



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result Update @ Dalal & Broacha

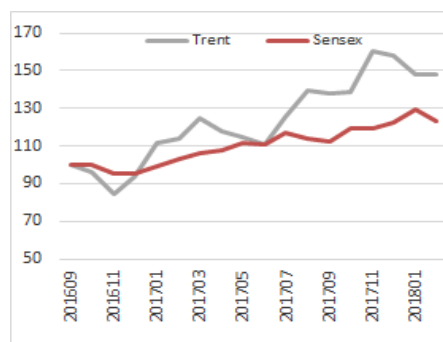
ACCUMULATE

Current Price	322
52 Week Range	Rs 361/230

Key Share Data

Market Cap (Rs.bn)	10.7
Market Cap (US\$ mn)	1670
No of o/s shares (mn)	332
Face Value	1
Monthly Avg.	
vol(BSE+NSE) Nos	122518
BSE Code	500251
NSE Code	TRENT
Bloomberg	TRENT IN

Price performance



% Shareholding	Dec-17	Sept-17
Promoters	32.61	32.61
Institutions	38.40	38.46
Others	28.99	28.93
Total	100.0	100.0

Trent Q3FY18 Standalone results were better than expectations on EBIDTA levels highest EBIDTA margins recorded at 13.2%.

Q3FY18 Operating Revenues increased by 20.2% YoY to Rs 5213.2mn (also includes Zudio since Oct-2017) (Like-to-Like Westside recorded 6% growth YoY in Q3FY18 and total Westside Income grew by 18% YoY to ~Rs 4945.7mn)

EBIDTA increased by 42% YoY to Rs 686.1mn and EBIDTA Margins (highest recorded) stood at 13.2% as against 11.2% YoY mainly on account of drop in rentals and other expenses.

AS % to Revenue:

Raw Material cost stood at 43.4% as against 43.5% YoY

Other Expense stood at 21.2% as against 22.1% YoY

Rentals stood at 12.6% as against 13.2% YoY. The drop in rentals is due to multiple reason and GST is one of them.

Q3FY18 Other Income declined 67% YoY to Rs 43.41mn (mainly due to fall in interest rates) and Interest cost declined by 2% YoY to Rs 70.9mn

PBT (before exceptional) increased by 24% YoY to Rs 553.7mn. However since tax rate stood at 32% as against 16% last year PAT rose by 2% YoY to Rs 379mn.

Valuations on "Consolidated" basis @ Rs 321: 59.5x FY19eEPS Rs 5.3 and 39x FY20e EPS of Rs 8.2.

Other KTA's from Management interaction post Q3FY18 results

-Dec-17 to Jan-18 sales have been a bit slower than previous month however will achieve good growth for FY18.

-**Store:** Target to add total of 23-24 stores in FY18. Closed one store in Q3FY18, total number of stores added stands at ~17 YTD

-**Zudio:** 7 stores as on date and is doing well (2 standalone) Zudio continues to be sold in Star Bazaar as well through store-in-store format. The idea is to create volume to improve margins

Tax rate going forward will be at 30-32%. Last Year was an anomaly.

Star market format is doing well. Churchgate stores has got a good response.

Going forward:

Management expects Trent to grow at CAGR of 25%. Management mentioned that food sector in India is Rs 23lakh crore market which presents a huge growth opportunity to all the organized players.

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	220.7	3.3	3.5
FY17	18,339.2	15.4%	1,257.0	6.9%	852.4	76.4%	2.6	125.1	5.5	4.6
FY18E	21,727.2	18.5%	1,885.2	8.7%	1,200.3	41%	3.6	88.9	7.4	7.5
FY19 E	25,976.2	19.6%	2,668.2	10.3%	1,754.3	46%	5.3	60.8	9.9	10.6
FY20 E	30,979.9	19.3%	3,834.1	12.4%	2,728.0	56%	8.2	39.1	13.7	14.5

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



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Particulars (Rs Mns)

	Q3FY17	Q3FY18	Growth	9MFY17	9MFY18	Growth
Net Sales	4335.56	5213.23	20%	12682.10	15375.70	21.2%
TOTAL Operating income	4335.56	5213.23	20%	12682.10	15375.70	21.2%
Raw Material Consumed	0.13		-100%	0.13	0.00	-100.0%
Stock Adjustment	84.66	-79.60	-194%	-491.13	-68.58	-86.0%
Purchase of Finished Goods	1799.55	2340.96	30%	6281.56	7028.30	11.9%
Total Raw Material Cost	1884.3	2261.4	20%	5790.6	6959.7	20.2%
Employee Expenses	435.06	502.83	16%	1225.41	1493.34	21.9%
Rent and Other Operating Lease	573.93	657.73	15%	1662.93	1955.65	17.6%
Other Expenses	958.12	1105.17	15%	2916.70	3202.47	9.8%
TOTAL EXPENDITURE	3851.5	4527.1	18%	11595.6	13611.2	17.4%
EBITDA	484.1	686.1	42%	1086.5	1764.5	62.4%
Depreciation	98.86	105.01	6%	274.89	305.99	11.3%
Interest	72.14	70.87	-2%	258.57	230.84	-10.7%
Other Income	131.66	43.41	-67%	509.52	320.48	-37.1%
PBT Before Exceptional Items	444.8	553.67	24%	1062.6	1548.2	45.7%
Exceptional Items	0.00			0.00	0.00	
PBT	444.8	553.7	24%	1062.6	1548.2	45.7%
Tax	72.60	174.70	141%	246.60	497.60	101.8%
Tax Rate	16%	32%		23%	32%	
Reported Profit After Tax	372.2	379.0	2%	816.0	1050.6	28.8%
Adjusted Profit After Extra-ordinary item	372.2	379.0	2%	816.0	1050.58	28.8%
Other Comprehensive Income	-1.79	1.79		-2.25	-7.08	
Total Comprehensive Income	370.385	380.763		813.72	1043.50	
Equity	332.32	332.32		332.32	332.32	
Face Value	1.00	1.00	0%	1.00	1.00	
EPS (Unit Curr.) (on adjusted PAT)	1.12	1.14	2%	2.46	3.16	28.8%
OPM	11.2%	13.2%		8.6%	11.5%	
NPM	8%	7%		6.2%	6.7%	
% to Operating Income						
Total Raw Material Cost	43.5%	43.4%		45.7%	45.3%	
Employee Expenses	10.0%	9.6%		9.7%	9.7%	
Rent and Other Op Lease	13.2%	12.6%		13.1%	12.7%	
Selling & Administrative Expenses	0.0%	0.0%		0.0%	0.0%	
Other Expenses	22.1%	21.2%		23.0%	20.8%	
TOTAL EXPENDITURE	88.8%	86.8%		91.4%	88.5%	



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