

Bata India

BSE SENSEX
80,604

S&P CNX
24,585

CMP: INR1,186
Neutral

Conference Call Details


Date: 14th Aug 2025

Time: 04:30PM IST

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	37.2	40.2	43.5
EBITDA	8.4	9.4	10.4
Adj. PAT	3.0	3.5	4.1
EBITDA Margin (%)	22.5	23.3	24.0
Adj. EPS (INR)	23.7	27.6	32.1
EPS Gr. (%)	22.1	16.5	16.5
BV/Sh. (INR)	134.4	148.2	164.2

Ratios

Net D:E	0.3	0.2	0.1
RoE (%)	18.4	19.5	20.6
RoCE (%)	12.5	13.2	14.0
RoIC (%)	14.7	16.4	18.4

Valuations

P/E (x)	50.1	43.0	36.9
EV/EBITDA (x)	19.0	16.8	14.9
EV/Sales (X)	4.3	3.9	3.6
Div. Yield (%)	1.0	1.2	1.2

Growth remains flat YoY, accounting change drives optical EBITDA growth (+7% YoY)

- Revenue remained flat YoY at INR9.4b (3% below our estimate).
- Gross profit declined 3% YoY to INR5b (8% miss) as gross margin **contracted 140bp YoY** to 53.5% (down 530bp QoQ), **~250bp below** our estimate in 1QFY26.
- Other expenses **declined 11% YoY, likely due to a change in royalty structure** for one of the brands (~INR155m boost in 4QFY25).
- As a result, EBITDA **grew 7% YoY** to INR2b (**2% below**) with EBITDA margin **expanding ~155bp YoY** to 21.1% (~20bp miss).
- However, **EBITDA on a like-for-like basis would likely be flat to a 1% decline YoY**, with EBITDA margin expected to be stable YoY.
- Depreciation and amortization expenses surged 22% YoY due to a change in royalty structure for one of the brands, and finance costs rose 13% YoY.
- As a result, reported **PAT declined 70% YoY** to INR520m (27% miss) due to weaker EBITDA, higher D&A, and finance costs.
- Bata continued with its VRS program, leading to a one-time exceptional cost of INR48m. Adjusted for the same, PAT at INR568m **declined 33% YoY (21% miss)**.

Management commentary:

- Consumption momentum remained sluggish during 1QFY26 and was also impacted by fluctuating weather patterns and geopolitical uncertainties. However, Bata continued to push ahead with its affordability initiatives across categories to drive volume-led growth.
- Premium brands such as Hush Puppies, Comfit, and Floatz showed resilience.
- Bata added 20 franchise stores in 1QFY26, with a focus on expansion into newer towns and semi-urban markets.
- Management is focused on maintaining a balance between managing near-term challenges and investing in long-term growth drivers. It remains optimistic about consumption recovery in 2HFY26, backed by Bata's strong market positioning and wide network, while remaining focused on cost efficiencies.

We would revise our estimates and FV after Bata's earnings call on 14th Aug'25.

Consol P&L (INR m)	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Total Revenue	9,446	7,882	9,419	0	19	9,732	-3
Raw Material cost	4,264	3,248	4,381	3	35	4,282	2
Gross Profit	5,182	4,634	5,038	-3	9	5,450	-8
Gross margin (%)	54.9	58.8	53.5	-137.1	-530.7	56.0	-251.4
Employee Costs	1,208	1,243	1,163	-4	-6	1,226	-5
SGA Expenses	2,124	1,613	1,887	-11	17	2,190	-14
EBITDA	1,849	1,778	1,988	7	12	2,034	-2
EBITDA margin (%)	19.6	22.6	21.1	153.1	-145.4	20.9	20.9
Depreciation and amortization	872	1,037	1,061	22	2	980	8
EBIT	977	741	927	-5	25	1,054	-12
EBIT margin (%)	10.3	9.4	9.8	-50.2	43.9	10.8	-98.3
Finance Costs	308	348	349	13	0	292	19
Other income	162	223	170	5	-24	197	-14
Exceptional item	-1,340	0	48			-1	NM
Profit before Tax	2,171	617	701	-68	14	959	-27
Tax	431	163	181	-58	11	242	-25
Tax rate (%)	19.8	26.4	25.8	30.0	-57.9	25.2	NM
Profit after Tax	1,741	454	520	-70	14	717	-27
Adj Profit after Tax	849	454	568	-33	25	717	-21