Bata India

India | Footwear | **Result Update**

Global Markets Research

20 August 2026

In-line growth, steady margins

Bata India's (BATA IN) Q1FY27 revenue and EBITDA were in-line with our estimates, while PAT beat our estimates by 10.1%, led by lower depreciation and interest expenses. Revenue growth was led by premiumisation and volume growth. *Hush Puppies* and *Floatz* outpaced the mass portfolio, with BATA performing well, led by women's category, while *North Star* remained a drag amid portfolio rationalisation ahead of a stronger collection. Management flagged 5–6% cost inflation from imported synthetics, being offset via price hikes, with benefits likely to be visible from September. We maintain our FY27E/28E estimates, retain TP of INR 781 on 45x FY28E P/E, and maintain **Accumulate**.

Revenue up 3.9% on premiumisation and volume growth: Revenue grew 3.9% YoY to INR 9,789mn on broad-based growth across channels, with significant growth from e-commerce platforms. Store-line rationalisation continues, with average lines reduced to ~68% of levels two years ago (target ~60%), aiding productivity. *ZBM* scaled to 775 stores (~550 in Q4FY26), enhancing consumer experience and store productivity. A significant portfolio refresh is planned through H2FY27 across design, comfort and technology. Continued premiumisation, e-commerce scale-up, *ZBM* expansion and franchise traction should reinforce momentum. We maintain our 5.2% revenue CAGR estimate for FY26-29E, led by premium-category mix and network expansion.

Margin to reach 20.9% by FY28E: Gross margin improved 127bps YoY to 54.8%, aided by full-price sales (~90%) and lower markdowns, with stock turns improving to 2.7x. Adjusting for ~100bps channel-mix dilution, like-for-like gross margin expansion would have been higher by ~230bps YoY. EBITDA margin declined 27bps YoY to 20.8% on ~25% YoY higher ad spend (A&P now ~3–3.5% of sales from ~2.5% earlier), a non-cash forex loss on license fees of INR 27mn, and a one-time ERP cost of INR 24mn. The company targets to improve margins by 200bps over 3-5 years through vendor consolidation initiatives (from 120+ to ~60 partners, targeting 30). We maintain margin estimates reaching 21.3% by FY29E.

Network expansion to prop up growth: Franchise network reached ~750 stores within the 2,000+ EBO base, with 600+ potential trade areas identified for further expansion. Franchise LFL growth stayed healthy at high-single digits over four quarters, with partner ROI of 18–24%. Gross inventory fell over 10% YoY on improved quality/quantity aiding footfall conversion. Management is cautiously optimistic, with monsoon-led deferred demand recovering in July/early August, while monitoring inflation's impact on industry demand.

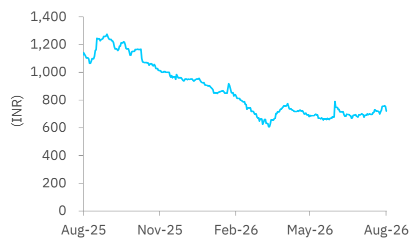
Retain Accumulate with TP maintained at INR 781: We expect a revenue CAGR of 5.2%, an EBITDA CAGR of 7.3% and a PAT CAGR of 10.4% in FY26-29E. Going ahead, growth will be driven by ZBM-led store productivity, product-funnel transformation and continued premiumization. We retain our estimates, and maintain our TP of INR 781, on 45x FY28E P/E (unchanged). We maintain Accumulates. Key risks include intense competition, demand slowdown and continuous cost inflation.

Rating: Accumulate
Target Price: INR 781
Upside/Downside: 8%
CMP: INR 721
As on 19 August 2026

Key data	
Bloomberg	BATA IN
Reuters Code	BATA.NS
Shares outstanding (mn)	129
Market cap (INR bn/USD mn)	93/968
EV (INR bn/USD mn)	101/1,058
ADTV 3M (INR mn/USD mn)	480/5
52 week high/low	1,283/605
Free float (%)	50

Note: as on 19 August 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Promoter	50.2	50.2	50.2	50.2
% Pledge	0.0	0.0	0.0	0.0
FII	6.9	6.2	6.4	6.4
DII	29.4	29.3	28.4	27.2
Others	13.6	14.4	15.0	16.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	1.9	(5.4)	(3.6)
Bata India	4.4	(12.6)	(36.8)
NSE Mid-cap	3.5	1.7	3.5
NSE Small-cap	9.4	14.0	7.2

Source: Bloomberg

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	34,888	35,155	37,203	39,311	40,935
YoY (%)	0.3	0.8	5.8	5.7	4.1
EBITDA (INR mn)	7,374	7,065	7,559	8,219	8,718
EBITDA margin (%)	21.1	20.1	20.3	20.9	21.3
Adj PAT (INR mn)	2,075	1,832	1,925	2,230	2,467
YoY (%)	(31.6)	(11.7)	5.1	15.9	10.6
Fully DEPS (INR)	16.1	14.3	15.0	17.4	19.2
RoE (%)	13.4	11.6	11.9	13.2	14.1
RoCE (%)	23.6	18.1	19.0	20.7	21.6
P/E (x)	44.7	50.6	48.2	41.6	37.6
EV/EBITDA (x)	13.7	14.3	13.4	12.3	11.6

Note: Pricing as on 19 August 2026; Source: Company, Elara Securities Estimate

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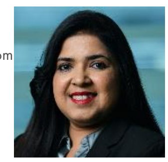


Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	34,888	35,155	37,203	39,311	40,935
Gross Profit	19,644	19,438	20,432	21,624	22,554
EBITDA	7,374	7,065	7,559	8,219	8,718
EBIT	3,661	2,865	3,078	3,493	3,782
Interest expense	1,285	1,346	1,404	1,462	1,516
Other income	656	792	893	943	1,023
Exceptional/ Extra-ordinary items	1,232	(490)	-	-	-
PBT	4,264	1,820	2,567	2,974	3,289
Tax	957	478	642	743	822
Minority interest/Associates income	-	-	-	-	-
Reported PAT	3,306	1,342	1,925	2,230	2,467
Adjusted PAT	2,075	1,832	1,925	2,230	2,467

Expect revenue CAGR of 5.2% over FY26-29E

Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	15,750	15,956	16,486	17,186	17,893
Minority Interest	-	-	-	-	-
Trade Payables	3,495	3,306	3,574	3,814	4,022
Provisions & Other Current Liabilities	5,885	6,293	6,592	6,906	7,235
Total Borrowings	-	-	-	-	-
Other long term liabilities	11,677	10,637	12,502	13,536	14,114
Total liabilities & equity	**36,807**	**36,192**	**39,154**	**41,441**	**43,264**
Net Fixed Assets	15,465	14,430	17,078	17,795	17,866
Goodwill	-	-	-	-	-
Intangible assets	2,675	2,108	2,307	2,131	1,955
Business Investments / other NC assets	1,450	3,136	1,993	2,013	2,033
Cash, Bank Balances & treasury investments	6,344	4,965	5,518	6,660	8,106
Inventories	8,147	7,076	8,154	8,616	8,972
Sundry Debtors	1,118	1,841	1,427	1,508	1,570
Other Current Assets	1,608	2,637	2,677	2,718	2,761
Total Assets	**36,807**	**36,192**	**39,154**	**41,441**	**43,264**

Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Cashflow from Operations	**8,574**	**6,760**	**7,032**	**7,910**	**8,630**
Capital expenditure	(683)	(647)	(785)	(475)	(475)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(322)	(1,926)	893	943	1,023
Free Cash Flow	**7,569**	**4,187**	**7,140**	**8,378**	**9,179**
Cashflow from Financing	(6,537)	(3,302)	(7,966)	(6,683)	(6,590)
Net Change in Cash / treasury investments	1,032	885	(827)	1,695	2,588

Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	22.0	9.0	10.4	11.9	13.7
Book value per share (INR)	122.5	124.1	128.3	133.7	139.2
RoCE (Pre-tax) (%)	23.6	18.1	19.0	20.7	21.6
ROIC (Pre-tax) (%)	35.6	28.1	28.0	32.5	37.2
ROE (%)	13.4	11.6	11.9	13.2	14.1
Asset Turnover (x)	2.3	2.4	2.4	2.3	2.3
Net Debt to Equity (x)	(0.4)	(0.3)	(0.3)	(0.4)	(0.5)
Net Debt to EBITDA (x)	(0.9)	(0.7)	(0.7)	(0.8)	(0.9)
Interest cover (x) (EBITDA/ int exp)	5.7	5.2	5.4	5.6	5.7
Total Working capital days (WC/rev)	82.1	72.1	76.8	83.8	92.4

Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	44.7	50.6	48.2	41.6	37.6
P/Sales (x)	2.8	2.8	2.6	2.5	2.4
EV/ EBITDA (x)	13.7	14.3	13.4	12.3	11.6
EV/ OCF (x)	12.3	15.6	15.0	13.4	12.3
FCF Yield	0.1	0.0	0.1	0.1	0.1
Price to BV (x)	5.9	5.8	5.6	5.4	5.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Pricing as on 19 August 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

INR mn	Q1FY27	Q1FY26	YoY%	Q4FY26	QoQ%	Q1FY27E	Elara vs Act
Revenues	9,789	9,419	3.9	8,276	18.3	9,937	(1.5)
Raw Materials	4429	4381	1.1	3606	22.8	4670	(5.2)
Gross Profit	**5,360**	**5,038**	**6.4**	**4,670**	**14.8**	**5,266**	**1.8**
Gross Margins, %	54.8	53.5	127 bps	56.4	-167 bps	53.0	176 bps
Employee Cost	1,136	1,163	(2.3)	1,132	0.4	1,192	(4.7)
Other Expenses	2,185	1,887	15.8	2,031	7.5	2,087	4.7
EBITDA	**2,040**	**1,988**	**2.6**	**1,507**	**35.3**	**1,987**	**2.6**
EBITDA Margin, %	20.8	21.1	-27 bps	18.21	262 bps	20	84 bps
Other Income	180	170	6.2	198	(8.7)	199	(9.3)
Depreciation	1,034	1,061	(2.5)	1,050	(1.5)	1,073	(3.7)
Interest	327	349	(6.2)	336	(2.7)	338	(3.2)
PBT	**859**	**748**	**14.8**	**319**	**169.6**	**775**	**10.8**
Tax	219	181	21.3	16	1272.0	194	13.1
Adjusted PAT	640	568	12.7	303	111.4	581	10.1
Exceptional Item	0	-48	-	-281	-	0	-
Reported PAT	640	520	23.0	22	2797.8	581	10.1
PAT Margin, %	**6.5**	**6**	**51 bps**	**3.7**	**288 bps**	**5.9**	**69 bps**
EPS (INR)	4.98	4.42	12.7	2.35	111.4	4.52	10.1

Source: Company, Elara Securities Estimate

Conference call highlights

Premiumisation to support growth

- Premiumisation remains a key growth lever, with premium products continuing to outpace lower price points despite some resurgence at the value end following GST rationalisation. Improving premium mix is also supporting ASP growth.
- The company witnessed 5–6% cost inflation, primarily from imported synthetics, which is being offset through similar price hikes. The benefit of higher pricing is expected to become visible from September, as new-price inventory enters the market.

Accelerating growth through product-led transformation

- Reimagined product funnel is gaining traction, with a significant portfolio refresh expected through H2FY27 and by March 2027, focused on design, comfort and technology.
- Assortment rationalisation is improving productivity, with average store lines reduced to ~68% of levels two years ago and a target of ~60%, supporting lower complexity, better quality and improved delivery.
- **Brand performance mixed:** *Hush Puppies* and *Floatz* delivered strong growth, while Bata performed well, led by the women's category. *North Star* remained a drag as the company rationalises the portfolio ahead of a stronger collection.

Leveraging inventory gains to sustain margin expansion

- Inventory quality continues to improve, with full-price sales reaching ~90% and stock turns improving to 2.5x+, nearing 2.7x, driving lower markdowns.
- **Gross margin expanded 130bps YoY in Q1, despite ~100bps dilution from channel mix.** On a like-for-like channel basis, gross-margin expansion would have been ~230bps.
- Further margin expansion is expected from premiumisation and higher full-price sales, partly offset by the increasing contribution of franchise and e-commerce channels.

Scaling franchise network on strong economics

- Franchise expansion remains a key growth lever, with the network reaching ~750 stores within the 2,000+ EBO network. Management sees 600+ potential franchise trade areas, providing significant runway for expansion.
- Franchise LFL growth is healthy at high-single digits over the past four quarters, with partner ROI at 18–24%, supporting continued partner expansion.

Sustaining elevated marketing to support new launches

- Marketing investment is likely to remain elevated, with ad spends up 25% YoY in Q1. The company expects higher spends to continue in the next couple of years to support the revamped product portfolio.
- A&P spend is currently at ~3–3.5% of sales, versus ~2.5% earlier, as the company steps up investments behind new products and brands.

Consolidating supply chain to unlock structural savings

- Vendor consolidation is progressing, with manufacturing partners reduced from 120+ to ~60, and a long-term target of 30 partners comprising 15 core and 15 satellite partners.
- Supply-chain simplification is expected to drive ~200bps margin expansion over 3–5 years through vendor consolidation and rationalisation of kits, moulds, uppers and material.

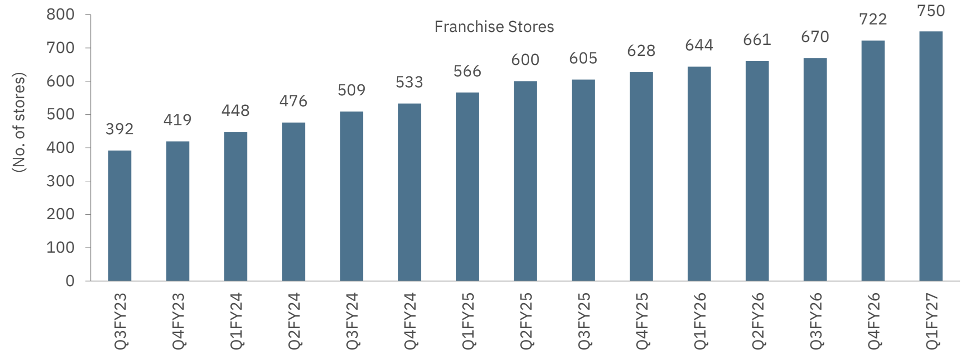
Driving productivity through organisational rationalisation

- Employee costs have remained broadly flat for five quarters, supported by VRS, organisational restructuring and technology-led productivity initiatives.
- Productivity gains remain a structural lever, with technology-enabled manpower reallocation and a growing franchise network helping contain employee costs despite continued business expansion.

Maintaining cautious optimism on near-term growth

- Management is optimistic on the near-term outlook, with deferred demand from the monsoon disruption already recovering in July/early August.
- The company is monitoring the impact of inflation and price increases on industry demand.

Exhibit 2: The number of franchise stores touched 750 in Q1FY27



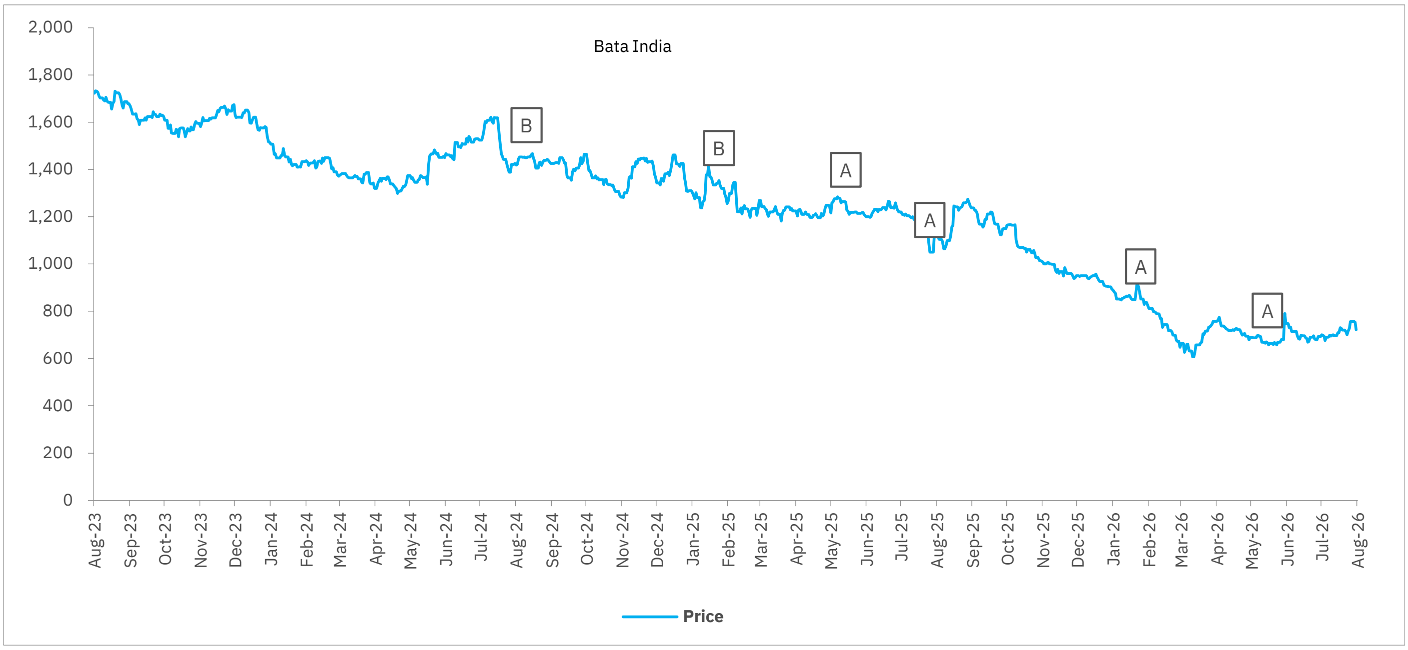
Source: Company, Elara Securities Research

Exhibit 3: Valuation

Particulars	INR
FY28E EPS	17.4
Target P/E multiple (x)	45
Target price	**781**
CMP	721
Upside (%)	8.3

Note: Pricing as on 19 August 2026; Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
29-Aug-2024	Buy	1,882	1,449
12-Feb-2025	Buy	1,633	1,354
02-Jun-2025	Accumulate	1,432	1,260
14-Aug-2025	Accumulate	1,158	1,050
13-Feb-2026	Accumulate	1,039	884
03-Jun-2026	Accumulate	781	666

Guide to Research Rating

BUY (B)	Absolute Return >+20%
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REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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