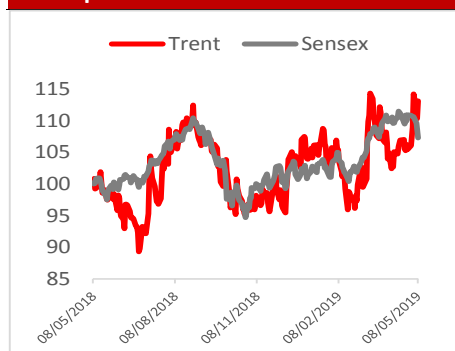



**Result Update @ Dalal & Broacha**
**ACCUMULATE**

Current Price	374
52 Week Range	Rs 392/295
Target Price	412
Upside	10%

**Key Share Data**

Market Cap (Rs.bn)	125
Market Cap (US\$ mn)	1785
No of o/s shares (mn)	332
Face Value	1
Monthly Avg. vol(BSE+NSE) Nos	108
BSE Code	500251
NSE Code	TRENT
Bloomberg	TRENT IN

**Price performance**


% Shareholding	Mar-19	Dec-18
Promoters	32.61	32.61
Institutions	39.09	38.89
Others	28.29	28.50
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Trent Q4FY19 Standalone Results**

EBIDTA margins @5% (v/s 4.7 YoY) below our expatiations impacted by higher Raw Material to Revenues. However topline above expectations at +26% growth and Westside LTL @12%

**Standalone Results:**

- Revenues increased by 26.5% YoY to Rs 6686.73mn (also includes Zudio since Oct-2017) {Total Zudio ~55 v/s 22 FY18} (28-Zudio stores were opened in 28 days in Feb-19 ground check) (Like-to-Like Westside **+12% for Q4FY19** & 9% FY19 full year Westside Income full year +18% YoY {actual figure NA} )

- EBIDTA +36% YoY at Rs 338mn. EBIDTA Margins 5% vs 4.7%

- As % to Revenue:** -Raw Material cost stood 52.6% vs 49.7%. (RM highest in last 12QTRs the company's 2% discount scheme at billing continues, to avoid any GST issues) plus this is an EOSS Q4FY19 and large opening of Zudio stores that requires higher volumes led to this rise. -Other. Expenses stood at 19.7% v/s 22.1% -Rental cost stood at 12.6% v/s 13.5% (added 22 Westside stores YTD in FY19 to 147 total)

- Other Income declined by 16% YoY to Rs 88.2mn. Interest cost increased by 37% YoY at Rs 102.67mn. PBT (before exceptional) increased by 12% YoY to Rs 187.7mn. Tax Rate stood at 13% v/s 31% YoY (FY19 full year @33%). Exceptional item impairment of investments in Trent Global Holdings Limited Rs 4.5mn

Adjusted PAT for Q4FY19 increased by 39% YoY at Rs 163mn.

**CONS FY19 Results:** Revenues increased by 22% YoY to Rs 26302.42mn , EBIDTA increased by 13% YoY to Rs 2277mn PBT ( excl exceptional items) increased by 6% YoY to Rs 1801.2mn, Adj PAT was up by 9% YoY to Rs 949mn. Loss of Associates /JV's 116.5mn v/s loss 226.45 (this indicates that Star Bazaar losses would have reduced)

**Valuations** Based on our SOTP calculation our target price is 412. We recommend investors to Accumulate the stock with a long-term view.

**Consolidates Financials (Rs Mns)**

Year	Net Sales	% Growth	EBIDTA	OPM%	PAT	% Growth	EPS	PE (x)	ROE%	ROCE%
FY17	18,124.4	14.0%	1,257.0	6.9%	589.5	22.0%	1.8	212.0	3.8	4.6
FY18	21,574.6	19.0%	2,011.9	9.3%	870.4	48%	2.6	143.6	5.5	7.8
FY19	26,302.4	21.9%	2,277.2	8.7%	948.5	9%	2.9	131.7	5.8	8.6
FY20E	32,027.3	21.8%	2,843.3	8.9%	1,675.7	77%	5.0	74.6	9.5	10.3
FY21E	39,068.5	22.0%	3,974.3	10.2%	2,705.1	61%	8.1	46.2	13.6	13.7

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



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

## Result Update@ Dalal & Broacha

Trent Management call KTA's Q4FY19

**Spending and demand: Discretionary spending in case of categories that requires funding has taken a hit, otherwise no major consumer spending cut has been observed in Westside**

**Store additions:** Westside ~145 FY19 end (FY18 ended with 125 stores) (added ~5 more till date in FY20) / Zudio 55 stores FY19 (FY18 ended with 22 stores) {FY19 & FY18 includes 15 in Star Bazaar} (added ~6 more till date in FY20)

Store **closure** in Westside was mainly on account of replacement of better stores

**Raw Material** to Revenue @ 48.7% v/s 46.4% YoY for full year FY19.

1) 2% price cut taken by the company visible at billing in-order to pass on GST input tax credit benefits for the customers to avoid any anti profiteering issues / discontinuation of this can happen anytime management has given no-guidance

2) The company has also taken some general price cuts across brands to maintain sharp-pricing post Diwali

**ZUDIO:** Gross margins are lower than Westside and will remain lower as 67% of the portfolio is below Rs 500. / However this format has the capability to reach similar EBIDTA level margins

**CWIP** in balance sheet includes some CAPEX for office building

**Inventory days** standalone higher at 70 days v/s 60days since Zudio stores require much higher volumes

**Star Bazaar** ~15 stores opened / further details in AGM

Overall the management remains confident on the delivery of Zudio format and continues with their aggressive store openings. Westside business is doing decent with no-negative surprises even in this difficult period.



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

## Result Update@ Dalal & Broacha

### Particulars ( Rs Mns)

	Standalone			Consolidated		
	Q4FY18	Q4FY19	Growth	FY18	FY19	Growth
Net Sales	5287.21	6686.73	26%	21574.62	26302.42	22%
<b>TOTAL Operating income</b>	<b>5287.21</b>	<b>6686.73</b>	<b>26%</b>	<b>21574.62</b>	<b>26302.42</b>	<b>22%</b>
Stock Adjustment	-331.85	-568.85	71%	(385.11)	(1482.25)	285%
Purchase of Finished Goods	2959.62	4083.47	38%	10700.21	14596.67	36%
<b>Total Raw Material Cost</b>	<b>2627.8</b>	<b>3514.6</b>	<b>34%</b>	<b>10315.1</b>	<b>13114.4</b>	<b>27%</b>
Employee Expenses	532.23	675.32	27%	2304.78	2868.11	24%
Rent and Other Operating Lease	712.07	841.51	18%	2725.27	3164.86	16%
Other Expenses	1166.07	1317.66	13%	4217.62	4877.84	16%
TOTAL EXPENDITURE	5038.1	6349.1	26%	19562.8	24025.2	23%
<b>EBITDA</b>	<b>249.1</b>	<b>337.6</b>	<b>36%</b>	<b>2011.9</b>	<b>2277.2</b>	<b>13%</b>
Depreciation	111.13	135.42	22%	455.34	516.70	13%
Interest	74.81	102.67	37%	305.64	367.55	20%
<b>PBT before Other Income</b>	<b>63.14</b>	<b>99.54</b>	<b>58%</b>	<b>1250.88</b>	<b>1392.95</b>	<b>11%</b>
Other Income	105.03	88.22	-16%	442.13	408.22	-8%
<b>PBT Before Exceptional Items</b>	<b>168.17</b>	<b>187.76</b>	<b>12%</b>	<b>1693.0</b>	<b>1801.2</b>	<b>6%</b>
Exceptional Items		-4.50				
Share of Profit or loss in associates / JV as per equity Method				(226.45)	(116.50)	-49%
PBT	168.2	183.3	9%	1466.6	1684.7	15%
Tax	51.53	23.75	-54%	596.18	736.07	23%
Tax Rate	31%	13.0%	-58%	35%	41%	16%
Extra Ordinary Net of Tax					-0.24	
Net Profit from Continuing Operations ( only in Consolidated No.s ( under IND AS)				870.38	948.60	9%
Reported Profit After Tax	116.6	159.52	37%	870.4	948.6	9%
<b>Adjusted Profit After Extra-ordinary item and Excl Inc from Discountinued Operations</b>	<b>116.6</b>	<b>162.7</b>	<b>39%</b>	<b>870.4</b>	<b>948.6</b>	<b>9%</b>
Equity	332.32	332.32		332.3	332.3	
Face Value	1.00	1.00		1.0	1.0	
EPS (Unit Curr.) ( on adjusted PAT)	0.35	0.49	39%	2.6	2.9	9%
<b>OPM</b>	<b>4.7%</b>	<b>5.0%</b>		<b>9.3%</b>	<b>8.7%</b>	
<b>NPM</b>	<b>2%</b>	<b>2%</b>		<b>4%</b>	<b>4%</b>	
<b>% to Operating Income</b>						
Total Raw Material Cost	49.7%	52.6%		48%	50%	
Employee Expenses	10.1%	10.1%		11%	11%	
Rent and Other Op Lease	13.5%	12.6%		12.6%	12.0%	
Other Expenses	22.1%	19.7%		20%	19%	
TOTAL EXPENDITURE	95.3%	95.0%		90.7%	91.3%	



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

## Result Update@ Dalal & Broacha

<b>Trent SOTP Method</b>					
<b>Segment</b>	<b>Particulars</b>	<b>FY21</b>	<b>Metric</b>	<b>Multiple( X)</b>	<b>Per Share Contribution</b>
Weside	PAT Standalone (Rs Mns)	2510	P/E	40	100412
Star Bazaar 50% JV	Sales (Rs Mns)	8914	P/Sales	1	8914
Zara Trents Share 49%	PAT (Rs Mns)	757	P/E	35	26498
Less: Debt (Rs Mns)					3942
Add: Cash + Invest ( Rs Mns)					
less Inv in Subs					4899
<b>Total Value in Mns</b>					<b>136781</b>
NO. of Shares ( In Mns)					332
<b>Value Per Share Rs</b>					<b>412</b>
CMP					374
<b>Upside</b>					<b>10%</b>



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

## Result Update@ Dalal & Broacha

### Disclaimer

**Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D& B** (CIN\_U67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.dalal-broacha.com](http://www.dalal-broacha.com)

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

### **Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-**

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

### **Disclosures in respect of Research Analyst:**

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not



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

## Result Update@ Dalal & Broacha

be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

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 67141435	Mid- cap senior analyst
Mr. Avinash Tanawde	avinash.tanawde@dalal-broacha.com	022 67141449	BFSI
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141449	Associate
Ms. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021

Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092

E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com