Trent Ltd

BUY

CMP	₹750

Promoted by the Tata group, Trent operates Westside, one of India's largest and fastest growing chains of departmental stores. With steady same store sales growth (8%) and aggressive store addition (added 18 stores, the highest store addition historically in a single year), revenues from the Westside format grew robustly. Healthy store addition coupled with steady SSSG is expected to drive revenues, going forward .Zara maintained its robust revenue trajectory despite no new store addition (net basis). The management intends to steadily expand the presence of Zara stores over the next three to four years, primarily in major cities (currently operates 20 stores)In search of the right format for Star Bazaar, management believes the Star Market format (5000-15000 sq ft) is more sustainable. Rightsizing of store model, along with enhanced private label share would improve the profitability, going forward. Zudio addresses the fast and edgy fashion needs of customers at sharper price points, with infrastructure and backend processes closely aligned with Westside, which enables it to drive better efficiencies. The company sees value fashion as one of the growth drivers in the medium to long term and intends to scale up the brand significantly in the coming years. Accelerated store expansion in Westside format with calibrated store expansion in other formats like Zudio, Zara and Star market would provide impetus to revenue growth, going ahead. Also, a change in strategy to focus on medium format stores (5000-10000 sq ft) under Star banner and improvement in Zara margins would provide an additional delta in profitability for Trent. Trent has maintained consistent profit growth of 67% over 5 years and has been maintaining a healthy dividend payout of 40%.Hence BUY.

Stock Info

Sector	Retail
Market Cap (₹ cr)	26,647
Beta	0.8
52 Week High / Low	805/320
Avg. Daily Volume	43,977
Face Value (₹)	1
BSE Sensex	41,056
Nifty	11,993
Reuters Code	TREN.BO
Bloomberg Code	TRENT IN

Shareholding Pattern (%)

Promoters	37.0
MF / Banks / Indian FIs	15.9
FII / NRIs / OCBs	20.9
Indian Public / Others	26.2

Abs. (%)	3m	1yr	3yr
Sensex	1.9	15.7	44.2
Trent	47.2	132.4	205.5

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Disclosure of Interest Statement	Trent
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):	Buy (> 15%)	Accumulate (5% to 15%)	Neutral (-5 to 5%)
		Reduce (-5% to -15%)	Sell (< -15)