

### About the Company

As part of the Tata Group, Trent primarily operates stores across five key concepts: Westside, Zudio, Star, Landmark, and Utsav. Its flagship concept, Westside, offers branded fashion apparel, footwear, accessories for women, men, and children, and a diverse range of home furnishings and décor. Zudio, the company's value fashion concept, provides trendy fashion for men, women, and children at highly competitive price points, with exclusive in-house curated collections. Other formats include Star Bazaar, a chain of hypermarkets and supermarkets; Landmark, which features a curated selection of toys, frontlist books, stationery, and sports merchandise; and subsidiaries like Zara and Booker stores, which Trent operates in India.

### Investment Rationale

- **Trent: Leading with Distinction:** Trent reported strong Q4FY25 results, with revenue increasing 29% YoY to Rs 4,106 Cr and EBITDA growing 38% YoY, maintaining stable EBITDA margins of 16%. The company's differentiated business model, emphasis on private labels, efficient store economics, and rapid inventory turnover continue to outperform peers. Consistent leadership in key metrics such as revenue per store and margins positions Trent well for sustained growth, supported by its high-quality offerings and strategic expansion initiatives. The strong momentum is likely to continue in the coming quarters, aided by the recent 50 bps rate cut by the RBI, which is expected to support a pickup in discretionary consumption.
- **Zudio:** Fast fashion revolutionised – Zudio has emerged as the key growth driver for Trent in recent years, driven by its fast fashion proposition targeting college students with affordable yet trendy apparel. This strategy has successfully attracted high footfall, while its cluster-based approach enables significant economies of scale. The brand's distinct appeal and value-driven offerings continue to strengthen its dominance in the fast fashion segment.
- **Extensive retail network:** Trent operates an extensive store network comprising 248 Westside stores, 765 Zudio stores, and 78 Star stores, demonstrating the company's commitment to reaching a broad customer base across diverse retail segments.
- **Outlook:** Trent's revenue performance remains impressive. Strong results are expected in the coming quarters, supported by the festive season, income tax benefits and rate cut. With its ongoing focus on store expansion and product assortment enhancement, Trent is well-positioned for growth across all its formats. Hence, we forecast Revenue and EBITDA to grow at a CAGR of 29% and 31%, respectively, over FY24–FY27E, with EBITDA margins likely to sustain in the 14–16% range in the near term.

### Valuation & Analyst recommendation:

- Considering the company's promising growth outlook, we recommend a BUY on the stock with a potential upside of 10% from the CMP.

### Financial Summary

Y/E March (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY24	11,927	1,927	1,436	40.4	231.4	20.1	24.8
FY25	16,668	2,754	1,585	44.6	130.3	26.8	22.8
FY26E	21,371	3,599	2,124	59.8	97.2	26.7	23.7
FY27E	25,584	4,376	2,663	74.9	77.6	25.3	23.8

Source: Axis Securities; CMP as on 9<sup>th</sup> June, 2025

Duration: 3-6 Months

CMP (Rs)	5,800
Target Price (Rs)	6,400
Upside (%)	10%

#### | Why Trent ?

- ✓ **Strong Execution Ahead of Peers**
- ✓ **Aggressive in Its Store Expansion**
- ✓ **Strong Operating Performance**
- ✓ **Margin Of Safety After Sharp Correction**

#### | Key risks

- ✓ **Threat from Online Players**
- ✓ **Lower Disposable Income**
- ✓ **Rising Competitive Intensity**

#### MARKET DATA

No. of Shares	35 Cr
Market Cap	2,05,317 Cr
52-week High / Low	8345/ 4491
BSE Code	500251
NSE Code	TRENT

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## | OBJECTIVE



Axis Punch is designed to generate solid return in short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

## | Axis PUNCH is strong research based idea based on



**Events Based:** Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

**Strategic Insights:** Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

**Informed Decisions:** Make well-informed investment decisions backed by the expertise of our dedicated research team.

**Medium-term Horizon:** Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

## | Why to choose Axis PUNCH



These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rational and risks are clearly highlighted in stock ideas.

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