MIRAE ASSET Sharekhan

Trent Ltd

Revenue moderation continues; margins shine

Reco/View: **BUY**	CMP: **Rs. 4,132**	Price Target: **Rs. 5,220**

TRENT LIMITED
A TATA Enterprise

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Consumer Discretionary

COMPANY DETAILS

Market cap:	Rs. 1,46,873 cr
52-week high/low:	Rs. 6259/3644
NSE volume: (No of shares)	9.7 lakh
BSE code:	500251
NSE code:	TRENT
Free float: (No of shares)	22.4 cr

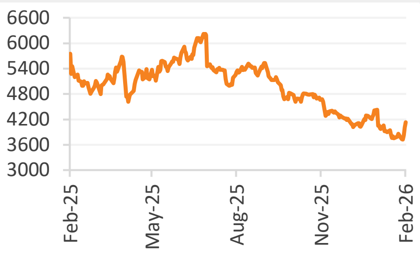
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	37.0
FII	21.0
DII	21.5
Others	20.5

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-6.7	-11.7	-22.3	-28.1
Relative to Sensex	-4.2	-11.7	-25.5	-34.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Trent's Q3FY26 profitability beat estimates, with EBITDA margins rising 182 bps y-o-y to 20.4% (versus 19.4% expected) and PAT rising 40.4% y-o-y to Rs. 659 crore (against Rs. 537 crore expected). Revenue grew 16% y-o-y.
- LFL growth was marginally negative in Q3 (at low single-digits for 9MFY26). It is witnessing a gradually improving trend and the outlook over the medium term is positive.
- Store expansion is balanced between deepening density in existing Tier-I/II cities and accelerating penetration in Tier II/III cities and new micro-markets.
- Stock has fallen by 12% from recent highs and trades at 38x/31x/26x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 5,220.

Result overview

- Revenues grew by 16% y-o-y to Rs. 5,260 crore, led by 39% y-o-y increase in retail area, while revenue per sq. ft. fell 17% y-o-y.
- LFL growth was marginally negative owing to the shift in festive season and muted consumer sentiment (stood in low single-digits for 9MFY26).
- Gross margin slightly rose by 29 bps y-o-y to 45%, while EBIDTA margin improved by 182 bps y-o-y to 20.4%, beating our expectation of 19.4% driven by a strong cost discipline, especially RFID-led manpower optimization and variable cost structure.
- EBIDTA grew by 27.3% y-o-y to Rs. 1,073 crore, while adjusted PAT grew by 40.4% y-o-y to Rs. 659 crore.
- 9MFY26 revenues grew 17.5% y-o-y to Rs. 14,765 crore, OPM rose by 178 bps to 18.5% and adjusted PAT grew by 24.1% y-o-y to Rs. 1,532 crore.
- During Q3, Trent opened 17 Westside and 48 Zudio stores (including 1 store in the UAE), taking the network to 278 Westside, 854 Zudio (including 4 stores in the UAE) and 32 stores across other lifestyle concepts at Q3FY26-end.

Our Call

Revenue growth continues to slow on a high base, while margins continue to expand driven by operating efficiencies. Innovation in product portfolio, 100% contribution from own brands, aggressive store expansions, scaling up of the Star business and leveraging on digital presence will be key growth drivers in the medium term. Stock has corrected 12% from recent highs and is currently trading at 38x/31x/26x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 5,220.

Key Risks

Demand slowdown or intensifying competition will act as key risks to our earnings estimates.

Valuation (Standalone) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	11,927	16,668	19,627	23,241	27,637
EBITDA Margin (%)	16.2	16.5	18.1	18.5	18.9
Adjusted PAT	1,070	1,585	1,861	2,177	2,610
Adjusted diluted EPS (Rs.)	30.1	44.6	52.3	61.3	73.4
P/E (x)	-	92.7	79.0	67.5	56.3
P/B (x)	33.0	24.8	19.3	15.3	12.3
EV/EBITDA (x)	65.2	48.2	37.5	31.1	25.9
RoNW (%)	28.4	30.6	27.5	25.3	24.2
RoCE (%)	24.5	30.1	28.3	27.7	28.8

Source: Company; Mirae Asset Sharekhan estimates

Result highlights

- Q3 was impacted by 1) A partial shift in festive (to Q2), 2) Transition to the new GST regime, 3) Consumers' inclination towards bigger ticket products with higher GST reduction benefits, 4) Relatively muted consumer sentiment and 5) supply-chain related challenges given continuing geopolitical disturbances. However, it is witnessing a gradual improvement and expects GST rationalisation benefits to flow through for lifestyle categories over the medium term.
- Emerging categories, including beauty & personal care, innerwear and footwear contributed to over 21% of revenues in Q3. Online revenues grew by 38% y-o-y and contributed to over 6% of Westside revenues.
- Company plans to add stores within select existing catchments across Tier I and Tier II cities and accelerate presence in multiple smaller markets with an intent to grow its presence in both existing as well as new micro-markets/ geographies.
- Management indicated that the competitive intensity is high in India. Trent is focused on strengthening its core to drive efficiencies, enhancing its product proposition and driving premiumisation by way of desirable products, convenience and experience.
- Management guided that all benefits of automation are now realised, implying productivity-led margin improvement going ahead.
- Company prefers to retain operating control of its stores and the ownership of merchandise at all times. Its approach to franchising has been selective given diverse objectives and primarily related to properties. Trent prefers a company-operated operating model for its stores.
- Star business continued to struggle with muted revenue growth due to multiple stores under upgrade and consolidation of select stores.

Results (Standalone) Rs cr

Particulars	Q3FY26	Q3FY25	y-o-y (%)	Q2FY26	q-o-q (%)
Net revenue	**5,259.5**	**4,534.7**	**16.0**	**4,724.1**	**11.3**
Cost of goods sold	2,892.7	2,507.4	15.4	2,678.1	8.0
Gross profit	**2,366.8**	**2,027.3**	**16.7**	**2,045.9**	**15.7**
Staff cost	310.7	301.0	3.2	287.3	8.1
Rent expenses	401.0	384.0	4.4	402.3	-0.3
Other expenses	581.7	499.3	16.5	543.1	7.1
Total operating expenses	**1,293.4**	**1,184.3**	**9.2**	**1,232.7**	**4.9**
EBITDA	**1,073.4**	**843.0**	**27.3**	**813.2**	**32.0**
Other income	153.3	50.9	-	119.2	28.6
Interest	42.4	36.3	16.9	41.3	2.7
Depreciation	354.5	239.3	48.1	315.3	12.4
Profit before tax	**829.8**	**618.4**	**34.2**	**575.9**	**44.1**
Tax	170.8	149.0	14.6	125.1	36.5
Adjusted PAT	**659.0**	**469.3**	**40.4**	**450.8**	**46.2**
Exceptional items	-19.3	0.0	-	0.0	-
Reported PAT	**639.7**	**469.3**	**36.3**	**450.8**	**41.9**
EPS (Rs.)	18.5	13.2	40.4	12.7	46.2
			bps		**bps**
GPM (%)	45.0	44.7	29	43.3	169
EBITDA Margin (%)	20.4	18.6	182	17.2	319
NPM (%)	12.5	10.3	218	9.5	299
Tax rate	20.6	24.1	-352	21.7	-114

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Yog Siddhartha	4.53
2	ICICI Prudential AMC Ltd.	2.45
3	Vanguard Group Inc.	2.21
4	Blackrock Inc.	2.21
5	SBI Life Insurance Co. Ltd.	2.20
6	SBI Funds Management Ltd.	2.14
7	Nippon Life India Asset Management Ltd.	1.63
8	UTI AMC Ltd.	1.34
9	Amansa Holdings Pvt Ltd.	1.00
10	Invesco AMC Ltd.	0.98

Source: Bloomberg

Key management personnel

Name	Designation
Noel Tata	Chairman
Venkatesalu Palaniswamy	Managing Director
Neeraj Basur	Chief Financial Officer
Krupa Anandpara	Company Secretary and Compliance Officer

Source: Company Website

SOMIL RAMESH MEHTA

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