

May 07, 2026

Trent Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture (NCD) programme	500.00	500.00	[ICRA]AA+ (Stable); reaffirmed
Total	500.00	500.00	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation for Trent Limited (Trent) factors in its strong parentage, the extensive experience of its management team as well as the financial flexibility it receives as a Tata Group entity. ICRA expects its parent, Tata Sons Private Limited (TSPL), to provide need-based funding support. The rating derives strength from Trent's established track record in the domestic retail industry, its diversified formats as well as product offerings across various segments viz. apparel, footwear, accessories, groceries, among others, and its wide geographical presence through 1,286 stores as on March 31, 2026. ICRA notes the established presence of Trent's key fashion formats, Westside and Zudio, with its continued high share (around 100%) of private label brands in the total sales mix, supporting its gross margins. This, coupled with accelerated store expansion (250 net stores addition in FY2026 for the most prominent store formats – Westside and Zudio – following the net addition of 236 stores in FY2025), taking the total store count for these two formats to 1,263 while the total store count for the company stood at 1,286 as on March 31, 2026, led to robust year-over-year (YoY) growth in consolidated revenues, despite relatively sluggish market conditions. In FY2026, the company's consolidated revenue grew by 17% and it recorded a compound annual growth rate (CAGR) of 42% during the FY2020–FY2026 period. Its operating margin also steadily improved to 18.6% in FY2026 from 13.5% in FY2023, supported by improved operational efficiency, cost control initiatives and benefits of operating leverage, emanating from a significant ramp-up in scale. ICRA expects Trent to continue witnessing healthy revenue growth, led by sustained store expansion and healthy like-to-like (LTL) sales growth, at the cluster level, across its key formats, despite some cannibalisation of revenues within clusters due to aggressive store expansion, and maintain healthy profitability.

The rating also derives strength from the company's net cash surplus position and strong liquidity, with free cash, bank balances and liquid investments of Rs. 930 crore as on March 31, 2026. Despite an estimated annual capital expenditure (capex) of Rs. 1,500-1,700 crore (as per ICRA estimates in line with the company's previous capex trend), ICRA expects Trent's liquidity, capital structure and coverage metrics to remain healthy, supported by its robust cash flow from operations. ICRA further draws comfort from the company's recent announcement of raising equity capital of around Rs. 2,500 crore to support its expansion plans. However the timeline of the fund infusion is yet to be finalised.

ICRA notes the intense competition in the domestic branded apparel segment in which Trent operates. This includes competition from both domestic and international brands, as well as established organised retail players in both brick-and-mortar and online segments. Additionally, the business remains vulnerable to economic slowdowns. The company is also exposed to various risks associated with carrying high inventory, which is inherent in the retail business. These risks include inventory becoming obsolete, damaged or out of fashion. However, over the years, Trent has made significant investments in technology related to warehouse management and analytics, as well as strengthening its back-end processes, which have reduced inventory days in a phased manner, and it follows a conservative policy for provisioning of aged stocks. The rating also factors in the muted financial performance of Trent Hypermarket Pvt Limited (THPL) which is a joint venture (JV), as well as some of the owned non-apparel formats, which have been impacting the consolidated profitability and necessitating regular

support and investments for growth. Nonetheless, ICRA notes that these losses have been reducing on a YoY basis, necessitating lower funding support for growth.

The Stable outlook reflects ICRA's opinion that Trent will be able to maintain its established presence in the branded apparels segment and a healthy profitable growth demonstrated in the recent years, with limited reliance on external debt. The company's high strategic importance to the Tata Group and an exceptional financial flexibility due to its strong parentage would also continue to support its credit profile.

Key rating drivers and their description

Credit strengths

Strong parentage of the Tata Group and extensive experience of the management in retail industry – Trent, as a part of the Tata Group, enjoys exceptional financial flexibility. ICRA expects its parent, TSPL, to provide need-based funding support to the company, which has high strategic importance to the parent Group, being a prominent entity of the Group in the fashion retail sector. It also benefits from the extensive experience of its management and its established track record in the domestic retail industry.

Established branded apparel player with wide geographical presence and diversified product offerings – Trent Limited has a strong presence across India, operating over 1,286 stores spanning 321 cities (including six stores in the UAE) as on March 31, 2026. The company offers a diversified product mix across multiple categories, including apparel, footwear, accessories, groceries and beauty products. Westside, Trent's flagship format, enjoys a strong brand connect with a loyal customer base, while Zudio's continued accelerated store expansion has been a key growth driver, supporting a robust 17% YoY increase in operating income to Rs.20,074.2 crore in FY2026. Despite muted consumer sentiment, particularly during H1 FY2026 amid macroeconomic slowdown, its fashion formats (Westside, Zudio, Utsa and Samoh) reported healthy sales growth, supported by a differentiated product portfolio and a premium store experience for its customers. Further, the company's cluster-based expansion strategy enhanced catchment coverage and mitigated customer attrition to competitors to some extent. While same-store sales growth remained constrained due to cannibalisation, cluster-level revenues continue to grow meaningfully, supporting overall scale and operating leverage.

Continued net cash surplus status, strengthening liquidity position – Trent registered a robust revenue growth in the recent years, led by accelerated store expansion, particularly for Zudio. Besides, the company benefited from operating leverage as well as multiple cost-optimisation initiatives undertaken during the year. These initiatives included increased investments in automation and technology across functions such as product design, logistics, warehousing and store operations, along with a mix proportion of variable and fixed rental structures. As a result, Trent reported a steady improvement in its operating margin to 18.6% in FY2026 from 13.5% in FY2023. This, coupled with a significant revenue growth and controlled working capital cycle, led to a robust improvement in the cash flow from operations over the years which stood at more than Rs. 3,000 crore in FY2026. As a result, Trent's dependence on external borrowings remained limited, with outstanding debt in the form of non-convertible debentures (NCDs) worth Rs. 499.9 crore as on March 31, 2026. Given the limited debt and sizeable free cash and bank balance and liquid investments of Rs. 930 crore as on March 31, 2026, the company continued to have a cash surplus position, strengthening the liquidity position.

Credit challenges

Muted financial performance of some of the owned formats as well as those operated through JVs impacting the consolidated profitability – The performance of some of the owned non-apparel formats as well as those operated through JVs remain subdued. These continue to incur losses, although as per the management, the net losses reported by THPL declined steadily in FY2025 and FY2026, led by a healthy share of private label sales (73% in Q4 FY2026). The expansion of Star stores has been slower vis-à-vis company's expectations and thus it plans to accelerate the expansion in the coming years which is likely to result in improvement in revenue and margins from the format. The improvement in the financial performance of

these formats as well as the quantum of funding support to JVs will remain a key monitorable, going forward. Nonetheless, ICRA notes that these losses have been reducing on a YoY basis, necessitating lower funding support for growth.

Stiff competition in the Indian retail industry; revenues susceptible to macro-economic environment – The company faces stiff competition owing to the presence of numerous players in the unorganised segment, along with competition from various organised players in the brick-and-mortar and online segments. The retail sector also remains susceptible to the adverse macroeconomic environment due to the discretionary nature of the products. Moreover, the company continues to be exposed to various risks associated with carrying high inventory on the books, as inherent in the retail business. The risks of the inventory getting obsolete, damaged or out of fashion persist. However, over the years, Trent has made significant investments in technology pertaining to warehouse management and analytics as well as strengthening its backend processes, which have reduced its inventory days in a phased manner. Moreover, the company is extremely conservative when it comes to inventory provisioning norms. It has end-of-season sales (EOSS) during August and January. Whatever is not sold through EOSS gets majorly liquidated through other discounting channels, and for unsold inventory, the company has adequate inventory provisioning systems in place. All the stocks with an age of more than 365 days are entirely provided for. Thus, despite a significant increase in revenues from FY2023 onwards, the inventory holding period remained comfortable in the range of 60-70 days over the last three fiscals. The net working capital relative to operating income (NWC/OI) stood at 6.3% in FY2026, gradually declining from 8.2% in FY2024, reflecting the company's efficient working capital management.

Environmental and social risks

Environmental risks – Trent has low exposure to environmental risks. The retail sector does not face any major physical climate risk.

Social considerations – Increasing access to customer data following growing penetration of e-commerce poses privacy and legal risks for retail entities. Being a manpower-intensive segment, retail entities are exposed to the risks of disruptions due to the inability to properly manage human capital in terms of their safety and the overall well-being. The company is also accountable for responsible sourcing, product and supply chain sustainability, given the high reliance on external suppliers.

Liquidity position: Strong

The liquidity position of Trent is Strong, supported by free cash, bank balance and liquid investments of Rs. 930 crore as on March 31, 2026, which kept the net debt negative. Besides, its sanctioned fund-based bank limits of Rs. 350 crore remain largely unutilised, providing further cushion to its liquidity. These along with strong retained cash flows (after dividend payout), which stood at nearly Rs. 3,000 crore in FY2026, are expected to be more than sufficient to meet the estimated annual capex of Rs. 1,500-1,700 crore (as per ICRA estimates in line with the company's previous capex trend) for store expansion, renovation, etc., going forward. ICRA also notes that Trent's debt profile only comprises NCDs amounting to Rs. 499.2 crore as on March 31, 2025, which is due for repayment in May 2026, and is could be refinanced. The company's exceptional financial flexibility, aided by its strong parentage, ensures easy access to fresh external funding or refinancing. Moreover, need-based funding support expected from TSPL renders additional comforts. Trent's board has recently approved an equity capital raise of around Rs. 2,500 crore (preferably through rights issue) to support its planned expansion, store upgradation and strengthening of infrastructure and processes. The proposed fund will support the company's liquidity further. However, the timeline for the same is yet to be decided.

Rating sensitivities

Positive factors – The rating may be upgraded if the company is able to report a sustained improvement in revenues, profits and return indicators, while maintaining a healthy credit profile and strong liquidity position. Improvement in the operating performance of JVs, limiting incremental support in the form of investments would also be a key rating monitorable. The return on capital employed (RoCE), improving to above 25% on a sustained basis would also be a positive rating factor.

Negative factors – The rating may be downgraded in case of a significant decline in the company’s operating performance, marked by delay in achieving breakeven by the new stores or pressure on LTL sales growth in the existing stores, denting its revenues and earnings. Besides, any significant debt-funded capex/ acquisition or an elongation of the working capital cycle, adversely impacting its credit metrics and/or the liquidity position on a sustained basis, may also lead to a rating downgrade. Any unfavourable change in the funding support policy of TSPL towards Trent or a sustained weakening in the credit profile of TSPL will also be negative factors.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail
Parent/Group support	Parent - Tata Sons Private Limited (TSPL) ICRA expects TSPL to provide need-based funding support to Trent. There also exists the track record of TSPL having extended financial support to Trent in the past, whenever a need has arisen.
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of Trent Limited. As on March 31, 2026, the company had ten subsidiaries, two JVs and two associates, which are all enlisted in Annexure-III.

About the company

Trent Limited (Trent) is a part of the Tata Group’s retail venture. With 1,286 stores as on March 31, 2026, the company operates through different store concepts. These include fashion retailing through the owned formats of Westside, Zudio, Utsa, Samoh, Burnt Toast. Furthermore, Trent has alliances/associations with the Inditex group which operate Zara and Massimo Dutti stores in India, grocery retailing through Star Stores, via its joint venture - Trent Hypermarket Private Limited (THPL) and Booker wholesale, which operates cash and carry stores for B2B sales.

Westside, with 300 stores as on March 31, 2026 (against 248 stores as on March 31, 2025), is the flagship store concept of Trent Limited. Westside stores, with a size of 20,000-30,000 sq. ft, are spread across around 100 cities and offer branded (aspirational to mid-premium) fashion apparel, footwear and accessories for women, men and children, cosmetics and a range of home furnishings and decor. Moreover, on November 27, 2020, westside.com was introduced to augment its e-commerce presence.

As on March 31, 2026, Zudio had 963 stores (against 765 store as on March 31, 2025), including six stores in the UAE. Zudio stores are mainly in tier-II/III towns with an average size of 7,000-12,000 sq. ft. of retail space spread across more than 300 cities. Zudio’s range of offerings includes womenswear (western and ethnic), lingerie, kids wear, menswear, footwear, accessories and beauty, with the format deriving revenues largely from womenswear, and comprises 100% own private label brands. Being in the value fashion segment, the products are at lower price points and drive the revenue growth of the company.

Key financial indicators (audited)

Trent (Consolidated)	FY2025	FY2026
Operating income (OI)	17,134.6	20,074.2
PAT	1,447.9	1,717.4
OPBDIT/OI	16.5%	18.6%
PAT/OI	8.5%	8.6%
Total outside liabilities/Tangible net worth (times)	0.7	0.6
Total debt/OPBDIT (times)	0.8	0.7

Interest coverage (times)

14.1

16.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax before share of profits from JVs/associates; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable
Any other information: None
Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs crore)	May 07, 2026	Date	Rating	Date	Rating	Date	Rating
NCD	Long Term	500.00	[ICRA]AA+ (Stable)	May 08, 2025	[ICRA]AA+ (Stable)	May 10, 2024	[ICRA]AA+ (Stable)	May 11, 2023	[ICRA]AA+ (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI

2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE849A08082	Non-convertible debenture programme	May 31, 2021	5.78%	May 29, 2026	500.00	[ICRA]AA+ (Stable)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Fiora Business Support Services Limited	100.00%	Full consolidation
Nahar Retail Trading Services Limited	100.00%	Full consolidation
Fiora Hypermarket Limited^	-	Full consolidation
Fiora Online Limited^	-	Full consolidation
Trent Global Holdings Limited	100.00%	Full consolidation
Booker India Limited	51.00%	Full consolidation
Trent Global Trading LLC*	-	Full consolidation

Company name	Ownership	Consolidation approach
THPL Support Services Limited^	-	Full consolidation
Trent Foundation@	100.00%	Full consolidation
Netria Property Holdings Limited %	100.00%	Full consolidation
Trent Hypermarket Private Limited	50.00%	Equity method
Inditex Trent Retail India Private Limited	20.00%	Equity method
Massimo Dutti India Private Limited	20.00%	Equity method
Trent MAS Fashion Private Limited	50.00%	Equity method

Source: Company; ^ The amalgamation of Fiora Hypermarket Limited (FHL) and Fiora Online Limited (FOL) was completed on December 1, 2025. Following approval by the National Company Law Tribunal (NCLT) on November 17, 2025, the two entities both subsidiaries of Booker India Limited were consolidated to streamline retail operations and Trent Global Trading LLC is a wholly owned subsidiary of Trent Global Holdings Limited; *TGTL is incorporated on 28th February 2024 as a wholly owned subsidiary of TGHL; @ effective from October 01,2024, % effective from September 04,2025

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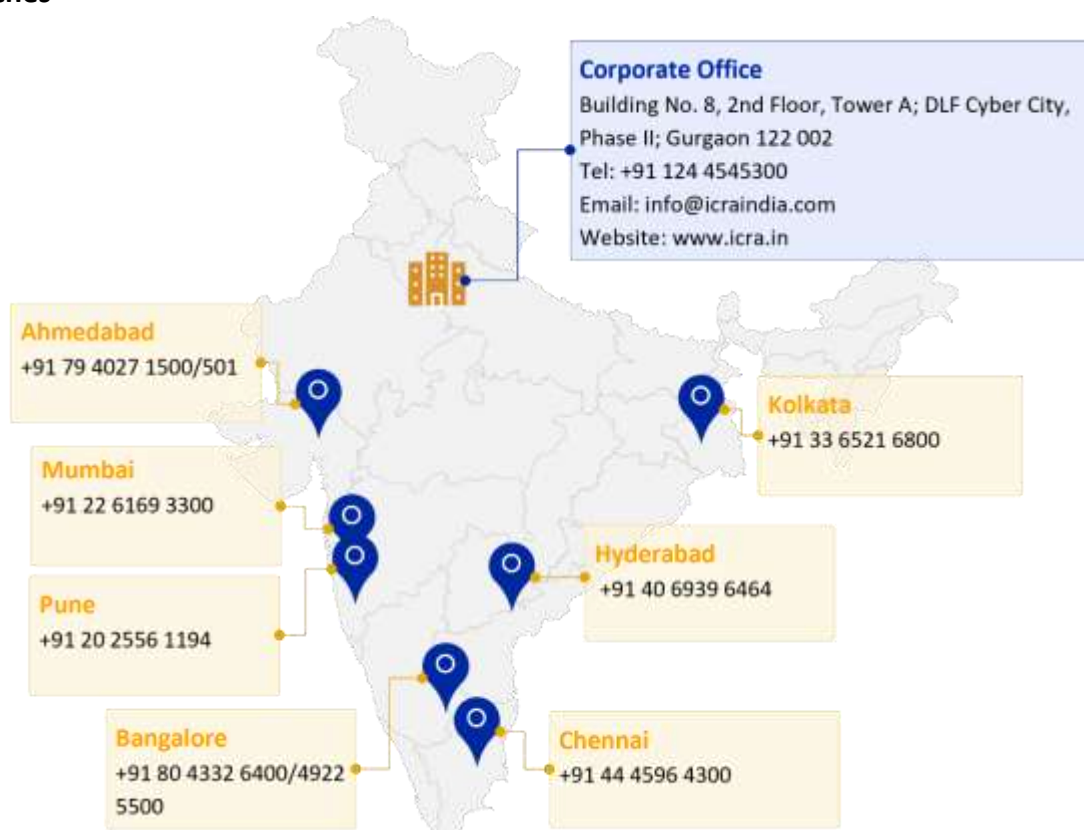
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