Stock Update

Result Update

MIRAE ASSET Sharekhan

Trent Ltd

Margin expansion despite muted LFL growth

Consumer Discretionary	Sharekhan code: TRENT
Reco/View: Buy ⇔	CMP: Rs. 4,282 (as on Nov 10, 2025)
	Price Target: Rs. 5,480 ↓

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)		✓	

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

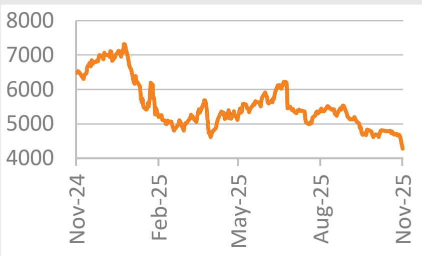
Company details

Market cap:	Rs. 1,52,232 cr
52-week high/low:	Rs. 7,490 / 4,264
NSE volume: (No of shares)	11.1 lakh
BSE code:	500251
NSE code:	TRENT
Free float: (No of shares)	22.4 cr

Shareholding (%)

Promoters	37.0
FII	22.2
DII	20.0
Others	20.8

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-8.7	-21.3	-16.2	-33.9
Relative to Sensex	-9.9	-24.9	-21.4	-39.0

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Trent's Q2FY26 profitability beat estimates, with EBITDA margins rising 134 bps y-o-y to 17.2% (versus 16.5% expected) and PAT rising 6.5% y-o-y to Rs. 451 crore (against Rs. 404 crore expected). Revenue grew by 17% y-o-y.
- Revenue growth was driven by store additions (15%/40% y-o-y net additions in Zudio/Westside, respectively) and a low single-digit LFL growth in fashion concepts. Gross margins of Westside and Zudio remained consistent.
- Trent opened 13/40 Westside/Zudio stores (net) in Q2FY26, taking the count to 261 Westside, 806 Zudio (including 3 stores in the UAE) and 34 stores across other lifestyle concepts.
- Stock has fallen by 22% from recent highs and trades at 39x/31x/27x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 5,480.

Trent's Q2FY26 performance beat expectations led by higher EBITDA margins than expected, while LFL growth remained muted in low-single digits. Standalone revenue grew by 17.1% y-o-y to Rs. 4,724 crore, in line with our expectations of Rs. 4,722 crore. Revenue growth on a high base of 40% growth in Q2FY25, was driven by store additions, while muted consumer sentiment, unseasonal rains and transition to new GST regime hit growth. Fashion concepts witnessed low single-digit LFL growth during Q2. Emerging categories (BPC, innerwear, footwear, etc.) continued their healthy growth trajectory contributing 21% of total revenue. Gross margins fell by 88 bps y-o-y to 43.3%, while EBIDTA margins rose by 134 bps y-o-y to 17.2% mainly led by better operating efficiencies. EBITDA margin beat our expectation of 16.5%. EBITDA grew by 26.9% y-o-y to Rs. 813 crore. Lower other income (down 14% y-o-y), higher interest cost (up 28% y-o-y) and higher depreciation charges (higher by 65% y-o-y) led to 6.5% y-o-y growth in the PAT to Rs. 451 crore, beating our expectation of Rs. 404 crore. In H1FY26, revenue grew by 18.4% y-o-y to Rs. 9,505 crore, EBITDA margin rose 178 bps y-o-y to 17.4% and PAT increased by 14.1% y-o-y to 873 crore.

Key positives

- Gross margins of Westside and Zudio remained consistent.
- Online revenues grew 56% y-o-y and contributed to over 6% of Westside revenues.

Key negatives

- LFL was muted at low-single digits.

Management Commentary

- In Q2, the consumer sentiment was relatively muted and witnessed headwinds given unseasonal rains and GST transition. Management expects demand for small ticket discretionary lifestyle categories to improve in the coming months aided by the GST rate cuts.
- The company is focusing on tier 2-3 markets and emerging catchments in the proximity of metro cities, where there is huge opportunity to gain market share; yet the revenue profile and growth trajectory will be different versus the existing store portfolio.
- Trent has introduced a new youth focused fashion brand – Burnt Toast and has launched 4 stores under this brand. Initial response for the brand has been positive.
- Emerging categories (beauty & personal care, innerwear and footwear) continued to gain traction with customers; contributed to over 21% of standalone revenues.
- Online revenue from Westside.com and the Tata Neu platform increased by 56% y-o-y and contributed to over 6% of Westside revenues.
- As of Q2FY26-end, Trent's fashion portfolio included 261 Westside, 806 Zudio (including 3 stores in the UAE) and 34 stores across other lifestyle concepts.
- The Star business, consisting of 77 stores (no store additions in Q2), posted 2% y-o-y revenue decline due to store closures for upgrades. Own brands share stood stable y-o-y at 73%.

Revision in earnings estimates – We have raised our EBITDA margin estimates for FY26 and FY27 by 150-180 bps to factor in cost saving initiatives, while we have reduced our EPS estimates for FY26 and FY27 by 3-6% to factor in higher depreciation charges.

Our Call

View – Retain Buy with a revised PT of Rs. 5,480: Trent continues to see moderation in revenue growth 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 by 22% since its recent high and is currently trading at 39x/31x/27x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 5,480 (rolling over to Sept-27 estimates).

Key Risks

Slowdown in consumer demand or increased competition will act as a key risk to our earnings estimates in the near term.

Valuation (Standalone) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	11,927	16,668	19,956	24,305	28,627
EBITDA Margin (%)	16.2	16.5	17.9	18.3	18.4
Adjusted PAT	1,070	1,585	1,879	2,279	2,651
% YoY growth	93.0	48.1	18.5	21.3	16.3
Adjusted diluted EPS (Rs.)	30.1	44.6	52.8	64.1	74.6
P/E (x)	-	96.1	81.0	66.8	57.4
P/B (x)	34.2	25.7	20.0	15.7	12.6
EV/EBITDA (x)	67.6	50.0	38.6	31.3	26.6
RoNW (%)	28.4	30.6	27.8	26.3	24.3
RoCE (%)	24.5	30.1	28.6	28.8	28.9

Source: Company; Mirae Asset Sharekhan estimates

Results (Standalone) **Rs cr**

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Net revenue	**4,724.1**	**4,035.6**	**17.1**	**4,781.3**	**-1.2**
Cost of goods sold	2,678.1	2,252.1	18.9	2,622.6	2.1
Gross profit	**2,045.9**	**1,783.4**	**14.7**	**2,158.7**	**-5.2**
Staff cost	287.3	288.0	-0.2	284.3	1.1
Rent expenses	402.3	404.0	-0.4	498.4	-19.3
Other expenses	543.1	450.8	20.5	538.3	0.9
Total operating expenses	**1,232.7**	**1,142.8**	**7.9**	**1,321.0**	**-6.7**
EBITDA	**813.2**	**640.7**	**26.9**	**837.7**	**-2.9**
Other income	119.2	138.7	-14.0	40.9	-
Interest	41.3	32.4	27.5	39.5	4.4
Depreciation	315.3	191.5	64.6	283.9	11.1
Profit before tax	**575.9**	**555.4**	**3.7**	**555.2**	**3.7**
Tax	125.1	132.0	-5.2	132.6	-5.6
Reported PAT	**450.8**	**423.4**	**6.5**	**422.6**	**6.7**
EPS (Rs.)	12.7	11.9	6.5	11.9	6.7
			BPS		**BPS**
GPM (%)	43.3	44.2	-88	45.1	-184
EBITDA Margin (%)	17.2	15.9	134	17.5	-31
NPM (%)	9.5	10.5	-95	8.8	70
Tax rate	21.7	23.8	-204	23.9	-216

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Near-term outlook bleak; long-term growth prospects intact

In the near term, revenue growth for the branded retail and apparel companies is likely to be largely driven by store expansion, steady demand for premium products, and better consumer sentiments in urban markets/ metros. GST rate rationalisation will provide some boost to consumption across categories. In the medium to long term, market share gains, higher traction on the e-Commerce platform, a strong retail space expansion strategy and a sustained expansion of the product portfolio will help branded apparel and retail companies post consistent growth. Better operating leverage, improved efficiencies, and an enhanced mix would help branded apparel and retail companies post higher margins in the coming years.

■ Company Outlook – Multiple levers in place for long-term growth

The company's strong execution capabilities aided it to achieve a robust 5.2x revenue growth and 10.3x PAT growth in FY2025 over FY2020. Trent is seeing strong pick-up in new initiatives/categories through higher contribution from online sales and emerging categories. We expect the company's revenue and PAT to clock a 20% and 19% CAGR, respectively, over FY25-28E.

■ Valuation – Maintain Buy with a revised PT of Rs. 5,480

Trent continues to see moderation in revenue growth 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 by 22% since its recent high and is currently trading at 39x/31x/27x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 5,480 (rolling over to Sept-27 estimates).

Peer Comparison

Particulars	EV/EBITDA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Aditya Birla Fashion & Retail	20.8	22.1	18.3	-2.2	-0.9	0.1
Trent	50.0	38.6	31.3	30.1	28.6	28.8

Source: Company; Mirae Asset Sharekhan Research

About company

Trent is part of the Tata Group and operates a portfolio of retail concepts. Its primary customer propositions include Westside, one of India's leading chains of fashion retail stores, Zudio, a one stop destination for great fashion at great value and Trent Hypermarket, which operates in the competitive food, grocery and daily needs segment under the Star banner. Westside stores have a footprint of 20,000-30,000 sq. ft. across 86 cities. Zudio, the value fashion format destination, operates with stores having a footprint of 7,000-12,000 sq. ft. Trent's supermarket concept – Star, offers a curated assortment of products including FMCG, staples and a comprehensive fresh offering. In addition, Trent has two separate associations with the Inditex Group of Spain to operate Zara and Massimo Dutti stores in India through Inditex Trent Retail India Private Limited.

Investment theme

Trent is the only branded retail player with close to 100% share of private brands with a pan-India presence. Trent offers a strong set of brands catering to all categories of consumers, which has helped the company report the highest average revenue per square foot compared with other branded players. Trent has maintained its SSSG momentum over the years as well as its profitability is seen increasing on a y-o-y basis. Aggressive store expansion, better store fundamentals, higher contribution from private brands, omni-channel network, and innovative product offerings in the premium and value fashion space would be key growth drivers for the company going ahead.

Key Risks

- Any slowdown in discretionary demand would impact SSSG, affecting revenue growth.
- Heightened competition, especially in the form of private labels by other branded players or in the value fashion space, would act as a threat to revenue growth.
- Any significant increase in key raw-material prices would affect the company's profitability.

Additional Data

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

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Yog Siddhartha	4.53
2	SBI Life Insurance Co. Ltd.	2.42
3	Motilal Oswal Asset Management Co. Ltd.	2.30
4	Vanguard Group Inc.	2.18
5	SBI Funds Management Ltd.	2.09
6	Blackrock Inc.	2.09
7	UTI Asset Managament Company Ltd.	1.31
8	Amansa Holdings Pvt. Ltd.	1.28
9	Nippon Life India Asset Management Ltd.	0.98
10	Axis Asset Management Co. Ltd.	0.93

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

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