Dated: 10 Nov 2025

Trent (Trent) - REDUCE

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.4627	**Rs.4450**

Rationale:

- Q2FY26: Weak revenue print plays on profit growth.
- Q2 revenue growth of 17% trails retail area growth of 36%.
- SSSG stood at low single digits, unchanged from trend witnessed in last 2-3 quarters.
- We trim FY26-28E revenues by ~1% and EPS by 7-14%.
- A lack of scale in Star and the stake sale in Zara India imply limited valuation support from JVs/associates.
- Retain REDUCE with a revised FV of Rs4,450 (Rs4,900 previously).

Positives:

- EBITDA margin of 17.2% was up by 134 bps yoy, driven by flat employee costs and low growth in other costs.
- Trent (standalone) added 13 stores of Westside and 41 stores of Zudio in H1FY26 compared to 26 total stores added in H1FY25.
- Despite weak SSSG, Trent is managing margins by cutting employee and other costs.
- We model 23% revenue CAGR for FY26-28E.

Negatives:

- Gross margin of 43.3% was broadly in line with estimates and declined 90 bps yoy.
- Star Bazaar: Revenue decline of 2.1% yoy; Star slips into losses in Q2FY26.
- Net working capital increased in H1FY26 going into the festive season.
- Higher capex may weigh on cash generation.
- Slower growth may continue to play on stock price.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, CAGR: Compound Annual Growth Rate, EPS: earnings per share, SSSG: Same store sales growth, JV: Joint Venture)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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