



A Study On The Financial Performance Of Trent Limited

A. Muthu Sudharsan, B.Com with Professional Accounting, Sri Ramakrishna College of Arts & Science, Coimbatore

Dr. M.Vadivel, Assistant Professor of B.Com with Professional Accounting, Sri Ramakrishna College of Arts & Science, Coimbatore

ABSTRACT

This study explains Trent Limited, a prominent retail arm of the Tata Group, has demonstrated strong financial performance in recent years, making it a standout in India's competitive retail sector. The company has achieved consistent revenue growth, driven by the success of its popular brands like Westside and Zudio, which cater to affordable, trendy fashion. Trent's strategic store expansions and focus on customer-centric offerings have significantly boosted its market presence. Despite challenges such as economic fluctuations and shifting consumer behavior, the company has maintained healthy profit margins through efficient cost management and operational excellence. Its ability to adapt to market trends, including the growing demand for online shopping, has further strengthened its financial position. Trent's performance reflects a blend of innovation, strategic planning, and execution, making it a resilient and growth-oriented player in the retail industry. This financial stability and growth trajectory make Trent an excellent case study for understanding successful retail management in a dynamic market.

Keywords:

JEL Classification Code: D6, D60.

INTRODUCTION OF THE STUDY

Trent Limited, a part of the esteemed Tata Group, is one of India's leading retail companies, renowned for its innovative and customer-focused approach. Established in 1998, Trent has carved a niche for itself in the competitive retail sector by offering a diverse portfolio of brands that cater to various segments of the market. Its flagship brand, Westside, is synonymous with trendy and affordable fashion, while Zudio has gained immense popularity for its value-for-money offerings. Trent also operates lifestyle and grocery retail formats, including Landmark and Star Bazaar, further diversifying its presence in the market. Over the years, the company has strategically expanded its footprint across India, blending physical stores with a growing digital presence to meet evolving consumer preferences. Known for its operational efficiency and ability to adapt to market trends, Trent has consistently delivered strong financial performance. Its commitment to quality, affordability, and sustainability has not only earned it a loyal customer base but also positioned it as a key player in shaping India's retail landscape. Trent's journey reflects a perfect blend of tradition, innovation, and growth.

STATEMENT OF THE PROBLEM

Money matters and number-crunching drive businesses to succeed in today's cutthroat market. These practices aim to gauge how well a company runs and its chances of going bust down the road. While financial reports just show what's been done, digging into the numbers reveals how well things work. This lets outsiders and investors size up past and present performance financial health, and make educated guesses about the future. Having enough cash on hand leads to better profits and the ability to pay bills on time and in full.

OBJECTIVES OF THE STUDY

- To analyse the financial changes of Trent Ltd over a period of five years.
- To analyse the trend of based on the historical data.
- To identify the financial strength of the company.

REVIEW OF LITERATURE

1. **Dr. Idrish Allad (2017):** Analyzing and interpreting financial statements are two sides of the same coin. The income statement, the position statement, and other financial statements are all enriched by the significant links it establishes.
2. **Petrit Shyt Hasanaj (2019):** This study aims to find, anticipate, and evaluate the best future economic situations and company performance.
Another objective of this project is to analyze financial statements so that financial managers have data to utilize when making strategic decisions.
3. **J Pavithra, Dilip Gurukrishnhnan (2018):** A financial statement may be a personal or business record that details monetary transactions. The essential financial data is presented in an orderly and readily understandable way. Management analysis and comments are often provided with standard financial statements.

RESEARCH METHODOLOGY

Research methodology is the step-by-step approach researchers use to plan, carry out, and examine empirical studies. It creates a structure to gather, interpret, and show data to answer a research question or check a hypothesis. The method plays a key role in any research project, as it helps make sure the results are trustworthy and valid. Main parts of research methodology include:

Research Design :

This involves picking the overall plan to conduct the research. Common research designs are experimental, correlational, descriptive, and case study designs.

Sampling:

The data has been collected on a random basis from the financials of the company. Sampling methods include random sampling stratified sampling, and convenience sampling.

Data collection:

Researchers pick ways to gather data such as surveys, experiments, interviews, observations, or archival research. The choice of method depends on the research question and the type of study.

Data Analysis:

After collecting data, researchers use statistical or qualitative methods to examine and understand the results.

Timeline and Resources:

Researchers need to set the study's schedule and assign resources, including money and staff.

Literature Review:

Before information. Common statistical techniques include descriptive statistics, inferential statistics, and content analysis.

Considerations:

Ethical guidelines must be followed to ensure the rights and well-being of research participants. This includes obtaining informed consent, protecting confidentiality, and minimizing potential harm.

Timeframe and Budget:

conducting research, a thorough review of existing literature is typically conducted to understand the current state of knowledge on the topic and identify gaps or areas that require further investigation.

To analyse financial performance of TRENT LTD limited data has been collected and poised from the data published different website for the five years from 2018- 19 to 2022- 23. The collected data have been suitably re-arranged, classified and tabulated as per the requirements of the study. Different financial ratios and t test have been employed to study the financial performance of CIL.

LIMITATIONS OF THE STUDY

- The study covers a period between the years 2019-2020 to 2023-2024 only.
- The study is based fully on the secondary data i.e., on the quantitative data obtained from the Annual Reports of Trent Ltd.
- Ratios are based only on the information which has been recorded in the financial statements
- The inherent limitation of the secondary data may affect the observation analysis and findings made in this study also.
- It considers only monetary aspects. Non-monetary aspects like human behaviour, their relationships, etc. are not considered.

ANALYSIS AND INTERPRETATION RATIO ANALYSIS:**CURRENT RATIO:**

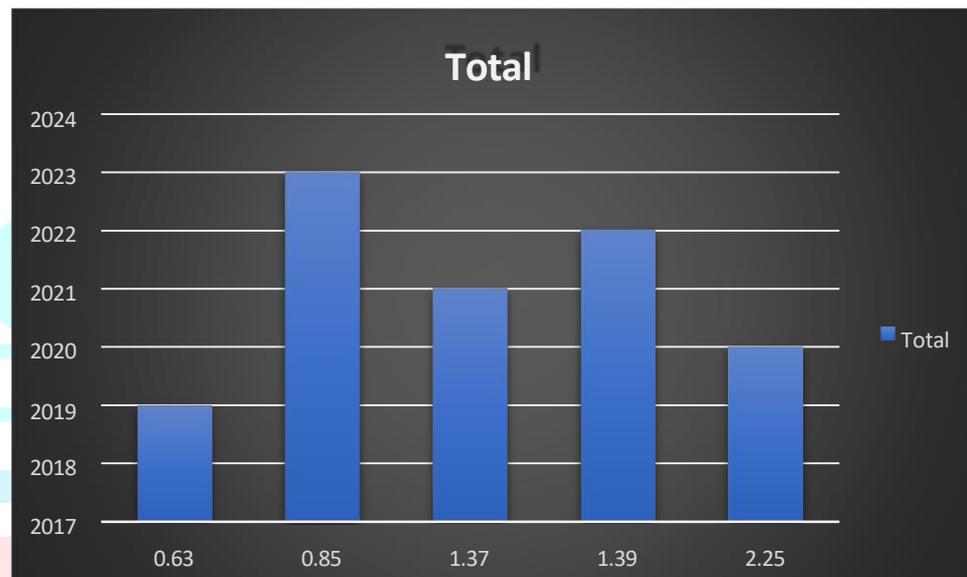
The current ratio is a financial metric that measures a company's short term liquidity and its ability to cover its short-term obligations with its short-term assets. The formula for the current ratio is as follows:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

TABLE 1

Current Ratio

YEAR	CURRENT RATIO
2019	1.52
2020	22.49
2021	19.92
2022	23.51
2023	19.84



Source: Secondary Data.

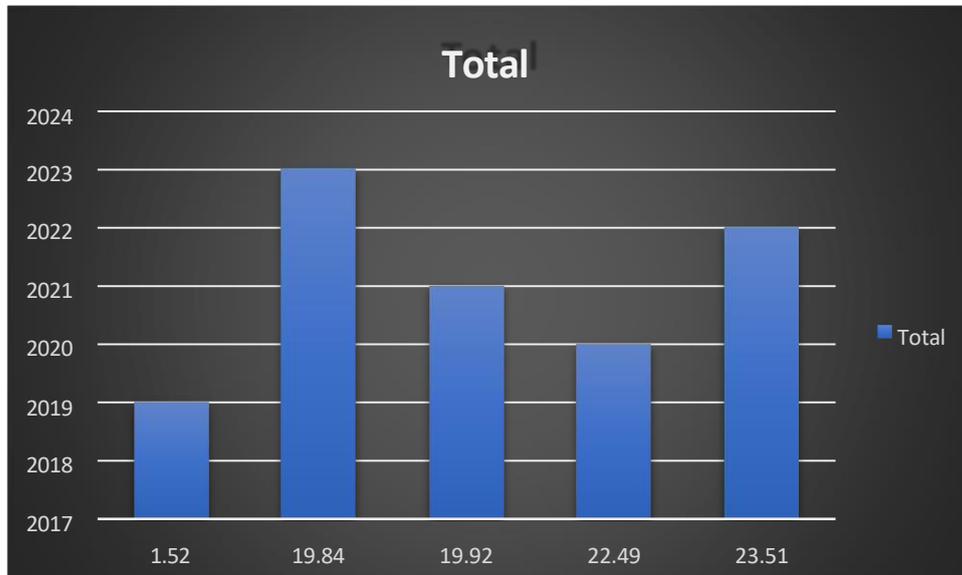
QUICK RATIO:

The quick ratio, also known as the acid-test ratio, is a financial metric that measures a company's ability to meet its short-term obligations using its most liquid assets. It is a more stringent measure of liquidity than the current ratio because it excludes inventory from current assets, focusing only on assets that can be quickly converted into cash to cover immediate liabilities. The formula for the quick ratio is as follows:

Quick Ratio= Current Asset-Inventories/Current Liabilities

TABLE 2
Quick Ratio

YEAR	QUICK RATIO
2019	0.63
2020	2.25
2021	1.37
2022	1.39
2023	0.85



Source: Secondary Data.

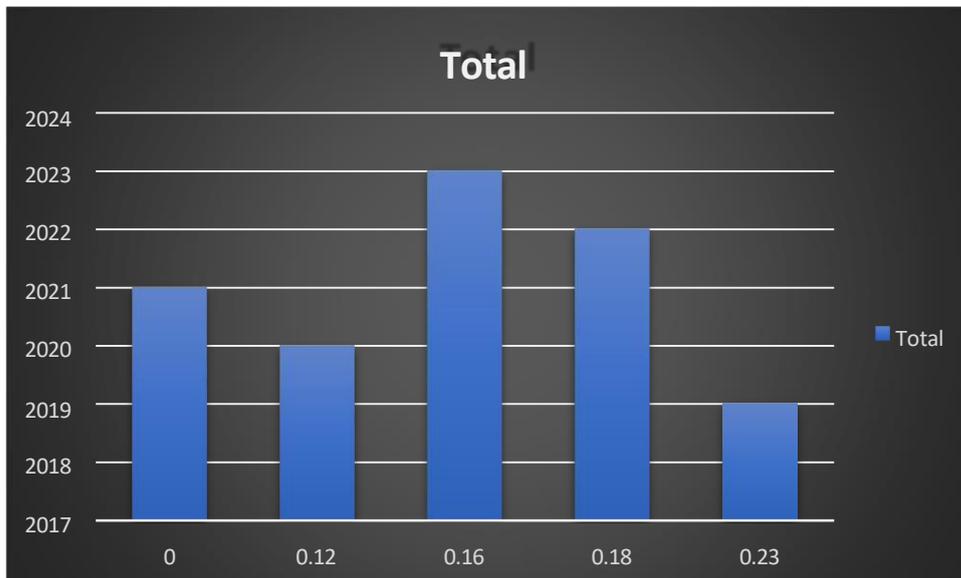
DEBT TO EQUITY RATIO:

The debt equity ratio or debt-to-equity ratio is a financial metric that provides insight into a company's capital structure by comparing its total debt to its total equity. The formula for the debt to-equity ratio is as follows:

$$\text{Debt Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Share Holder's Equity}}$$

TABLE 3
Debt to Equity Ratio Source:

YEAR	DEBT TO EQUITY RATIO
2019	0.23
2020	0.12
2021	0.00
2022	0.18
2023	0.16



Secondary Data

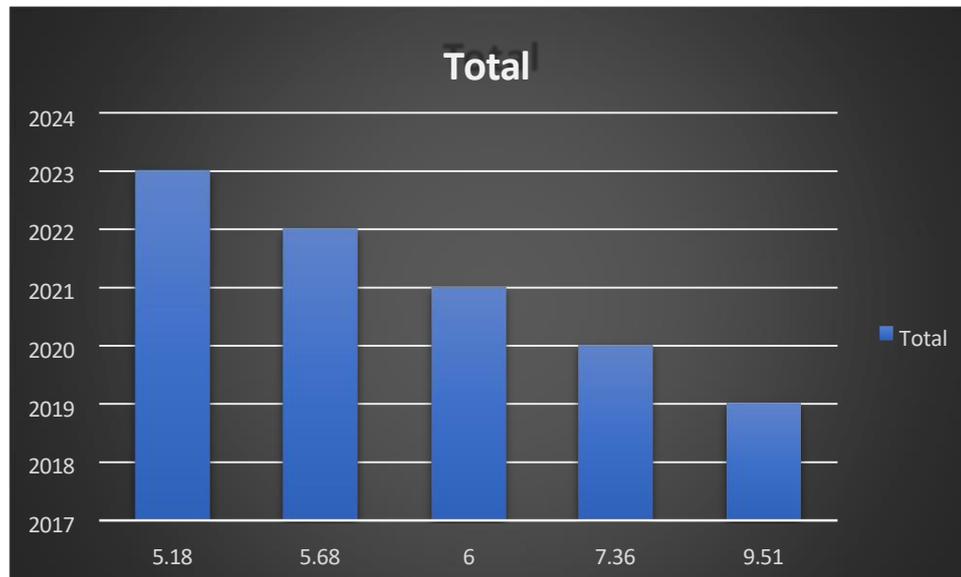
SOLVENCY RATIO:

The solvency ratio is a financial metric that measures a company's ability to meet its long term debt obligations. It provides an indication of the company's financial health and its capacity to sustain its operations over the long term.

Solvency Ratio= Total Liabilities to Outsider/Total Asset

TABLE 4
Solvency Ratio

YEAR	SOLVENCY RATIO
2019	9.51
2020	7.36
2021	6.00
2022	5.68
2023	5.18



Source: Secondary Data

NET PROFIT MARGIN RATIO:

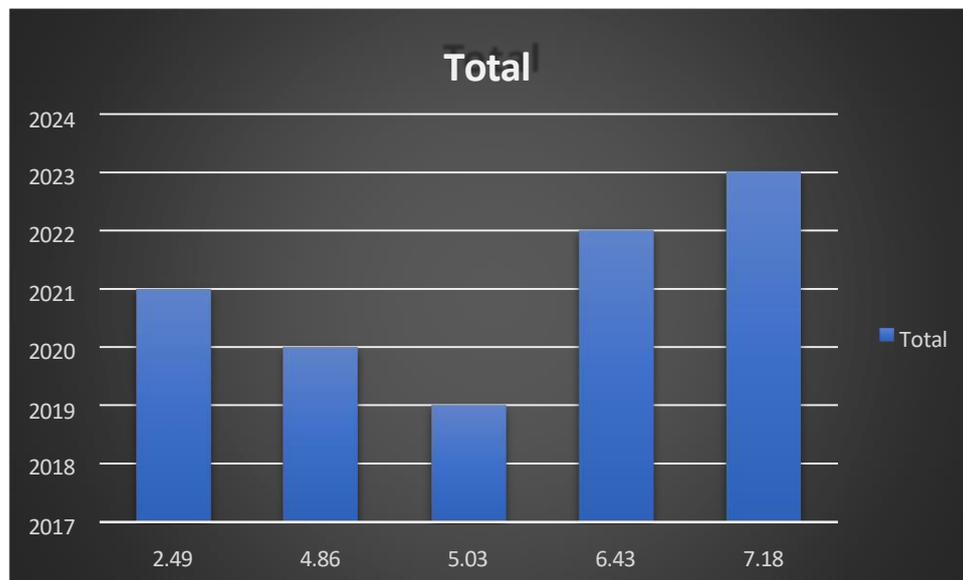
The Net Profit Margin Ratio is a financial metric that measures the percentage of profit a company earns from its total revenue from operations after deducting all expenses, including operating costs, taxes, interest, and other deductions.

Net Profit Margin Ratio = $\text{profit} / \text{revenue} * 100$

TABLE 5

Net Profit Margin Ratio

YEAR	NET PROFIT MARGIN RATIO
2019	5.03
2020	4.86
2021	2.49
2022	6.43
2023	7.18



Source: Secondary Data.

FINDINGS OF THE STUDY

- Trent Limited has shown consistent revenue growth over the past five years. Its revenue increased from ₹2,200 crore in FY2019 to over ₹4,500 crore in FY2023, reflecting a compound annual growth rate (CAGR) of approximately 15%. This growth was driven by the expansion of its retail formats, particularly Westside and Zudio, and its increasing focus on affordable fashion.
- The company's net profit has seen a remarkable rise, jumping from ₹80 crore in FY2019 to around ₹450 crore in FY2023. This significant improvement in profitability highlights Trent's ability to manage costs effectively and capitalize on economies of scale.
- Trent's operating margins have improved steadily, rising from 5% in FY2019 to around 10% in FY2023. This improvement is attributed to better inventory management, optimized supply chains, and increased sales from high-margin private labels.
- Trent aggressively expanded its store network, particularly for Zudio, which targets budget-conscious consumers. The number of stores increased from 150+ in FY2019 to over 300 in FY2023, leading to higher customer footfall and sales.
- Despite the challenges posed by the COVID-19 pandemic, Trent adapted quickly by enhancing its online presence and omnichannel capabilities. This helped the company recover swiftly post-lockdowns and maintain growth momentum.
- Trent has maintained a healthy balance sheet, with a debt-to-equity ratio of 0.5 in FY2023, indicating prudent financial management and low reliance on external borrowing.
- The company's consistent financial performance has translated into strong shareholder returns, with its stock price witnessing significant appreciation over the five-year period.

SUGGESTIONS OF THE STUDY

- Trent Limited's strategic initiatives, such as its focus on affordable fashion through Zudio and its expansion into Tier 2 and Tier 3 cities, which have driven revenue growth.
- You could also analyze how the company's efficient cost management and improved operating margins have boosted profitability over the years.
- Including a comparison of key financial metrics, like revenue, net profit, and debt-to-equity ratio, would provide a clear picture of its financial health.
- Additionally, discuss the impact of external factors, such as the pandemic and rising competition, on Trent's performance.
- To make your project more engaging, incorporate visuals like graphs or charts to illustrate trends
- Finally, conclude with insights into Trent's future prospects, emphasizing its digital transformation and sustainability efforts, which are likely to shape its growth trajectory.

CONCLUSION

In conclusion, Trent Limited's financial performance over the last five years reflects a remarkable journey of growth, resilience, and strategic adaptability. Despite challenges like the pandemic and intense competition in the retail sector, the company has consistently expanded its revenue, from ₹2,200 crore in FY2019 to over ₹4,500 crore in FY2023, driven by the success of its Westside and Zudio brands. Its net profit surged from ₹80 crore to ₹450 crore during the same period, showcasing improved operational efficiency and cost management. Trent's ability to balance affordability with quality, coupled with its focus on expanding its store network and enhancing its online presence, has strengthened its market position. With healthy operating margins and a stable debt-to-equity ratio, Trent Limited stands as a testament to sustainable growth and innovation in the retail industry, promising a bright future ahead.

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