

## Week Gone

- ⇒ In the week ended on Friday, 03 February 2023, the Sensex gained 1,510.98 points or 2.55% to settle at 60,841.88. The Nifty 50 index advanced 249.70 points or 1.42% to settle at 17,854.05
- ⇒ The BSE Mid-Cap index rose 0.45% to settle at 24,448.01
- ⇒ The BSE Small-Cap index rose 0.86% to settle at 27,862.68

## Week Ahead

- ⇒ Q3FY23 Results will continue to remain in focus for the week
- ⇒ The next RBI policy review is scheduled during 6 to 8 January 2023
- ⇒ China will announce inflation rate for January 2023 on 10 February 2023

## Technical Overview

Nifty remained highly volatile amidst a turbulent week trading in a 618 points range on relatively higher volumes throughout the week. The index opened saw a jittery start to the week ahead of the Union Budget while it strained out on the event day also owing to a bearish reaction on the Adani Group stocks. However, the support of 100 DEMA, 50 WEMA, pivot, and 38.2% retracement level bolstered a technical pullback which led to incremental gains in the last 2 trading sessions allowing the index to close the week in green and reclaim the 20 WEMA. The VIX cooled off by ~17% and IV by 34% indicating lesser unruly moves like that in the previous week. It will be crucial for the index to sustain above 17430 levels to attract bullish momentum going forward.



Source: Falcon, BP Equities Research

## Weekly Wealth

## DOMESTIC INDICES

Index	03-Feb-23	27-Jan-23	Weekly % Chg
Nifty 50	17,854.1	17,604.4	1.4
Nifty Next 50	38,464.2	39,250.5	-2.0
Nifty 100	17,687.4	17,594.5	0.5
Nifty 500	14,962.4	14,874.8	0.6
NIFTY MIDCAP 100	30,378.1	30,241.9	0.5
S&P BSE SENSEX	60,841.9	59,330.9	2.5
S&P BSE 100	18,074.5	17,852.3	1.2
S&P BSE 200	7,592.7	7,561.8	0.4
S&P BSE 500	23,812.8	23,689.0	0.5
S&P BSE MidCap	24,448.0	24,338.8	0.4
S&P BSE SmallCap	27,862.7	27,623.9	0.9

## WORLD INDICES

Index	03-Feb-23	27-Jan-23	Weekly % Chg
Nikkei Index	27,511.6	27,382.6	0.5
Hang Seng Index	21,660.5	22,688.9	-4.5
Kospi Index	2,480.4	2,484.0	-0.1
Shanghai SE Composite	3,263.4	3,264.8	0.0
Strait Times Index	3,384.3	3,394.2	-0.3
Dow Jones	33,926.0	33,978.1	-0.2
NASDAQ	12,007.0	11,621.7	3.3
FTSE	7,901.8	7,765.2	1.8

## FOREX

Currency	03-Feb-23	27-Jan-23	Weekly % Chg
US\$ (Rs.)	82.1	81.5	0.6
GBP (Rs.)	100.6	100.9	-0.3
Euro (Rs.)	89.6	88.5	1.2
Yen (Rs.) 100 Units	63.9	62.8	1.8

## NIFTY TOP GAINERS (WEEKLY)

Scrip	03-Feb-23	27-Jan-23	Weekly % Chg
ITC	380.7	346.0	10.0%
Ultratech Cement	7189.2	6715.6	7.1%
ICICI Bank	863.8	817.2	5.7%
Britannia Inds	4628.9	4380.4	5.7%
Titan Co	2463.1	2331.3	5.7%

## NIFTY TOP LOSERS (WEEKLY)

Scrip	03-Feb-23	27-Jan-23	Weekly % Chg
Adani Ports &Special	498.9	596.9	-16.4%
GAIL India	92.8	99.2	-6.4%
Yes Bank	16.5	17.5	-6.0%
Hindalco	459.6	479.0	-4.0%
UPL	715.7	744.7	-3.9%

## FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
03-Feb-23	9,482.1	10,414.5	-932.4
02-Feb-23	9,780.8	12,846.2	-3,065.4
01-Feb-23	14,366.7	12,581.5	1,785.2
31-Jan-23	14,776.2	20,215.9	-5,439.6
30-Jan-23	10,904.2	17,697.0	-6,792.8
<u>MTD</u>	59,310.0	73,755.0	-14,445.0

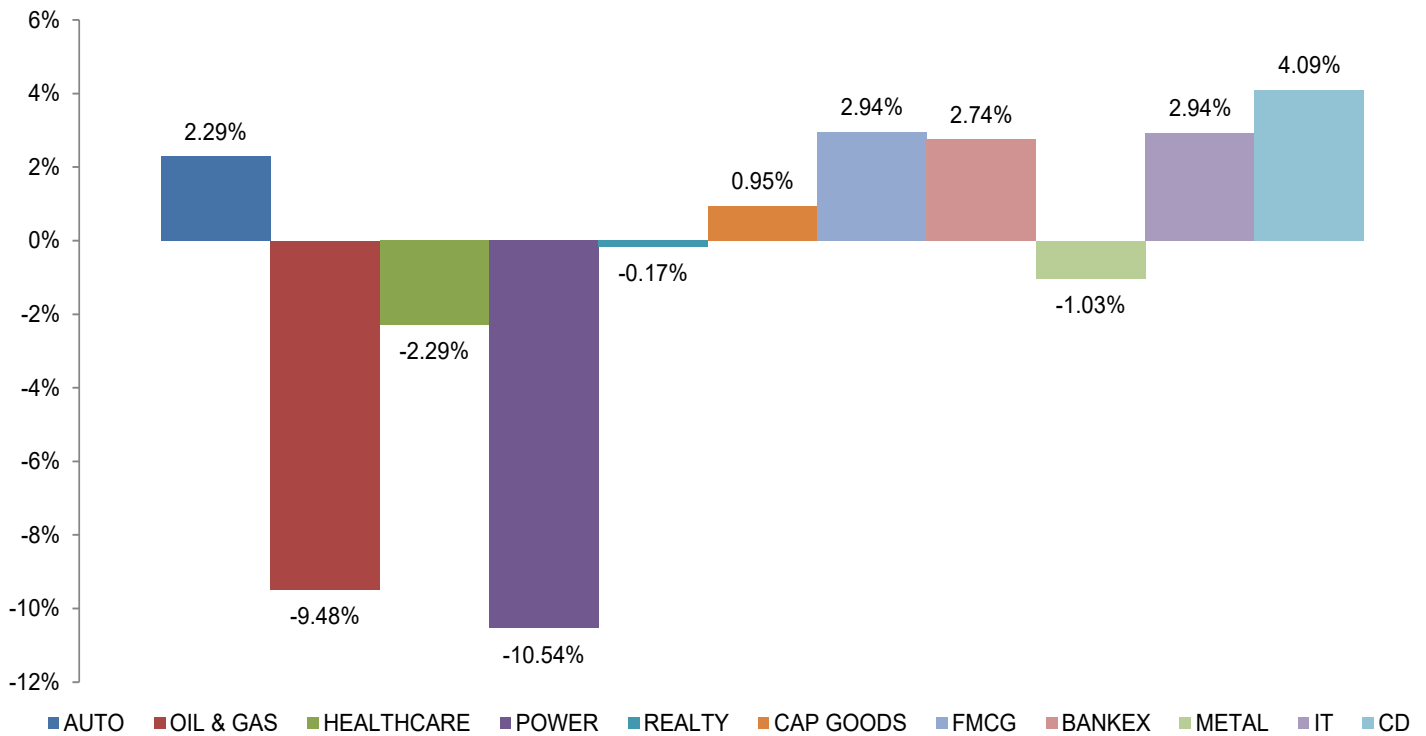
## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
03-Feb-23	7,474.0	6,209.2	1,264.7
02-Feb-23	9,470.7	7,099.3	2,371.4
01-Feb-23	10,711.5	10,182.0	529.5
31-Jan-23	10,974.1	6,467.8	4,506.3
30-Jan-23	11,487.0	5,974.4	5,512.6
<u>MTD</u>	50,117.3	35,932.8	14,184.5

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	03/02/23	27/01/23	Weekly % Chg	03/02/23	27/01/23	Weekly % Chg
	Share Price (Rs.)			Open Interest		
HDFCLIFE	491.2	590.0	-16.8	23095600	14014000	64.8
COALINDIA	219.7	221.6	-0.9	39282600	24931200	57.6
JKCEMENT	2624.8	2597.6	1.0	671500	455500	47.4
SYNGENE	568.6	569.3	-0.1	1931000	1340000	44.1
WHIRLPOOL	1263.6	1398.0	-9.6	957250	724150	32.2

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	03/02/23	27/01/23	Weekly % Chg	03/02/23	27/01/23	Weekly % Chg
	Share Price (Rs.)			Open Interest		
AMBUJACEM	375.2	383.6	-2.2	66448800	96159600	-30.9
ADANIENT	1586.0	2777.6	-42.9	10406500	13651500	-23.8
CROMPTON	305.2	321.9	-5.2	3805500	4885500	-22.1
LICHSGFIN	400.5	385.9	3.8	9448000	11870000	-20.4
MARUTI	8961.9	8767.6	2.2	2194800	2701500	-18.8

## Company Background

Established in 1998 as part of the Tata Group, Trent Ltd. is one of the leading retail companies in India. The company's business operations are laid out in four formats - Westside, Zudio, Star, and Landmark (family entertainment format stores). The company's flagship concept - Westside offers branded fashion apparel, footwear, and accessories for women, men, and children, along with a wide range of home furnishings and décor. On the other hand, Zudio's product portfolio comprises of apparel, footwear, and home at extremely competitive prices and a high mass appeal. Westside and Zudio have a combined presence of more than 500 stores, with the Westside store footprint ranging between 18,000-34,000 sq. ft. and Zudio covering over 7,000 sq. ft. of space. The Star stores (hypermarket/supermarket concept) are operated through Trent Hypermarket Private Ltd (THPL) which is the company's 50:50 joint venture with Tesco Plc UK. The product portfolio includes food and groceries, home care, apparel, home décor, and health and beauty products. Apart from its core business, the company has various subsidiaries, with Zara being the most notable (49% stake).

## Investment Rationale

### Higher acceptance of the Zudio format to be a gamechanger for the company

The aggressive expansion strategy adopted by the company for its Zudio concept along with the mass appeal that the store is generating through its affordable pricing is gaining traction in the market. As of 31 March 2022, the company extended its reach to 233 stores and generated revenues exceeding Rs. 1,000 crores which is a steep jump from its FY19 store count of 40. Going forward, we expect higher scalability of the business and consumer shift towards organized retail from unorganized to benefit the business prospects of the company. Moreover, the addition of Zudio format widens the product portfolio offering of the company, ranging from affordable to mid-premium categories of the business.

### Continued traction in the Westside segment offers bandwidth to pursue new businesses

In Q2FY23, Westside reported an LFL (like-for-like) growth of 20% from its pre-Covid levels led by robust consumer demand and higher footfall in its stores. Additionally, the strong performance of new stores remained in line with the management expectations, thus driving them to double down on their growth agenda over the medium term. Additionally, the company registered a revenue growth of 32% through its online channels - Westside.com and Tata's platforms, contributing over 6% of the total Westside revenue. We believe that strong traction in the Westside business offers the company a leeway to tap into other emerging opportunities of the retail sector, thereby providing a bigger headroom to the company to grow its business.

## Valuation and Outlook

The retail sector in India is emerging as one of the largest sectors in the economy and Trent Ltd. is one of the leading retail apparel players in the market. Favourable factors like the increasing significance of private labels in the retail and e-commerce space along with attractive demographics is benefitting the demand dynamics of the company. Apart from the strong performance of its core business, the company's emerging businesses which include beauty and personal care, innerwear, and footwear are also gaining traction in the market. In FY22, the business reported a subdued performance in its Star business, primarily led by pandemic-related restrictions. However, the management remains optimistic about the business and with higher scalability, they expect it to become an important growth engine of the overall portfolio. On the valuation front, we value the company based on 124x of FY24e earnings and arrived at a target price of INR 1,493 (21% upside from CMP) with a 12 months investment horizon.

## Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

## Sector Outlook

Positive

### Stock

CMP (INR)	1,236
Target Price (INR)	1,493
NSE Symbol	TRENT
BSE Code	500251
Bloomberg	TRENT IN
Reuters	TREN.BO

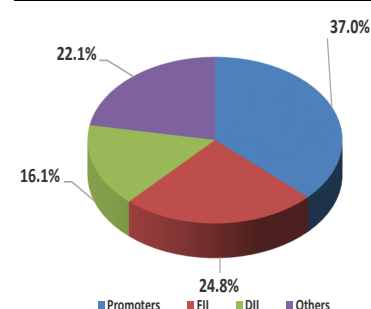
### Key Data

Nifty	17,854
52WeekH/L(INR)	1571/984
O/s Shares (Mn)	355
Market Cap (INR bn)	439
Face Value (INR)	1

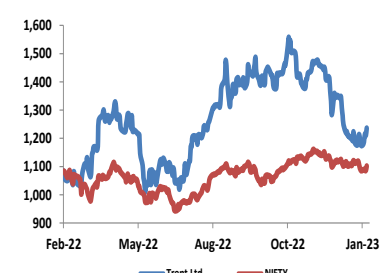
### Average volume

3 months	6,82,550
6 months	7,48,520
1 year	7,30,610

### Share Holding Pattern (%)



### Relative Price Chart



## Weekly Wealth

### Key Financials

YE March (INR. Mn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	16,861.7	19,275.5	21,574.6	26,302.4	34,859.8	25,929.6	44,980.2	77,545.9	95,133.3
Revenue Growth (Y-o-Y)		14.3%	11.9%	21.9%	32.5%	(25.6%)	73.5%	72.4%	22.7%
EBIDTA	1,029.5	1,322.7	2,144.0	2,415.9	5,566.1	1,840.4	5,939.7	11,011.5	11,606.3
EBIDTA Growth (Y-o-Y)		28.5%	62.1%	12.7%	130.4%	66.9%	(222.7%)	85.4%	5.4%
Net Profit	549.5	848.6	869.7	969.6	1,228.5	(1,461.7)	1,058.3	3,722.2	4,281.0
Net Profit Growth (Y-o-Y)		54.4%	2.5%	11.5%	26.7%	(219.0%)	(172.4%)	251.7%	15.0%
Diluted EPS	1.5	2.4	2.4	2.7	3.5	(4.1)	3.0	10.5	12.0
Diluted EPS Growth (Y-o-Y)		54.4%	2.5%	11.5%	26.7%	(219.0%)	(172.4%)	251.7%	15.0%

### Key Ratios

EBIDTA margin (%)	6.1%	6.9%	9.9%	9.2%	16.0%	7.1%	13.2%	14.2%	12.2%
NPM (%)	3.3%	4.4%	4.0%	3.7%	3.5%	-5.6%	2.4%	4.8%	4.5%
RoE (%)	3.7%	5.5%	5.4%	5.9%	5.0%	-6.2%	4.4%	13.4%	13.3%
RoCE (%)	6.5%	7.2%	10.8%	11.9%	20.1%	6.9%	20.4%	34.3%	33.7%

### Valuation Ratios

P/E (x)	799.5x	517.7x	505.1x	453.1x	357.6x	-300.6x	415.1x	118.0x	102.6x
EV/EBITDA	427.4x	334.1x	206.6x	183.3x	79.4x	239.9x	74.7x	40.3x	37.7x
P/BV (x)	29.8x	28.4x	27.5x	26.7x	17.8x	18.6x	18.2x	15.8x	13.7x
Market Cap. / Sales (x)	26.1x	22.8x	20.4x	16.7x	12.6x	16.9x	9.8x	5.7x	4.6x

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6464  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392