

Trent – Catch Me IF You Can!



Fast Fashion Concepts: Westside and Zudio

- Trent operates two fast fashion concepts, Westside and Zudio, offering **on-trend, in-season merchandise** at different price points, like Zara and Primark. Both concepts benchmark against the best globally to deliver superior unit economics:
 - ❑ Best-in-class sales per square foot and same-store sales growth
 - ❑ 80% full-price sales vs global average of 40%
 - ❑ Cash conversion cycle of less than 30 days

Zudio's Disruption in Value Fashion

- By operating at almost half the industry gross margins Zudio could offer sharp prices that created a 'kid in a candy store' experience, resulting in significantly higher sales per square foot (SPF). Thus, **Zudio stores are as profitable as Westside.**
 - ❑ Mature Zudio stores does 1.5x SPF compared to Westside, leading to similar gross profit per square foot to that of Westside.

Execution Excellence

- Trent management pushed execution limits with Zudio – Increasing throughput while taking out cost in supply chain
- Now, further pushing boundaries with Star Bazaar, aiming to disrupt the highly competitive fresh and grocery segment.

Star Bazaar: The Next Big Thing

- Star Bazaar's unique grocery concept stands out in the industry and is not comparable to other players.
- Star Bazaar has witnessed strong SSG growth in the last few years. Infact in the last few quarter it has achieved store level **profitability surpassing that of Dmart.**
- We believe Star Bazaar has the potential to create more value for Trent than Westside & Zudio combined

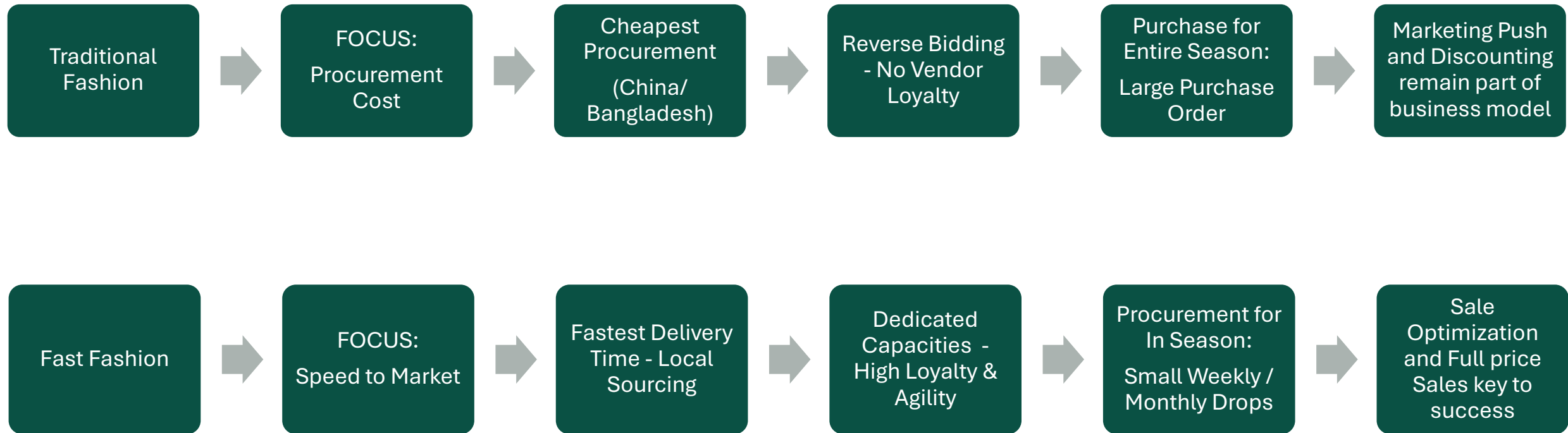
Brands from the House of Trent

Comparison Metrics	Westside	Zudio	Star Bazaar
Focus areas and relevant market	Trending Fashion, Priced between value and premium targeting the lower to higher middle-income population.	A Fast fashion business model, Priced as value products focused on the lower to lower-middle-income population mostly.	A differentiated Retail chain disrupting the market by cracking the Fresh Foods and Private label segment.
Comparable Brand	Zara, H&M, Forever 21	Primark, Urbanic, Shein	Mercadona (Spain)
Average Store Size	22000 Sqft +	8000 Sqft +	16000 Sqft +
Average Sales Per Sqft (FY24)	~13000	~17500	~30000
Gross Profit Margins	~57%	~35%	~20%
Total Stores (FY24)	228	559	72
Share of Private Label	100%	100%	72%

FAST FASHION & TRADITIONAL RETAIL NOT COMPARABLE

Fast Fashion vs Traditional Fashion

- Fast Fashion and Traditional Fashion are two entirely different business models



Not Just Retail, I Am Fast Fashion

Key differences between Traditional Retailers and Fast Fashion :

Aspect	Fast Fashion Retailer	Traditional Retailer
Retail Strategy	➤ Drive urgency and excitement with frequent releases and limited inventory to ensure high turnover and spur repeat visits.	➤ Emphasize customer service, brand loyalty , and the shopping experience, with less emphasis on rapid product turnover.
Product Range	➤ Allocate a significant in-season budget to adapt to trends and maintain a wide product range for urgency and novelty.	➤ May have a more stable product range with seasonal collections . Their product offerings change less frequently.
Design Process	➤ Fast fashion retailers streamline design processes, involving fewer decision-makers for quicker turnaround times, often completing designs in 4-6 weeks from conception to store delivery .	➤ Have a more complex design process involving multiple stakeholders, which can result in longer lead times, typically ranging from 3-4 months .
Production Volume	➤ Fast fashion retailers produce small quantities of each style to gauge demand before scaling up, reducing risk of surplus inventory.	➤ May commit to larger production volumes further in advance, leading to potential overstock situations if demand is lower than anticipated.
Pricing Strategy	➤ Retailers employ dynamic pricing strategies , adjusting prices based on consumer response and market dynamics. They often offer trendy products at lower price points.	➤ Typically have more fixed pricing strategies and may rely more on promotions and sales events to drive foot traffic and sales.
Marketing Approach	➤ Leverage social media and online platforms to reach their target audience. They may emphasize the latest trends and affordable pricing in their marketing campaigns.	➤ Employ a mix of traditional advertising channels , such as television and print, along with in-store promotions and events to attract customers.
Consumer Perception	➤ Often perceived as trendy, affordable, and accessible to a younger demographic. They are seen as offering value for money	➤ Traditional retailers are perceived for quality, timeless products, prioritizing brand reputation and customer service . They appeal broader demographic but seen as less trendy vs fast fashion brands.

Traditional retailers buy in bulk focused on cost optimisation; fast fashion retailers buy in small batches focused on sales optimisation

The organizational setup for success in fast fashion entails integrated, data-driven supply chains, streamlined decision-making structures, and agile processes allowing for rapid trend response and minimized inventory levels.

- **Short Planning Cycle:** Fast fashion operates on weekly planning cycles, demanding quick turnaround times for design, production, and distribution.
- **Merchandising Agility:** Adapting to consumer preferences and market trends requires data-driven insights and rapid adjustments to product assortments.
- **Small Batch Sizes:** Releasing smaller purchase orders places demands on flexible and responsive suppliers, challenging them to manage fluctuating demand.
- **Supplier Flexibility and Coordination:** Strong collaboration and flexibility from suppliers are crucial for accommodating quick turnaround times and small batch orders.
- **Dynamic Pricing and Product Testing:** Employing real-time data analysis and pricing strategies, fast fashion retailers test price points throughout the season to maximize profits.
- **Robust Distribution Network:** Efficiently moving products from warehouses to stores demands robust logistics and inventory management systems to meet demand fluctuations.

Consider this: Zara manages a swift turnaround time of just 4 weeks, Trent has achieved a commendable 6-week turnaround, while many other fast fashion brands typically take 8 to 9 weeks to complete the same process. Meanwhile, traditional retailers operate on a much slower 12-week cycle. This stark comparison highlights the challenge of reducing turnaround time effectively.

PROCESSES CAN BE COPIED BUT BRAND PERCEPTION MUST BE BUILT

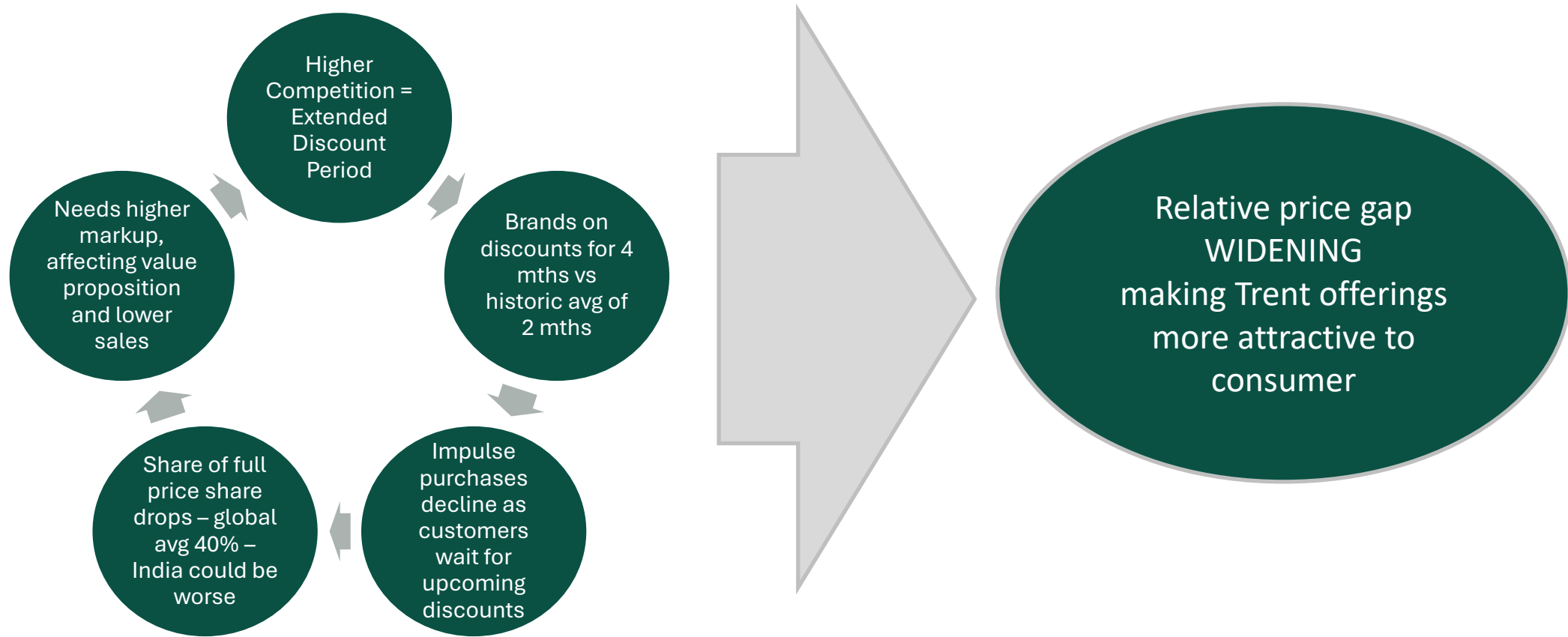
...The Secret Sauce Is In Maximising Full Price Sales

- The essence of the fast fashion business model lies in maximizing full-price sales. Agility in fast fashion, driven by higher manufacturing costs due to low batch sizes, necessitates prioritizing full-price sales to maintain healthy margins.
- While operational efficiencies, such as promptly reacting to trends and employing inventory management techniques like low holding and minimum orders, reduce reliance on heavy discounting, shaping customer perceptions is an ongoing process. **Teaching customers to value items at their original price point and creating a sense of scarcity and novelty to drive consumer demand and purchase urgency requires continuous effort and strategic execution.**
- Westside and Zudio have achieved remarkable success in part by shaping the behavior of their customers over time. These brands have adeptly educated consumers to embrace immediate purchasing decisions, leveraging the allure of limited inventory to create a sense of urgency. With their strategy of short production runs, they've minimized the need for promotions, teaching customers to value items at their original price point. Moreover, the constant rotation of their product assortments keeps customers returning to their stores regularly.
- Replicating this model presents a formidable challenge for other companies. **It demands not only a sophisticated supply chain and logistical infrastructure but also a concerted effort to educate both customers and suppliers.** Scaling such operations overnight is impractical, and without the same level of brand recognition and loyalty, competitors struggle to match the appeal of Westside and Zudio's promise: **the latest trends at reasonable prices.**
- Trent's success has been due to targeted marketing towards younger demographics and shaping customer preferences, fashion at a reasonable price being a key one. This audience is in tune with latest trends and do indulge in impulse purchases.

CAN'T Discount Fashion: Successful Fast fashion Retailers have ~80% Full Price Sales vs Global Retail Average of 40%

Competitive Intensity Is Actually Helping Trent

- Indian retail extended end-of-season sales from two one-month periods to 45 days each and added mid-season sales. This expanded the EOSS period from 2 to 4 months and increased the proportion of discounted products from 40% to >60%.
- Trent avoided extending the discount period while creating urgency with frequent releases and limited inventory. Customers valued full-priced offerings and associating them with a strong brand.
- This model strengthens customer connection and improves unit economics by achieving industry-leading 80% full-priced sales.



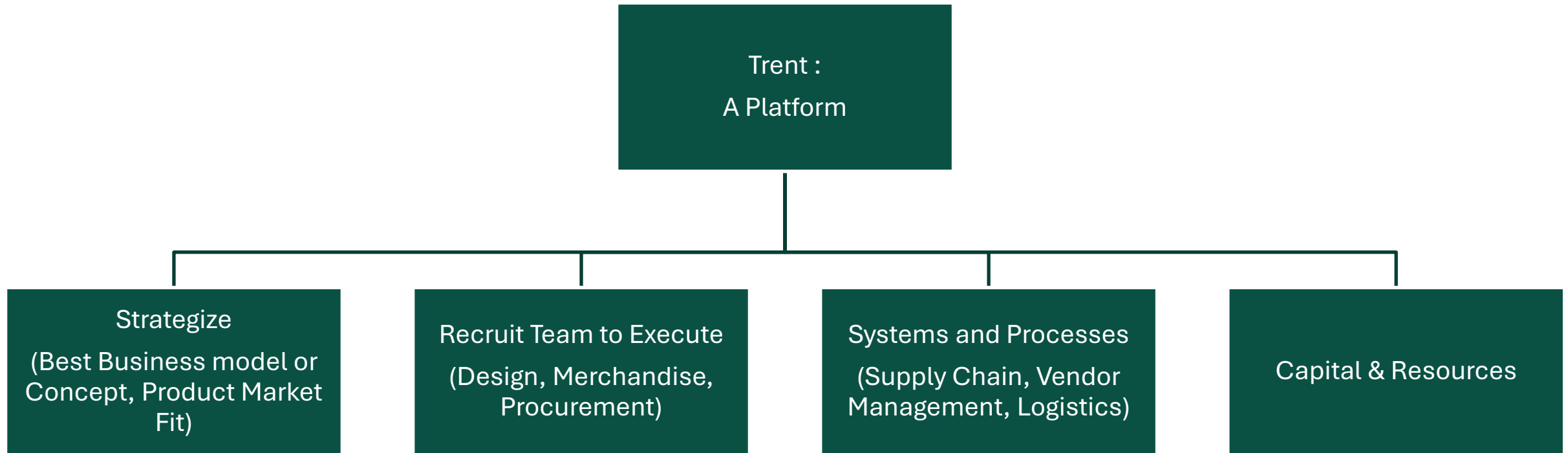
WHAT MAKES TRENT UNIQUE?

Trent Works On Theory Of Constraints – Building A Sustainable Advantage

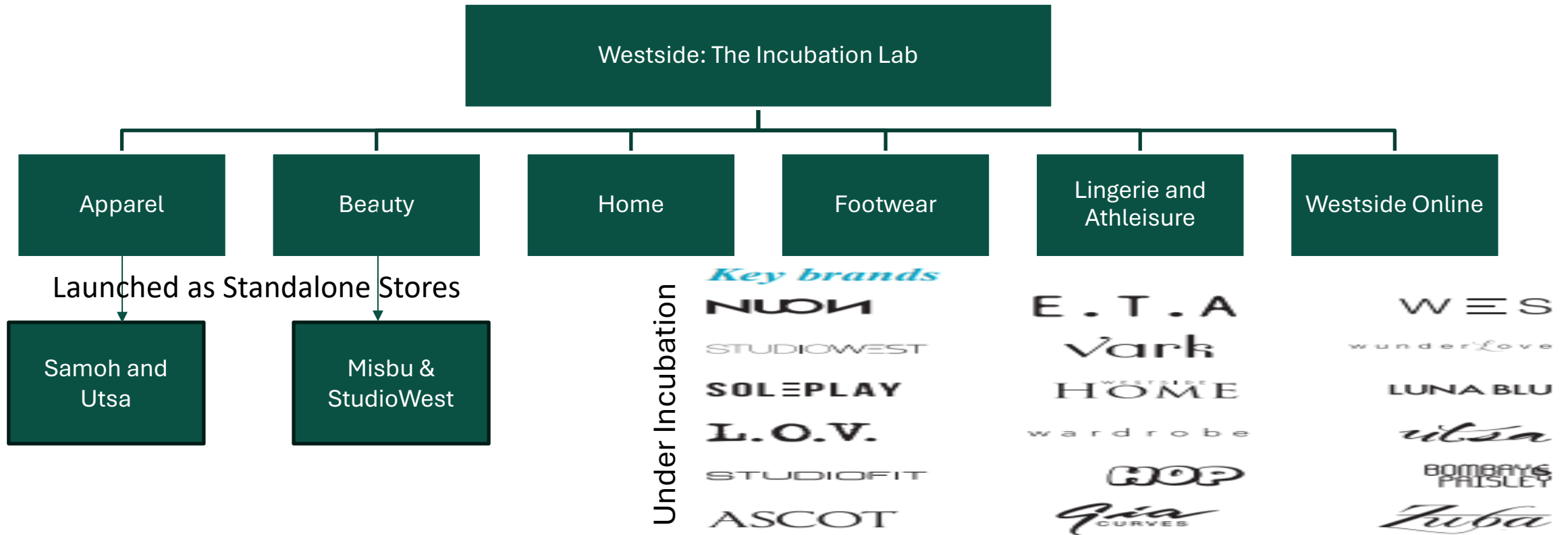
Aspect	Rules, Guidelines and Constraints
Store Selection	<ul style="list-style-type: none"> ➤ Store locations are meticulously chosen, requiring ample frontage, an appealing facade, spacious floor plates, and a square or rectangular shape. This strict process limits growth but ensures high-quality properties. ➤ High Streets are preferred over malls, as high streets attract customers with high intent, thereby improving conversion rates and brand recall. Established catchment facilitate quicker store ramp-up, enhancing store profitability and NPV. Mall stores depend on the mall's fate, while high streets thrive on targeted customers.
Brand Building	<ul style="list-style-type: none"> ➤ Trent believes that stores and products build brand, not ads. They invest significantly in window displays, ambience, and social media engagement to cultivate a loyal customer base. Regular refurbishments maintain the upscale image. Exclusive retail preserves brand ethos.
End of Season Sales (EOSS)	<ul style="list-style-type: none"> ➤ EOSS is conducted according to a predetermined calendar twice a year, with no extensions granted. The focus is solely on clearing inventory rather than maximizing profits, leading to sharper discounts. Unsold inventory is disposed of in bulk.
Merchandising	<ul style="list-style-type: none"> ➤ The design team caters to lowest common denominator as Trent does not customize products based on regional preferences. ➤ To keep the fashion collection fresh and appealing, the design team refreshes the entire collection monthly, with each collection divided into four weekly drops adhering strictly to the schedule.
Purchase Planning	<ul style="list-style-type: none"> ➤ Trent's approach to inventory planning is structured and data-driven. Unlike other brands, which offer buyers a lump sum of Open-To-Buy (OTB) money without detailed breakdowns, Trent breaks down the OTB budgets month-wise and by category. Data drives Trent's OTB plans (category, depth, MRP). This minimizes overstock and optimizes inventory for sales.
Production	<ul style="list-style-type: none"> ➤ Size fit, fabric quality, and wash quality are standardized and non-negotiable. Failure to meet schedules incurs penalties. ➤ Vendors are required to commit capacity and procure fabrics in advance to ensure quick turnaround times. ➤ Vendor consolidation has been implemented, reducing the number of vendors from around 200 to approximately 100. This rewards high-performing vendors with exclusive partnerships and grants Trent greater control over the supply chain.
Supply Chain	<ul style="list-style-type: none"> ➤ Trent maintains a streamlined supply chain with one centralized warehouse and three satellite warehouses, aimed at minimizing wastage. Historically, Trent operated with only one warehouse until 2018, showcasing a commitment to efficiency and optimization

Trent Has Now Evolved Into A Platform

Trent has evolved into a platform with the expertise to conceptualize, ideate, execute, and develop brands that can eventually chart an independently growth journey.

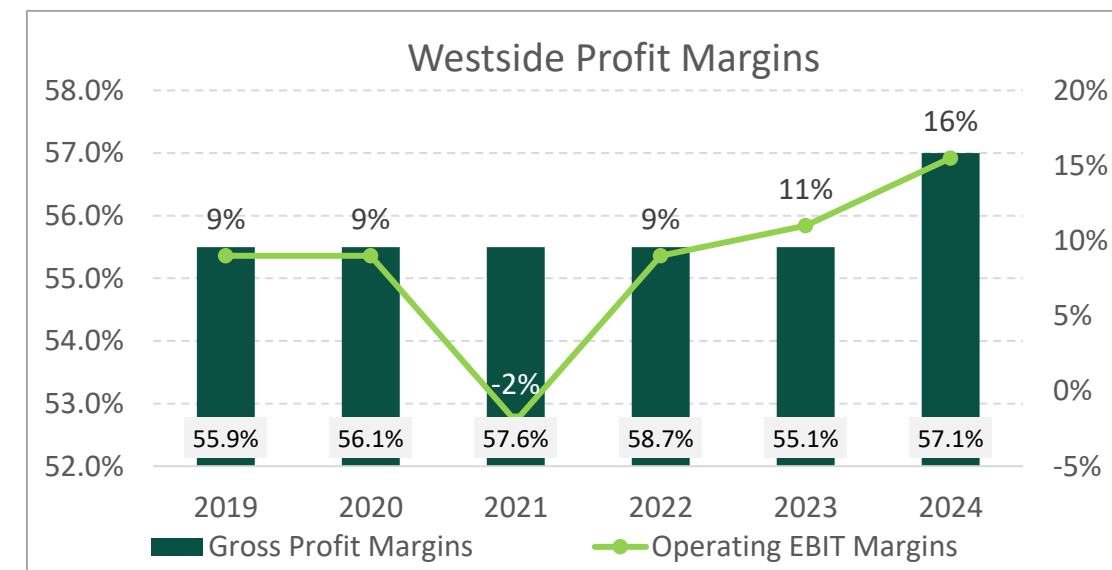
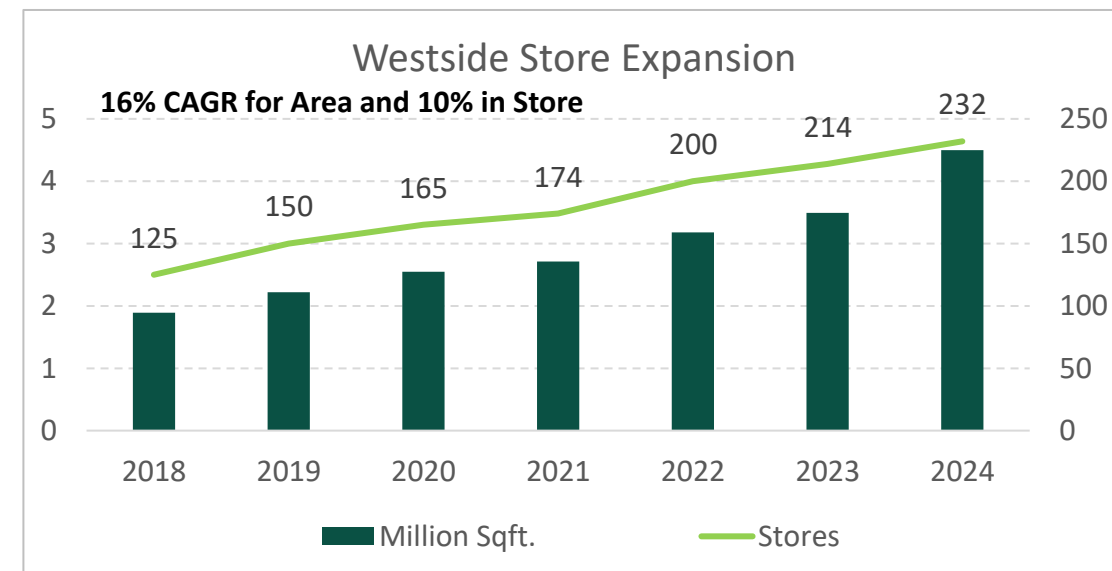


- **Incubation and Testing**
 - Westside acts as an incubation lab for new brands, leveraging Westside's foot traffic to maximize brand exposure.
 - Enhances customer options and builds confidence in brand acceptance.
- **Brand Launch Strategy**
 - Brands that gain significant traction are launched as individual stores.
 - This strategy ensures relevance and resonance with customers.



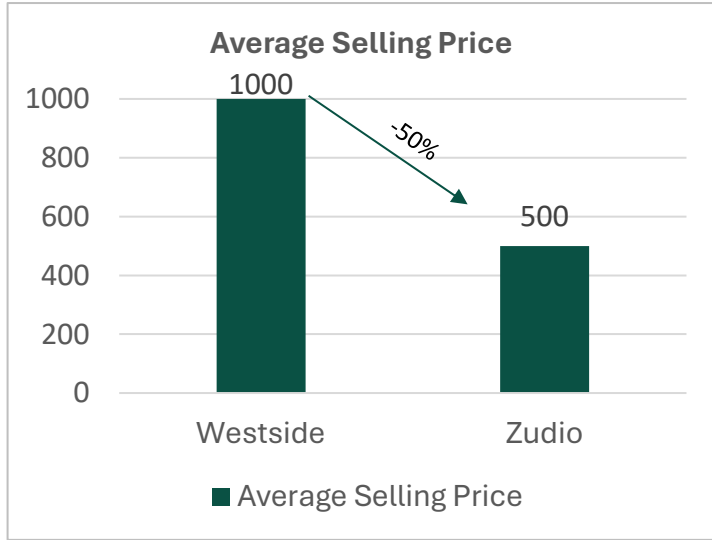
Westside – Best In Class Unit Economics!

Unit Economics	Westside (Per Sq Ft) (FY23)	Westside Per Sq Ft (FY24)	Total FY 2024 (INR Crs.)
Average Store Size (Sqft)	17500	22143	4 (MnSqft.)
Investment per Store (INR Crs)	7.5	9.0	
Investment	4286	4064	1829
Capex	2357	2300	1035
Inventory and Deposit-Payables	1929	1764	794
Revenue	11973	13200	5280
Gross Profit	6555	7524	3010
Gross Margins %	54.8%	57%	57%
Annual Rent	800	850	340
Operating Cost	4247	4308	1723
EBITDA	1508	2366	946
EBITDA Margins %	12.6%	17.9%	17.9%
Depreciation	325	325.0	130
EBIT	1183	2041.0	816
EBIT Margins %	9.9%	15.5%	15%
ROCE - Pre-Tax	27.6%	50.2%	
Payback Period	2.8	2.0	

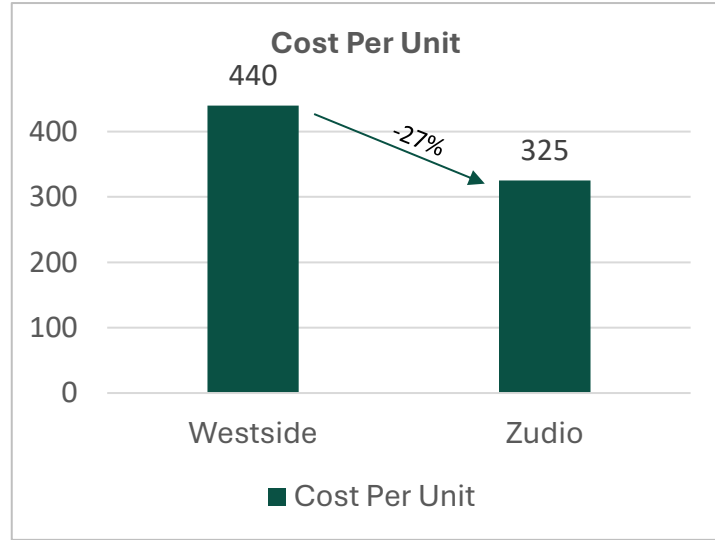


Zudio Takes Execution To The Next Level

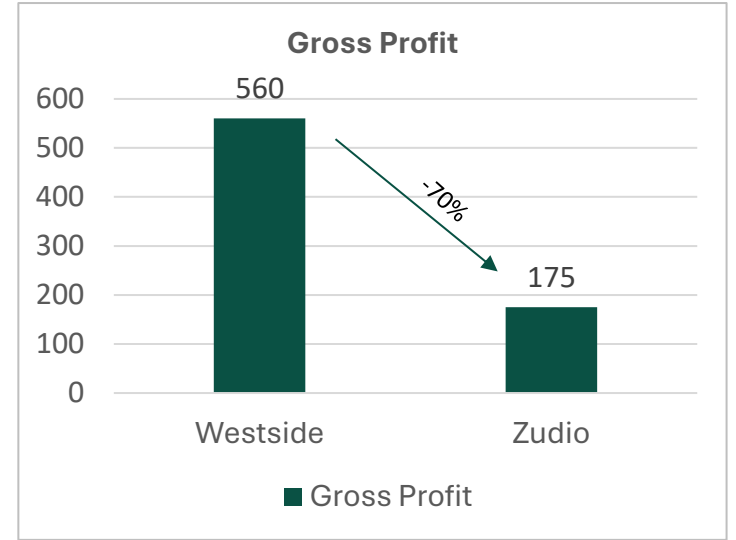
- Zudio's average selling price is almost half that of Westside. To offer such compelling value proposition Zudio needed to cut costs and work at a much lower gross margin.
- Operating at such low margins was a disruption unheard of by industry participants. Most questioned its financial viability.



- ✓ Zudio needs 1.5x Westside's sales per sqft and 3x its volume to match Westside's gross profit per sqft.
- ✓ Moving 3x volumes raises logistics costs. Zudio optimized these costs by leveraging the Westside fulfillment network.



- ✓ Zudio reduced costs by varying fabric, wash quality, and design engineering, such as replacing embroidery and laces with prints.
- ✓ Buying higher volumes helps reduce cost as well.

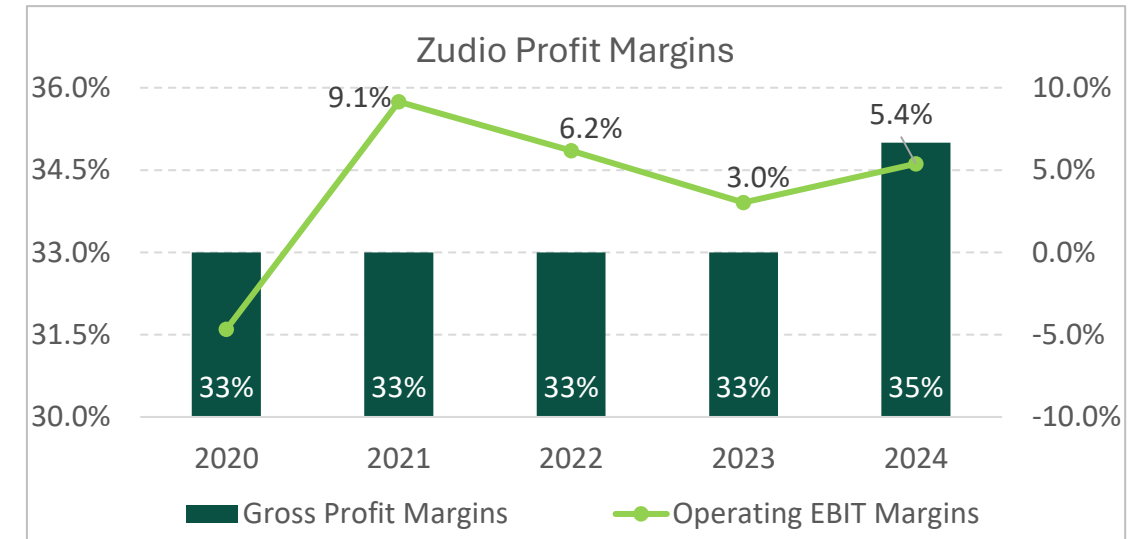
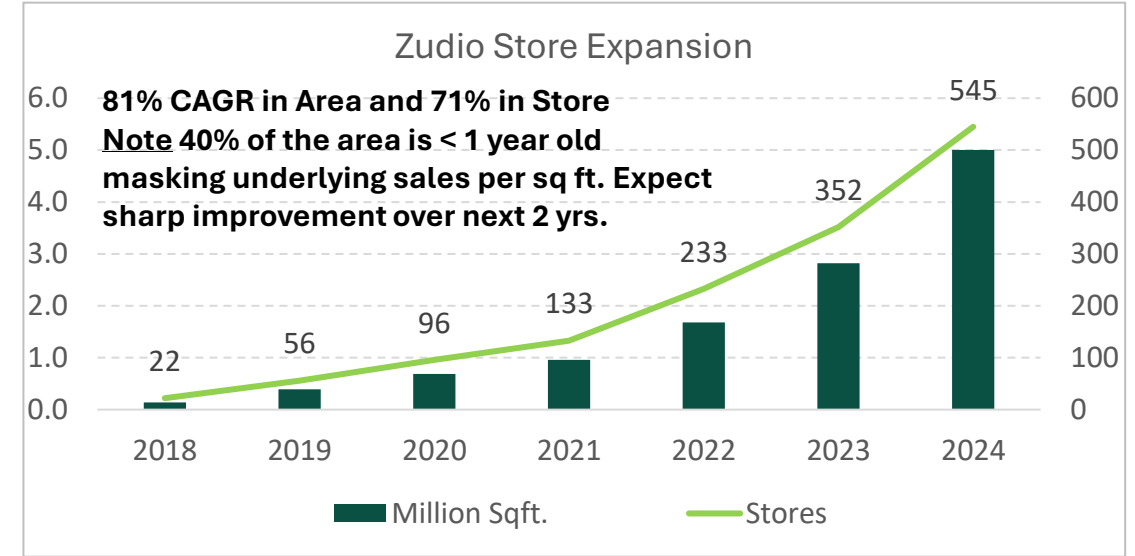


- ✓ Zudio's 35% gross margin and lower prices yield 1/3 of Westside's gross profit per unit, as Westside operates at 57% margin and higher prices.
- ✓ Zudio needs to sell 3x volumes to earn similar GP per sq ft. as Westside

To Achieve Such High Throughput AT Scale and Efficiency Is The Competitive Advantage

Zudio Store Matches Westside Profitability; Strong Rollout Masks Performance

Unit Economics	Zudio (Per Sq Ft) (FY23)	Zudio (Per Sq Ft) (FY24)	Total FY2024 (Cr.)
Average Store Size Sqft	7500	10000	3.91 (Mn Sqft)
Investment per Store (Rs Mn)	25	30	
Investment	3333	3000	1500
Capex	1933	1850	925
Inventory and Deposit-Payables	1400	1150	575
Revenue	16023	17000	6647
Gross Profit	5127	5950	2326
Gross Margins %	32%	35%	35%
Annual Rent	550	615	240
Operating Cost	3519	4149	1622
EBITDA	1058	1186	464
EBITDA Margins	6.6%	7%	7%
Depreciation	258	258	101
EBIT	800	928	363
EBIT Margins %	5%	5%	5%
ROCE-Pre Tax %	24%	31%	
Payback Period	3.2	3.2	

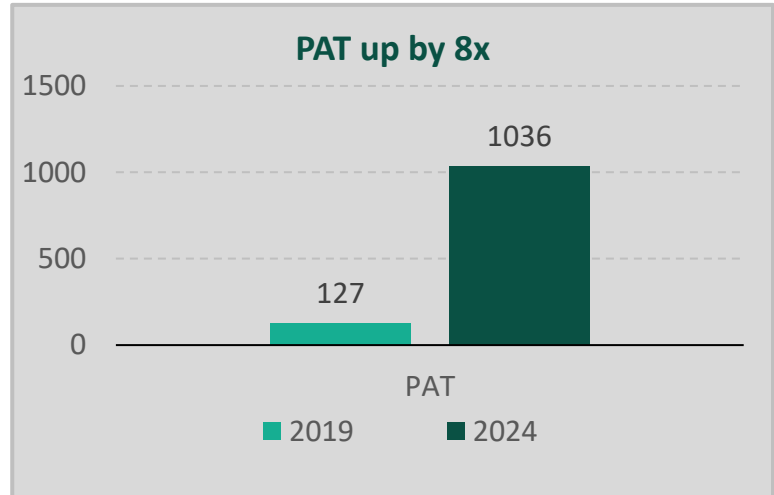
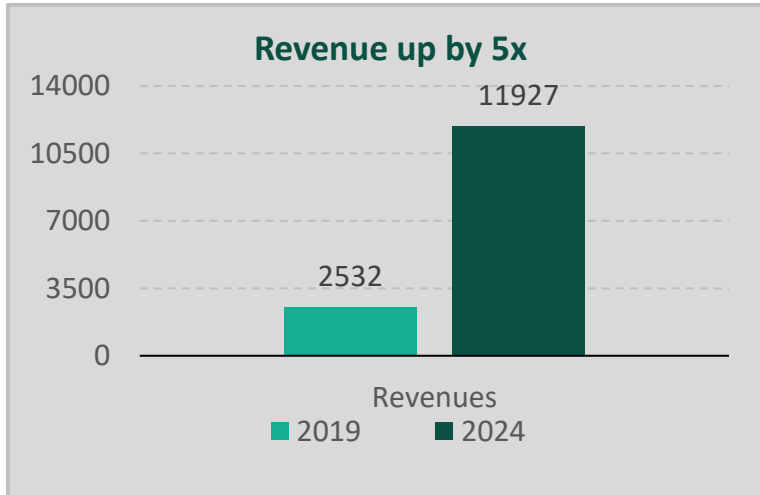
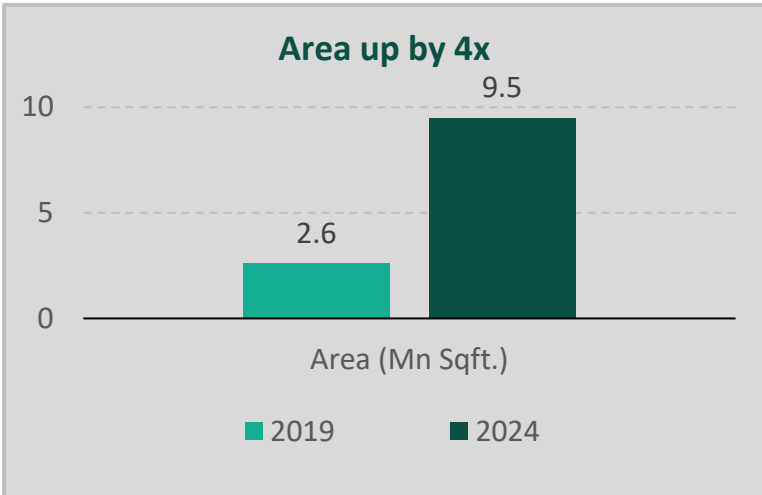


How The Numbers Stack Up

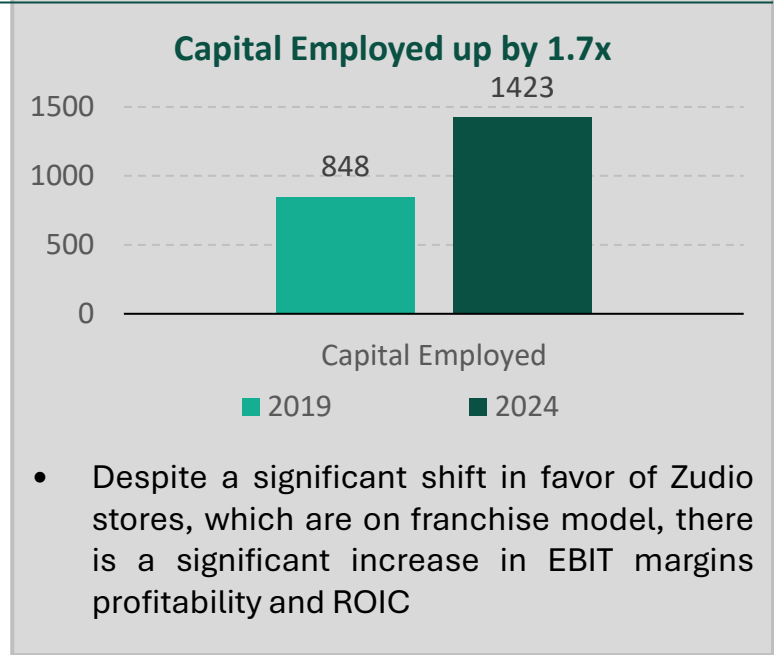
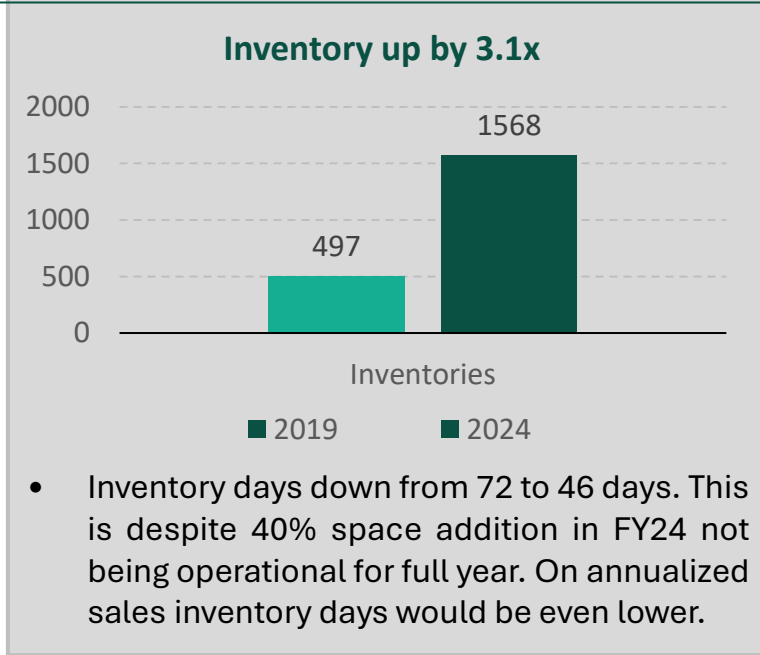
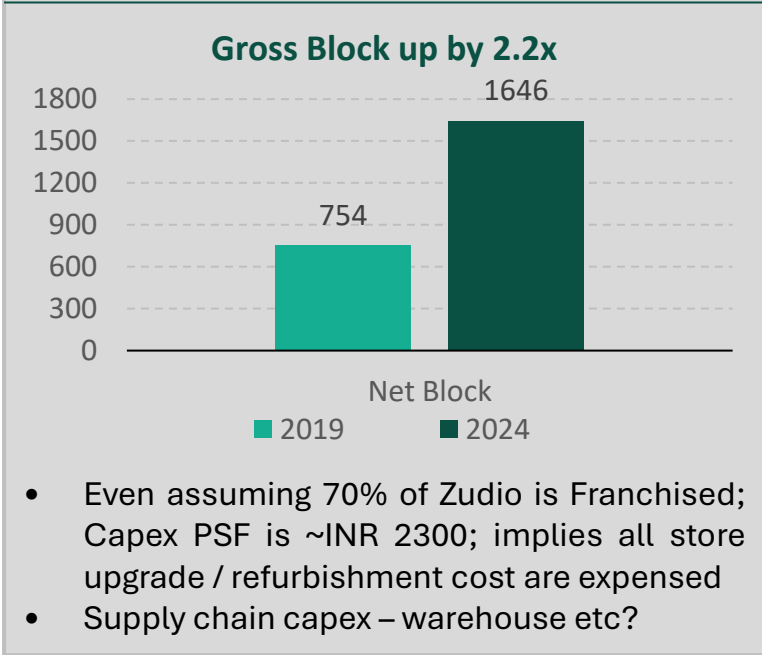
Unit Economics	Westside FY24 (INR Cr)	Zudio FY24 (INR Cr)	FY24 Reported	Observations
Average Store Size Sqft	4.5 (Mn Sqft)	5 (Mn Sqft)	9.5 (Mn Sqft)	Based on avg sqft per store at the end of the period
Investment Total	1829	1500	3329	
Capex for all the Stores	1035	925	1960	Note Capex higher than the reported Gross Block reported as all the stores assumed to be on COCO model.
Inventory + Deposit – Payables	794	575	1369	FY24 Annual Report
Revenue	5280	6647	11927	FY24 Annual Report, Axia Estimates
Gross Profit	3010	2326	5336	
Gross Margins	57%	35%	45%	FY24 Reported Numbers
Annual Rent	340	240	580	As per FY24 Cash Flow Statement
Operating Cost	1723	1622	3345	FY24 Reported Numbers
EBITDA	946	464	1410	Note: Many Zudio stores on Franchise model. Hence capex related expense are above the line on reported bases understating Zudio's profitability.
EBITDA Margins	17.9%	7.0%	11.8%	Westside and Zudio based on earlier reporting, Axia Estimates
Depreciation	130	101	231	Assumed Based on COCO Model; reported number lower at Rs.137crs
EBIT	816	363	1179	FY24 Annual Report, Axia Estimates
EBIT Margins	15%	5%	9.9%	

P&L Tells Only Half The Story!

Factors Appreciated



Factors Under Appreciated



Is Trent Expensive?

- We believe valuations are highly influenced by Growth and RoIC. Hence, the multiple assigned to any business should take both these attributes into account.
- We believe residual income method which takes into accounts the capital invested in the business to is better way comparing businesses. We call this asset light multiple.
- Based on Asset Light Multiple, Trent trades in line with its growth outlook relative to other businesses.

Companies	Revenue FY26E	2 Year CAGE	EBIT FY26	CAPITAL EMPLOYED FY26	ROIC FY26	PE (FY26)	Asset Light (FY26)
Trent (Standalone)	23671	41%	3332	2384	140%	92	110
Jubilant Foodworks	9444	29% (Acquisition Impacted)	508	1404	36%	108	221
Dmart	70726	18%	4914	21045	23%	93	248
Titan (Standalone)	65331	18%	6962	20953	33%	58	103
Metro Brands	3198	16%	604	1035	58%	62	92
ABFRL	18510	15%	-457	4470	-10%	NA	NA
Bata India	4286	11%	564	861	65%	40	55

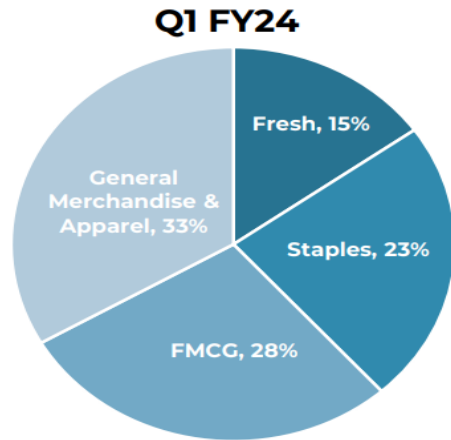
Note: Axia or Consensus Estimates. Our Numbers are more or less in line with consensus.

STAR BAZAAR

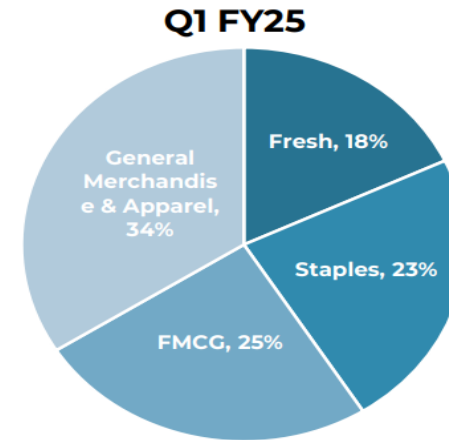
The Next Big Thing

Star Bazaar – Charting Its Own Path!

- Star Bazaar is Trent’s Grocery Retail chain is unlike any other grocery chain in India.
 - Fresh and Private Labels account for ~70% of sales.
- Each store, sized between 18,000 to 24,000 square feet, offers a curated selection of fresh produce, staples, FMCG, and home care products.
- There are 66 Star Bazaar stores across 3 states focused on providing a unique and appealing shopping experience.



% Own Brand Share: 63%



% Own Brand Share: 72%

Our Own Brands



Star Is Disrupting National Brands; Not Other Retailers

	HUL	Jyothy	TCPL	Britannia	Avg	Star Bazaar	Comments
Revenue	100%	100%	100%	100%	100	70	<u>Value Proposition</u> : Similar Quality at 30% Discount
Material cost	46%	51%	49%	56%	50	55	
Gross Margin	54%	49%	51%	44%	50	15 (20%)	High Throughput; Lower Margins - Zudio Playbook
Marketing Cost	6-8%	6-9%	~5-6%	~4-5%	7	0	Eliminating Marketing Cost
Distribution Cost	~11-12%	~14%	~13-15%	~12-13%	13	0	No Third-Party Sales
Other Expenses	9%	12%	14%	9%	10	10	
EBITDA	23%	17%	16%	19%	20	5 (7%)	

Company reports, Expert Interactions, Axia Estimates

- Star Bazaar is not competing with other retailers. Its looking to disrupt the high-margin FMCG, General Merchandise segment. Like Westside and Zudio it is aiming to eventually retail only its own private labels,.
- Unlike Indian companies that use private labels to sell low quality / higher margins products, Star wants to offer top-quality products at steep discount by bringing down the overall margin in the chain.
- Intends to offer customers significant value by sell high quality private labels at 30% discount by cutting marketing and distribution costs while working with lower gross margins.
- Successful private label strategies to significantly boost sales and ensure higher, sustainable growth.

Star Bazaar is Emulating The Business Model of Mercadona – A Case Study

Dominant Private Label Strategy with Fresh Food Focus:

- Mercadona – a supermarket chain – leads the Spanish grocery retail sector with a 25% market share. In early 2000s, they made a strategic shift:
 - Focused on **Fresh** produce to increase **customers frequency**
 - Prioritized developing **high-quality private label products** to directly compete with national brands, but at lower prices to **build customer loyalty**
- Their focus on fresh food is further evidenced by the significant growth in their fresh product market share, jumping from 14.2% in 2010 to 22.3% in 2019. This fresh food focus also contributed to their **overall market share increase of 7%** in the same period.
- Today staggering **85% of sales comes from private label** product assortment, with a strong emphasis on fresh offerings. Fuelled by a powerful combination of low prices, high-quality private label products, and a strong focus on fresh produce to dominate the Spanish grocery market.

Mercadona changed the private label landscape and disputed the National Brands in Spain

- Mercadona's strategic focus on private labels in the early 2000s significantly drove the rise of private label penetration in Spain.
- While the private label share in Spain was around 15% in 2000, it has now increased to 60%. Share of National Brands down to 40%.
- Mercadona's strategy to development of their own private label brands played a major role in this significant shift.

Collaborative Supplier Relationships:

- Mercadona fosters "open-book" relationships with a select group of preferred suppliers ("interproveedores").
- This close collaboration allows for joint innovation and production of the "Hacendado" private label brand.
- This contrasts with competitors who prioritize short-term gains over long-term quality and supplier relationships.

Innovation Through Investment:

- Constant innovation is a hallmark of Mercadona, facilitated by strong supplier relationships.
- They heavily invest in technology, store remodelling, and supply chain efficiency, further enhancing their innovative capabilities.

It's Not Just About Price!

- Mercadona and Dia are competitors in Spanish grocery market and a look at how the market evolved gives interesting insights about what clicks with consumers.

Feature	Mercadona	Dia
Market Position and Performance	Clear market leader with around 25% market share, consistently growing.	Third-largest player with 7-8% market share, losing market share in recent years.
Store Format and Locations	Fewer but larger stores (average 1,800m ²), often require driving to reach.	Larger number of smaller stores (average 451m ²), focused on proximity and convenience, more urban locations.
Product Assortment	Larger assortment with around 4,000 SKUs, stronger in fresh products.	Shorter assortment compared to Mercadona, weaker in fresh products.
Private Label Strategy	About 80% private label share, generally perceived as higher quality.	Around 50-55% private label share, perceived as lower quality than Mercadona.
Pricing	Greater pricing power due to scale and supplier relationships, maintaining a price advantage.	Historically aimed to price slightly below Mercadona , but more recent data suggests Mercadona maintains a price advantage.
Financial Strength	Much stronger financial position, with billions in cash reserves for investment.	Weaker financial position compared to Mercadona.
Online Presence	Investing to improve e-commerce capabilities.	Considered to have a stronger online offering

Mercadona's sourcing relationships with suppliers stand out from other retailers in several notable ways:

- **Open-Book Relationship:** Mercadona has established an open-book relationship with its suppliers, providing transparency into suppliers' operations, particularly for their own brand products. This level of insight is distinctive compared to other retailers.
- **Preferred Suppliers:** Mercadona collaborates with around 1400 preferred suppliers who have deep, intense relationships with the company. Suppliers operate at lower margins, sharing profits with Mercadona, which results in high-quality own brand products and drives innovation.
- **Long-Term Partnerships:** Unlike competitors like Dia, which use reverse auctions and frequently change suppliers, Mercadona maintains more stable, long-term relationships. This stability fosters better quality and pricing arrangements.
- **Evolution of Supplier Model:** Mercadona's supplier model has evolved significantly. In 2016, they shifted from having approximately 130 "inter-suppliers" to about 1,400 "specialist" or "totaler" suppliers by 2021, each focusing on specific products for Mercadona. This evolution has increased the complexity of Mercadona's supply chain management, as they now deal with many more suppliers. However, it has also allowed them to be more flexible and diverse in their sourcing.
 - For example, they can now source specific products like Belgian biscuits from specialized manufacturers in Belgium.
- **International Sourcing:** Mercadona has diversified its sourcing strategy to include suppliers from various European countries, such as Belgium, Italy, France, and Germany. This international approach allows access to specialized products from different regions.
- **Exclusive Relationships:** Some suppliers, known as "intra-suppliers," are obligated to work exclusively for Mercadona. In extreme cases, Mercadona has even acquired suppliers, as seen with Forvasa, a bread and cake producer.
- **Focus on Own Brands:** Mercadona's strategy heavily emphasizes own brand products, which account for about 72% of their turnover in fast-moving consumer goods, a significantly higher proportion than most traditional retailers. Mercadona maintains a selection of national brands. This strategy allows category-specific adjustments, as seen in dairy category where Danone's presence has fluctuated.

These unique sourcing relationships have bolstered Mercadona's market leadership in Spain, particularly in the private label segment, where they hold a 54% market share.

Global Success of Private Labels

Europe: Epicenter of private label success, with retailers like Aldi, Lidl, Mercadona, and Carrefour having 45%-90% private labels.

United States: Retailers like Costco, Target, and Trader Joe's feature 20%-90% private labels, with most in the 20%-35% range.

Indian Market Context

- **Current Scenario:** India is still in the early stages of embracing private labels. Major chains like Dmart and Reliance Fresh have only 10%-15% private labels due to quality and brand recognition challenges.
- **Star Bazaar's Progress:** Moved from 20%-30% private labels a few years ago to 72% today, aiming for >80% soon. This growth is driven by customer adoption and satisfaction, as reflected in same-store sales growth (SSSG) and repeat purchases.

Strategic Inspiration and Future Outlook

- **European Inspiration:** Star Bazaar draws inspiration from successful European retailers like Mercadona, which has a 54% own brand market share and 25% of the Spanish grocery market.
- **Tipping Point:** Star Bazaar is poised for significant scaling, with a strategic approach and commitment to quality mirroring Mercadona's success. We believe Star will achieve a prominent and enduring presence in India's grocery retail sector, like Mercadona in Spain.

Star Bazaar is pioneering Indian retail landscape by focusing on areas with significant potential: **Own Brands and Fresh Food**



What makes the business model unique?

“**Competing head-on top brands** in each category offering unmatched prices by taking lower gross margins”

Control over the supply chain enables Star to price products lower than competitors. As scale increases, purchasing efficiency improves, allowing for higher discounts that can be passed on to customers.

The flywheel is extremely difficult to set in motion. Repeat buying is the only metric to establish success. We believe, Star Bazaar has been successful in setting the flywheel in motion. Confidence in brand's acceptance is supported by:

- **Same-store sales growth of 20%+, indicating repeat buying and new customer acquisition.**
- **Share of private label in store has increase to 72%, showing strong acceptance of own brands.**

Star emerges as a distinctive player in the retail landscape, setting itself apart from Dmart and Reliance with its unique focus towards Private Label and Fresh Foods.

Closer Look Reveals Star Bazaar Store Level Profitability Surpassing that of Dmart

Unit Economics	Star Bazaar (Per Store) (FY24)	Dmart (Per Store) (FY24)
Average Store Size Sqft	16000	41369
Revenue Per Sqft.	28471	35968
Gross Profit Per Sqft.	5666	5309
Gross Profit Margins	19.9%	14.8%

Higher Gross Profit per Square Foot

- Star Bazaar's gross profit per square foot (GP/Sqft) has surpassed that of Dmart as seen above
- This has further improved in Q4FY24 and Q1FY25. Annualized Q4FY24 and Q1FY25 sales indicate Star Bazaar's SPF is INR 29,360, with 20% gross margins yielding INR 5,872 GP/Sqft, higher than Dmart
- Star Bazaar's same-store growth (SSG) of 22%+ indicates strong future profitability. The company is expected to reinvest these gains by offering lower prices to customers, helping it sustain strong SSG

Operating Expenses below Gross Profit usually Don't differ much

- Operating expenses such as rent, employee costs, and utilities are competitive and similar on a per square foot basis
- Profitability is the outcome of gross profit per square foot
- Star Bazaar's higher profit per square foot isn't fully reflected in reported numbers due to higher corporate costs, which will decrease as the business scales

How much is Star Bazaar Worth?

- Trent meticulously perfects its business models, as demonstrated with Zudio, before aggressively scaling once unit economics are optimized.
- Dmart was the same size at Star Bazaar in FY13. With Star Bazaar’s unit economics now in place, we anticipate it could reach or surpass Dmart’s current size within 10 years.
- Driven by private labels, Star Bazaar’s Business Model is more sustainable and valuable than Dmart.
- Trent owns 50% stake in Star Bazaar

Avenue Supermarts / Dmart (INR Crs)	2012	2024	CAGR
Revenues	2419	50789	29%
EBITDA	151	4104	32%
PAT	60	2536	37%
Market Cap - Avenue Supermarts Ltd		~3.45 Lakh Crore	
Market Cap – Star Bazaar		????	

Note: Company reports

THANK YOU

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Annexure

