Trent Ltd (TRENT)

₹ 275

Westside: Ticking all the boxes…

Rating matrix

Rating	:	Buy
Target	:	₹ 310
Target Period	:	12 months
Potential Upside	:	13%

What's changed?

Target	Changed from ₹ 290 to ₹ 310
EPS FY18E*	Changed from ₹ 5.5 to ₹ 3.8
EPS FY19E*	Changed from ₹ 7.2 to ₹ 5.4
Rating	Unchanged

Adjusted for IND-AS treatment for JV's

Quarterly performance

	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)
Revenue	499.2	400.9	24.5	454.1	9.9
EBITDA	58.5	35.5	64.9	14.0	318.6
EBITDA (%)	11.7	8.8	287 bps	3.1	864 bps
PAT	38.2	23.3	64	25.3	51.0

Key financials*

(₹ Crore)	FY16	FY17E	FY18E	FY19E
Net Sales	1,589	1,834	2,366	2,740
EBITDA	93	126	178	215
Net Profit	59	59	127	179
EPS (₹)	1.7	1.8	3.8	5.4

Adjusted for IND-AS treatment for JV's

Valuation summary

	FY16	FY17E	FY18E	FY19E
EV/Sales	5.2	4.5	3.5	3.0
Target EV/Sales	6.7	5.8	4.5	3.9
EV / EBITDA	88.2	65.0	46.2	38.0
P/BV	5.3	5.0	5.1	4.8
RoNW (%)	4.0	3.8	8.2	11.0
RoCE (%)	6.5	7.4	9.4	11.0

Stock data

Particular	Amount
Market Capitalisation (₹ Crore)	9,138.3
Total Debt (Mar-16) (₹ Crore)	395.7
Cash and Investment (Mar-16) (₹ Crore)	34.3
EV (₹ Crore)	9,499.7
52 week H/L (adjusted)	300 / 177
Equity Capital (₹ Crore)	33.2
Face Value (₹)	1.0

Price performance

	1M	3M	6M	12M
Trent	-1.0	22.5	1.2	60.5
Shoppers St.	10.9	10.2	-16.8	-3.4
Aditya Bir. Fas.	2.4	10.2	-0.3	0.4

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- Standalone revenues for Q1FY18 (which includes Westside and Landmark formats) grew 25% YoY (up 10% QoQ) to ₹ 499.2 crore (I-direct estimate: ₹ 455.3 crore. LTL growth for Westside was at 14%. During the quarter, Westside opened three stores taking the total count (excluding closures) to 111 stores as on Q1FY18
- Better inventory management has led to a 70 bps improvement in gross margins to 55% in Q1FY18 compared to 54.3% in Q1FY16. Moreover, controlled other operating expenses accelerated the improvement in EBITDA margins, which improved 280 bps YoY to 11.7% (I-direct estimate: 8.2%). Subsequently, EBITDA grew 65% YoY to ₹ 58.5 crore (I-direct estimate: ₹ 37.2 crore) compared to ₹ 35.5 crore in Q1FY17 and ₹ 14 crore in Q4FY17
- Benefits of lower finance costs (down 10% YoY) and higher other income (up 12% YoY) were completely offset by higher taxation (32% of PBT in Q1FY18 compared to 27% in Q1FY17). Resultant PAT grew 64% YoY to ₹ 38.2 crore (I-direct estimate: ₹ 24.8 crore)

Robust FY17 to continue in FY18; Westside on a solid footing…

Westside is considered one of the most successful, established franchises in women's wear category. A consistent improvement in same store sales growth 9% in FY17 and increase in average transaction size (₹ 2029 in FY17 vs. ₹ 1860 in FY16 and ₹ 1700 in FY15), Westside has shown steady 17% CAGR in revenue in FY10-17. For Q1FY18, growth stayed robust with revenue growth of 25%. Exclusive private label brands contribution to total revenues grew to 93% in FY17 vs. 90% in FY16 (87% in FY16). Higher contribution from private labels enables Westside to generate industry best operating margins. Moreover, higher women's fast fashion accounts for two-third of Westside revenues. Accelerated store openings (~20 stores per annum) coupled with healthy LTL (~8%) would enable Westside to post ~20% revenue CAGR in FY17-19E to ₹ 2630 crore.

Store refurbishments, increasing reach to support underlying growth

In FY17, Trent embarked on an aggressive growth strategy under the Westside banner. To enhance customer experience, seven stores under Westside were refurbished. The efforts to provide paramount shopping experience are delivering encouraging results for the company generating LTL of 14% in Q1FY18. Apart from robust LTL growth, Westside also continues to monitor opportunities in micro-markets and intends to establish its presence in new untapped region. During FY17, 17 stores were opened, taking the store count to 111, which we expect to scale up to 144 stores by FY19E. We believe a calibrated expansion approach with focus on profitability would lead consolidated PAT to treble to ₹ 179 crore by FY19E compared to ₹ 59 crore in FY17.

Robust AGM commentary; quality franchisee; affirm BUY…

In its AGM, the management has shared its aggressive store expansion plan and enhanced focus on profitable growth. Ind-As accounting now adjusts profit/loss from JVs (THL, Inditex) in PBT, unlike earlier throughout the P&L. During FY17, lower profitability in Zara (₹ 47.6 crore vs. ₹ 108 crore in FY16) & losses in Massimo Dutti, THL of ₹ 1 crore, ₹ 52.5 crore, respectively, resulted an overall loss of ₹ 9 crore (vs. profit of ₹ 8 crore in FY16) from JVs in consolidated reporting. Change in strategy to focus on medium format stores (5000-10000 sq ft) under Star banner and revival in Zara would provide an additional delta in PAT for Trent. Though expensive, the valuations capture Trent's franchisee quality. We maintain **BUY** rating on the stock with a revised target price of ₹ 310.

Variance analysis

	Q1FY18	Q4FY17E	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Revenue	499.2	436.3	399.5	24.9	454.1	9.9	The opening of 3 westside stores for Q1FY18 and LTL growth of 14% acclerated the growth
Other Operating Income	0.0	0.0	0.0	0.0	0.0	0.0	
Raw Material Expense	224.4	218.6	182.4	23.0	232.7	-3.6	
Gross Profit	274.8	217.7	217.1	26.5	221.4	24.1	
Gross Profit Margin	55.0	49.9	54.3	70 bps	48.8	559 bps	
Employee exp	47.5	41.5	38.6	23.1	43.5	9.2	
Rent exp	65.8	65.4	51.5	27.7	61.6		
EBITDA	58.5	10.4	35.5	64.9	14.0	318.6	
EBITDA Margin (%)	11.7	2.4	8.9	284 bps	3.1	864 bps	
Depreciation	10.0	9.8	8.6	16.9	10.1	-1.2	
Interest	8.4	9.6	9.3	-9.8	7.8	7.0	
Exceptional Income	0.0	0.0	0.0		24.7		
PBT	56.2	26.1	32.0	75.4	28.8	95.1	
Tax Outgo	18.0	5.2	8.7	106.7	3.5	412.8	
Minority Interest							
PAT	38.2	20.9	23.3	63.7	25.3	51.0	

Source: Company, ICICIdirect.com Research

Change in estimates

		FY18E			FY19E			
(₹ Crore)	FY17	Old	New	% Change	Old	New	% Change	Comments
Revenue	1,833.9	3,831.6	2,366.4	-38.2	4,557.0	2,739.9	-39.9	Adjusted for IND-AS implementation
EBITDA	125.7	323.7	177.7	-45.1	397.1	214.8	-45.9	
EBITDA Margin (%)	6.9	8.4	7.5	-94 bps	8.7	7.8	-87 bps	
PAT	58.7	183.2	126.5	-30.9	238.9	179.2	-25.0	Adjusted for IND-AS implementation
EPS (₹)	1.8	5.5	3.8	-30.9	7.2	5.4	-25.0	

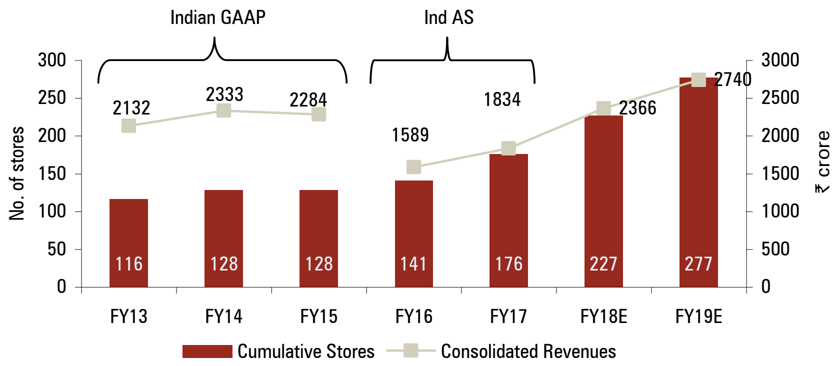
Source: Company, ICICIdirect.com Research

Company Analysis

Ind-As impact resulting in change in consolidated reporting…

Post implementation of Ind-As, Trent's consolidated financial now exclude numbers of its JVs. Trent Hypermarket (THL) operates in a 50:50 JV between Trent Ltd & Tesco Plc UK. Trent also operates Zara stores in a joint venture (JV) with the Inditex group of Spain with a shareholding of Inditex - 51% and Trent - 49%. Subsequently, the revised consolidated revenues for Trent grew 15.4% YoY to ₹ 1834 crore compared to ₹ 1589 crore in FY16. We have incorporated the changes. The revised consolidated estimates captures 22% CAGR in FY17-19E to ₹ 2740 crore.

Exhibit 1: Revenue trend post IND-AS implementation…



Source: Company, ICICIdirect.com Research

AGM commentary - Multiple revenue streams; focus on profitable growth

- **Westside:** The company in its AGM affirmed its aggressive store opening plans of 25 stores in FY18. Maintaining LTL growth of (>8%) over the same period, the management targets break-even of these stores in 12 months
- **Zudio:** Trent for the year has acquired "Zudio" the fashion business of Trent Hypermarket and intends to scale up this business to 10 stores in FY18. Zudio currently operates in 12 shop-in-shop (SIS) stores and one exclusive brand outlet (EBO)
- **Landmark:** Over the past five years, Trent has been reducing the number of its lossmaking Landmark stores. In addition to the same, the refreshed focus has on reinventing itself to a family home entertainment store with a rejuvenated product mix mainly focusing on gifts, toys & games
- **Online strategy "CLiQ":** The increased presence of online strategy launched from H2FY17 through "CliQ" is on track. Online revenues were at ₹ 8 crore in FY17, which the management expects to significantly scale up to ₹ 40 crore by FY18
- **Zara:** Implementation of GST would benefit margins for Zara. As compared to earlier CVD applied in MRP; the current tax structure of 12% GST on input items would marginally benefit margins for ZARA
- **Star Bazaar:** In search of right format for Star Bazaar, THL believes "Star Market" format (5000-15000 sq ft) to be more sustainable. Hence, the earlier strategy of "Star dailies" (<5000 sq ft) would be subsumed/closed and higher focus would be on the expansion under "Star Market" resulting in fewer stores with wider coverage

We believe these strategies and internal targets portray robust revenue visibility for FY18. In addition to the same, it also positions Trent on a firm footing for its future growth, which we have captured in the earnings growth over FY17-19E.

Key focus in AGM

zudio
Young Fashion, Irresistible Price.

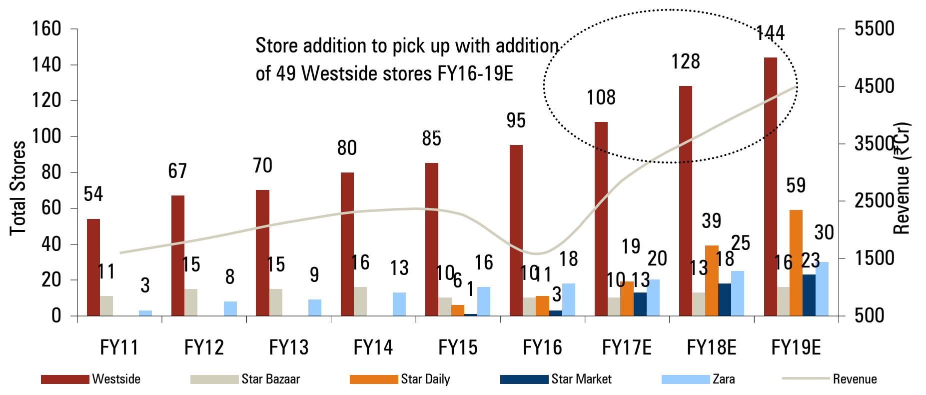
WESTSIDE

landmark
FOR THE CHILD IN ALL OF US

Accelerated store addition to aid future consolidated growth

Since inception till FY10, Westside adopted a conservative store addition strategy with store count of 43 by FY10, implying addition of a mere three to four stores per annum. The conservative approach towards store additions evolved around establishing the viability of the retail format in the initial phase with a limited portfolio of stores prior to rapid expansion. Post the initial phase, in the last five years, Westside accelerated the store additions to eight to 10 stores per year with a final tally of 107 stores by FY17. The management now plans to increase its presence in Tier II, III cities through franchise route, which currently comprises ~10% of overall stores. We expect the aggressive store expansion to further accelerate to 144 stores by FY19E.

Exhibit 2: Store addition trend

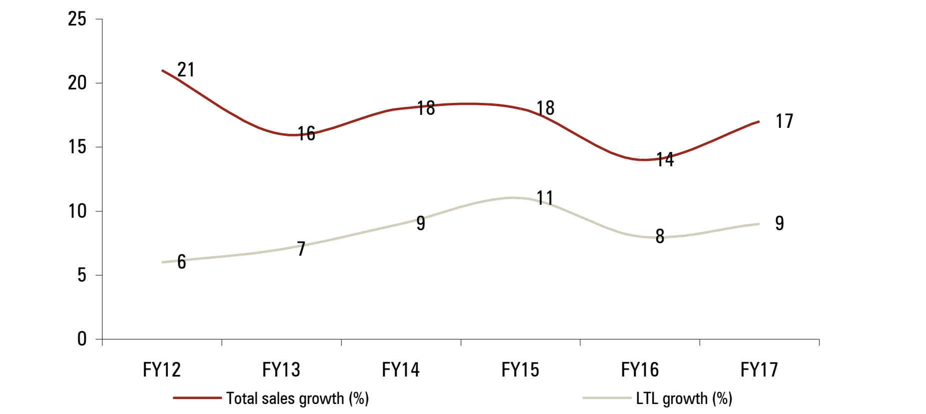


Source: Company, ICICIdirect.com Research

Consistent LTL growth and bill size – Signs of successful franchisee…

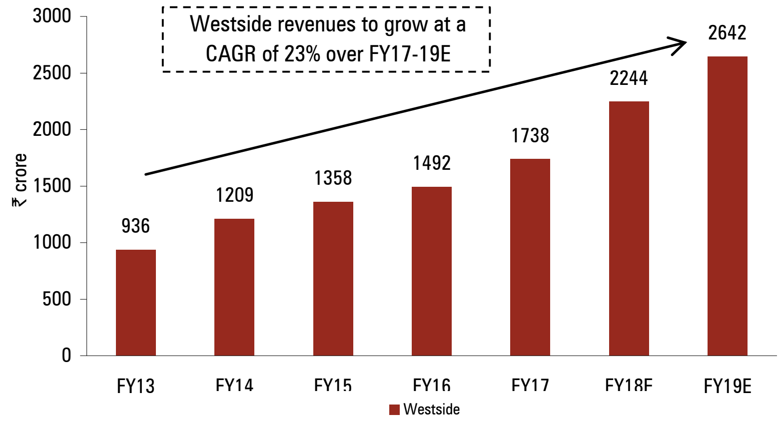
Westside is considered to be one of the most successful and established franchises in the women's wear category. On the one hand, with a consistent improvement in same store sales growth and increase in average transaction size, Westside has shown steady 18% CAGR in revenue in FY10-17. The strategy of conservative store opening has led Westside to post industry best gross margins of ~50% and consistent LTL growth of >8%. Enhanced cross-offerings from higher ticket size categories like footwear, cosmetics, etc, have enabled Westside to improve its like to like (LTL) and improve average bill size.

Exhibit 3: Like to like sales growth (departmental stores)



Source: Company, ICICIdirect.com, Research

Exhibit 4: Revenue growth (Westside)



Source: Company, ICICIdirect.com Research

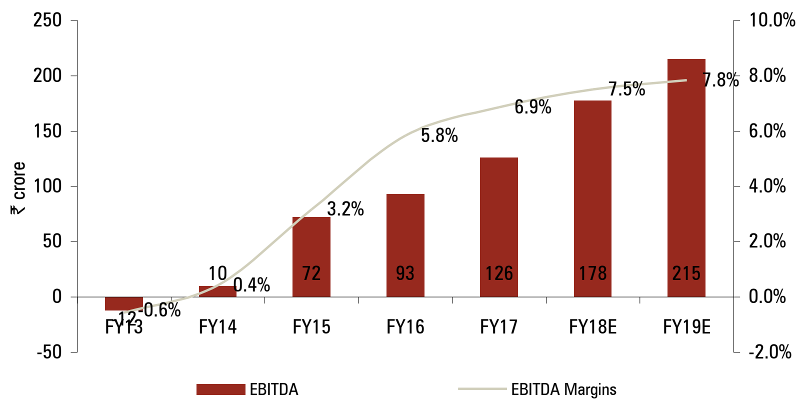
Star Bazaar & Zara strategically important for profits….

THL is focusing on the supermarket model, which entails smaller formats generating higher revenue per sq ft. The company has aggressive expansion plans to reinvent its business model from large format supermarket stores to smaller convenience stores mainly located on high streets, which can help improve its profitability. Zara has been the most consistent retail segment within Trent. Since its inception, its revenue has grown at a CAGR of ~45% in FY11-17, which makes it one of the fastest growing retail companies in India. Zara's FY17 profitability was impacted (₹ 47.6 crore vs. ₹ 106 crore in FY16) by increased competition cost sensitive Indian market. In addition to the same losses of ₹ 52.5 crore in THL further impacted the consolidated profits. We expect these JVs to contribute a profit of ₹ 42 crore by FY19E as compared to current loss of ₹ 9 crore from JVs.

Consolidated EBITDA margins to improve…

Consolidated EBITDA is expected to grow at ~31% CAGR over FY16-19E to ₹ 215 crore in FY19E from ₹ 126 crore in FY17. Also, consolidated EBITDA margins are expected to expand nearly 100 bps to 7.8% by FY19E. Majority of the margin expansion would be driven by standalone business. On the one hand, Westside would benefit from attaining operating leverage of newer stores. On the other hand, restructuring of loss making Landmark business would prevent a dent in overall standalone margins. Moreover, THL's strategic focus on smaller sized compact stores would lead to cost synergies controlling operational & rentals costs leading to better revenue per sq ft, thereby, improving margins. We expect THL to be closer to break even at operating level by FY19E.

Exhibit 5: EBITDA and EBITDA margins trend over FY17-19E..

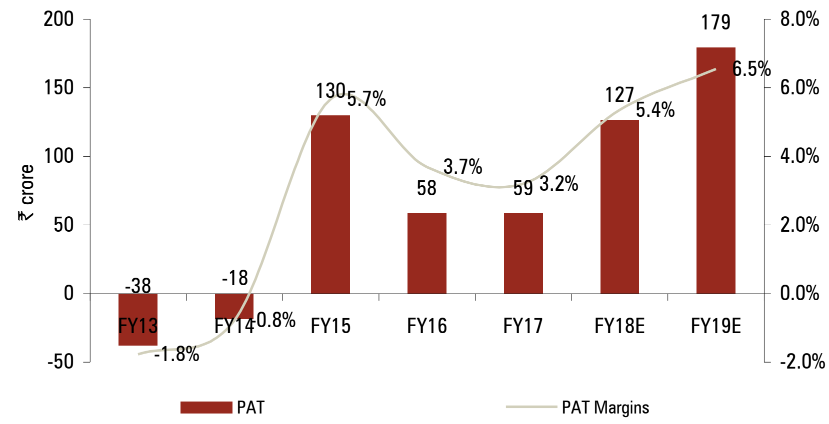


Source: Company, ICICIdirect.com Research

PAT growth driven by better operating performance

Consolidated PAT of Trent is expected to reach ~₹ 179 crore by FY19E from ₹ 59 crore (excluding exceptional income) in FY17. Westside and Star are likely play a key role in propelling the overall profitability of Trent Ltd. Margin expansion on the back of renewed focus on aggressive store addition, along with a change in the product mix would propel the store profitability deriving better synergies per square feet.

Exhibit 6: PAT and PAT margins trend over FY17-19E…



Source: Company, ICICIdirect.com Research

Valuation

We expect the expansion benefit of high RoCE Westside stores, closure of lossmaking Landmark stores and rightsizing of Star to significantly improve the financial performance in FY16-19E. These opportunities place Trent at an inflection point. We believe that execution of these strategies would lead to improvement in Trent's financials, resulting in its re-rating.

The Q1FY18 performance and robust LTL resulted an increase in our EV/Sales multiple to 2.6x (v/s. 2.5x earlier) to Westside business arriving at a targeted market capitalisation of ₹ 6898 crore. The multiple assigned to Westside reflects its leadership position among the country's women's wear player like Fabindia (FY16 revenues - ₹ 1000 crore) and Biba (FY16 revenues - ₹ 385 crore). Some of the recent deals in the industry include Premji Invest buying 8% stake in Fabindia for nearly ₹ 360 crore, valuing the transaction at 4.5x sales.

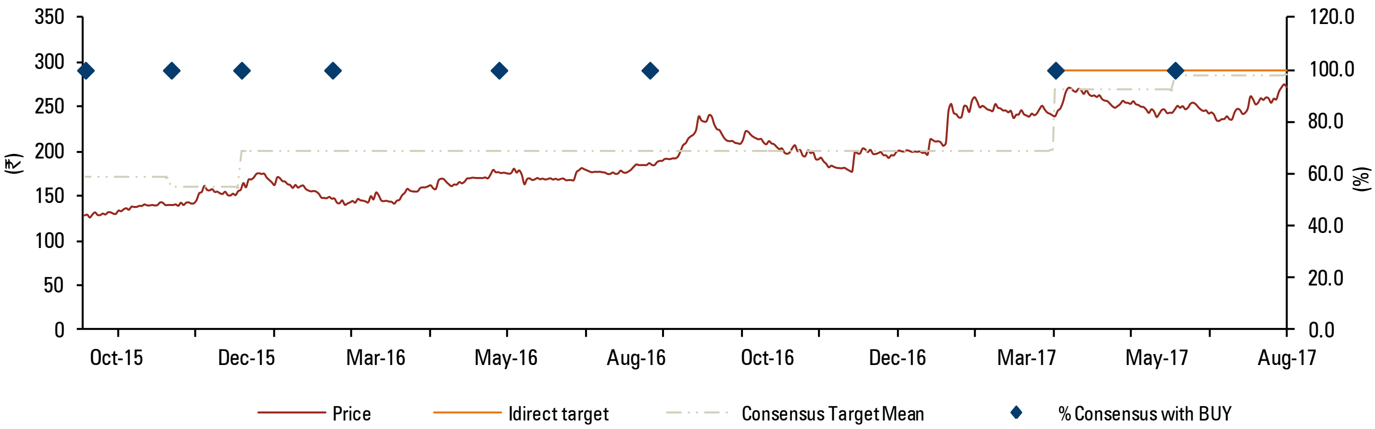
Moreover, Tesco Plc had invested ₹ 1000 crore in Trent for 50% stake, valuing THL at an EV of ₹ 2000 crore. However, as JV would take some time to turn around, we apply a 50% discount to its valuation and assign an EV/sales multiple of 1x, arriving at a targeted market capitalisation of ₹ 896 crore. Ubiquitous presence of kirana stores would lose their competitiveness to organised retailers post implementation of GST. The immense opportunity and likely exponential growth rates affirm our targeted multiple of 1x, compared to global peers (average of 0.5x) as the latter operates in much matured market. In addition to Westside and THL, Zara is expected to benefit from increasingly brand conscious Indian market. The sheer opportunity has led a slew of single brand apparel retailers like H&M, GAP, and Aeropostale, among others; to chart out ambitious Indian expansion plans. We value Trent Inditex at 2.7x FY19E EV/sales, applying 30% discount to its JV partner Inditex FY19E EV/Sales multiple of 3.4x.

Exhibit 7: Valuations

	Financial	FY19E (₹ cr)	Target Multiple	EV	(₹ cr) Cash	Debt	Targeted Mcap (₹ cr)
Westside Standalone	Sales	2642	2.6x EV/Sales	7000	85	188	6898
Trent Hypermarket Ltd	Sales	782	1x EV/Sales	782	41	100	724
Trent -Inditex (Zara)	Sales	858	2.7x EV/Sales	2352	359	0	2710
Target Market Cap. (₹ cr)							10332
Target Price (₹)							310

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-16	Westside posts Like to like sales growth of 8% YoY in FY16
Jun-16	Board approves stock split of 1:10 ratio
Aug-16	Launched its first private label store 'Zudio' in Bengaluru
Oct-16	Trent opens 100th Westide store in Bhubaneswar
Dec-16	Westside posts Like to like sales growth of 9% YoY for 9MFY17
Mar-17	Trent Hypermarket ties up with BPCL for expansion purposes
May-17	Zara opens largest store in Mumbai, spanning across 51300 sq ft
Jul-15	Q1FY16 results with 5% growth in revenues & E-commerce revenues at ₹ 45 crore

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Investor Name	Last Filing Date	%O/S	Position (m)	Change (m)
1	Tata Group of Companies	31-Mar-17	32.3%	107.4	0.0
2	ARISAIG Partners (Asia) Pte. Ltd.	31-Mar-17	9.9%	32.9	0.0
3	Dodona Holdings, Ltd.	31-Mar-17	5.4%	17.8	0.0
4	Reliance Nippon Life Asset Management Limited	30-Jun-17	3.4%	11.2	-0.8
5	HDFC Asset Management Co., Ltd.	31-Mar-17	3.3%	10.9	0.0
6	Franklin Advisers, Inc.	30-Jun-17	3.2%	10.8	0.0
7	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-Mar-17	3.2%	10.8	0.0
8	Prazim Trading & Investment Co. Pvt. Ltd.	31-Mar-17	2.9%	9.5	9.5
9	Derive Trading Pvt. Ltd.	31-Mar-17	2.7%	9.1	0.0
10	Amansa Capital Pte Ltd.	31-Mar-17	2.5%	8.4	0.8

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Promoter	32.6	32.6	32.6	32.6	32.6
FII	25.7	27.1	29.8	26.7	26.7
DII	17.3	15.5	12.2	12.0	12.0
Others	24.4	24.8	25.5	28.6	28.7

Recent Activity

Buys			Sells		
Investor Name	Value	Shares	Investor Name	Value	Shares
Prazim Trading & Investment Co. Pvt. Ltd.	38.93	9.47	SBI Life Insurance Co., Ltd.	-3.22	-0.78
Norges Bank Investment Management (NBIM)	14.71	3.58	Reliance Nippon Life Asset Management Limited	-2.85	-0.78
Amansa Capital Pte Ltd.	3.48	0.85	Stewart Investors	-1.63	-0.46
Alquity Investment Management Ltd.	0.18	0.05	ICICI Prudential Asset Management Co. Ltd.	-0.07	-0.02
L&T Investment Management Limited	0.2	0.0			

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Total operating Income	1,589.3	1,833.9	2,366.4	2,739.9
Growth (%)	-30.4	15.4	29.0	15.8
Cost of Goods Sold	795.6	902.8	1,190.3	1,378.2
Gross Margin (%)	49.9	50.8	49.7	49.7
Employee Expenses	163.8	192.5	248.5	274.0
Operating & Other Expenses	537.1	612.9	750.0	873.0
Total Operating Expenditure	1,496.6	1,708.2	2,188.7	2,525.1
EBITDA	92.8	125.7	177.7	214.8
Growth (%)	28.4	35.5	41.3	20.9
Depreciation	38.6	41.3	60.4	65.8
Interest	37.6	33.8	39.1	34.5
Other Income	57.3	60.5	71.0	82.2
PBT	85.2	110.7	149.2	196.7
Total Tax	34.7	43.1	44.7	59.0
PAT	50.5	67.6	104.4	137.7
Minority Interest	-0.1	0.0	0.1	0.1
Share of Profit from JV	8.1	-9.0	22.2	41.6
PAT (after minority interest)	58.7	58.7	126.5	179.2
Growth (%)	-56.7	4.5	115.7	41.6
EPS (₹) (after minority interest)	1.7	1.8	3.8	5.4

Source: Company, ICICIdirect.com Research

Cash flow statement				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Profit before Tax	85.2	110.7	149.2	196.7
Add: Depreciation	38.6	41.3	60.4	65.8
(Inc)/dec in Current Assets	-6.5	-25.1	-42.7	-37.5
Inc/(dec) in CL and Provisions	34.9	-17.1	100.3	57.0
Taxes Paid	-34.7	-43.1	-44.7	-59.0
Others	37.6	33.8	39.1	34.5
CF from operating activities	155.1	100.6	261.5	257.5
(Inc)/dec in Investments	-29.5	-46.7	-44.5	-34.7
(Inc)/dec in Fixed Assets	-95.6	-9.3	-75.7	-69.0
Others	-40.0	-157.1	-117.1	-117.1
CF from investing activities	-165.1	-213.1	-237.4	-220.9
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	79.1	-8.1	64.2	0.0
Dividend paid & dividend tax	42.9	18.3	39.5	55.9
Others	-114.3	109.7	-106.3	-50.3
CF from financing activities	7.6	119.9	-2.6	5.6
Net Cash flow	-2.4	7.4	21.5	42.2
Opening Cash	29.2	26.9	34.3	55.8
Closing Cash	26.9	34.3	55.8	98.0

Source: Company, ICICIdirect.com Research

Balance sheet				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Liabilities				
Equity Capital	33.2	33.2	33.2	33.2
Reserve and Surplus	1,431.2	1,514.5	1,510.5	1,598.4
Total Shareholders funds	1,464.4	1,547.7	1,543.8	1,631.7
Total Debt	403.8	395.7	459.9	459.9
Other LT Liabilities	0.0	2.4	2.5	2.6
Deferred Tax Liability	0.0	9.0	0.0	0.0
Minority Interest / Others	10.3	0.8	0.8	0.8
Total Liabilities	1,878.5	1,955.5	2,006.9	2,094.9
Assets				
Gross Block	635.8	693.4	774.6	843.6
Less: Acc Depreciation	188.5	207.7	268.1	333.9
Capital WIP	53.7	5.5	0.0	0.0
Total Fixed Assets	497.8	485.4	506.5	509.7
Investments	1,067.0	1,113.6	1,158.2	1,192.9
Other Non-current Assets	55.4	55.7	69.7	87.1
Goodwill on Consolidation	33.8	35.1	35.1	35.1
Deferred Tax Asset	2.6	0.0	0.0	0.0
Inventory	279.2	305.4	353.3	395.2
Debtors	13.0	5.9	7.5	9.7
Loans and Advances	131.3	137.2	130.4	123.9
Cash	26.9	34.3	55.8	98.0
Other Current Assets	49.6	43.8	51.7	61.6
Total Current Assets	500.0	526.6	598.8	688.4
Creditors	166.2	142.2	195.7	226.5
Other Current Liab. & Prov.	111.8	118.8	165.6	191.8
Total Current Liabilities	278.1	261.0	361.3	418.3
Net Current Assets	221.9	265.6	237.4	270.1
Application of Funds	1,878.5	1,955.5	2,006.9	2,094.9

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY16	FY17	FY18E	FY19E
Per share data (₹) (annualised)				
EPS	1.7	1.8	3.8	5.4
Cash EPS	2.9	3.0	5.6	7.4
BV	44.1	46.6	46.5	49.1
DPS	1.1	0.5	1.0	1.4
Cash Per Share	0.8	1.0	1.7	3.0
Operating Ratios				
EBITDA Margin (%)	5.8	6.9	7.5	7.8
PBT Margin (%)	5.4	6.0	6.3	7.2
PAT Margin (%)	3.5	3.2	5.3	6.5
Inventory days	64.1	60.8	54.5	52.6
Debtor days	3.0	1.2	1.2	1.3
Creditor days	60.1	48.1	52.1	52.1
Return Ratios (%)				
RoE	4.0	3.8	8.2	11.0
RoCE	6.5	7.4	9.4	11.0
RoIC	7.5	10.7	14.8	18.6
Valuation Ratios (x) (annualised)				
P/E	154.5	115.5	74.8	56.7
EV / EBITDA	88.2	65.0	46.2	38.0
EV / Net Sales	5.2	4.5	3.5	3.0
Market Cap / Sales	4.9	4.3	3.3	2.9
Price to Book Value	5.3	5.0	5.1	4.8
Solvency Ratios				
Debt/EBITDA	4.4	3.1	2.6	2.1
Debt / Equity	0.3	0.3	0.3	0.3
Current Ratio	1.7	1.8	1.5	1.4
Quick Ratio	0.6	0.7	0.5	0.4

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Retail)

Sector / Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS (₹) FY16E	FY17E	FY18E	P/E (x) FY16E	FY17E	FY18E	EV/EBITDA (x) FY16E	FY17E	FY18E	RoCE (%) FY16E	FY17E	FY18E	RoE (%) FY16E	FY17E	FY18E
Bata India	583	650	Buy	7,513	17.0	12.4	17.0	33.8	46.6	33.8	26.1	24.7	21.1	16.5	16.0	17.8	18.5	12.0	15.2
Shoppers Stop	350	360	Hold	2,950	0.3	-4.5	3.6	1,212.1	NA	97.0	19.8	29.9	15.6	4.3	-2.9	5.2	0.5	-7.7	5.9
Titan Company (TITIND)	543	510	Hold	48,044	8.0	8.6	12.0	68.3	63.3	45.2	44.6	34.6	28.5	23.4	25.6	27.9	20.1	17.7	22.2
Trent	275	310	Buy	9,180	1.9	4.3	5.5	144.9	64.4	49.9	65.0	34.8	27.0	7.7	15.0	18.0	4.5	10.1	12.4
ABFRL	170	210	Buy	13,099	0.1	0.7	1.4	NM	NM	118.4	39.4	34.8	28.6	2.4	7.5	9.7	1.3	5.6	10.4

Source: Company, ICICIdirect.com Research

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