



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia (022) 67141442

## Result Update @ Dalal & Broacha

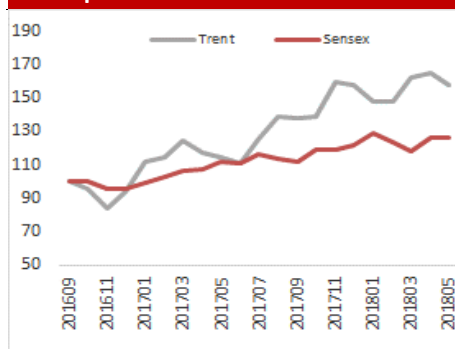
### ACCUMULATE

Current Price	335
52 Week Range	Rs 376/230

### Key Share Data

Market Cap (Rs.bn)	111.75
Market Cap (US\$ mn)	1650.40
No of o/s shares (mn)	332.31
Face Value	1
Monthly Avg. vol(BSE+NSE) Nos	71834
BSE Code	500251
NSE Code	TRENT
Bloomberg	TRENT IN

### Price performance



% Shareholding	Mar-18	Dec-17
Promoters	32.61	32.61
Institutions	38.95	38.40
Others	28.44	28.99
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Trent Q4FY18 Standalone Results better than expectations

#### Standalone Results:

•Q4FY18 Revenues increased by 18% YoY to Rs 5287.21mn (also includes Zudio since Oct-2017) {Total Zudio 7 stores added 6 since March-17} (Like-to-Like Westside increased by 6% for Q4FY18; Westside Income full year grew by 20% YoY {actual figure NA}). The management mentioned that emphasis on own brands aided growth.

Westside opened the most number of new stores (18) compared to any previous year. Landmark also has shown relative resilience.

•EBIDTA increased by 78% YoY to Rs 249.1mn. EBIDTA Margins stood at 4.7% as against 3.1%

#### As % to Revenue:

-Raw Material Cost stood at 49.7% vs 50.6% / Other Expenses at 22.1% vs 22.8% / Rental at 13.5% vs 13.7% (added 18 stores YTD in FY18 to 125 total)

• Other Income increased by 31% YoY to Rs 105.03mn and Interest Cost reduced by 4% YoY to Rs 74.81mn.

PBT (before exceptional) increased 313% YoY to Rs 168.17mn. Tax Rate stood at 31% v/s 12%, PAT improved by 262% YoY to Rs 116.6mn

**CONS FY18 Results:** Revenues grew by 18% YoY to Rs 21574.6mn, EBIDTA improved 60% YoY to Rs 2012mn, PBT (excl exceptional items) increased by 44% to Rs 1466.6mn, Adj PAT (excl exceptional items and profit of discontinued operations of Rs 262.91mn in FY17) increased by 48% YoY to Rs 870.4mn. Loss of Associates /JV's 226.45mn v/s loss 89.68 (closure of Star Daily would have increased losses)

#### Other KTA's from Management

Trent Hyper Market crystallized its focus on the Star Market format and emphasis on rolling out a compelling range of own branded merchandise.

Management confident that going forward, growth and profitability will be sustained with focus on own brands and growing emphasis on delivering a differentiated customer experience.

**Valuations @ CMP Rs 335: 66x FY19e EPS Rs 5.1 and 44x FY20e EPS of Rs7.6. Recommendation: Accumulate for Longterm**

### 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	230.4	3.3	3.5
FY17	18,339.2	15.4%	1,257.0	6.9%	589.5	22.0%	1.8	188.8	3.8	4.6
FY18E	21,574.6	17.6%	2,011.9	9.3%	870.4	48%	2.6	127.9	5.5	7.8
FY19E	25,567.5	18.5%	2,743.1	10.7%	1,686.2	94%	5.1	66.0	9.8	10.6
FY20E	30,477.3	19.2%	3,738.7	12.3%	2,536.8	50%	7.6	43.9	13.1	13.8



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### Management KTA's post Q4FY18

#### WESTSIDE:

- Sentiment has improved in the past 2 months as against Q4FY18.
- Trade payable up in Q4FY18 due to new Zudio stores inventory, the company opened 6 new stores in the current year.

#### ZUDIO

- Margins are lower than Westside but throughput better.
- 7 stores currently, management sees potential to add much more number of stores annually. The potential in-terms of store additions could be in-line with Westside i.e. 18-20 stores annually.

#### STAR BAZAAR

- Inventory loss of store closure included in results ( amount not quantified)
- Star Market break-even faster than Star bazaar.
- Churchgate store doing well.

#### ZARA

- Added 1 store



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### Particulars ( Rs Mns)

	Standalone Q4FY17	Standalone Q4FY18	Growth	FY17 Cons	FY18 Cons	Growth
Net Sales	4483.70	5287.21	18%	18339.17	21574.62	18%
Other Operating Income						
<b>TOTAL Operating income</b>	<b>4483.70</b>	<b>5287.21</b>	18%	<b>18339.17</b>	<b>21574.62</b>	18%
Total Expenditure	4344.0	5038.1	16%	17082.3	19562.8	15%
Raw Material Consumed	0.69		-100%	2.38		-100%
Stock Adjustment	195.00	-331.85	-270%	(298.58)	(385.11)	29%
Purchase of Finished Goods	2073.89	2959.62	43%	9324.66	10700.21	15%
<b>Total Raw Material Cost</b>	<b>2269.6</b>	<b>2627.8</b>	16%	<b>9028.5</b>	<b>10315.1</b>	14%
Employee Expenses	435.13	532.23	22%	1925.26	2304.78	20%
Rent and Other Operating Lease	615.47	712.07	8%	2316.63	2725.27	18%
Other Expenses	1023.81	1166.07	14%	3811.90	4217.62	11%
TOTAL EXPENDITURE	4344.0	5038.1	16%	17082.3	19562.8	15%
<b>EBITDA</b>	<b>139.7</b>	<b>249.1</b>	78%	<b>1256.9</b>	<b>2011.9</b>	60%
Depreciation	101.24	111.13	10%	412.86	455.34	10%
Interest	78.11	74.81	-4%	337.76	305.64	-10%
<b>PBIT</b>	<b>(39.64)</b>	<b>63.14</b>	63%	<b>506.30</b>	<b>1250.88</b>	147%
Other Income	80.37	105.03	31%	605.18	442.13	-27%
<b>PBT Before Exceptional Items</b>	<b>40.7</b>	<b>168.17</b>	313%	<b>1111.5</b>	<b>1693.0</b>	52%
Exceptional Items	246.97		-100%	(4.71)		-100%
Share of Profit or loss in associates / JV as per equity Method				(89.68)	(226.45)	152%
PBT	287.7	168.2	-42%	1017.1	1466.6	44%
Tax	35.10	51.53	47%	430.51	596.18	38%
Tax Rate	12%	31%	151%	39%	35%	-9%
Extra Ordinary Net of Tax				24.17		-100%
PAT				562.41	870.38	55%
Share of Profit or loss in associates						
Less Minority				-0.75	0.00	-100%
Pre Acquisition profit/loss				-1.38		-100%
Net Profit from Continuing Operations ( only in Consolidated No.s ( under IND AS)				586.58	870.38	48%
Income from Discontinued Operations Net of Taxes ( Only in Consolidated)(under IND AS)				262.91	0.00	-100%
Reported Profit After Tax	252.6	116.6	-54%	849.5	870.4	2%
Extra-ordinary Items					0.00	
<b>Adjusted Profit After Extra-ordinary item and Excl Inc from Discountinued Operations</b>	<b>32.2</b>	<b>116.6</b>	262%	<b>589.5</b>	<b>870.4</b>	48%
Equity	332.32	332.32	0%	332.3	332.3	0%
Face Value	1.00	1.00	0%	1.0	1.0	0%
EPS (Unit Curr.) ( on adjusted PAT)	0.10	0.35	262%	1.8	2.6	48%
<b>OPM</b>	<b>3.1%</b>	<b>4.7%</b>		<b>6.9%</b>	<b>9.3%</b>	
<b>NPM</b>	<b>1%</b>	<b>2%</b>		<b>3%</b>	<b>4%</b>	
<b>% to Operating Income</b>						
Total Raw Material Cost	50.6%	49.7%		49%	48%	
Employee Expenses	9.7%	10.1%		10%	11%	
Rent and Other Op Lease	13.7%	13.5%		12.6%	12.6%	
Other Expenses	22.8%	22.1%		21%	20%	
TOTAL EXPENDITURE	96.9%	95.3%		93.1%	90.7%	



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Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Ms. Charulata Gaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Mr. Mayank Babla	mayank.babla@dalal-broacha.com	022 67141142	IT, Telecom, Media—
Ms. Abhilasha Satale	abhilasha.satale@dalal-broacha.com	022 67141139	Mid cap
Mr. Avinash Kumar	avinash.kumar@dalal-broacha.com	022 67141441	Capital Goods
Ms. Richa.Singh	richa.singh@dalal-broacha.com	022 67141444	Analyst

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021 Tel: 91-22- 2282 2992, 2287 6173, (D) 6630 8667 Fax: 91-22-2287 0092

E-mail: [research@dalalbroachaindia.com](mailto:research@dalalbroachaindia.com), [equity.research@dalal-broacha.com](mailto:equity.research@dalal-broacha.com)