



Trent Ltd announces Q1 FY21 results

Covid 19 severely impacts operations

Causes revenues to drop sharply and to report a loss in
Q1

Mumbai, August 14, 2020: Trent Limited (the “Company”), today announced its financial results for the first quarter ended June 30th, 2020 (standalone and consolidated).

Standalone Results

- For the quarter, revenue from operations at Rs. 96crs, registered a decline of 87% on the back of the Covid 19 related store closures for a major part of the quarter. This led to loss from operations¹ of Rs 171crs as we continued to incur certain costs notwithstanding the temporary store closures.
- We pursued various mitigation measures and prioritized cost reductions especially involving discretionary spends. We believe many of these initiatives would also deliver efficiencies over the medium term. We have also been actively engaging with our key stakeholders including our vendors and property partners to collaboratively grapple with the unprecedented developments.
- The extended store closures due to lockdowns has resulted in an unprecedented incremental provisioning with respect to inventories estimated at over Rs 40crs for the quarter under review. However, we are generally encouraged by the improving customer traction in recent weeks and expect to re-evaluate the requirement of this provisioning in the coming periods.
- Given the contractual position across our portfolio of stores, we have been seeing encouraging support from our property partners with respect to applicability of charges during the lockdown period and thereafter. The results nevertheless incorporate conservative provisioning based on current visibility and hence, warrant to reviewed in the periods ahead. Separately, as required by the applicable standards, the rent & related charges (aggregating to Rs 36crs) that do not warrant to be accrued have been accounted as part of other income notwithstanding they being operating in nature.
- The reported results also incorporate the IndAS 116 lease accounting requirements reflected across rent, depreciation, other income and finance costs in the statement of profit and loss. The net effect of Ind AS 116 on the standalone profit before tax for the quarter ended June 2020 was



an adverse impact of Rs. 17crs.

- The results also recognize an amount of Rs 43crs on account of deferred taxes (including in respect of the losses incurred in Q1) given our view of the outlook for recovery in FY21/ FY22.
- Over 90% of our Westside and Zudio stores have since reopened. Selectively at the local level, certain restrictions continue to apply and consequently impact trading performance. However, on an overall basis, we are encouraged by the trajectory of improvement in customer traction especially post commencement of our end of season sale proposition recently. Also, we see our customers increasingly leveraging the convenience of our digital platforms with the online channel registering over 50% growth over the previous year in the period post the Covid lockdowns.
- As shared at the shareholders meeting, we continue to be enthused and committed to an accelerated expansion agenda, notwithstanding near-term headwinds. To date, in FY21, we have opened 6 additional stores (4 Zudio, 1 Westside, 1 Landmark) and we continue to pursue opportunities in all relevant micro markets.

Consolidated Results

- For the quarter ended June 30th, 2020, the Company recorded revenues of Rs. 248crs. Loss after tax as attributable to the equity shareholders of the company was at Rs. 178crs. Our food & grocery stores (other than for their home & fashion offerings) continued to operate during the first quarter with significant measures to ensure safety of customers and employees.
- The consolidated results also incorporate the IndAS 116 lease accounting requirements. The net effect of Ind AS 116 on the reported profit before tax for the quarter ended June 2020 was an adverse impact of Rs. 22crs.

Speaking on the performance, **Mr. Noel N Tata, Chairman, Trent Limited** said, “The world is having to deal with a medical crisis of enormous proportions which has already resulted in severe economic disruption and demand contraction, since the last quarter of FY20.

Our food & grocery stores continued to operate during Q1 as they deal in essential goods. These stores operated with strict safety protocols and prioritized the safety of colleagues, customers and associates. I would like to recognize all our colleagues across our businesses that continued to operate & serve our customers during this challenging phase. Though our fashion stores were closed in April and started to re-open only from mid-May, we have been witnessing the gradual resumption of consumer demand in the recent weeks. The trajectory of recovery from this pause would depend on the ploy-out of the Covid pandemic and its effect on consumer sentiment and confidence.



Overall, as I have mentioned earlier, we are confident that following this pause, our growth and profitability will continue to accelerate on the back of sustained focus on differentiated brands & customer experience across our concepts and strong expansion of our reach through stores and digital platforms.”

About Trent Ltd:

Established in 1998 as part of the Tata Group, Trent Ltd. operates Westside, one of India's leading chains of fashion retail stores, Trent Hypermarket which operates in the competitive food, grocery and daily needs segment under the Star banner, Landmark Stores, a family entertainment format store & Zudio which is a one shop destination to get fashion at great value.

Westside has 163 Westside stores measuring 8,000-34,000 sq. ft. across 87 cities. Westside stocks a broad range of products ranging from apparel, footwear, accessories to cosmetics and perfumes to home accessories and gifts amongst others. Each Westside store presents international shopping ambience, superior merchandise at affordable prices and excellent service.

Zudio, the value format fashion destination, has 80 stores measuring 5000-8000 sq. ft. The Zudio stores have several departments to meet the varied shopping needs of customers. These include apparel across men, women and kids, footwear and home.

Landmark is a family entertainment format store. The product portfolio at Landmark focusses significantly on toys, stationery, books, technology and sports.

Disclaimer

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