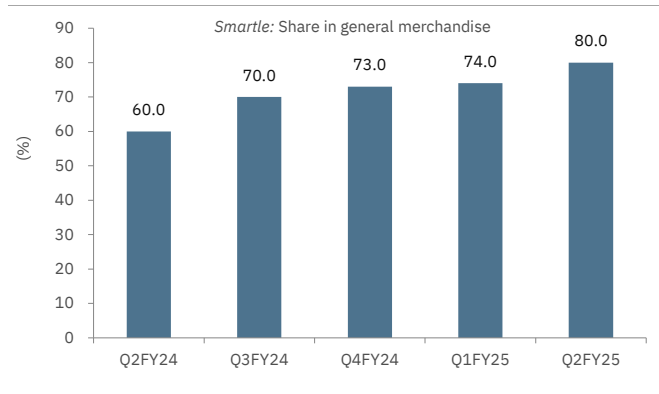
**Exhibit 116: Steady and consistent rise in the share of own brands**



Source: Company, Elara Securities Research

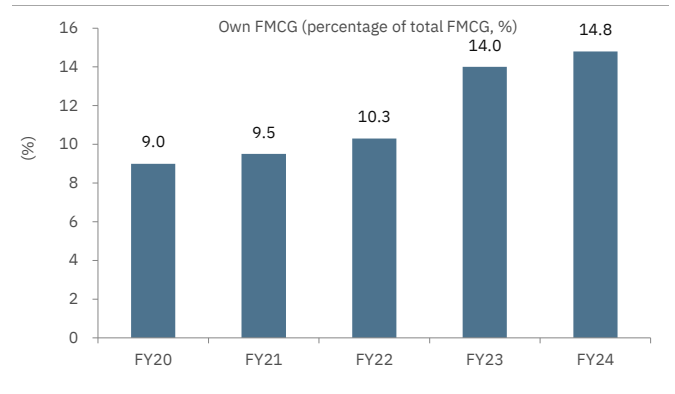
Growth for modern trade players is being challenged by quick commerce players in metro cities, thus impacting SSSG. However, non-metro cities are untapped by quick commerce plays and MT players therein shall be preferred by the consumers. Star Bazaar is largely concentrated in metro cities and could be less immune.

**Exhibit 117: Smartle – Healthy response; brand launched in FY24**



Source: Company, Elara Securities Research

**Exhibit 118: The share of exclusive FMCG brands picked up**



Source: Company, Elara Securities Research



### Expanding brands – Zudio Beauty and Pome

Riding on the success of value apparel, *Zudio* as a brand has been received very well by the youth, for its value-based proposition, differentiated fashion and freshness. TRENT seems to leverage the brand equity to expand into adjacent fashion and BPC ecosystems. And this seems a logical move as peers such as Shoppers Stop, Reliance and Nykaa have businesses in BPC as also fashion. While expanding, TRENT may offer multiple brands under the banner of *Zudio* or without *Zudio*. *Zudio's* banner has already a firm brand recall as a value play, while the offerings into mid-premium to premium may likely be launched via a separate brand.

#### ***Zudio Beauty* – TRENT's entry brand into 'mass priced' segment**

TRENT's entry into beauty through the *Zudio* banner indicates its foray into the 'mass priced' beauty segment. *Zudio Beauty* (ZB) opened its first store in Bengaluru with plans for expansion into Gurugram, Pune and Haryana. Competition within the BPC Segment remains elevated and will be a different playground than apparel. Nykaa, an Indian BPC poster company, has already a firm presence online (through website) and physical stores, with onboarding of marquee brands and private labels. This also places ZB in competition with HUL's Elle 18, Sugar Cosmetics, Health & Glow and Color bar.

Beauty is a different playing field with aspirational class growing. This is led by aggressive marketing by L'Oréal and other HUL brands. High-profile celebrities featuring in commercials have paved the way for an aspirational class. This suggests a higher spend towards marketing and inclination towards the aspirational segment.

Within this context, TRENT via its *Zudio* banner for beauty seems targeting the mass priced market. But success may depend on factors such as: a) price placements with quality standards, b) positioning of brands (aspirational/mass priced), c) sales channel (online versus offline), and d) differentiation fits as the addressable market remains large.

#### ***Pome* – Lab-grown diamond brand**

TRENT is offering its lab-grown diamond brand '*Pome*' in Westside stores. At present, the brand has been launched in select *Westside* stores in Mumbai, Bengaluru, Hyderabad and Gurgaon. The brand has been initially launched in *Westside* and upon receiving a response, the company may go the EBO (exclusive brand outlet) route.

Its lab diamonds are priced between INR 12,000-INR 17,000 per carat. Traditionally, jewelry has been an aspirational and investment avenue, with last resort option for any uncertainties. Price volatility of lab-grown diamonds would be a key monitorable for its adaption. We believe that apart from investments, there is an addressable class of consumers with willingness to adopt lab-grown diamonds as jewelry.

#### **Exhibit 119: *Pome* – Store locations that host the brand**

##### ***Pome* available at select *Westside* stores**

Location	City	State
Borivali	Mumbai	Maharashtra
Army & Navy Building	Mumbai	Maharashtra
KMC Hall	Hyderabad	Telangana
Kamraj Road	Bengaluru	Karnataka
Good Earth CCM	Gurgaon	Haryana
Pataka House	Calcutta	West Bengal

Source: Company website, Elara Securities Research

## Valuations and recommendation

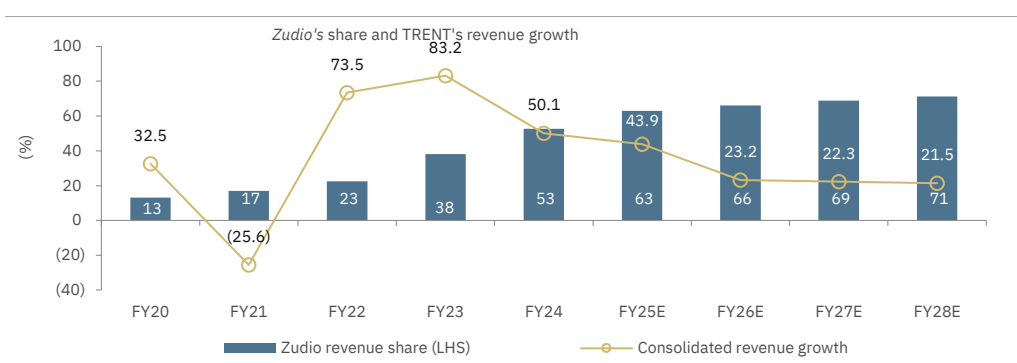
- ▶ *Zudio* shaping TRENT's trajectory, with acceleration in revenue
- ▶ Initiate with Buy and a TP of INR 8,500
- ▶ Key risks –Subdued store addition, intensifying competition, poor traction in new businesses

### Zudio shaping TRENT's trajectory with acceleration in revenue

#### Zudio set to support overall growth for TRENT

TRENT has grown at a robust pace through FY19-24 led by *Zudio*, with contribution to consolidated revenue rising exponentially in just five years (from 7% in FY19 to 53% in FY24). The growth was backed by ~10x store expansion for *Zudio* (from 56 in FY19 to 545 in FY24) and robust SSSG given the popularity of the brand. Through FY24-28E, its share is expected to scale to 71% (from 53% in FY24), steadier than the pace in FY19-24. *Zudio* will continue to grow ahead of peers and shall drive growth for TRENT's overall topline.

Exhibit 120: *Zudio* set to support overall growth for TRENT



Source: Company, Elara Securities Estimate

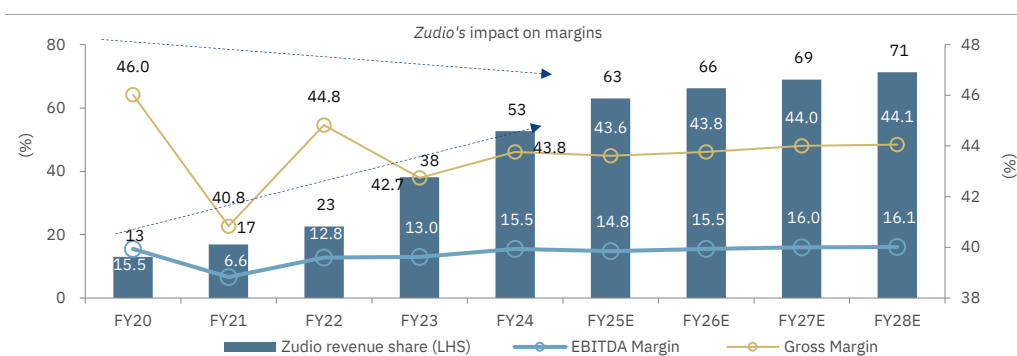
#### *Zudio* supported TRENT's EBITDA margin and return ratios

Increased revenue share from *Zudio* has hit gross margin but supported EBITDA margin. Being a play in value fashion, *Zudio* operates at gross margin of 35-40%, much lower than *Westside's* ~55%. So, an exponential rise in *Zudio's* revenue has capped gross margin at the portfolio level.

However, in FY16-19, TRENT's EBITDA margin remained in the range of 6-9% and rose sharply to 15.5% in FY24. Higher inventory turns for *Zudio* due to strong traction has improved headline revenue more than the fixed cost with negligible A&P spends compared with peers, resulting in EBITDA margin gain.

We expect this rapid change in sales contribution to be steadier and more gradual going ahead. As of FY24, *Zudio* formed ~53% of the consolidated topline, which is expected to be 71% by FY28E. Thus, the impact on gross and EBITDA margin may remain stable

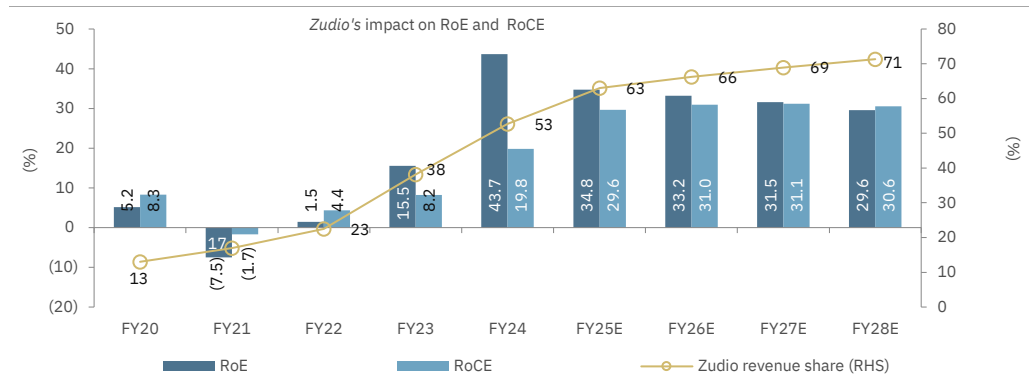
Exhibit 121: *Zudio* hit TRENT's gross margin, but supported its EBITDA margin



Source: Company, Elara Securities Estimate

TRENT has seen impressive progress on RoE and RoCE, largely led by *Zudio*. Higher inventory turns backed by strong business traction resulted in healthy topline growth and has led to EBITDA margin gains. This improved net earnings, which boosted RoE and RoCE. RoE and RoCE are expected to remain stable through FY24-28E, driven by healthy earnings growth.

**Exhibit 122: RoE and RoCE improved as *Zudio*'s salience increased**



Source: Company, Elara Securities Estimate

**Westside and Zudio: The bright spots**

We value TRENT (standalone) on EBITDA growth adjusted EV/EBITDA, in line with valuations for global fashion peers and leading Indian consumer discretionary names.

**Global fashion peers to post 6.8% EBITDA CAGR in CY23-26 due to matured business scale**

We benchmark TRENT against leading global fashion names – H&M (Sweden), Zara (Inditex, Spain), UNIQLO (Fast Retailing Company, Japan) and Primark (Associated British Foods, UK). These plays are expected to post an average 6.8% EBITDA CAGR through CY23-26, per Bloomberg Consensus Estimate.

TRENT is estimated to clock 30.9% EBITDA CAGR through FY24-27E. The lower growth for global fashion peers is a function of established and matured brand revenue over years. But in India, branded fashion and value fashion have gained pace post CY20 and have the headroom to grow, benefitting TRENT. Global fashion peers are trading at an average of 10.7x EV/EBITDA (CY26) with 6.8% EBITDA CAGR, per Bloomberg Consensus Estimate. We estimate TRENT to post a 30.9% EBITDA CAGR in FY24-27E, adjusted for TRENT's growth, to arrive at an implied target EV/EBITDA of 48.8x.

**Exhibit 123: Global fashion peers to post an average 6.8% EBITDA CAGR in CY23-26**

Global fashion plays	EBITDA CAGR (%)	EV/EBITDA (x)
H&M	5.6	6.6
Zara (Inditex)	7.9	12.9
UNIQLO (Fast Retailing Company)	8.6	17.5
Primark (Associated British Foods)	5.1	5.8
<b>Average</b>	<b>6.8</b>	<b>10.7</b>
<b>TRENT (standalone)*</b>	<b>30.9</b>	<b>48.8</b>

Source: Bloomberg Consensus Estimate; \*Elara Securities Estimate

**India consumer discretionary to post 15.1% EBITDA CAGR through FY24-27**

We also benchmark TRENT against leading listed consumer discretionary names across diverse sectors – Titan (Jewellery), Jubilant Foodworks (QSR), United Spirits (Alcobev) and DMart (Retail). These plays are estimated to post an average 15.1% EBITDA CAGR through FY24-27E and are trading at average 32.5x FY27E EV/EBITDA. We estimate TRENT to post a 30.9% EBITDA CAGR and based on the multiplier effect, arrive at an implied target EV/EBITDA of 66.5x.

**Exhibit 124: EBITDA for leading consumer discretionary plays to grow at an average of 15.1% in FY24-27E**

India consumer discretionary plays	EBITDA CAGR (%)	EV/EBITDA (x)
Titan*	18.6	35.8
Jubilant FoodWorks	8.5	26.8
United Spirits	14.9	34.5
DMart*	18.3	33.4
<b>Average</b>	<b>15.1</b>	<b>32.5</b>
<b>TRENT (standalone)</b>	<b>30.9</b>	<b>66.5</b>

Source: \*Bloomberg Consensus Estimate, Elara Securities Estimate

**TRENT set to outpace leading Indian fashion players**

Also, in FY24-27E, TRENT (standalone) with revenue and EBITDA CAGRs of 30.2% and 30.9%, is set to outperform India's fashion players – VMart, Go Colors, MANYAVAR and Page Industries – significantly. These India fashion plays are expected to post average revenue/EBITDA CAGRs of 16.4/23.5%.

This has poised TRENT as an industry leader. Also, Zudio will continue to be a market leader as emerging and established players are yet to have a strong hold in the fast fashion space though competition may intensify given Zudio's success.

**TRENT (standalone) valued at 57x, in line with implied average EV/EBITDA of global fashion and Indian CD players:** TRENT has been a bright spot in the Indian fashion and consumer discretionary space. Based on the multiplier effect, the average of global fashion (48.8x) and Indian consumer discretionary (66.5x) imply ~57x EV/EBITDA. So, we value TRENT at 57x Sep '27E EV/EBITDA to arrive at an EV of INR 7,704 per share.

**Exhibit 125: Average of global fashion and Indian consumer discretionary plays imply ~57x EV/EBITDA**

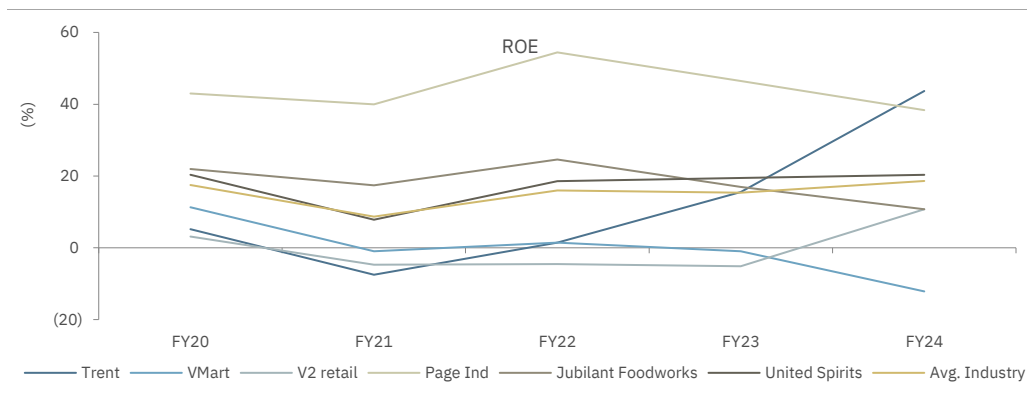
	(INR)
Implied EV/EBITDA (average of India consumer discretionary and global fashion plays, x)	57
EBITDA per share (Sep '27E)	135
EV per share	7,704

Source: Elara Securities Estimate

**Healthy improvement in ROE**

TRENT has seen consistent improvement in RoE, led by significant take-off in business operations, primarily backed by Zudio. Except Page Industries, the average ROE for peers in fashion and consumer discretionary basket is at 18%. TRENT's ROE has been in line with the market in FY23 and outperformed in FY24, implying improving business quality. We expect this performance to continue going ahead.

**Exhibit 126: ROE grew at a healthy pace**



Source: Company, Elara Securities Research

Valuation re-rating in line with Indian consumer discretionary peers

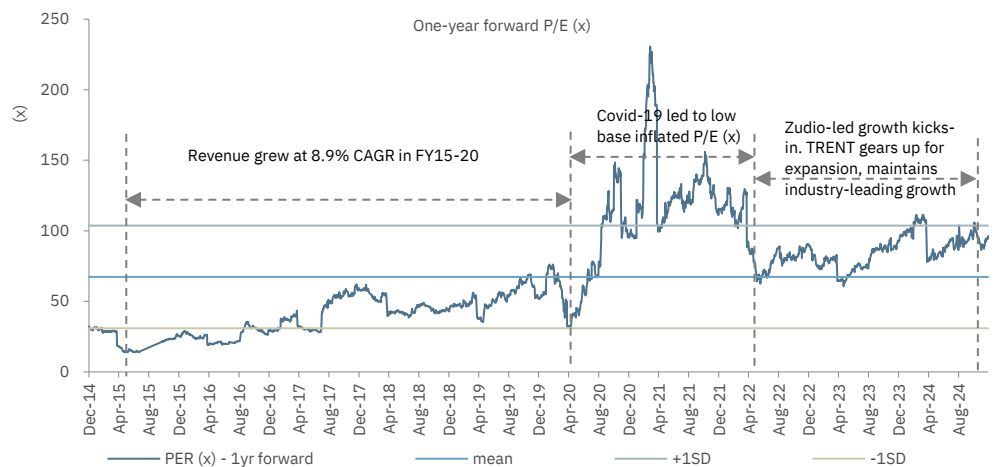
**TRENT outpaces Indian consumer discretionary peers on revenue and EBITDA growth**

TRENT’s one-year forward P/E and EV/EBITDA are in line with that of Indian consumer discretionary peers. TRENT posted 9% annual revenue growth through FY15-20. This was a phase when TRENT relied on *Westside* for steady growth, with muted operations at *Star Baazar*.

Further, TRENT strengthened its new brand, *Zudio* and traversed a learning curve to achieve the right market fit. A combination of market fit and post-Covid opening fuelled *Zudio* as a growth engine. TRENT’s revenue and EBITDA posted a 37% CAGR each through FY20-24.

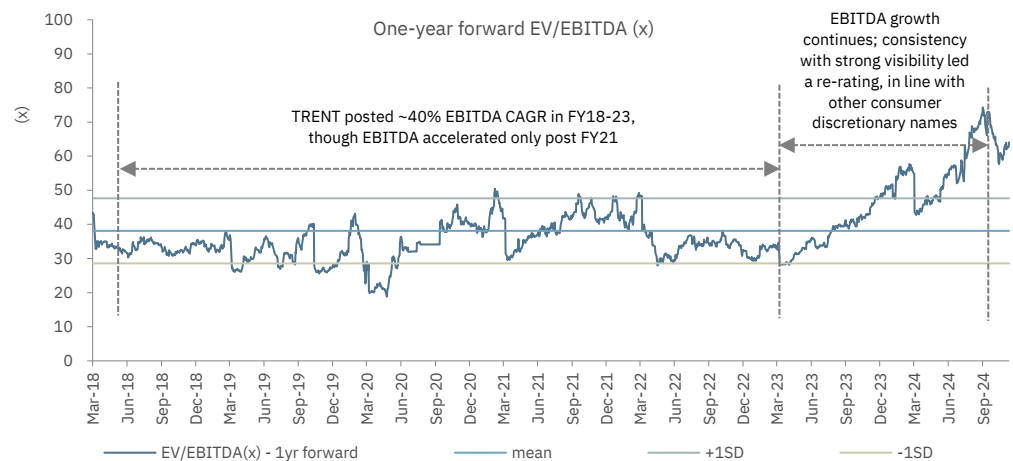
At present, fast fashion has received wider acceptance and popularity, offering growth visibility for *Zudio*. TRENT is keen on expanding its brand portfolio – *Westside* plans to open 30-40 stores each year and *Star Baazar* may see accelerated store addition. This should aid visibility and consistent growth, thus driving a re-rating, in line with other leading consumer discretionary plays.

**Exhibit 127: Re-rating backed by growth**



Source: Bloomberg, Elara Securities Research

**Exhibit 128: One-year forward EV/EBITDA (x)**



Source: Bloomberg, Elara Securities Research



**Star Baazar: Gearing up for expansion**

As Star Baazar gears up for expansion, we estimate 20 store additions per year till FY28E, resulting in a 29.6% revenue CAGR through FY24-28E versus 19% for DMart (consensus estimates). We value Star Baazar on 4x Sep '27E EV/sales at a 20% discount to DMart's ~5x. This is because: a) Star Baazar is purely focused on private labels and traction is a key overhang as store network expands, b) Star Baazar has 50-60% lower revenue/sqft than DMart, c) higher store concentration in tier-I cities where quick-commerce is gaining traction, and d) competition from leading MT players such as DMart. We arrive at an EV of INR 337 per share.

**Exhibit 129: Star Baazar valued at a 20% discount to DMart's EV/sales**

DMart (Average one-year forward EV/sales, x)*	5.0
Star Baazar EV/sales (Sep '27E; 20% discount to DMart, x)	4.0
Revenue per share (INR, Sep '27E) (50%)	84
EV per share (INR)	337

Source: \*Bloomberg Consensus Estimate, Elara Securities Estimate

**Zara and Massimo Dutti – Stable growth**

TRENT with a 49% stake in the venture has less say in the overall decision making (in-store offerings, product pricing, positioning etc.) and serves only as an Indian partner for the brand. TRENT's management does see *Zara* and *Massimo Dutti* as pure financial investments. Stores addition has remained silent in both the brands.

EBITDA CAGR for *Zara* 's global entity (Inditex) is expected to be 7.9% through CY23-26E. The entity trades at 12.9x CY27E EV/EBITDA. **We estimate the TRENT: Inditex venture to post a 15.3% EBITDA CAGR through FY24-28E** and based on the multiplier effect, the implied EV/EBITDA arrives is 25x. We value TRENT: Inditex at 30x Sep '27E EV/EBITDA to arrive at an EV of INR 311 per share.

**Exhibit 130: We value TRENT: Inditex at 30x Sep '27E EV/EBITDA**

Particulars	EBITDA CAGR (%)	EV/EBITDA (x)
Zara Global (Inditex)*	7.9	12.9
Trent - Inditex	15.3	25.0
EV/EBITDA(x) (implied)		25.0
Target EV/EBITDA(x) (Sep '27E)		30.0
EBITDA per share (INR, Sep '27E) (49%)		10.4
EV per share (INR)		311

Source: \*Bloomberg Consensus Estimate, Elara Securities Estimate

**Initiate with Buy and a TP of INR 8,500**

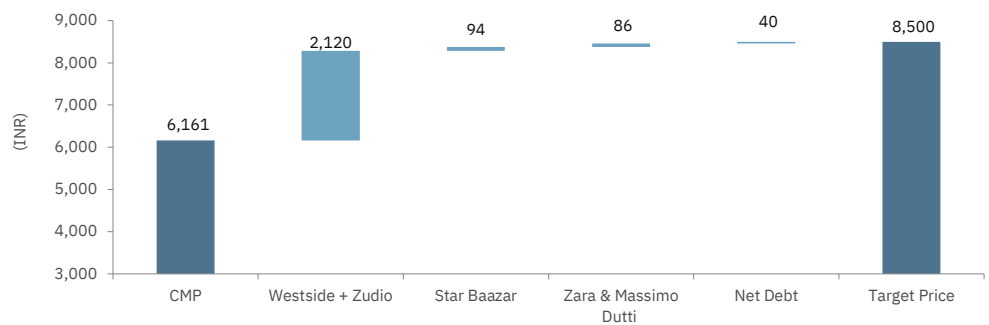
We initiate coverage of TRENT with a Buy rating and SoTP-TP of INR 8,500 (Sep '27E). We value the standalone business at a target EV/EBITDA of 57x for Sep '27E (91% of TP), Star Baazar at 4x EV/sales (4%), *Zara* and *Massimo Dutti* at 30x EV/EBITDA (4%), and net cash at INR 148 (2%).

**Exhibit 131: SoTP-based valuation**

Segment	Parameter (Sep '27E)	Particular (INR mn)	Multiple (x)	EV (INR mn)	Per share (INR)	Percentage of total (%)
Westside and Zudio (standalone)	EV/EBIDTA	48,025	57	27,38,794	7,704	91
Star Baazar (50%)	EV/Sales	59,929	4	1,19,857	337	4
Zara and Massimo Dutti (49%)	EV/EBIDTA	7,524	30	1,10,602	311	4
<b>Total EV (Sep '27E)</b>				29,69,101		
Less: Net debt (INR mn)				- 52,649	- 148	2
<b>Target market cap (INR mn)</b>				<b>30,21,750</b>	<b>8,500</b>	<b>100</b>
No of shares (mn)				356		
<b>CMP</b>					<b>6,161</b>	
<b>Upside (%)</b>					<b>37.9%</b>	

Source: Elara Securities Estimate

Exhibit 132: TRENT – Target price bridge



Source: Elara Securities Estimate

Exhibit 133: Peer comparison

Particulars	Fundamental				Valuation multiples									
	CAGR (FY24-27E)		(FY24-27E)		EV/EBIDTA (x)		EV/sales (x)		P/E (x)		PEG(x)		PE/revenue growth (x)	
	Revenue	EBITDA	EPS	Avg. ROE	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Fashion players</b>														
TRENT	29.5	30.7	44.2	35.8	63.6	50.0	9.9	8.0	100.6	81.1	3.5	3.4	3.0	2.8
VMart*	17.9	42.5	NA	2.9	16.1	13.1	2.1	1.8	97.8	52.2	0.1	0.6	5.6	3.1
Go Colors	15.6	15.4	12.0	14.0	14.7	12.6	5.6	4.8	50.1	43.9	4.8	3.1	3.0	2.9
MANYAVAR*	19.9	19.5	19.7	26.7	38.4	31.0	18.4	14.7	61.4	49.0	2.9	1.9	2.7	1.9
Page Industries	12.3	16.8	17.7	39.7	42.1	36.5	8.9	7.7	64.4	55.8	4.2	3.6	4.9	3.9
<b>Consumer dis. players</b>														
Titan*	18.8	18.6	19.3	32.1	42.1	35.5	4.7	4.0	60.1	49.7	1.8	2.3	1.1	1.0
Jubilant FoodWorks	9.4	8.5	19.7	12.2	29.7	26.8	5.9	5.3	141.5	116.6	3.8	5.5	16.2	13.4
United Spirits	10.6	14.9	12.8	19.0	39.6	34.5	6.9	6.2	57.2	49.5	3.4	3.2	4.2	4.6
DMart*	17.9	18.3	17.1	14.7	40.2	33.4	3.2	2.7	66.6	55.5	4.0	2.8	3.6	3.0
<b>Global players*</b>														
H&M	1.6	5.6	21.3	27.3	6.9	6.6	1.2	1.2	17.6	15.9	0.8	1.3	4.6	3.5
Zara (Inditex)	7.3	7.9	9.3	31.3	14.0	12.9	3.9	3.6	25.6	23.4	2.5	2.4	3.1	2.6
UNIQLO (fast retailing company)	8.4	8.6	8.5	18.3	19.0	17.5	4.3	4.0	37.1	33.6	3.8	3.2	4.9	3.9
Heilan Home	4.8	(0.1)	(1.4)	16.2	7.7	6.9	1.4	1.3	13.0	11.6	0.8	0.9	1.2	1.2
Primark (Associated British Foods)	3.7	5.1	5.4	12.4	6.1	5.8	0.9	0.8	10.6	9.9	0.9	1.5	2.3	2.7
GAP Inc	1.6	(3.4)	19.6	23.3	5.0	4.6	0.8	0.8	10.7	9.6	1.9	0.9	6.3	3.7

Note: Pricing as on 14 January 2025; Source: \*Bloomberg Consensus Estimate, Elara Securities Estimate

### Key risks

- ▶ TRENT's differentiated fashion is modern fashion-centric, appealing to Gen-Z. So, failure to identify emerging fashion trends may divert it from its growth trajectory.
- ▶ Any moderation in store additions (primarily in Zudio and Westside) led by overall economic slowdown or strategical changes may mar growth.
- ▶ Intensifying competition from emerging fast-fashion players from leading business houses may affect TRENT.
- ▶ More-than-anticipated volatility in raw material prices with TRENT's inability to hike prices given focus on offering value prices may hit growth.
- ▶ Poor traction in newly-launched businesses (Zudio Beauty/Pome) may consume significant cashflow, thus affecting overall asset allocation and likely paring return ratios.
- ▶ Inability to adapt and offer diversified products/ lack of innovation.

## Consolidated Financials (YE March)

<b>Income Statement (INR mn)</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Net Revenues	123,751	178,100	219,502	268,478	326,126
<b>EBITDA</b>	<b>19,221</b>	<b>26,433</b>	<b>34,059</b>	<b>42,962</b>	<b>52,514</b>
Add:- Non operating Income	2,893	3,596	3,632	3,668	3,705
OPBIDTA	22,114	30,028	37,690	46,630	56,218
Less :- Depreciation & Amortization	6,711	7,512	8,755	10,607	12,807
<b>EBIT</b>	<b>15,403</b>	<b>22,516</b>	<b>28,935</b>	<b>36,024</b>	<b>43,411</b>
Less:- Interest Expenses	3,191	1,883	2,176	2,754	3,481
<b>PBT &amp; EO Items</b>	<b>12,212</b>	<b>20,633</b>	<b>26,758</b>	<b>33,269</b>	<b>39,930</b>
Less :- Taxes	4,434	5,261	6,823	8,484	10,182
<b>Adjusted PAT</b>	<b>9,014</b>	<b>16,960</b>	<b>21,778</b>	<b>27,013</b>	<b>32,267</b>
Add/(Less): - Extra ordinary exp/(Inc)	5,761	-	-	-	-
<b>Reported PAT</b>	<b>14,775</b>	<b>16,960</b>	<b>21,778</b>	<b>27,013</b>	<b>32,267</b>
<b>Balance Sheet (INR mn)</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Share Capital	356	356	356	356	356
Reserves	40,670	56,208	74,431	96,111	121,268
Total borrowings	4,986	5,085	5,187	5,291	5,397
Trade Payables	7,739	9,759	12,027	14,711	17,870
Other liabilities	17,867	17,446	20,339	23,761	27,791
<b>Total Equity &amp; Liabilities</b>	<b>71,618</b>	<b>88,853</b>	<b>112,340</b>	<b>140,230</b>	<b>172,681</b>
Fixed Assets	23,485	30,770	34,564	37,777	40,406
Investments	14,160	14,508	14,874	15,258	15,661
Inventories	15,827	22,445	29,467	36,778	44,675
Trade Receivables	817	1,464	1,804	2,207	5,361
Cash & other bank balances	2,976	4,892	16,374	32,445	50,274
Other assets	14,352	14,773	15,256	15,766	16,304
<b>Total Assets</b>	<b>71,618</b>	<b>88,853</b>	<b>112,340</b>	<b>140,230</b>	<b>172,681</b>
<b>Cash Flow Statement (INR mn)</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Operating Cash Flow	13,490	19,022	27,133	34,835	40,125
Less:- Capex	(7,370)	(13,130)	(12,549)	(13,820)	(15,437)
Free Cash Flow	6,120	5,892	14,583	21,016	24,688
Investing Cash Flow	(5,082)	(13,478)	(12,915)	(14,203)	(15,840)
Financing Cash Flow	(6,295)	(3,627)	(2,736)	(4,561)	(6,456)
Net change in Cash	2,113	1,917	11,482	16,071	17,829
Closing Cash	2,946	4,862	16,344	32,415	50,244
<b>Ratio Analysis</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Income Statement Ratios (%)</b>					
Revenue Growth	50.1	43.9	23.2	22.3	21.5
EBITDA Growth	79.0	37.5	28.9	26.1	22.2
PAT Growth	275.3	14.8	28.4	24.0	19.4
EBITDA Margin	15.5	14.8	15.5	16.0	16.1
Adj. PAT Margin	7.3	9.5	9.9	10.1	9.9
<b>Return &amp; Liquidity Ratios (%)</b>					
Net Debt/Equity (x)	0.1	0.1	0.1	0.1	0.0
ROE (%)	43.7	34.8	33.2	31.5	29.6
ROCE (%)	19.8	29.6	31.0	31.1	30.6
<b>Per Share data &amp; Valuation Ratios</b>					
Diluted EPS (INR/Share)	25.4	47.7	61.3	76.0	90.8
EPS Growth (%)	127.2	88.2	28.4	24.0	19.4
DPS (INR/Share)	3.2	4.0	10.0	15.0	20.0
P/E Ratio (x)	156.9	129.2	100.6	81.1	67.9
EV/EBITDA (x)	72.9	82.3	63.6	50.0	40.6
EV/Sales (x)	11.3	12.2	9.9	8.0	6.5
BVPS (INR)	115.4	159.1	210.4	271.4	342.1
Price/Book (x)	34.5	38.7	29.3	22.7	18.0
Dividend Yield (%)	0.1	0.1	0.2	0.2	0.3

Note: Pricing as on 14 January 2025; Source: Company, Elara Securities Estimate

## Company description

TRENT, established in 1998 and a part of the Tata Group, manages a diverse portfolio of retail formats. Its core offerings include *Westside*, a leading chain of fashion retail stores, *Zudio*, which provides fashionable clothing at attractive price points; and *Star*, focusing on food, groceries, and daily needs primarily through Trent Hypermarket Private, a joint venture with Tesco Plc UK. Also, TRENT is exploring new markets with concepts such as *Samoh*, offering elevated occasion wear, *Misbu* that curates beauty and personal care products along with fashion accessories and *Utsa*, which showcases ethnic wear from *Westside*. It also marked its international presence by opening a Zudio store in Dubai, UAE. TRENT holds financial stakes in associate companies that operate Zara and Massimo Dutti stores in India and has a joint venture with MAS Amity Pte. to develop intimate wear and other apparel products. The company emphasizes on freshness, quality, relevance, and value in its product offerings and aims to cater to evolving consumer desires by staying current.

### Exhibit 134: TRENT's journey



Source: Company, Elara Securities Research

### Exhibit 135: TRENT – Corporate structure

#### Standalone – Structure

Brand	Brand theme	Offerings	Target	Other highlights
Westside	Aspirational fashion	Apparel, footwear, accessories, home furnish, décor	Women, men, children	100% exclusive brands
Zudio	Fresh fashion; surprise prices	Fashion and lifestyle apparel, accessories	Women, men, children	In-house products at sharp prices
Samoh	India in essence, luxe in spirit	India-inspired traditional, occasion wears	Women, men	Premium and contemporary apparel
Utsa	Modern Indian lifestyle	Apparel, footwear, beauty and accessories	women	<i>Westside's</i> select category, 100% exclusive
Misbu	On-trend lifestyle at irresistible pricing	Beauty and fashion accessories	Gen Z, millennials	Sharp pricing, differentiated products

#### Subsidiaries – Details

Name	Ownership (%)	Business
Fiora Business Support Services	100	Supports in HR, merchandise to TRENT
Nahar Retail Trading Services	100	Developing and managing properties
Booker India (BIL)	51	Four cash and carry stores, wholesaler of FMCG, acquired in FY20
Fiora Hypermarket	(100% by BIL)	Subsidiary of BIL, operates a few Star stores
Fiora Online	(100% by BIL)	Starquick online platform
Trent Global Holdings (Mauritius)	100	-
Trent Global Trading (Dubai)	(100% by Mauritius sub.)	-

#### Joint ventures – Details

Name	Ownership (%)	Business
Trent Hypermarket	50	JV with Tesco Plc (UK) for Star
Trent MAS Fashion	50	Design, development and manufacture of apparel

## Associates – Details

Name	Ownership (%)	Business
Massimo Dutti India	49	Massimo Dutti products
Inditex Trent Retail India	49	Zara products

Source: Company, Elara Securities Research

## Exhibit 136: Board of Directors (as on FY24)

Name	Designation	Area of competency	Profile
Noel N. Tata	Chairman and Non-Executive Director	Retail, strategy, marketing, governance, management, business development	Mr. N. N. Tata has >40 years of experience with the Tata Group, serving as MD of TRENT and Tata International, where he boosted the turnover to over USD 3bn. He is the Chairman of several Tata Group companies and holds roles in Tata Steel and Titan Company. He graduated from Sussex University and attended INSEAD, France.
Bhaskar Bhat	Non-Executive Non-Independent Director	Retail, strategy, marketing, governance, management, business development	Bhaskar Bhat has been on the board since September 2010 and was previously the MD of Titan Company until retirement. He serves on the boards of Titan Company, Rallis India, and Tata SIA Airlines. He holds a B. Tech from IIT Madras and a Post Graduate Diploma from IIM Ahmedabad, and received the Distinguished Alumnus Award from IIT Madras in 2018.
Harish Bhat	Non-Executive Non-Independent Director	Retail, brand building, marketing, finance, management, business development	Mr. Harish Bhat has been on the board since April 2014. He joined the Tata Group in 1987, serving as MD of Tata Global Beverages and COO of Titan's Watches and Jewellery divisions. He is a director at Tata Starbucks, Infiniti Retail, and Tata AIA Life Insurance. He is an alumnus of BITS Pilani and IIM Ahmedabad.
Jayesh Merchant	Independent Director	Finance, management, governance, audit, legal	Mr. Jayesh Merchant has been on the board since August 2020. He formerly served as a CFO and President of Industrial JVs at Asian Paints and held senior roles at UTV Software Communications and Castrol. Currently, he is a director at Voltas and Quasar Consolidated Services. He is a member of ICAI and ICSI and holds degrees in Commerce and Law from Mumbai University.
Susanne Given	Independent Director	Technology, retail, marketing, management, business development	Ms. Susanne Given joined the board in November 2020. With extensive experience in technology and retail, she has held key roles at House of Fraser, Homebase, and Harrods in the UK. Currently, she serves as a Director at Made.com, Hush Homewear, and Forward Partners.
Ravneet Singh Gill	Independent Director	Banking, finance, risk management	Mr. Ravneet Gill has been on the board since December 2021. He has extensive banking experience, including roles as the MD and CEO of Yes Bank and CEO of Deutsche Bank in India. He currently serves as a director for New Horizons Esports and Big Bang Media Ventures. He holds a Master's degree from Hindu College, Delhi University.
Hema Ravichandar	Independent Director	Human resources, succession planning, management	Ms. Hema Ravichandar joined the board in December 2021. She is a Strategic HR Advisor with experience as the Senior Vice-President and Global Head of HR at Infosys Technologies until 2005. Currently, she serves on the boards of Marico, Bosch, and Indian Hotels Company. She is an alumnus of the Indian Institute of Management, Ahmedabad.
Johannes Holtzhausen	Independent Director	Business strategy, management, retail analytics, customer service, supply chain	Johannes Holtzhausen has been with the company since April 2022 and has >50 years of experience in the retail industry. He has held key positions including the CEO of Ackermans and Spinneys Dubai LLC, and Director at Shoprite Checkers. He earned an Honors degree in Business Management from Stellenbosch Business School and a BA in Social Science from the University of Stellenbosch.
Venkatesalu Palaniswamy	Executive Director and Chief Executive Officer	Retail, sales, planning and management, business development, strategy, finance	Mr. P. Venkatesalu was appointed as the Managing Director of the company in October 2024, previously serving as Executive Director and CEO. He joined TRENT in 2008 and has been with the Tata Group since 2001. He holds a Master's in Management from Symbiosis Pune, a CFA from ICFAI, and completed an Advanced Management Programme at Harvard Business School.

Source: Company, Elara Securities Research



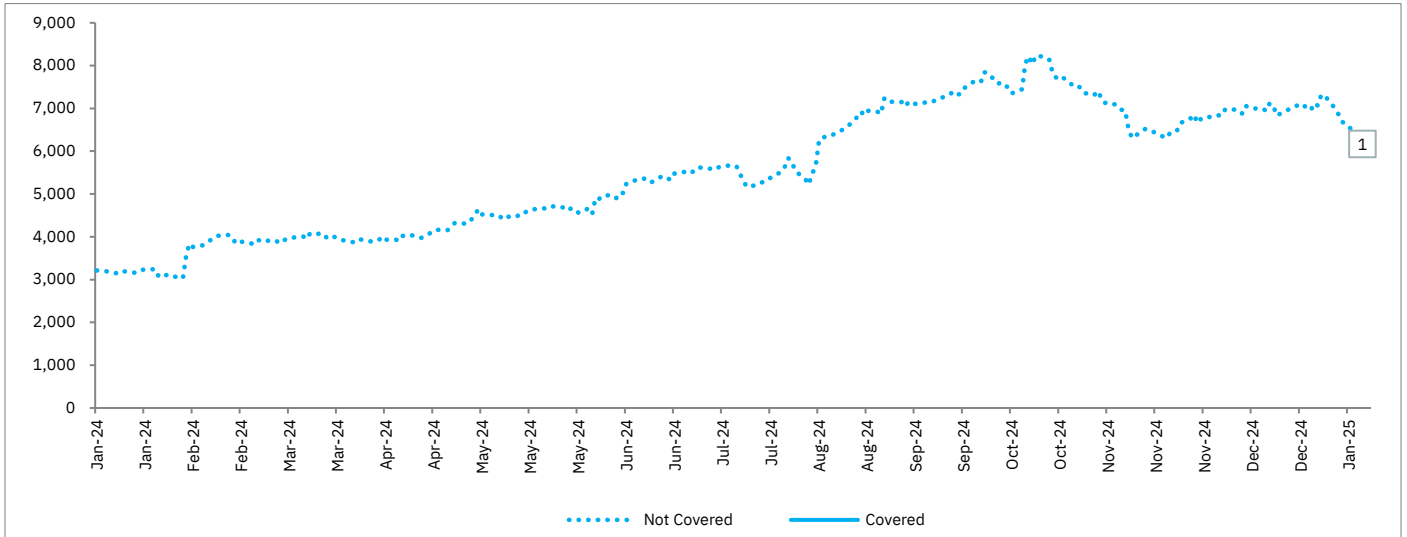
## Abbreviations

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SSSG	Same-store-sales-growth
ATS	Average transaction size
CAGR	Compounded annualised growth rate
EBO	Exclusive brand outlet
FOCO	Franchise owned company operated
COCO	Company owned company operated
LFL	Like-for-like
FMCG	Fast moving consumer goods

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## Coverage History



Date	Rating	Target Price	Closing Price
14-Jan-2025	Buy	INR 8,500	INR 6,161

## Guide to Research Rating

<b>BUY</b>	Absolute Return >+20%
<b>ACCUMULATE</b>	Absolute Return +5% to +20%
<b>REDUCE</b>	Absolute Return -5% to +5%
<b>SELL</b>	Absolute Return < -5%

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