

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BATA IN
Equity Shares (m)	129
M.Cap.(INRb)/(USDb)	109.5 / 1.2
52-Week Range (INR)	1377 / 835
1, 6, 12 Rel. Per (%)	-5/-26/-47
12M Avg Val (INR M)	218

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	34.9	37.0	38.7
EBITDA	7.4	8.3	9.3
Adj. PAT	1.9	2.4	3.0
EBITDA Margin (%)	21.2	22.5	24.0
Adj. EPS (INR)	14.8	18.9	23.6
EPS Gr. (%)	-23.8	27.9	24.7
BV/Sh. (INR)	128.3	137.8	149.6
Ratios			
Net D:E	0.4	0.3	0.1
RoE (%)	11.8	14.2	16.4
RoCE (%)	9.3	10.8	12.1
RoIC (%)	10.2	12.1	14.3
Valuations			
P/E (x)	57.7	45.1	36.2
EV/EBITDA (x)	15.9	13.9	12.2
EV/Sales (X)	3.4	3.1	2.9
Div. Yield (%)	0.9	1.1	1.1

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	50.2	50.2	50.2
DII	29.3	29.4	29.2
FII	6.2	6.9	7.5
Others	14.4	13.6	13.2

FII includes depository receipts

CMP: INR852

TP: INR945 (+11%)

Neutral

Operational discipline visible, structural upside limited

- Bata India reported a modest 3% revenue growth in 3QFY26 and its EBITDA margin expanded 73bp YoY to 22.4%, supported by tighter cost control and accounting changes.
- Management highlighted early signs of recovery in demand, aided by GST pass-through and improved value proposition. The premium portfolio, led by Hush Puppies, remained resilient.
- Strategic focus areas include scaling up ZBM, improving sell-through, brand strengthening, and leaner inventory to enhance availability and turns. It is also increasing digital marketing spends (double-digit growth over two years) to strengthen engagement with younger cohorts. We believe these are the steps in the right direction.
- Nevertheless, these initiatives are yet to translate into meaningful growth acceleration or margin recovery, with profitability likely to remain below pre-Covid levels even by FY28E.
- We tweak our FY26-28 estimates and build in revenue/EBITDA/adj. PAT CAGR of 4%/8%/7% over FY26-28E. **Reiterate Neutral with a revised TP of INR945.**

Modest revenue growth; higher other income drives profitability

- Revenue grew 3% YoY to INR9.5b (in line), hit by GST-related disruptions (vs. Metro: +15% | Campus: +14% | Relaxo: flat).
- Gross margin contracted 20bp YoY to 56%, likely due to channel mix changes.
- Consequently, gross profit grew 2% YoY (in line).
- Employee costs rose 8% YoY, while other expenses were down by 4% YoY, aided by cost controls and partly due to an accounting change.
- EBITDA grew 6% YoY (in line), led by tighter cost controls.
- EBITDA margins stood at 22.4%, up 75bp YoY.
- BATA booked one-time exceptional items: 1) VRS – INR13m on top of the INR83m booked in 2Q; overall INR143m booked in 9MFY26; and 2) the labor code impact of INR67m.
- Depreciation grew 15% YoY, as the royalty amount was moved from other expenses to amortization. Finance costs rose 4% YoY.
- Other income more than doubled YoY to INR227m, boosting profitability.
- Reported PAT at INR660m grew 12% YoY. Adj PAT at INR740m rose 11% YoY (14% ahead).
- For 9MFY26, revenue was flat, gross margin compressed 90bp to 54.9%, and EBITDA dipped 1% with margin at 20.7%. Reported PAT at INR1.32b declined 54% YoY and adj PAT at INR1.5b dipped 25% YoY.

Key takeaways from the management commentary

- **Demand:** Early demand recovery is visible, supported by GST-led formalization and stronger internal execution—scaling up ZBM, improving sell-through, sharper brand focus, and leaner inventory driving better availability and turns. Growth is broad-based across price points, including lower ASPs, indicating that value proposition recalibration is working, while product funnel re-engineering remains the key medium-term accelerator.

- **Marketing spends** have grown in double digits for two consecutive quarters and are expected to remain elevated, increasingly skewed to digital and influencer-led campaigns. Focused product campaigns (Festive, Victoria Ballerina, Power Easy Slide) indicate sharper ROI orientation rather than diffuse brand advertising.
- **Inventory quality** has materially improved with a 25% reduction over two years and record-low aged stock, driven by SKU rationalization and data-led forecasting under 'Project Customer First'. Freshness and tighter line architecture should help to sustain working capital gains and reduce markdown risk structurally.

Valuation and view

- Bata India is accelerating distribution expansion (~30% store growth via franchise), sharpening brand and product mix through youth-focused concepts (Floatz, Power, Sneaker Studios), and driving premiumization. Parallel execution on ZBM scale-up, sell-through improvement, leaner inventory, and higher digital spends support better availability, faster turns, and stronger engagement. We view these steps as directionally appropriate.
- Nevertheless, these initiatives are yet to translate into meaningful growth acceleration or margin recovery, with profitability likely to remain below pre-Covid levels even by FY28E.
- We tweak our FY26-28E estimates and build in revenue/EBITDA/adj. PAT CAGR of 4%/8%/7% over FY26-28E.
- Despite sharp underperformance, the stock trades at ~48x 1-year forward P/E, above its long-term average; however, the expected demand recovery after GST cuts in the organized value segment should benefit Bata, preventing a downgrade to Sell. **Reiterate Neutral with a revised TP of INR945.**

Y/E March	Consolidated quarterly earnings (INR m)											
	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		3QE	Var (%)	
Revenue	9,446	8,371	9,188	7,882	9,419	8,013	9,447	8,008	34,888	34,887	9,416	0.3
YoY Change (%)	-1.4	2.2	1.7	-1.2	-0.3	-4.3	2.8	1.6	0.3	0.0		
Gross Profit	5,182	4,740	5,163	4,559	5,038	4,439	5,291	4,595	19,644	19,362	5,273	0.3
Gross margin%	54.9	56.6	56.2	57.8	53.5	55.4	56.0	57.4	56.3	55.5	56.0	0
Total Expenditure	7,597	6,625	7,193	6,099	7,430	6,564	7,326	6,170	27,514	27,491	7,297	0.4
EBITDA	1,849	1,746	1,995	1,783	1,988	1,449	2,120	1,838	7,374	7,396	2,119	0.1
EBITDA margin	19.6	20.9	21.7	22.6	21.1	18.1	22.4	23.0	21.1	21.2	22.5	0
Change YoY (%)	-22.8	-3.9	9.4	-2.2	7.5	-17.0	6.3	3.1	-6.2	0.3		
Depreciation	872	902	902	1,037	1,061	1,050	1,040	1,147	3,713	4,298	1,087	-4.3
Interest	308	318	311	348	349	338	323	351	1,285	1,361	354	-8.8
Other Income	162	172	99	223	170	214	210	160	656	754	189	11.6
PBT before EO expense	832	698	881	622	748	276	968	500	3,032	2,492	866	11.7
Extra-Ord expense	-1,340	0	108	0	48	83	79	0	-1,232	210		
PBT	2,171	698	773	622	701	193	889	500	4,264	2,282	866	2.6
Tax	431	178	186	163	181	54	228	126	957	588	218	4.4
Rate (%)	19.8	25.5	24.1	26.2	25.8	28.0	25.6	25.2	22.4	25.8	25.2	
	0	0	0	0	0	0	0	0				
Reported PAT	1,741	520	587	459	520	139	661	374	3,307	1,694	648	2.0
Adj PAT	849	520	669	459	568	222	740	374	2,497	1,904	648	14.2
YoY Change (%)	-21	-19	15	-28	-33	-57	11	-19	-15	-24	0	
Margins (%)	9.0%	6.2%	7.3%	5.8%	6.0%	2.8%	7.8%	4.7%	7.2%	5.5%	0.0%	

E: MOFSL Estimates

Exhibit 1: Valuation based on FY28E

Dec'27	(INR/share)
EPS (INR)	24
Target P/E (x)	40
Target Price (INR/share)	945
CMP	854
Upside (%)	11%

Source: MOFSL, Company


Detailed takeaways from the management commentary

- **Demand:** Early demand recovery is visible, supported by GST-led formalization and stronger internal execution—scaling up ZBM, improving sell-through, sharper brand focus, and leaner inventory driving better availability and turns. Growth is broad-based across price points, including lower ASPs, indicating that value proposition recalibration is working, while product funnel re-engineering remains the key medium-term accelerator.
- **Marketing spends** have grown in double digits for two consecutive quarters and are expected to remain high, increasingly skewed to digital and influencer-led campaigns. Focused product campaigns (Festive, Victoria Ballerina, Power Easy Slide) indicate sharper ROI orientation rather than diffuse brand advertising.
- **E-commerce** contribution is now in double digits, with profitability broadly at par with overall business, signaling scale-led operating leverage. Strategic focus is on brand-led online growth, deep quick-commerce partnerships, and strong digital brand presence to capture younger discovery-led cohorts. Floatz are currently under-indexed in online vs. offline, providing runway for growth.
- **Hush Puppies** (~INR7b brand; 15-20% retail mix) remains a disproportionate growth driver with premium positioning intact. It operates ~160 EBOs (120-130 COCO) with an ambition to scale to 200+ over the next 12 months, reinforcing premiumization strategy. Sharper product authority (materials/design nuance) should sustain premium-end momentum despite rising competitive intensity.
- **Product innovation** is being institutionalized through a reimaged end-to-end funnel aimed at building design and comfort authority. Management views this as the highest-gestation yet the highest-impact lever, with examples like Floatz indicating early validation.
- **Franchise** expansion has accelerated to ~700 stores currently, targeting 1,000+ in 2-3 years, largely in tier 3+ and suburban markets. This asset-light push enhances accessibility at lower price points while protecting ROCE, correcting Bata's historical under-indexing in franchise-led penetration.
- **Zero Base Merchandising (ZBM)**, now scaled to 400 stores with full-network ambition, is delivering measurable gains in turns, availability and resupply efficiency. Beyond decluttering, ZBM is structurally lifting revenue per sq.ft. and SSG by simplifying choice architecture and tightening consumer-centric assortment curation.
- **Inventory quality** has materially improved with a 25% reduction over two years and record-low aged stock, driven by SKU rationalization and data-led forecasting under 'Project Customer First'. Freshness and tighter line architecture should help to sustain working capital gains and reduce markdown risk structurally.

Exhibit 2: Quarterly performance

Consol P&L (INR m)	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	3QFY26E	v/s Est (%)
Total Revenue	9,188	8,013	9,447	3	18	9,416	0
Raw Material cost	4,025	3,574	4,156	3	16	4,143	0
Gross Profit	5,163	4,439	5,291	2	19	5,273	0
Gross margin (%)	56.2	55.4	56.0	-18.5	60.4	56.0	0.3
Employee Costs	1,034	1,114	1,114	8	0	1,036	8
SGA Expenses	2,133	1,876	2,056	-4	10	2,119	-3
EBITDA	1,995	1,449	2,120	6	46	2,119	0
EBITDA margin (%)	21.7	18.1	22.4	73.1	436.2	22.5	-5.4
Depreciation and amortization	902	1,050	1,040	15	-1	1,087	-4
EBIT	1,093	399	1,080	-1	171	1,032	5
EBIT margin (%)	11.9	5.0	11.4	-46.3	645.3	11.0	47.9
Finance Costs	311	338	323	4	-5	354	-9
Other income	99	214	210	113	-2	189	12
Exceptional item	108	83	79			0	NM
Profit before Tax	773	193	889	15	361	866	3
Tax	186	54	228	22	322	218	4
Tax rate (%)	24.1	28.0	25.6	6.5	-239.5	25.2	NM
Profit after Tax	587	139	661	13	377	648	2
Adj. Profit after Tax	669	222	740	11	234	648	14

Source: MOFSL, Company

Exhibit 3: Revisions to our estimates

	FY26E	FY27E	FY28E
Revenue (INR m)			
Old	34,887	36,473	38,130
Actual/New	34,887	37,012	38,694
<i>Change (%)</i>	0.0	1.5	1.5
EBITDA (INR m)			
Old	7,431	8,298	9,228
Actual/New	7,396	8,328	9,287
<i>Change (%)</i>	-0.5	0.4	0.6
EBITDA margin (%)			
Old	21.3	22.8	24.2
Actual/New	21.2	22.5	24.0
<i>Change (%)</i>	-10	-25	-20
Net Profit (INR)			
Old	1,845	2,371	2,952
Actual/New	1,885	2,434	3,035
<i>Change (%)</i>	2.1	2.6	2.8

Source: MOFSL, Company

Story in charts

Exhibit 4: Revenues grew 3% YoY

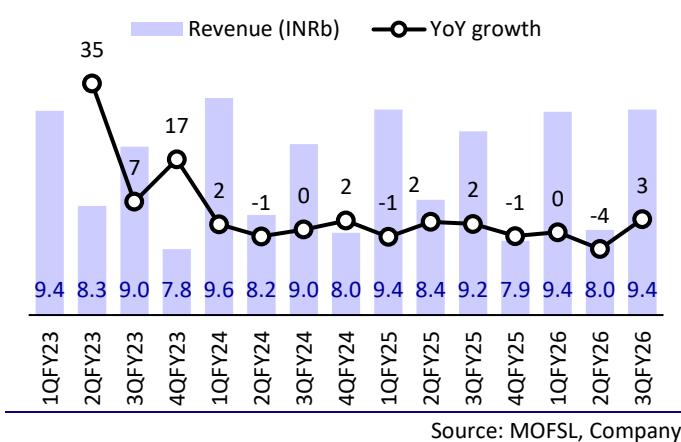


Exhibit 5: GM largely stable YoY

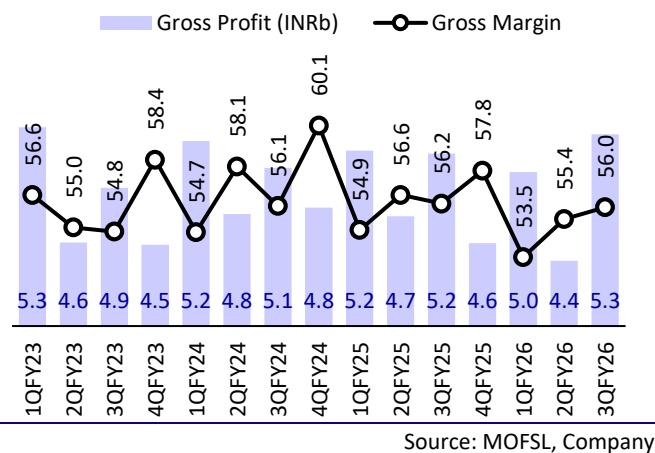


Exhibit 6: Reported EBITDA grew 6% YoY with ~73bp margin expansion

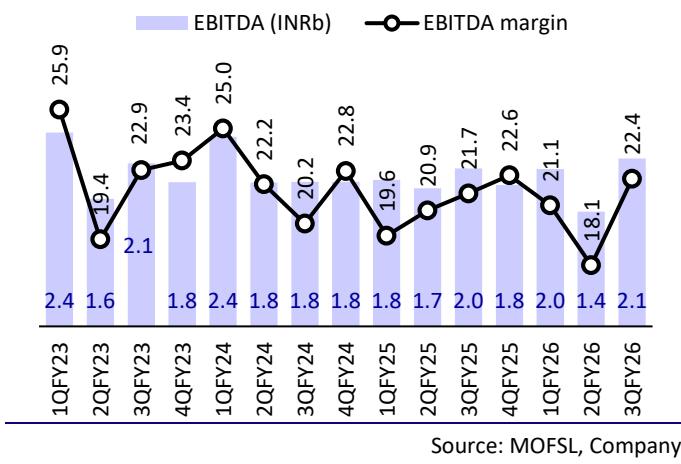


Exhibit 7: PAT grew 11% aided by other income

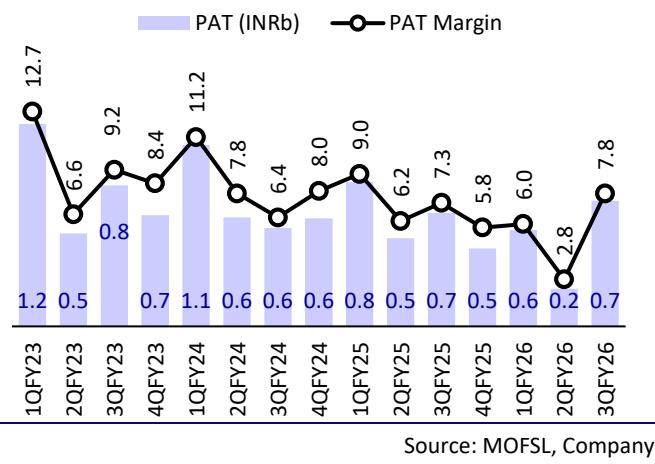


Exhibit 8: Opened 9 franchisee stores during the quarter

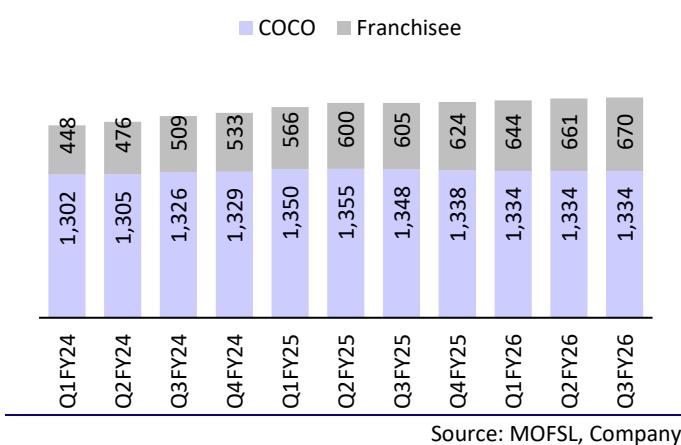


Exhibit 9: Expect 4% revenue CAGR over FY25-28

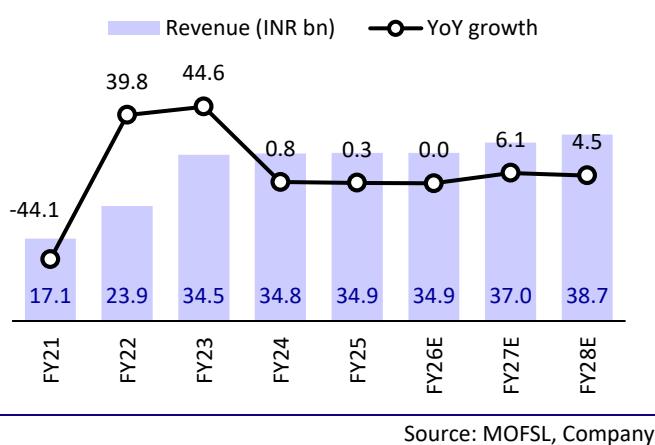
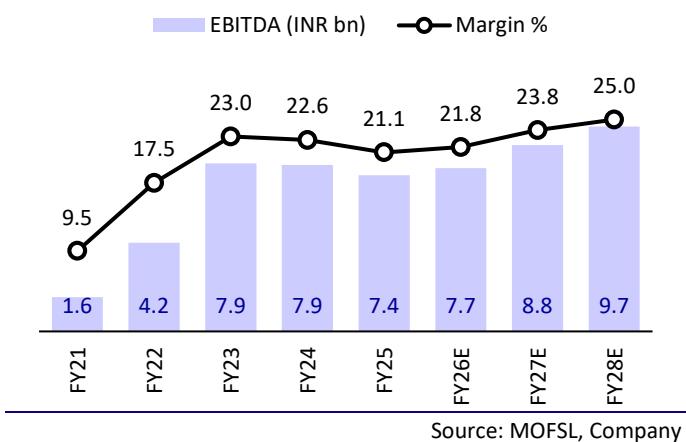
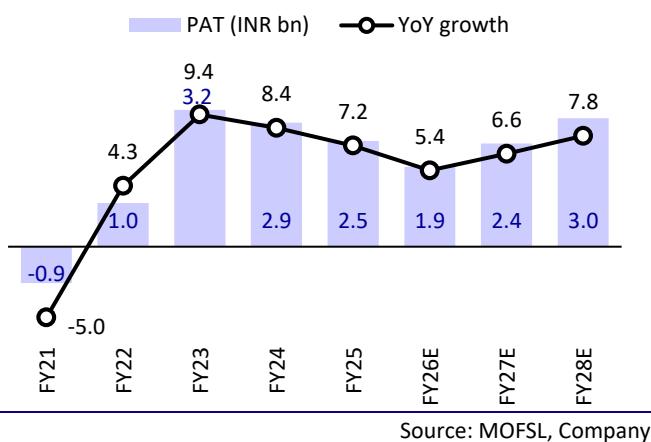


Exhibit 10: Expect 9% EBITDA CAGR over FY25-28



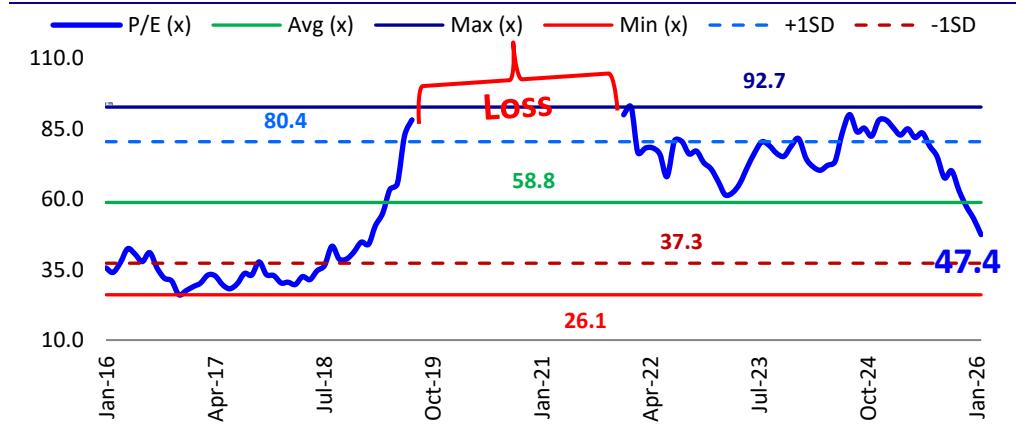
Source: MOFSL, Company

Exhibit 11: Expect 7% Adj PAT CAGR over FY25-28



Source: MOFSL, Company

Exhibit 12: BATA is trading at ~48x one-year forward P/E (vs. ~35x LT average pre COVID)



Financials and valuations

Consolidated - Income Statement									(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Total Income from Operations	17,085	23,877	34,516	34,786	34,888	34,887	37,012	38,694	
Change (%)	-44.1	39.8	44.6	0.8	0.3	0.0	6.1	4.5	
Raw Materials	8,375	10,868	15,137	14,922	15,244	15,525	16,378	17,025	
Gross Profit	8,710	13,009	19,379	19,864	19,644	19,362	20,634	21,669	
Margin (%)	51.0	54.5	56.1	57.1	56.3	55.5	55.8	56.0	
Employees Cost	3,398	3,787	4,187	4,200	4,624	4,466	4,626	4,643	
Other Expenses	3,690	5,037	7,256	7,805	7,646	7,501	7,680	7,739	
Total Expenditure	15,463	19,692	26,579	26,927	27,514	27,491	28,684	29,407	
% of Sales	90.5	82.5	77.0	77.4	78.9	78.8	77.5	76.0	
EBITDA	1,622	4,185	7,936	7,859	7,374	7,396	8,328	9,287	
Margin (%)	9.5	17.5	23.0	22.6	21.1	21.2	22.5	24.0	
Depreciation	2,648	2,420	2,948	3,391	3,713	4,298	4,682	5,073	
EBIT	-1,026	1,765	4,989	4,468	3,661	3,098	3,645	4,214	
Int. and Finance Charges	1,035	928	1,078	1,170	1,285	1,361	1,373	1,384	
Other Income	941	560	386	617	656	754	980	1,226	
PBT bef. EO Exp.	-1,120	1,397	4,296	3,915	3,032	2,492	3,252	4,056	
EO Items	46	0	0	409	-1,232	210	0	0	
PBT after EO Exp.	-1,166	1,397	4,296	3,506	4,264	2,282	3,252	4,056	
Total Tax	-273	367	1,067	881	957	588	819	1,021	
Tax Rate (%)	23.4	26.3	24.8	25.1	22.4	25.8	25.2	25.2	
Minority Interest	-	-	-	-	-	-	-	-	
Reported PAT	-893	1,030	3,229	2,625	3,307	1,694	2,434	3,035	
Adjusted PAT	-858	1,030	3,229	2,927	2,497	1,904	2,434	3,035	
Change (%)	-126.1	-220.1	213.5	-9.4	-14.7	-23.8	27.9	24.7	
Margin (%)	-5.0	4.3	9.4	8.4	7.2	5.5	6.6	7.8	

Consolidated - Balance Sheet									(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Equity Share Capital	643	643	643	643	643	643	643	643	
Total Reserves	16,938	17,504	13,739	14,626	15,106	15,848	17,065	18,582	
Net Worth	17,581	18,147	14,382	15,269	15,749	16,491	17,708	19,225	
Minority Interest	0	0	0	0	0	0	0	0	
Total Loans	10,323	10,942	12,464	13,573	14,465	14,845	15,168	15,443	
Lease Liabilities	10,323	10,942	12,464	13,573	14,465	14,845	15,168	15,443	
Deferred Tax Liabilities	0	0	0	0	0	0	0	0	
Other Liabilities	21	20	5	140	295	290	290	290	
Capital Employed	27,924	29,109	26,851	28,982	30,509	31,626	33,166	34,958	
Gross Block	17,670	18,661	23,268	22,686	26,432	37,808	42,058	46,308	
Less: Accum. Deprn.	6,475	6,402	9,350	7,599	8,437	19,365	24,047	29,120	
Net Fixed Assets	11,195	12,259	13,918	15,087	17,995	18,442	18,010	17,188	
Capital WIP	336	52	38	37	145	145	145	145	
Total Investments	1,832	1,899	1,492	1,601	1,450	1,450	1,450	1,450	
Curr. Assets, Loans&Adv.	18,578	20,000	16,135	15,505	17,216	17,483	19,878	22,821	
Inventory	6,083	8,709	9,046	9,296	8,147	8,297	8,752	9,099	
Account Receivables	794	717	826	801	1,118	765	811	848	
Cash and Bank Balance	10,968	9,688	5,311	4,275	6,344	7,375	9,204	11,713	
Loans and Advances	733	886	952	1,133	1,608	1,047	1,110	1,161	
Curr. Liability & Prov.	5,400	6,143	5,865	4,516	7,720	7,317	7,739	8,067	
Account Payables	4,397	4,562	4,093	2,997	3,495	3,828	4,038	4,198	
Other Current Liabilities	917	1,491	1,696	1,472	2,177	1,395	1,480	1,548	
Provisions	86	90	76	47	2,048	2,093	2,221	2,322	
Net Current Assets	13,178	13,858	10,270	10,989	9,497	10,166	12,139	14,753	
Deferred Tax assets	1,384	1,042	1,133	1,267	1,422	1,422	1,422	1,422	
Misc Expenditure	0	0	0	0	0	0	0	0	
Appl. of Funds	27,924	29,109	26,851	28,982	30,509	31,626	33,166	34,958	

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS (diluted from FY17)	-6.7	8.0	25.1	22.8	19.4	14.8	18.9	23.6
Cash EPS (diluted from FY17)	13.9	26.8	48.1	49.2	48.3	48.3	55.4	63.1
BV/Share (diluted from FY17)	136.8	141.2	111.9	118.8	122.5	128.3	137.8	149.6
DPS	4.0	54.5	12.5	12.0	12.0	7.4	9.5	9.5
Payout (%)	-57.6	680.1	49.8	58.8	46.6	56.2	50.0	40.1
Valuation (x)								
P/E	-161.7	134.7	43.0	47.4	44.0	57.7	45.1	36.2
Cash P/E	77.5	40.2	22.5	22.0	17.7	17.7	15.4	13.5
P/BV	7.9	7.6	9.6	9.1	7.0	6.7	6.2	5.7
EV/Sales	8.1	5.9	4.2	4.3	3.4	3.4	3.1	2.9
EV/EBITDA	85.1	33.4	18.4	18.8	16.0	15.9	13.9	12.2
Dividend Yield (%)	0.4	5.1	1.2	1.1	1.4	0.9	1.1	1.1
FCF per share	33.1	12.7	41.9	27.6	52.1	40.5	47.6	53.8
Return Ratios (%)								
RoE	-4.7	5.8	19.9	19.7	16.1	11.8	14.2	16.4
RoCE	-0.2	6.0	14.4	13.7	11.3	9.3	10.8	12.1
RoIC	-4.6	8.1	20.0	15.5	12.4	10.2	12.1	14.3
Working Capital Ratios								
Fixed Asset Turnover (x)	1.0	1.3	1.5	1.5	1.3	0.9	0.9	0.8
Asset Turnover (x)	0.6	0.8	1.3	1.2	1.1	1.1	1.1	1.1
Inventory (Days)	265	292	218	227	195	195	195	195
Debtor (Days)	17	11	9	8	12	8	8	8
Creditor (Days)	192	153	99	73	84	90	90	90
Leverage Ratio (x)								
Current Ratio	3.4	3.3	2.8	3.4	2.2	2.4	2.6	2.8
Interest Cover Ratio	-1.0	1.9	4.6	3.8	2.8	2.3	2.7	3.0
Net Debt/Equity	-0.1	0.0	0.4	0.5	0.4	0.4	0.3	0.1

Consolidated - Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
(INR m)								
OP/(Loss) before Tax	-1,167	1,397	4,298	3,506	4,264	2,492	3,252	4,056
Depreciation	2,627	2,420	2,948	3,391	3,713	4,298	4,682	5,073
Interest & Finance Charges	1,035	928	1,079	1,170	1,285	1,361	1,373	1,384
Direct Taxes Paid	468	-68	-974	-949	-1,196	-588	-819	-1,021
(Inc)/Dec in WC	2,066	-1,982	-776	-2,041	1,274	361	-143	-106
CF from Operations	5,030	2,694	6,575	5,078	9,340	7,923	8,346	9,386
Others	-420	-579	-287	-547	-1,962	-964	-980	-1,226
CF from Operating incl EO	4,611	2,115	6,288	4,531	7,378	6,959	7,366	8,160
(Inc)/Dec in FA	-357	-477	-897	-979	-683	-1,750	-1,250	-1,250
Free Cash Flow	4,254	1,638	5,391	3,552	6,695	5,209	6,116	6,910
(Pur)/Sale of Investments	-920	940	4,963	992	834	0	0	0
Others	750	466	319	391	380	754	980	1,226
CF from Investments	-527	928	4,385	404	531	-996	-270	-24
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	0	0	-2,819	-952	-1,217	-1,517
Interest Paid	-11	-9	0	0	0	0	0	0
Dividend Paid	-515	-514	-6,989	-1,731	-2,819	-952	-1,217	-1,517
Others	-3,165	-2,886	-3,117	-3,433	-3,534	-3,980	-4,050	-4,109
CF from Fin. Activity	-3,691	-3,410	-10,106	-5,164	-9,173	-5,884	-6,484	-7,144
Inc/Dec of Cash	393	-367	567	-230	-1,264	79	612	992
Opening Balance	150	543	176	743	514	-750	-671	-58
Closing Balance	543	176	743	514	-750	-671	-58	933
Other Bank Balance	10,425	9,512	4,568	3,762	7,095	8,046	9,263	10,780
Net Closing Balance	10,968	9,688	5,311	4,275	6,344	7,375	9,204	11,713

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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