Trent Ltd. (TRENT)

CMP: ₹3,030	Target ₹ 3,599 (19%)	Target Period: 12 months	BUY

August 7, 2026

Good Q1 despite muted LFL growth

About the stock: Trent, a Tata Group company, operates a portfolio of retail concepts which include Westside (leading fashion retail chain, Zudio (leading value fashion brand) and Trent Hypermarket (Foods, daily item and grocery segment) under the Star banner.

Q1FY27 performance: Trent's reported good operating performance. Standalone revenues reported 18.5% YoY growth to Rs.5666.3cr. LFL growth stood in low single digits. Gross margins improved by 149bps YoY to 46.6% led by sourcing benefits. EBITDA margins improved by 208bps to 19.6%. EBITDA grew by 33% YoY to Rs.1110.6cr. Reported PAT grew by 26% YoY to Rs.532cr in Q1FY27.

Investment Rationale:

- **Retail expansion led double digit growth; demand environment remains cautious:** Trent reported ~19% YoY revenue growth to Rs.5,666.3cr in Q1FY27, largely driven by accelerated store additions over the past 3–4 quarters. However, like-for-like (LFL) growth remained in the low single digits as geopolitical uncertainties made consumers cautious, leading to calibrated discretionary spending during the quarter. We expect consumers to maintain cautious stance in the backdrop of rising inflationary risk. Hence, LFL growth is likely to remain in low single digit while revenue growth will be the function of store additions in Q2FY27. Any improvement in the global environment and meaningful improvement in consumer sentiments will help LFL growth to improve to mid-single digit and revenue growth crossing 20% in H2FY27 (festive season will provide good support).
- **Good margin performance in Q1FY27; near term pressure likely from input cost inflation:** Trent reported an EBITDA margin of 19.6% in Q1FY27, up 208bps YoY, ahead of our expectations. Gross margins improved by 149bps YoY, in Q1FY27, supported by sourcing benefits, while EBITDA margins were further aided by lower employee and rental costs per sq. ft. which was down 15% and 22% YoY. However, the ongoing West Asia conflict could lead to higher input costs and supply chain disruptions in the near term. Hence, we expect EBITDA margins to come under pressure in Q2FY27. Consistent improvement in the store fundamentals, better mix and operating efficiencies would help Trent to drive better margins in the medium to long run.
- **Store addition guidance retained:** Trent maintained its annual guidance of store additions (50 stores in Westside and 200-250 stores in Zudio). The company has 1293 stores (Westside 301 and Zudio 982 stores). In Q1FY27, the store additions remained muted with 1 store added in Westside and 19 stores in Zudio. Over the next 9 months, it would need to add ~49 stores in Westside and ~210-220 stores in Zudio. Given the execution capabilities of the company, we expect it to achieve the annual store addition guidance for FY27.

Rating and Target Price: Trent's revenues and PAT expected to grow at CAGR of 21.5% and 23.8% over FY26-28E. Any improvement in the LFL growth will further add to the growth in the near term. We recommend Buy with a SOTP target price of Rs.3,599.

TRENT LIMITED
A TATA Enterprise

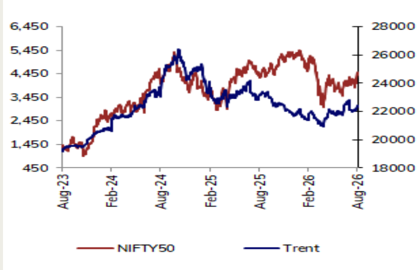
Particulars

Particuar	Amount
Market Capitalisation (₹ crore)	1,65,825
Debt (FY26) -₹ crore	948
Cash (FY26) - ₹ crore	787
EV (Rs crore)	1,65,986
52-week H/L (₹)	3785 / 2185
Equity capital (₹ crore)	53.3
Face value (₹)	1

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoters	37.0	37.0	37.0	37.0
FII	16.8	15.6	15.6	15.1
DII	19.8	21.4	22.2	23.1
Others	26.3	26.0	25.2	24.8

Price Chart



Key risks

((i) Slowdown in discretionary consumption impacting LFL growth.

(ii) Increase in competition from large domestic/international brands in fast fashion space.

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Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	11926.6	16668.1	19701.4	28.5	23581.9	29100.8	21.5
EBITDA	1926.9	2754.0	3643.3	37.5	4418.9	5529.0	23.2
EBITDA Margins (%)	16.2	16.5	18.5		18.7	19.0	
Adjusted PAT	1070.3	1584.8	1986.9	36.3	2291.7	3044.2	23.8
EPS (Rs.)	20.1	29.7	37.3		43.0	57.1	
PE (x)	154.9	104.6	83.5		72.4	54.5	
EV to EBITDA (x)	85.9	60.2	45.6		37.5	29.5	
RoE (%)	28.4	30.6	29.2		26.2	27.2	
RoCE (%)	24.1	29.3	27.9		27.2	29.5	

Source: Company, ICICI Direct Research

Q1FY27 – Performance highlights

- Trent's standalone revenues reported 18.5% YoY growth to Rs.5666.3cr in Q1FY27. Revenue growth was largely aided by accelerated store addition done over the past 3-4 quarters. LFL growth for the quarter stood in low single digits. Consumer spending continued to remain calibrated and watchful amid unstable geopolitical condition which continued to persist in Q1FY27.
- Gross margins improved by 149bps YoY to 46.6% in Q1FY27. Sourcing benefits during the quarter is likely to have helped the company mitigate the cost and supply chain disruption impacted by the ongoing geopolitical crisis. EBITDA margins further improved by 208bps YoY to 19.6% (highest over several quarters) led by better gross margins and lower employee and rental cost. Rental cost/sqft and employee cost/sqft was 22% and 14% YoY in Q1FY27. EBITDA reported 32.6% YoY growth to Rs.1110.6cr
- Strong operating performance was partially offset by lower other income and higher depreciation (due to new store additions). Reported PAT grew by 26% YoY to Rs.532cr in Q1FY27.

Exhibit 1: Q1FY27 Standalone result snapshot (₹ crore)

Particulars	Q1FY27	Q1FY26	y-o-y (%)	Q4FY26	q-o-q (%)
Net revenue	5666.3	4781.3	18.5	4936.6	14.8
Cost of goods sold	3023.4	2622.6	15.3	2747.9	10.0
Gross profit	2643.0	2158.7	22.4	2188.7	20.8
Staff cost	349	284	23	340	3
Rent expenses	559.0	498.4	12.2	351.1	59.2
Other expenses	624.5	538.3	16.0	579.0	7.9
Total operating expenses	1532.4	1321.0	16.0	1269.8	20.7
EBITDA	**1110.6**	**837.7**	**32.6**	**919.0**	**20.8**
Other income	30	41	-26	61	-51
Depreciation	393.8	283.9	38.7	362.1	8.8
Reported PAT	**531.8**	**422.6**	**25.8**	**454.8**	**16.9**
EPS (Rs.)	10.0	7.9	25.8	8.5	16.9
Margins	**Q1FY27**	**Q1FY26**	**bps**	**Q4FY26**	**bps**
GPM (%)	46.6	45.1	149	44	231
EBITDA Margin (%)	19.6	17.5	208	18.6	98
NPM (%)	9.4	8.8	55	9.2	17
Tax rate	24.2	23.9	35	21.1	312

Source: Company, ICICI Direct Research

Revision in earnings estimates

We have broadly maintained our earnings estimates for FY27E and FY28E. We will keenly monitor the performance in the quarters ahead.

Exhibit 2: Changes in headline estimates

(₹ crore)	FY27E			FY28E		
	Old	New	% Chg	Old	New	% Chg
Net Revenues	23692.3	23581.9	-0.5	29229.2	29100.8	-0.4
EBITDA	4410.4	4418.9	0.2	5488.6	5529.0	0.7
EBITDA margin (%)	18.6	18.7		18.8	19.0	
PAT	2285.3	2291.7	0.3	3013.8	3044.2	1.0
EPS (Rs.)	42.9	43.0	0.3	56.5	57.1	1.0

Source: Company, ICICI Direct Research

Financial summary (Standalone)

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total Operating Income	16668.1	19701.4	23581.9	29100.8
Growth (%)	39.8	18.2	19.7	23.4
Raw Material Expenses	9261.6	10941.3	13029.0	16107.3
Gross Profit	7406.6	8760.1	10552.9	12993.5
Gross Profit Margins (%)	44.4	44.5	44.8	44.7
Employee Expenses	1200.9	1222.0	1417.6	1644.4
Other Expenditure	3451.7	3894.8	4716.4	5820.2
Total Operating Expenditure	13914.1	16058.1	19162.9	23571.8
EBITDA	**2754.0**	**3643.3**	**4418.9**	**5529.0**
Growth (%)	**42.9**	**32.3**	**21.3**	**25.1**
Interest	136.9	164.7	171.4	174.4
Depreciation	869.9	1315.7	1607.1	1824.4
Other Income	329.4	374.5	403.0	512.5
PBT	**2076.6**	**2537.3**	**3043.5**	**4042.7**
Less Tax	491.8	550.4	751.7	998.6
Adjusted PAT (before exceptional item)	**1584.8**	**1986.9**	**2291.7**	**3044.2**
Growth (%)	48.1	25.4	15.3	32.8
Exceptional item	**0.0**	**-19.1**	**0.0**	**0.0**
Reported PAT	1584.8	1967.8	2291.7	3044.2
Growth (%)	**10.4**	**24.2**	**16.5**	**32.8**
EPS (Adjusted)	**29.7**	**37.3**	**43.0**	**57.1**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit/(Loss) after taxation	1255.5	1612.4	1888.7	2531.7
Add: Depreciation & Amort.	869.9	1315.7	1607.1	1824.4
Other income	329.4	374.5	403.0	512.5
Changes in the working cap.	-435.7	-133.8	-915.7	-743.5
CF from Operating activities	**2019.0**	**3168.8**	**2983.1**	**4125.0**
(Purchase)/Sale of Fixed Assets	-2086.9	-2862.0	-2267.1	-1495.0
Investments & Bank balances	-233.4	-171.7	-292.7	-1500.0
Others	-141.8	-427.0	-57.9	-60.8
CF from Investing activities	**-2462.1**	**-3460.6**	**-2617.8**	**-3055.8**
(inc)/Dec in lease liabilities	467.0	301.3	42.0	150.0
(inc)/Dec in Loan	84.9	163.0	-100.0	-100.0
Change in equity & reserves	60.1	-56.3	0.0	0.0
Dividend paid	-177.8	-142.2	-213.3	-213.3
Other	45.5	-33.3	9.1	9.6
CF from Financing activities	**479.7**	**232.6**	**-262.2**	**-153.7**
Net Cash Flow	36.7	-59.3	103.2	915.5
Cash and Cash Equivalent (opening)	286.3	323.0	263.7	366.9
Cash	**323.0**	**263.7**	**366.9**	**1282.4**
Free Cash Flow	**2925.3**	**4677.3**	**4108.1**	**5375.0**

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	35.6	35.6	53.3	53.3
Reserve and Surplus	5878.9	7667.3	9727.9	12558.8
Total Shareholders' funds	5914.4	7702.8	9781.2	12612.1
Total Debt	743.0	906.0	806.0	706.0
Lease Liabilities	1706.7	2008.0	2050.0	2200.0
Long-Term Provisions	160.1	140.9	147.9	155.3
Other Non-Current Liabilities	56.0	41.9	44.0	46.2
Total Liabilities	**8580.2**	**10799.7**	**12829.2**	**15719.7**
Gross Block - Fixed Assets	5313.7	7849.9	10099.9	11474.9
Accumulated Depreciation	1753.1	2819.6	4426.7	6251.1
Net Block	3560.6	5030.3	5673.2	5223.8
Capital WIP	117.9	192.6	211.8	331.8
Leased Assets	26.9	30.1	28.0	28.0
Fixed Assets	3705.3	5253.0	5913.0	5583.6
Goodwill & Other intangible	73.2	71.9	71.9	71.9
Investments	1619.0	1783.6	1800.0	1800.0
Other non-Current Assets	798.8	1225.8	1283.6	1344.4
Inventory	2028.4	2268.6	2846.0	3608.4
Debtors	59.6	71.2	64.6	239.2
Current Investments	516.6	523.7	800.0	2300.0
Other Current Assets	399.9	638.6	670.6	704.1
Loans & Advances	175.0	125.8	132.1	138.7
Cash	323.0	263.7	366.9	1282.4
Total Current Assets	3502.6	3891.5	4880.2	8272.8
Creditors	929.9	1219.7	892.4	1103.2
Provisions	25.0	70.2	77.2	84.9
Other Current Liabilities	163.8	136.3	149.9	164.9
Total Current Liabilities	1118.7	1426.1	1119.4	1353.0
Net Current Assets	2383.9	2465.4	3760.7	6919.8
Application of Funds	**8580.2**	**10799.7**	**12829.2**	**15719.7**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Diluted EPS	29.7	37.3	43.0	57.1
Cash EPS	46.0	61.9	73.1	91.3
BV per share	110.9	144.5	183.4	236.5
Cash per Share	15.7	14.8	21.9	67.2
Dividend per share	5.0	4.0	4.0	4.0
Operating Ratios (%)				
Gross Profit Margins	44.4	44.5	44.8	44.7
Operating EBIDTA margins	16.5	18.5	18.7	19.0
PAT Margins	9.5	10.0	9.7	10.5
Cash Conversion Cycle	30	22	24	28
Asset Turnover	1.7	1.6	1.7	1.7
Return Ratios (%)				
RoE	30.6	29.2	26.2	27.2
RoCE	29.3	27.9	27.2	29.5
Valuation Ratios (x)				
P/E	104.6	83.5	72.4	54.5
EV / EBITDA	60.2	45.6	37.5	29.5
EV / Net Sales	9.9	8.4	7.0	5.6
Market Cap / Sales	9.9	8.4	7.0	5.7
Price to Book Value	28.0	21.5	17.0	13.1
Solvency Ratios (x)				
Debt / EBITDA	0.2	0.2	0.2	0.1
Debt / Equity	0.1	0.1	0.1	0.1
Inventory days	52	46	48	50
Debtor days	2	1	1	3
Creditor days	24	24	25	25
WC Days	30	22	24	28

Source: Company, ICICI Direct Research

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