



On a Steady Runway of Growth; Maintain BUY

Est. Vs. Actual for Q1FY26: Revenue – **INLINE**; EBITDA – **BEAT**; PAT – **BEAT**

Changes in Estimates post Q1FY26

FY26E/FY27E – Revenue: -2%/-3%; **EBITDA:** -5%/-7%; **PAT:** -6%/-9%

Recommendation Rationale

- **Revenue Performance:** Trent reported a 20% YoY revenue growth in Q1FY26 to Rs 4,781 Cr, broadly in line with estimates, despite macro headwinds like early monsoon onset and geopolitical disruptions. The fashion portfolio saw low single-digit like-for-like growth. Management highlighted that the revenue mix remains aligned with strategic priorities.
- **Retail Footprint & Category Expansion:** The retail footprint expanded to over 13 mn sq. ft., while emerging categories—beauty & personal care, innerwear, and footwear—continued to scale, contributing over 21% to revenues.
- **Store Expansion:** In Q1FY26, Trent added 1 Zudio store (net), taking the total store count to 766 for Zudio and 248 for Westside. The expansion strategy remains focused on deepening presence in metro and Tier 1 cities, while enhancing performance across key micro markets.
- **Operating Efficiency and Margin Profile:** Trent's focused investments in technology and automation have supported stable operating economics and improved operating leverage. Gross margins for both Westside and Zudio remain steady, reflecting the strength of Trent's sourcing strategy, pricing architecture, distribution model, and disciplined inventory management.

Sector Outlook: **Positive**

Company Outlook & Guidance: Given the near-term challenges, we revise our FY26/FY27 estimates downward. However, **we maintain our BUY rating**, supported by a strong long-term growth outlook and structural strengths in the business.

Current Valuation: **SOTP**

Current TP: Rs 6,160/share (Previous TP: Rs 6,650/share).

Recommendation: With a 15% upside potential from the CMP, we **maintain our BUY rating on the stock**.

Financial Performance

The company's revenue grew ~20% YoY to Rs 4,781 Cr, while its fashion concept registered low single-digit LFL growth in Q1FY26. EBITDA increased by 37.2% YoY, while EBITDA margins improved by 223bps YoY to 17.5% due to store optimisation. PAT stood at Rs 423 Cr, up by 23.5% YoY.

Key Financials (Standalone)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	4,781	16.4	19.8	4,790	(0.2)
EBITDA	838	27.6	37.2	774	8.2
EBITDA Margin (%)	17.5	154bps	223bps	16.2	136bps
Net Profit	423	20.8	23.5	397	6.6
EPS (Rs)	11.9	20.8	23.5	11.2	6.6

Source: Company, Axis Research

(CMP as of 06th August, 2025)

CMP (Rs)	5,359
Upside /Downside (%)	15%
High/Low (Rs)	8345/4491
Market cap (Cr)	1,90,514
Avg. daily vol. (6m)Shrs. '000	1357
No. of shares (Cr)	35

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	37.0	37.0	37.0
FII's	21.7	19.7	18.4
MFs / UTI	11.0	11.9	13.1
FIs/Banks	0.0	0.0	0.0
Others	30.3	31.5	31.5

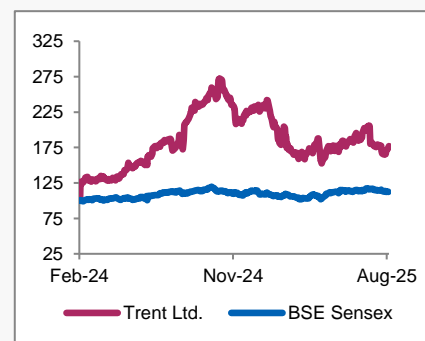
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	16,668	20,936	24,936
EBIDTA	2,754	3,405	4,057
Adj Net Profit	1,585	1,986	2,431
EPS, Rs	44.6	55.9	68.4
PER, x	120.2	95.9	78.4
EV/EBIDTA, x	69.7	55.8	46.2
P/BV, x	32.2	24.4	18.8
ROE, %	26.8	25.4	23.9

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	(2)	(3)
EBITDA	(5)	(7)
PAT	(6)	(9)

Relative Performance



Source: Ace Equity, Axis Securities

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Outlook

Trent continues to post robust revenue growth despite macro headwinds. The recent correction in stock price enhances the risk-reward profile, offering an attractive entry point for long-term investors. With structural tailwinds in organised retail and significant headroom for market share gains, Trent is well-placed to capitalise on the sector's multi-year growth opportunity. We remain constructive on Trent's long-term outlook, supported by continued outperformance in sales, rapid store expansion, and dynamic product assortments driving higher footfalls. Margin improvement across formats, along with the successful application of Trent's private-label-led strategy to Star, reinforces earnings visibility. New growth avenues, including UAE expansion, Zudio Beauty, and entry into the LGD jewellery segment, are expected to further strengthen the growth trajectory.

Valuation & Recommendation

We remain positive on the company and expect Revenue/EBITDA growth of 28%/28% CAGR on a standalone business over FY24-27E. **We maintain our BUY rating on the stock and value the company on an SOTP basis with a revised TP of Rs 6,160/ share. Our TP implies an upside of 15% from the CMP.**

Key Risks to Our Estimates and TP

- Increase in competitive intensity, weakening of the demand environment.

Change in Estimates

	Old Estimates		Revised Estimates		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	21,371	25,584	20,936	24,936	(2)	(3)
EBITDA	3,599	4,376	3,405	4,057	(5)	(7)
PAT	2,124	2,663	1,986	2,431	(6)	(9)
EPS	59.8	74.9	55.9	68.4	(7)	(9)

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q1FY25	Q4FY25	Axis Sec Est	Q1FY26	% Change (YoY)	% Change (QoQ)	Var (%) Axis Sec Est
Total Revenue	3,992	4,106	4,790	4,781	19.8	16.4	(0.2)
COGS	2,146	2,356	2,587	2,623	22.2	11.3	1.4
Gross Profit	1,845	1,750	2,203	2,159	17.0	23.3	(2.0)
GM%	46.2	42.6	46.0	45.1	-108bps	252bps	-85bps
Expenditure							
Employee expenses	305	307	359	284	(6.7)	(7.5)	(20.9)
Other Exp	465	480	535	538	15.7	12.1	0.6
Total Expenditure	292	314	348	345	18.1	9.6	(1.0)
EBIDTA	611	656	774	838	37.2	27.6	8.2
EBITDA Margin (%)	15.3	16.0	16.2	17.5	223bps	154bps	136bps
Depreciation	176	263	276	284	61.3	7.9	2.8
EBIT	435	393	498	554	27.4	40.8	11.2
Interest	31	37	37	40	26.9	6.6	5.6
Oth. Inc.	46	97	53	41	(11.4)	(57.9)	(23.0)
Exceptional Items	-	-	-	-	0.0	0.0	0.0
PBT	450	453	514	555	23.5	22.5	8.1
Tax	107	103	117	133	23.4	28.3	13.2
Effective Tax Rate(%)	23.9	22.8	22.8	23.9	-1bps	109bps	108bps
PAT	342	350	397	423	23.5	20.8	6.6
PAT Margin (%)	8.57	8.52	8.28	8.84	27bps	32bps	56bps
EPS (Rs)	9.6	9.8	11.2	11.9	23.5	20.8	6.6

Source: Company, Axis Securities

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Net sales	11,927	16,668	20,936	24,936
Growth, %	54.6	39.8	25.6	19.1
Other operating income	-	-	-	-
Total income	11,927	16,668	20,936	24,936
Raw material expenses	(6,541)	(9,262)	(11,623)	(13,832)
Employee expenses	(938)	(1,201)	(1,537)	(1,845)
Other Operating expenses	(2,521)	(3,452)	(4,371)	(5,202)
EBITDA (Core)	1,927	2,754	3,405	4,057
Growth, %	72.2	42.9	23.6	19.2
Margin, %	16.2	16.5	16.3	16.3
Depreciation	(639)	(870)	(926)	(998)
EBIT	1,288	1,884	2,479	3,060
Growth, %	96.4	46.2	31.6	23.4
Margin, %	10.8	11.3	11.8	12.3
Other Income	351	329	356	391
Non-recurring Items	543	-	-	-
Pre-tax profit	1,873	2,077	2,684	3,285
Tax provided	(438)	(492)	(698)	(854)
Profit after tax	1,436	1,585	1,986	2,431
Growth, %	60.9	77.6	25.3	22.4
Unadj. shares (Cr)	36	36	36	36
Wtdavg shares (Cr)	36	36	36	36

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Cash & bank	286	323	2,518	5,152
Debtors	79	60	75	89
Inventory	1,565	2,028	2,548	3,034
Loans & advances	-	-	-	-
Other current assets	408	575	575	575
Total current assets	2,957	3,503	6,232	9,367
Investments	1,282	1,619	1,619	1,619
Gross fixed assets	3,283	5,265	5,597	6,025
Less: Depreciation	(883)	(1,605)	(2,531)	(3,528)
Add: Capital WIP	161	118	118	118
Net fixed assets	2,562	3,779	3,185	2,615
Non-current assets	657	799	799	799
Total assets	7,429	9,696	11,831	14,397
Current liabilities	913	1,115	1,354	1,577
Provisions	-	-	-	-
Total current liabilities	913	1,115	1,354	1,577
Non-current liabilities	2,068	2,666	2,666	2,666
Total liabilities	2,982	3,781	4,019	4,242
Paid-up capital	36	36	36	36
Reserves & surplus	4,412	5,879	7,776	10,119
Shareholders' equity	4,447	5,914	7,812	10,154
Total equity & liabilities	7,429	9,696	11,831	14,397

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Pre-tax profit	1,873	2,077	2,684	3,285
Depreciation	639	870	926	998
Chg in working capital	(275)	(462)	(297)	(278)
Total tax paid	(410)	(517)	(698)	(854)
Cash flow from operating activities	1,827	1,967	2,616	3,151
Capital expenditure	1,207	(2,087)	(332)	(428)
Chg in marketable securities	(164)	104	-	-
Cash flow from investing activities	953	(2,320)	(332)	(428)
Free cash flow	2,780	(353)	2,284	2,723
Equity raised/(repaid)	-	-	-	-
Dividend (incl. tax)	-	-	-	-
Cash flow from financing activities	(2,504)	507	-	-
Net chg in cash	276	154	2,284	2,723
Opening cash balance	79	286	323	2,518
Closing cash balance	286	323	2,518	5,152

Source: Company, Axis Securities

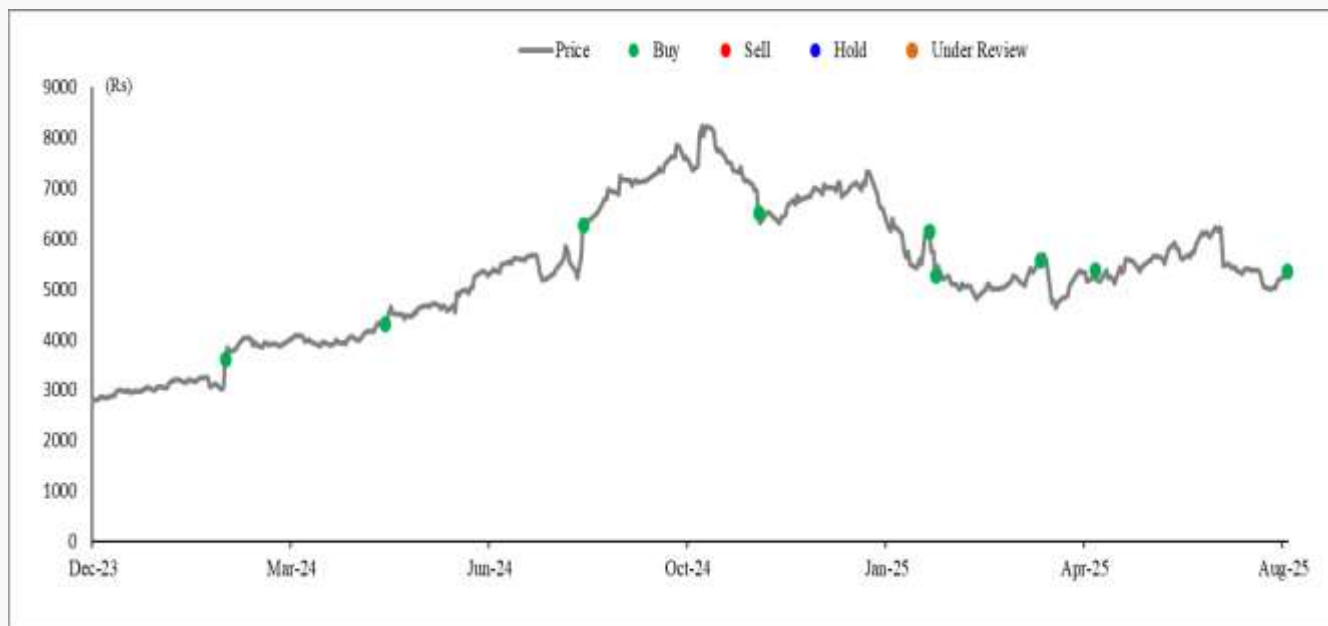
Ratio Analysis

(%)

Y/E Mar	FY24	FY25	FY26E	FY27E
Per Share data				
EPS (INR)	40.4	44.6	55.9	68.4
Growth, %	60.9	77.6	25.3	22.4
Book NAV/share (INR)	125.1	166.4	219.8	285.6
FDEPS (INR)	25.1	44.6	55.9	68.4
CEPS (INR)	27.8	69.1	81.9	96.5
CFPS (INR)	46.0	50.1	63.6	77.6
DPS (INR)	-	-	-	-
Return ratios				
Return on assets (%)	22.2	20.1	19.9	19.8
Return on equity (%)	20.1	26.8	25.4	23.9
Return on capital employed (%)	24.8	22.8	22.4	22.3
Turnover ratios				
Asset turnover (x)	2.7	3.9	4.3	5.4
Sales/Total assets (x)	1.5	1.9	1.9	1.9
Sales/Net FA (x)	3.4	5.3	6.0	8.6
Working capital/Sales (x)	0.1	0.1	0.1	0.1
Receivable days	2.4	1.3	1.3	1.3
Inventory days	47.9	44.4	44.4	44.4
Payable days	27.5	24.4	24.3	24.3
Working capital days	34.8	33.9	32.1	31.1
Liquidity ratios				
Current ratio (x)	3.2	3.1	4.6	5.9
Quick ratio (x)	1.5	1.3	2.7	4.0
Interest cover (x)	4.2	13.8	16.5	18.5
Total debt/Equity (x)	0.4	0.4	0.3	0.2
Valuation				
PER (x)	213.5	120.2	95.9	78.4
PEG (x) - y-o-y growth	3.5	1.5	3.8	3.5
Price/Book (x)	42.8	32.2	24.4	18.8
EV/Net sales (x)	16.1	11.5	9.1	7.5
EV/EBITDA (x)	99.4	69.7	55.8	46.2
EV/EBIT (x)	148.6	101.9	76.6	61.2

Source: Company, Axis Securities

Trent Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
08-Feb-24	BUY	4,050	Result Update
30-Apr-24	BUY	4,800	Result Update
12-Aug-24	BUY	7,000	Result Update
08-Nov-24	BUY	7,450	Result Update
03-Feb-25	BUY	7,450	Top Picks
07-Feb-25	BUY	7,100	Result Update
01-Mar-25	BUY	6,570	Top Picks
01-Apr-25	BUY	6,570	Top Picks
30-Apr-25	BUY	6,650	Result Update
07-Aug-25	BUY	6,160	Result Update

Source: Axis Securities Research

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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.