



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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AGM and Result Update @ Dalal & Broacha

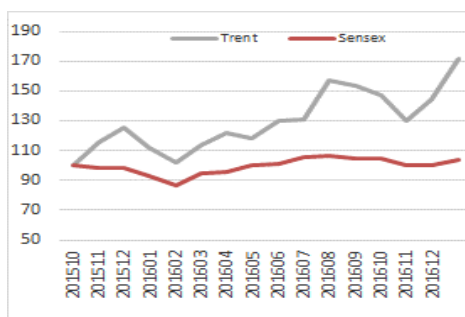
ACCUMULATE

Current Price 273
52 Week Range Rs 26.8/134.8

Key Share Data

Market Cap (Rs.bn) 91
Market Cap (US\$ mn) 1417
No of o/s shares (mn) 332
Face Value 1
Monthly Avg. vol(BSE+NSE) Nos 190483
BSE Code 500251
NSE Code TRENT
Bloomberg TRENT IN

Price performance



| % Shareholding | Jun-17 | Mar-17 |
|----------------|--------------|--------------|
| Promoters | 32.61 | 32.61 |
| Institutions | 38.66 | 38.76 |
| Others | 28.73 | 28.63 |
| Total | 100.0 | 100.0 |

Trent AGM KTA's

Westside: (61 cities, 108 stores)

- Target to open 25 stores annually. Added 17 stores FY17. / 20 stores would be refurbished in the current year. / Target is to achieve break-even in 12months for new store opened.

- Own brands contribution 93%

- Online sales in FY17 stood at Rs 70mn expected to reach 400mn in FY18.

- People added 691.

- Clubwest members 3.5mn (up 28% YoY) forming 78% of Sales. Average bill size Rs 2029 (up 9% YoY)

- EBIT Westside Rs 1250mn, Landmark EBIT loss Rs 70mn

- Vapi, Gujarat warehouse started since Q1FY18

Trent Hypermarket Ltd (41 stores)

- Plans to open 15-20 stores in the Star Market, would look at closing some Star Daily to convert to Star Market (i.e. 8000-9000 sq ft stores)

- Management believes that Star Market is the right model going forward

- 200 private labels staples

ZARA: (20 Stores)

- Price rationalization ~15-20% price drop taken globally, that impacted margins in FY17.

Zudio

- Zudio a value fashion apparel business, a part of THPL JV currently; Trent (standalone) has already approved acquiring the same

- Capex ~10mn per store of ~6000sq ft, target to open 10 stores in FY18

- Bangalore store opened has broken even and has started making money since Q1FY18

GST impact over short to medium term neutral

Going forward:

- Management expects Trent to grow at CAGR of 25%

- Dividend payout to remain in the 30-40% range

- Management mentioned that food sector in India is a Rs 23lakh crore opportunity which present a huge growth opportunity to all the organised players.

Valuations on "Consolidated" basis @ Rs 273: 75.9x FY18eEPS Rs 3.6 and 52x FY19eEPS Rs 5.3. Maintain Accumulate for long term.

Financials (Consolidated)

| Year | Net Sales | % Growth | EBIDTA | OPM% | PAT | % Growth | EPS | PE (x) | ROE% | ROCE% |
|-------|-----------|----------|---------|-------|---------|----------|-----|--------|------|-------|
| FY16 | 15,893.3 | -30.4% | 927.8 | 5.8% | 483.2 | -14.5% | 1.5 | 187.7 | 3.3 | 3.5 |
| FY17 | 18,339.2 | 15.4% | 1,257.0 | 6.9% | 852.4 | 76.4% | 2.6 | 106.4 | 5.5 | 4.6 |
| FY18E | 21,727.2 | 18.5% | 1,885.2 | 8.7% | 1,195.8 | 40% | 3.6 | 75.9 | 7.3 | 7.5 |
| FY19E | 25,976.2 | 19.6% | 2,668.2 | 10.3% | 1,750.8 | 46% | 5.3 | 51.8 | 9.9 | 10.6 |
| FY20E | 30,979.9 | 19.3% | 2,668.2 | 12.4% | 2,743.2 | 57% | 8.3 | 33.1 | 13.7 | 14.5 |

Consolidated Financials (Rs Mns) (All no.s as per IND AS from FY16)



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- Revenues increased by 25% YoY to Rs 4991.6mn
(Like-to-Like Westside stood at 14%, Westside Income up 25% YoY to ~Rs 4702mn)
- EBIDTA increased by 65% YoY to Rs 584.8mn.
- EBIDTA Margins stood at 11.7% vs 8.9%.
- **As % to Revenue:**
Raw Materials stood at 45% vs 45.7% last year
Other. Expenses stood at 20.6% vs 22.9% last year
Rentals stood at 13.2% vs 12.9% (added 17 stores in FY18)
- Other Income increased by 12% YoY to Rs 160.3mn
- Interest Cost declined by 10% YoY to Rs 83.6mn
- PBT (before exceptional) increased by 75% YoY at Rs 561.5mn
- Tax Rate stood at 32% v/s 27% YoY

PAT increased 64% YoY to Rs 381.5mn



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Particulars (Rs Mns)

| | | | |
|--|----------------|----------------|---------------|
| No of Stores | 108.00 | 95.00 | |
| | Q1FY18 | Q1FY17 | Growth |
| TOTAL Operating income | 4991.60 | 3995.21 | 24.9% |
| Raw Material Consumed | | 0.00 | |
| Stock Adjustment | 96.76 | 16.23 | 496.1% |
| Purchase of Finished Goods | 2147.05 | 1807.61 | 18.8% |
| Total Raw Material Cost | 2243.8 | 1823.8 | 23.0% |
| Employee Expenses | 474.97 | 385.84 | 23.1% |
| Rent and Other Operating Lease | 657.88 | 515.20 | 27.7% |
| Other Expenses | 1030.15 | 915.62 | 12.5% |
| TOTAL EXPENDITURE | 4406.8 | 3640.5 | 21.0% |
| EBITDA | 584.8 | 354.7 | 64.9% |
| Depreciation | 99.96 | 85.53 | 16.9% |
| Interest | 83.59 | 92.65 | -9.8% |
| PBIT | 401.25 | 176.54 | 127.3% |
| Other Income | 160.26 | 143.56 | 11.6% |
| PBT Before Exceptional Items | 561.5 | 320.1 | 75.4% |
| Exceptional Items | | 0.00 | |
| PBT | 561.5 | 320.1 | 75.4% |
| Tax | 180.00 | 87.10 | 106.7% |
| Tax Rate | 32% | 27% | 17.8% |
| Reported Profit After Tax | 381.5 | 233.0 | 63.7% |
| Adjusted Profit After Extra-ordinary item | 381.5 | 233.0 | 63.7% |
| Other Comprehensive Income | 3.61 | 1.63 | |
| Total Comprehensive Income | 385.117 | 234.618 | |
| Equity | 332.32 | 332.32 | |
| Face Value | 1.00 | 1.00 | |
| EPS (Unit Curr.) (on adjusted PAT) | 1.15 | 0.7 | 63.7% |
| OPM | 11.7% | 8.9% | |
| NPM | 7.4% | 5.6% | |
| % to Operating Income | | | |
| Total Raw Material Cost | 45.0% | 45.7% | |
| Employee Expenses | 9.5% | 9.7% | |
| Rent and Other Op Lease | 13.2% | 12.9% | |
| Selling & Administrative Expenses | 0.0% | 0.0% | |
| Other Expenses | 20.6% | 22.9% | |
| TOTAL EXPENDITURE | 88.3% | 91.1% | |



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