Stock Update

Annual Report Review

Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Trent Ltd

FY2023 – strong performance

Consumer Discretionary	Sharekhan code: TRENT
Reco/View: Buy ↔	CMP: Rs. 1,747 | Price Target: Rs. 2,025 ↑

↑ Upgrade ↔ Maintain ↓ Downgrade

Summary

- We re-iterate our Buy rating on Trent with a revised PT of Rs. 2,025. Consistent double-digit same-store-sales growth (SSSG) that beats peers and well-defined store expansion strategy provide stable earnings visibility. Stock trades at 32.2x/26.2x its FY2024E/25E EV/EBITDA.
- In our retail universe, Trent registered consistent strong performance for the past three years (FY2020-23) with revenues and PAT clocking CAGRs of 34%/53% backed by strong store expansions and consistent double-digit SSSG.
- With working capital cycle shrinking and capex allocation turning efficient, free cash flows stood at Rs. 450 crore in FY2023. OCF to EBIDTA improved to 59% in FY2023 from 39% in FY2020.
- Return profile improved with RoE and RoCE increasing to 19.1% and 14.5% in FY2023 as against 7.4% and 13.8% in FY2020, as Westside brand's performance improved.

Trent Ltd maintained its leadership position in FY2023 led by consistent strong double-digit same-store-sales growth in its core Westside brand and scale-up in the Zudio business. Revenues/PAT posted CAGRs of 34%/53% over FY2020-23. EBIDTA margins (post Ind-AS 116) declined by 182 bps y-o-y in FY2023 due to higher input prices. However, margins were higher compared to close peers on account of strong business model and efficient cost management. The company added a net 133 stores under various formats In FY2023 (including 14 Westside stores and 119 Zudio stores) taking total count (standalone) to more than 550 stores. Despite a higher capex, the company managed to generate free cash flow of Rs. 450 crore in FY2023 led by higher operating cash flows that was in turn the result of a shorter working capital cycle. Trent plans to add 30 Westside and 200 new Zudio stores in FY2024. Overall, the company has a capex plan of Rs. 800 crore for FY2024, which will be largely funded through internal accruals. In the coming years, Zudio is expected to be key growth lever with strong store additions, while Westside will deliver consistent growth.

- **Westside and Zudio – On a strong march in FY2023:** Westside registered gross revenues of ~Rs. 4,650 crore (growth of 70% y-o-y) on back of strong 49% like-for-like same store sales growth. The company added 20 Westside stores (14 stores net additions) in FY2023. Sales per sq. ft. grew by 20.3% y-o-y to Rs. 11,973 per sq. ft. (higher by 12.5% versus FY2020). The online channel (that contributes ~6% to Westside sales) registered growth of 24% y-o-y in FY2023. EBIDTA margins improved by 200 bps y-o-y to 13%. On the other hand, Zudio gross revenues stood at Rs. 3,200 crore+ with EBIT margins improving by 100 bps y-o-y to 7.0%. The company added 125 Zudio stores (119 stores net addition) in FY2023 and will be adding 200+ Zudio stores in FY2024.
- **Balance sheet continues to remain strong:** In FY2023, Trent opened 145 stores (at standalone level) and did a capital expenditure of Rs. 215 crore. Despite a strong capex, the company managed to generate free cash flow (FCF) of Rs. 450 crore in FY2023. Working capital days on books declined to 38 days in FY2023 from 58 days in FY2022, largely as inventory days fell by 17 days to 84 days. As working capital management improved, cash from operations increased to Rs. 662.8 crore in FY2023 from Rs. 149 crore in FY2022. OCF to EBIDTA ratio stood at 59% in FY2023 improved from 39% in FY2022.
- **Well-poised to race ahead of industry:** Trent is likely to post strong revenue and earnings growth of 23% and 58% over FY2023-25E. This will be driven by consistent strong double-digit like-for-like same store sales growth driven by consistent high footfalls, strong traction on online platform and increase in the billing size coupled with consistent store addition in the coming years. Zudio is expected to scale-up fast with strong store addition in the key markets. We expect Trent's EBIDTA margins to improve in FY2024 as raw material prices have corrected from highs, which along with a better product mix and efficiencies will help in posting improved profitability.

Our Call

View: Retain Buy with a revised price target of Rs. 2,025: Trent's FY23 numbers were strong as footfalls bounced back, store additions were higher and performance of Zudio scaled up. Innovation in the product portfolio, scaling up of supply chain, 100% contribution from own brands, aggressive store expansion, and leveraging on digital presence will be key growth drivers in the medium term. The stock is currently trading at 32.2x/26.2x its FY2024E/FY2025E EV/EBITDA. With long-term growth prospects intact and strong balance sheet amongst the retail companies, we maintain our Buy recommendation on the stock with a revised PT of Rs. 2,025.

Key Risks

Sustained slowdown in the discretionary environment or increase in the raw material prices would act as a key risk to our earnings estimates in the coming years.

Valuation (Standalone) Rs cr

Particulars	FY22	FY23	FY24E	FY25E
Revenue	3,881	7,715	9,574	11,680
EBITDA Margin (%)	16.3	14.5	17.5	17.9
Adjusted PAT	263	555	1,071	1,377
% YoY growth	-	-	93.2	28.5
Adjusted diluted EPS (Rs.)	7.4	15.6	30.1	38.7
P/E (x)	-	-	58.0	45.1
P/B (x)	22.8	20.2	15.2	11.5
EV/EBITDA (x)	68.1	40.6	32.2	26.2
RoNW (%)	10.0	19.1	29.9	29.1
RoCE (%)	9.6	14.5	22.7	24.5

Source: Company; Sharekhan estimates

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		↔	

ESG Disclosure Score NEW

ESG RISK RATING 18.66

Updated Jun 08, 2023

Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

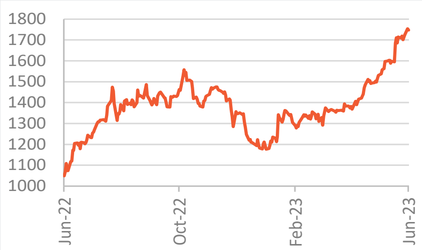
Company details

Market cap:	Rs. 62,111 cr
52-week high/low:	Rs. 1,774 / 1,034
NSE volume: (No of shares)	5.6 lakh
BSE code:	500251
NSE code:	TRENT
Free float: (No of shares)	22.4 cr

Shareholding (%)

Promoters	37.0
FII	25.1
DII	16.1
Others	21.7

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	12.7	21.4	25.6	47.3
Relative to Sensex	1.5	9.4	4.1	19.3

Sharekhan Research, Bloomberg

Westside on a growth trajectory

In FY2023, Westside continued to focus on elevation of overall customer proposition with on-trend fashion, aspirational brand experience and convenient access across store and digital channels.

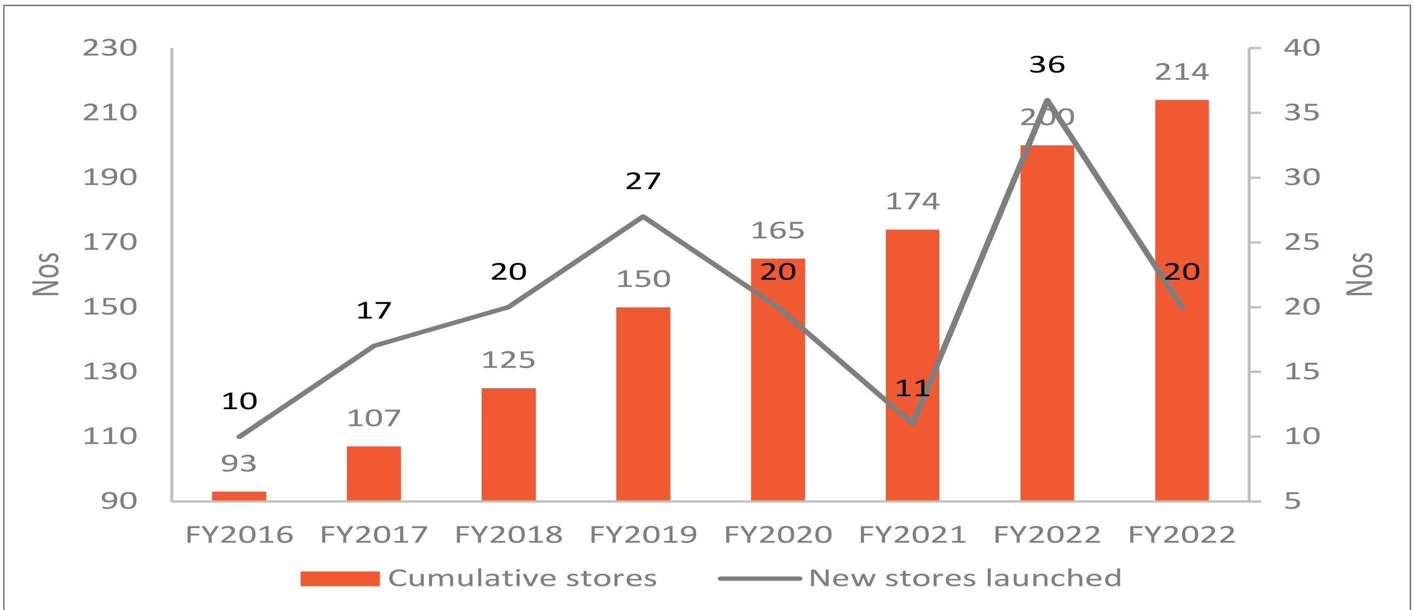
Westside's key initiatives in FY2023

Source: Annual report; Sharekhan Research

Westside continued its strategy of developing a portfolio of prominent stores that have significant street presence in marquee locations and provide a lifestyle store experience to customers. In this regard, the key initiatives adopted by Westside during FY2023 include:

1. **Sustainable store expansion, optimisation and absorption:** In FY23, Westside expanded its store count to 214 nationwide from 200 at FY2022-end, adding 20 new stores and consolidating 6 stores. Westside has laid out a disciplined strategy focused on store-level economics for evaluating emerging micro-markets with growth potential. It also actively optimises stores by replacing underperforming outlets with new ones in attractive locations. Westside values its stores as both retail venues to sell its products and as a platform to build direct connections with customers.

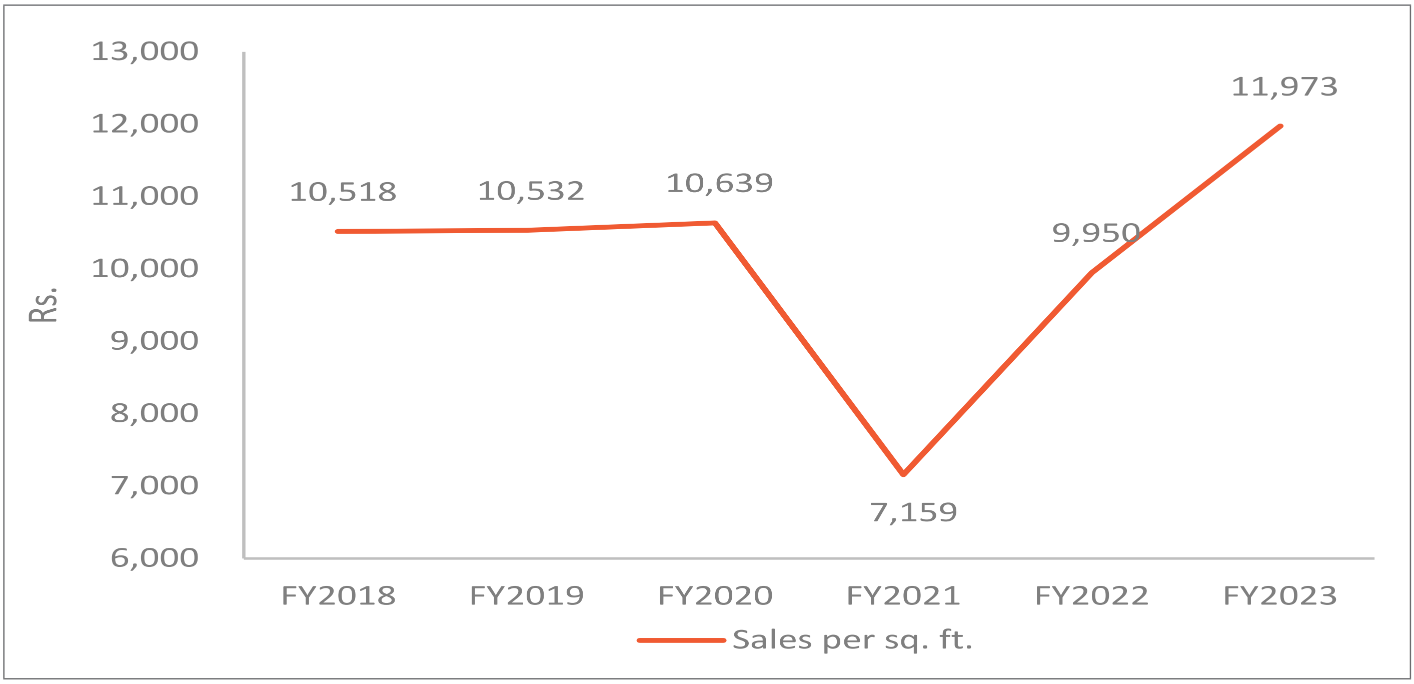
Westside - Store additions



Source: Annual report; Sharekhan Research

2. Modernisation and space management: Westside focuses on maintaining store quality and ensuring a consistent customer experience alongside store expansion. The ongoing store modernisation program emphasizes on creating a contemporary look and improving consistency of brand experience. Efficient utilization of retail space is key, with a focus on assessing store revenues and optimizing space allocation for brands based on performance. On back of the strategies and initiatives adopted, Westside's sales per sq. ft improved by 20.3% y-o-y and 12.5% over FY2020 to Rs. 11,973 in FY2023.

Sales per sq. ft. improving



Source: Company; Sharekhan Research

During the year, Westside continued to work on dual approach of building personalized communication as well as engaging social media content to develop consumer connect. It aims to build an exclusive community of loyal members through various platforms like -

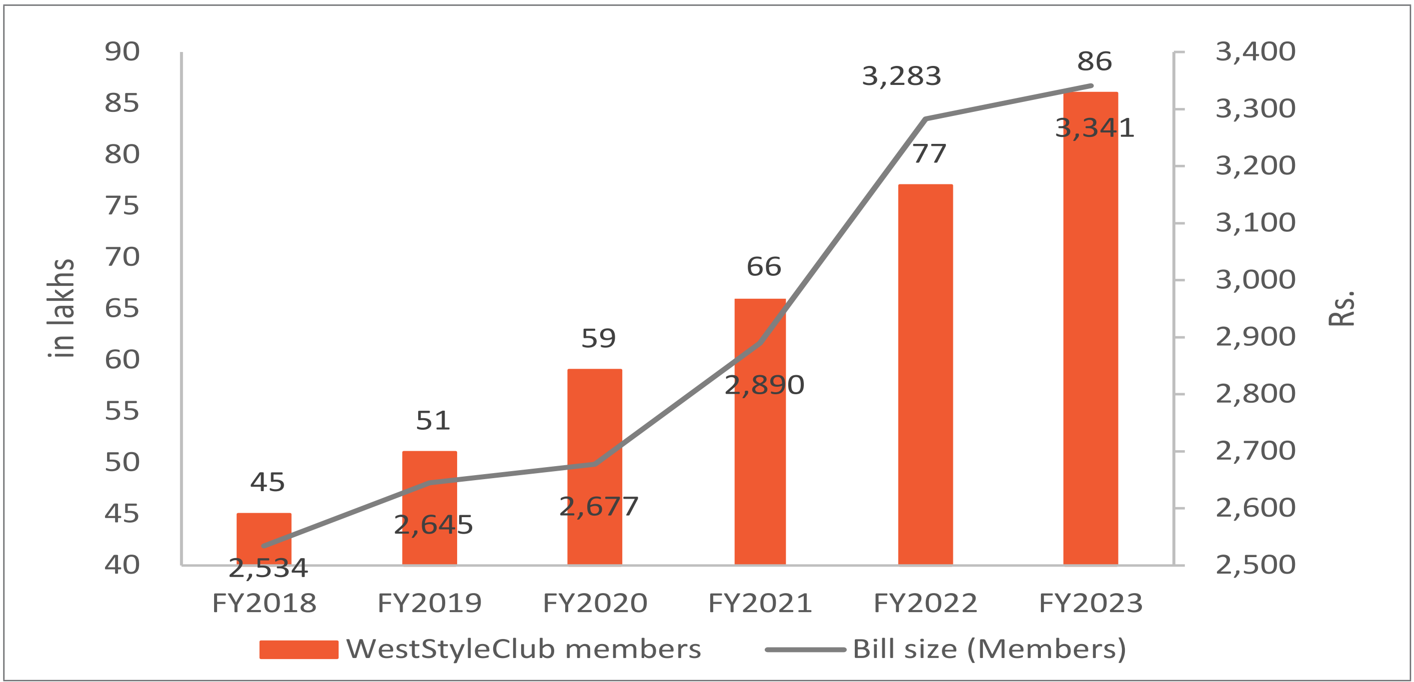
1. **Social media:** Westside prioritised authentic customer engagement and celebrating style and individuality on social media platforms like Instagram, Facebook, and YouTube. Through collaborations with fashion influencers and popular events, the brand messages generate an impressive weekly reach of 250,000 views and engagements. By utilizing targeted communication methods, Westside enhances customer satisfaction, forges stronger connections, and fosters a loyal community of fashion enthusiasts.

2. **Events:** Events allow Westside to connect with its target audience, showcase its offerings, and establish industry thought leadership. Westside curates experiences, including member-exclusive events, music collaborations, and college fests featuring Gen Z artists, to strengthen community engagement. These touchpoints foster strong relationships with potential partners and customers, contributing to growth and brand recognition.

3. **Hearing customers:** Westside follows a comprehensive approach towards customer listening that consists of formal research, data analytics and informal feedback through customer support channels. Customer insights gathered across touchpoints help provide strategic and operational feeds for product, brand, customer service and communication.

4. **WestStyleClub:** Westside's annual subscription program - WestStyleClub, saw over 2.8 million subscriptions in its third year. With targeted campaigns and data-driven analytics, it achieved an impressive 84% sales contribution from members. The program's strong engagement is evident in growing subscriptions, renewals, and increased spending per visit as WestStyleClub members grew by 45.8% over FY2020 to 86 lakh in FY2023, while average bill size increased by 24.8% over FY2020 to Rs. 3,341 in FY2023.

WestStyleClub program – Trend in membership & bill size



Source: Company; Sharekhan Research

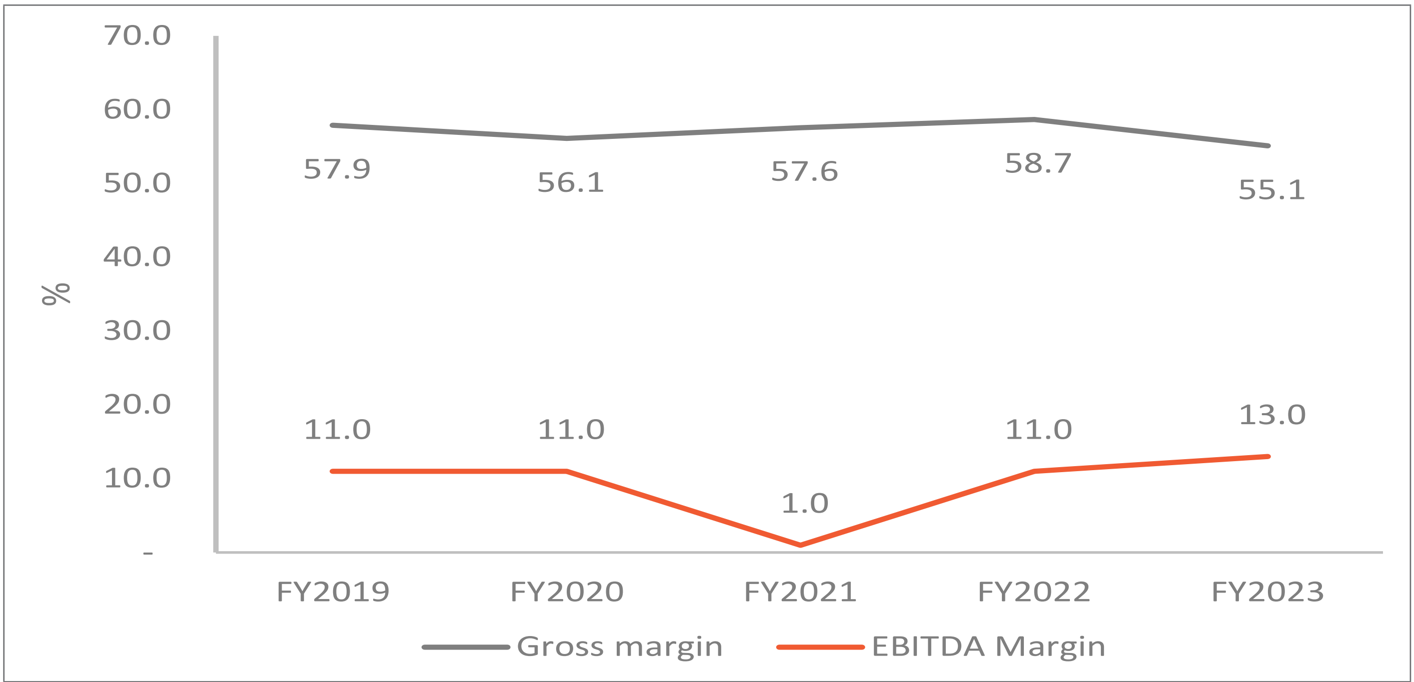
In terms of integration of stores and online presence, the company's online audience is targeted through Westside.com and Tata Neu. During FY2023, the online channel registered 24% y-o-y growth and contributed to ~6% of Westside revenues. Westside has also launched exclusive styles online which are witnessing encouraging traction. It has adopted an entirely integrated model between stores and online channels with almost 100% of orders being serviced directly from stores. Westside is eying to growing the online channel significantly in the years ahead in order to allow Westside access to a very large and diverse audience.

sAided by the above strategies, initiatives, measures and programs, Westside registered gross revenues of ~Rs. 4,650 crore (growth of 70% y-o-y) on back of strong 49% like-for-like (LFL) sales growth on a high base of 56% LFL growth in FY2022, while EBITDA margin improved by 200 bps y-o-y to 13%, despite ~360 bps y-o-y decline in the gross margin to 55.1%, impacted by higher raw material prices.

Westside LFL sales growth trends

Source: Company; Sharekhan Research

Westside - Margins trend over past five years

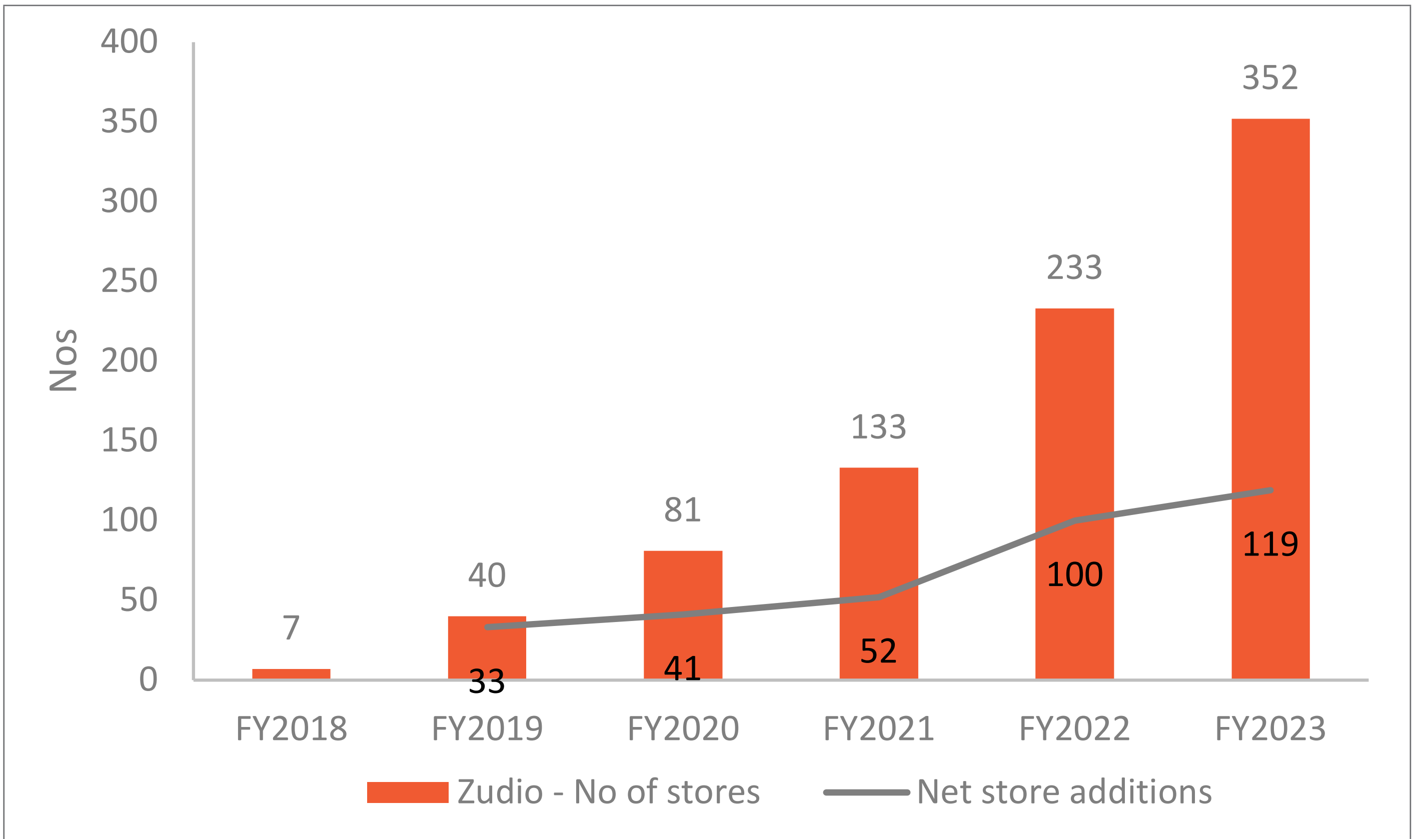


Source: Company; Sharekhan Research

Zudio - Growing footprint

Zudio continued with its aggressive store addition strategy and added 125 new stores to its portfolio in FY2023 (net addition at 119 stores) to take the total to 352 stores at FY2023-end. In terms of cities, Zudio entered 28 cities and added more presence in 38 cities in FY2023, taking its presence to 119 cities at FY2023-end.

Zudio Store additions



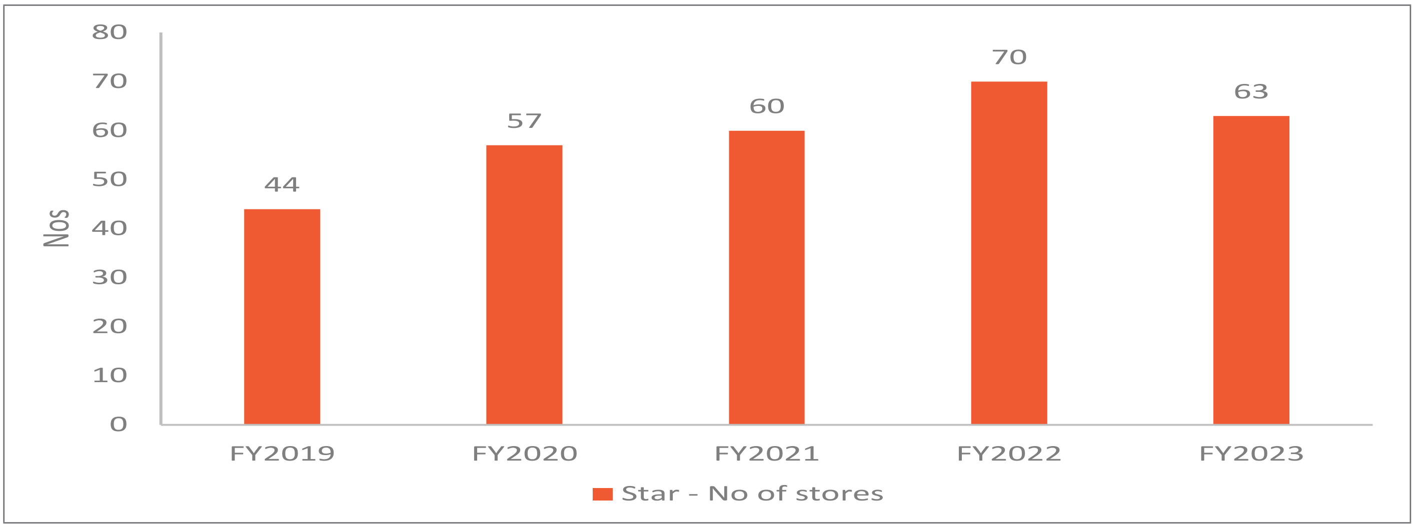
Source: Company; Sharekhan Research

STAR to scale up omni-channel presence

STAR stores are primarily operated by Trent Hypermarket Private Limited (THPL) - a 50:50 JV between Trent Ltd. & Tesco Plc UK. The current portfolio consists of 63 Star stores across THPL and Fiora Hypermarket Ltd. (FHL), a subsidiary of the company, concentrated in 10 cities (Bengaluru, Hyderabad, Mumbai, Pune, Ahmedabad, Surat, Nashik, Kolhapur, Vadodara and Solapur).

STAR continued with its cluster-based approach with stores in the states of Maharashtra, Karnataka, Telangana and Gujarat with an aim of creating local scale and being closer to customers. In addition to strong consumer traction to the stores, the company's online grocery portal, Starquik, is continuing to witness encouraging customer traction in the micro-markets addressed. The business is integrated for sourcing from the store network, bringing omni-channel convenience for the customer. The company intends to scale up the omni-channel operations over time for enhanced customer convenience and reach.

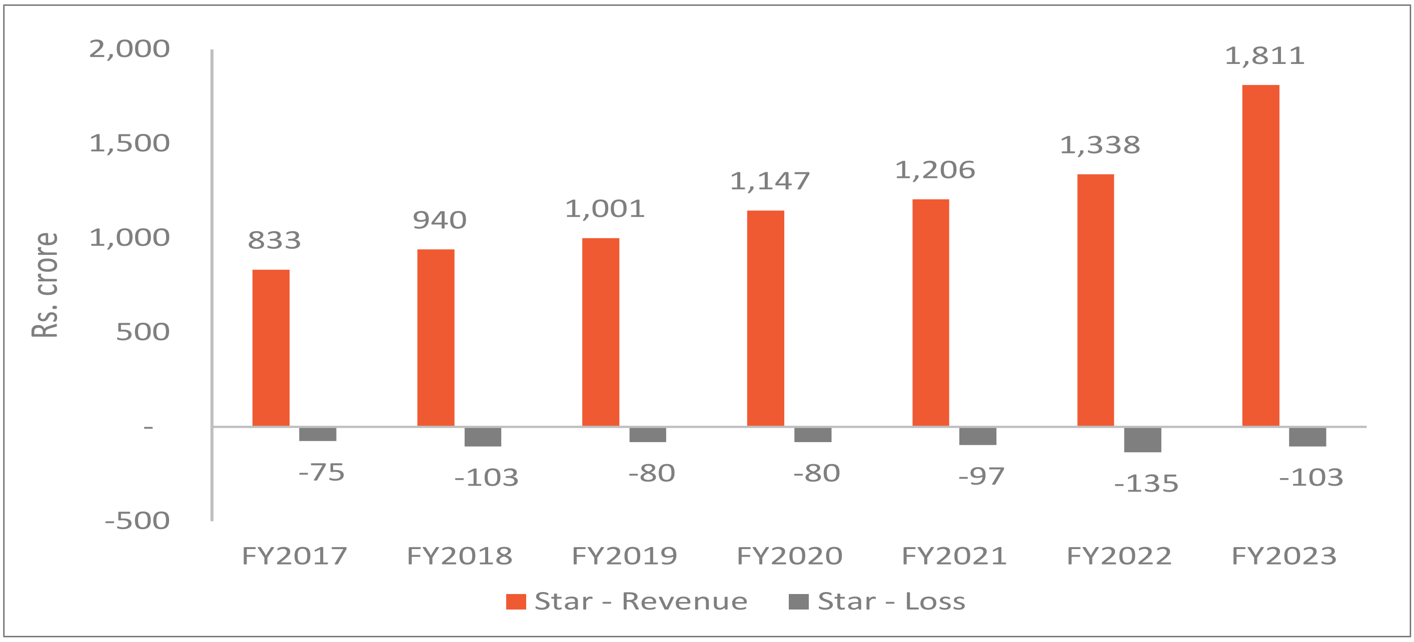
STAR - Store count in the past five years



Source: Company; Sharekhan Research

THPL registered consolidated revenue of Rs. 1,811 crore in FY2023, clocking a 35.3% y-o-y growth on the back of multiple initiatives pursued. On a like-for-like (LFL) basis, revenues grew by 48.2% y-o-y and the number of invoices grew over 60% in FY2023. The Star business registered strong consumer traction metrics in FY2023 driven by growing footfalls. The total comprehensive loss (consolidated) decreased to Rs. 103 crore in FY2023 from Rs. 135 crore in FY2022 on the back of higher sales and decrease in other operating expenses.

STAR - Revenue and loss trend

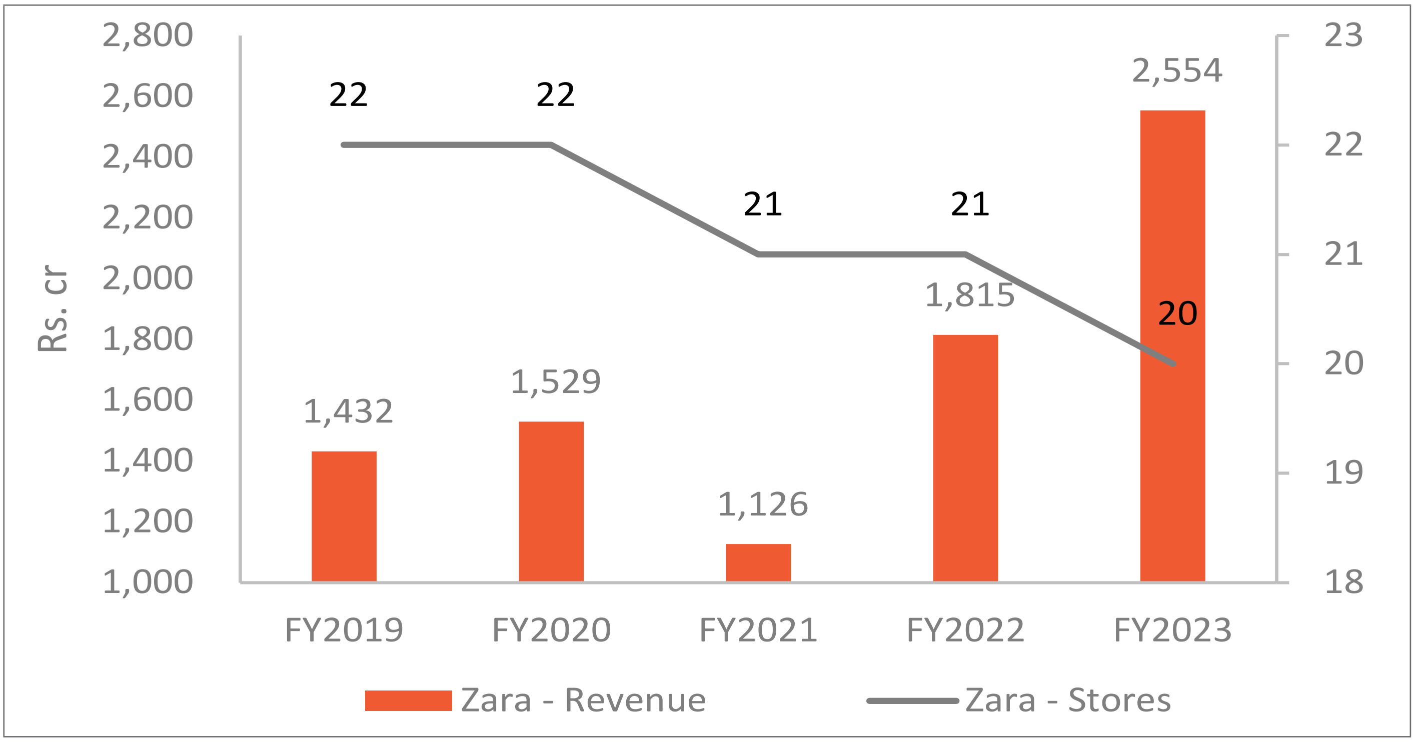


Source: Company; Sharekhan Research

Zara and Massimo Dutti

Trent has two separate associations with Spain's Inditex group with a shareholding of 51% (Inditex): 49% (Trent) - one entity to operate Zara stores and the other for Massimo Dutti stores in India. The entities essentially facilitate distribution of Zara & Massimo Dutti products in India through their respective stores. The entity for Zara currently operates 20 stores across 11 cities, while the entity for Massimo Dutti operates 3 stores across 2 cities. The incremental store openings for Zara continues to be calibrated with focus on presence only in very high-quality retail spaces. In FY2023, the Zara entity recorded revenues of Rs. 2,554 crore (up by 40.7% y-o-y and 67% over FY2020), while the entity for Massimo Dutti recorded revenues of Rs. 89 crore (increase of 51.7% y-o-y and 25.8% over FY2020).

Zara – Revenue and store trend



Source: Company; Sharekhan Research

Other key subsidiaries and alliances performance

- **Booker India Limited (BIL):** BIL operates five cash and carry stores under the Booker Wholesale banner. As a part of its strategy, BIL has been realigning the store portfolio, refraining from deeply discounted/ negative gross margin trade (on the back of certain wholesale online platforms) and pivoting towards its own branded range in multiple categories. BIL registered revenues of Rs. 592 crore and incurred a loss of Rs. 92 crore in FY2023.
- **Fiora Business Support Services Limited (FBSSL):** FBSSL, which is a wholly owned subsidiary of the company, reported revenue of Rs. 105 crore and profit of Rs. 13 crore in FY2023.
- **Fiora Hypermarket Limited (FHL):** FHL, a wholly owned subsidiary of BIL, primarily operates a few of the STAR stores. In FY2023, FHL reported revenue of Rs. 187 crore and a loss of Rs. 12 crore. FHL envisages a phased expansion of Star stores in select regions.
- **Fiora Online Limited (FOL):** FOL, a subsidiary of BIL, operates the Starquik online platform. In FY2023, it reported revenue of Rs. 156 crore and loss of Rs. 44 crore.

Store additions continued in FY2023

Trent maintained its focus on store addition in FY2023 and added 130 stores (net) in FY2023 including 119 Zudio stores, 14 Westside stores, 11 Utsa stores and 1 Landmark store, while it closed 15 stores of Star, Zara and other brands combined.

Trent - Presence in India across brands

Presence in India

Retail concepts	FY20 Stores	FY21 Stores	FY22 Stores	FY23 Stores	FY20 Cities	FY21 Cities	FY22 Cities	FY23 Cities
Westside	165	174	200	214	87	90	89	90
Zudio	80	133	233	352	44	57	89	119
Star	57	60	70	63	7	7	9	10
Zara	22	21	21	20	12	11	11	11
Landmark Xcite	4	6	6	7	3	4	4	5
Utsa	2	4	6	17	2	4	5	11
Massimo Dutti	3	3	3	3	2	2	2	2
Others	6	9	15	8	3	3	6	NA
Total	**339**	**410**	**554**	**684**	**90+**	**100+**	**120+**	**140+**
Net store addition		**71**	**144**	**130**				

Source: Company; Sharekhan Research; NA – Not available

Standalone Financial performance

Trent delivered robust performance in FY2023 with revenue and PAT doubling y-o-y

- Standalone revenue from operations grew by 2x y-o-y to Rs. 7,715 crore aided by aggressive store addition across brands and 39% LFL growth in Westside.
- Gross margin declined by 566 bps y-o-y to 45.4% as the company did not take price hikes to pass on the impact of higher raw material cost to its customers.
- Even as gross margins plunged, the fall in EBITDA margin was restricted to 182 bps y-o-y to 14.5% driven by improved productivity and strong cost control measures. EBITDA grew by 77% y-o-y to Rs. 1,119 crore.
- Other income was higher at Rs. 412 crore, up from Rs. 279 crore in FY2022 aided by higher dividend income, gain on lease modification/termination and profit on sale of fixed assets.
- Adjusted PAT for FY2023 grew by 2.1x y-o-y to Rs. 555 crore.
- Revenue and EBITDA registered a three-year CAGR of 34.4% and 26.1% during FY2020 to FY2023 despite the disruptions caused by the pandemic in FY2021.
- The board declared a final dividend of Rs. 2.2 per share in FY2023, which is higher than dividend of Rs. 1.7 per share in FY2022.

Balance sheet key highlights

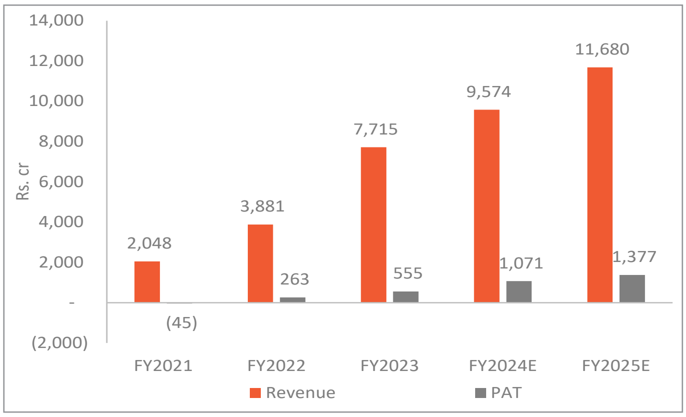
- Working capital days on books declined to 38 days in FY2023 from 58 days in FY2022 largely due to a decrease in inventory days by 17 days to 84 days.
- As working capital management improved, cash from operations increased to Rs. 662.8 crore in FY2023 from Rs. 149 crore in FY2022. OCF to EBIDTA ratio stood at 59% in FY2023 improved from 39% in FY2022.
- Capex for FY2023 stood at Rs. 215 crore which was largely in line with the capex of Rs. 200 crore in FY2022. Free cash flow (FCF) in FY2023 stood at ~Rs. 450 crore.
- Company has cash & cash equivalents of Rs. 535 crore on its books with significant proportion of the current investments in highly liquid debt mutual funds.
- Dividend paid amounted to Rs. 39 crore, which is similar Rs. 42 crore paid in FY2022.
- RoE improved to 19.1% in FY2023 as against 10% in FY2022 while RoCE improved to 14.5% in FY2023 versus 9.6% in FY2022.

Key highlights of AGM

- **Westside:** Westside registered gross revenues of ~Rs. 4,650 crore (growth of 70% y-o-y) on back of strong 49% y-o-y LFL sales growth in FY2023, while EBITDA margin improved by 200 bps y-o-y to 13%, despite ~360 bps y-o-y decline in the gross margin to 55.1%. Menswear segment has made a noteworthy contribution to overall success. Trent's beauty offering, Studio West, is gaining momentum. Westside plans to open 30 new stores in FY2024.
- **Zudio:** Zudio achieved run-rate of selling 2 million garments per week in FY2023. Gross revenues surpassed Rs. 3,200 crore in FY2023, with EBIT margins improving by 100 bps y-o-y to 7.0% from 6% in FY2022. The company plans to add 200 new Zudio stores in FY2024.
- **STAR:** Trent's Star division recorded a 34% y-o-y increase in revenue, driven by a clustered expansion approach and growing footfalls. LFL growth came in at 48%. Star differentiates itself through price leadership, own brands, and fresh offerings for value-conscious customers. Its exclusive retail brands offer over 500 SKUs. Trent's aspiration is to become the first profitable grocery e-commerce business by focusing on regional food business growth before expanding nationally, considering supply chain constraints.
- **Zara and Massimo Dutti:** Both Zara and Massimo Dutti have calibrated expansion plans in place, focusing on securing highly sophisticated locations for the stores.
- **Samoh:** Samoh, a brand-new retail concept with an Indian essence, was launched under the leadership of Mr. Sanjay Rastogi. The first Samoh store opened its doors in Lucknow. As part of its expansion plan, Samoh aims to open 10 new stores in FY2024. The vision is to establish a network of 100 stores within the next few years.
- **Growth levers:** Trent would focus on growing all its formats. Star bazar will join in as the third engine in Trent story after Westside and Zudio, in a year or two followed by Misbu (beauty platform) and Utsa, which are growing rapidly.
- **Other key highlights**
    - FY2024 capex is expected to be at Rs. 800 crore.
    - Trent has entered into a joint venture with the MAS group from Sri Lanka for intimate wear. At the beginning, it would be a manufacturing and supply-chain tie-up.
    - The company is considering expanding its footprint in the international market.

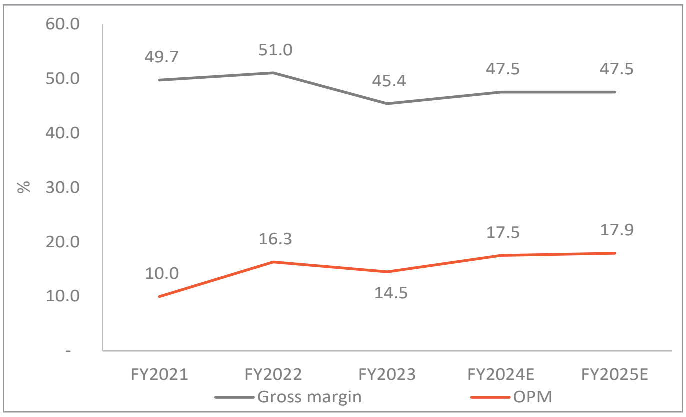
Financials in charts

Steady growth in revenue and PAT



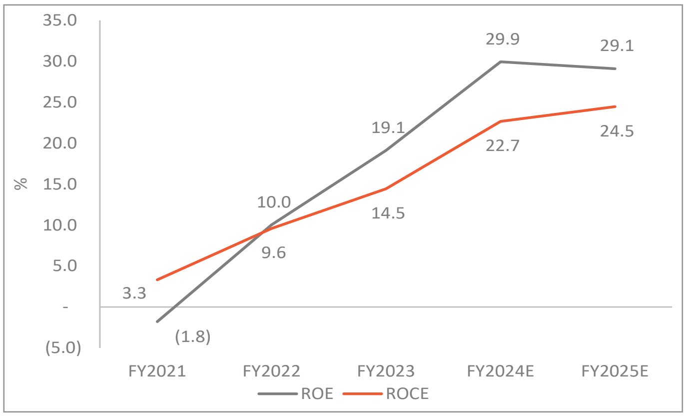
Source: Company, Sharekhan Research

Margins to improve from current (FY2023) level



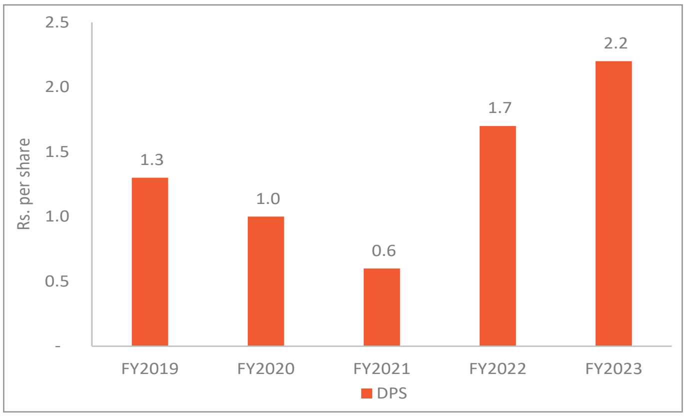
Source: Company, Sharekhan Research

Sharp increase expected in return ratios



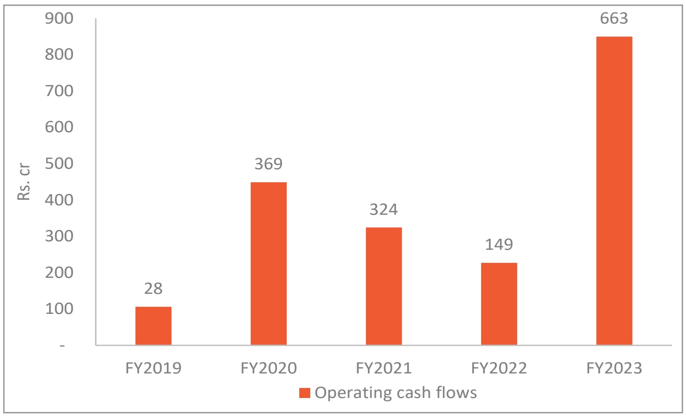
Source: Company, Sharekhan Research

Dividend payout history



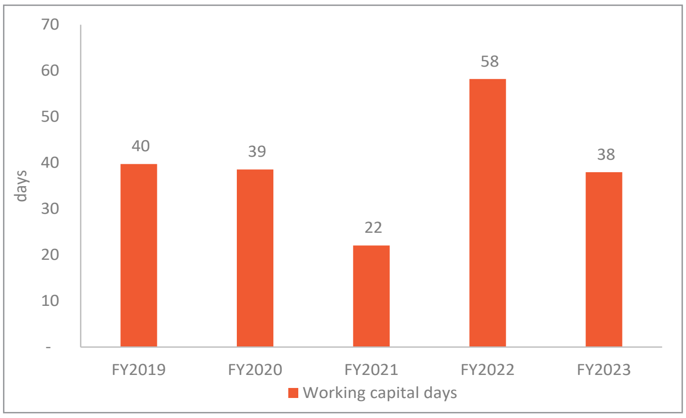
Source: Company, Sharekhan Research

Trend in operating cash flows



Source: Company, Sharekhan Research

Trend in working capital days



Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector View – Long term growth prospects intact

Branded retail and apparel players posted strong performance in FY2023 led by low base of FY2022 impacted by COVID-led disruption. We expect growth to be muted in H1FY2024 but a recovery is likely prior to the festive season. Branded retail and apparel companies are likely to benefit from steady demand for premium products and better consumer sentiments in urban markets/metros in the quarters ahead. In the medium to long term, market share gains, higher traction on the e-commerce platform, a strong retail space expansion strategy, and sustained expansion of product portfolio will help branded apparel and retail companies to post consistent growth. Better operating leverage and improved efficiencies would help branded apparel and retail companies to post higher margins in the coming years.

■ Company Outlook – Levers in place to achieve double-digit growth

Revenues and PAT doubled in FY2023 due to low base of FY2022 affected by covid-led disruption. However, the company's strong execution capabilities aided to achieve strong growth of 2.5x in revenues and 3.6x in PAT over FY2020. Trent is seeing strong pick-up in new initiatives/categories through increased contributions from online sales and emerging categories. An accelerated store expansion programme, increased contribution from the online channel, and a pick-up in the foods business will augur well for the company in the near term. We expect the company's revenue and PAT to clock a CAGR of 23% and 58%, respectively, over FY2023-FY2025E.

■ Valuation – Maintain Buy with a revised PT of Rs. 2,025

Trent's FY23 numbers were strong as footfalls bounced back, store additions were higher and performance of Zudio scaled up. Innovation in the product portfolio, scaling up of supply chain, 100% contribution from own brands, aggressive store expansion, and leveraging on digital presence will be key growth drivers in the medium term. The stock is currently trading at 32.2x/26.2x its FY2024E/FY2025E EV/EBITDA. With long-term growth prospects intact and strong balance sheet amongst the retail companies, we maintain our Buy recommendation on the stock with a revised PT of Rs. 2,025.

Peer Comparison

Companies	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Aditya Birla Fashion	-	-	62.8	18.6	16.5	11.7	4.1	3.5	7.1
Shoppers Stop	72.3	60.7	27.4	14.7	12.5	9.4	9.9	10.9	18.0
Trent	-	58.0	45.1	40.6	32.2	26.2	14.5	22.7	24.5

Source: Company, Sharekhan estimates

About the company

Trent is a leading branded retail company that operates Westside, a chain of departmental stores retailing apparel, footwear, and other accessories, with over 99% contribution from own brands. Westside stores have a footprint of 18,000-34,000 sq. ft. across over 90 cities. Trent also operates value fashion chain Zudio, having a footprint of around 7,000-10,000 sq. ft., and books and music retail chain Landmark. Trent has a 50:50 JV with Tesco PLC UK to operate Star stores through Trent Hypermarket Private Limited. In addition, Trent has two separate associations of 49% each 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 to 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 the discretionary demand environment would impact SSSG, affecting revenue growth.
- Heightened competition, especially in the form of private labels by other branded players, would act as a threat to revenue growth.
- Any significant increase in key raw-material prices, such as cotton, would affect the company's profitability.

Additional Data

Key management personnel

Noel Tata	Chairman
P Venkatesalu	Executive Director and CEO
Neeraj Basur	Chief Financial Officer
Mehernosh Surti	Company Secretary

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Dodona Holdings Ltd.	4.53
2	Wasatch Advisors Inc.	3.00
3	SBI Life Insurance Co. Ltd.	2.57
4	Amansa Holdings Pvt. Ltd.	2.15
5	Vanguard Group Inc.	1.99
6	Blackrock Inc.	1.70
7	Axis Asset Management Co. Ltd.	1.62
8	HDFC Life Insurance Co. Ltd.	1.53
9	Derive Trading Pvt. Ltd.	1.52
10	Arisaig India Fund Limited	1.45

Source: Bloomberg

Understanding the 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: Sharekhan Research

Sharekhan
by BNP PARIBAS

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Other registrations of Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669.

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