



Growth Inflection Awaited

Revenue Performance

- Revenue grew 3% YoY to ₹9,447 mn, largely value-led, indicating gradual demand stabilisation but limited volume traction.

Gross Margin & Cost Dynamics

- Gross margin declined 80 bps YoY to 56%, primarily due to inventory rationalisation impact.
- Employee cost fell 8% YoY to ₹1,114 mn, reflecting operating discipline.
- Other expenses declined 6.5% YoY to ₹2,055.7 mn, aiding operating leverage.

Note on Accounting Change:

As highlighted in the earnings call, certain royalty payments for a licensed brand are now treated under Ind-AS as an intangible asset, leading to:

- Lower "Other Expenses" at EBITDA level
- Higher depreciation and interest impact below EBITDA

This is an accounting reclassification and is expected to **normalise over coming quarters**.

EBITDA & Profitability

- EBITDA increased 6.8% YoY to ₹2,120 mn.
- EBITDA margin improved to 22.4% vs 21.6% YoY (+80 bps), driven by cost control and lower operating expenses.
- Depreciation rose 15.4% YoY to ₹1,040 mn, reflecting the Ind-AS reclassification impact.
- Other income doubled (+104% YoY) to ₹209.3 mn, supporting profit growth.

PBT & PAT

- PBT increased 11% YoY to ₹967 mn, aided by higher other income.
- Adjusted PAT grew 8.4% YoY to ₹719 mn.

Financial Summary

Y/E Mar (Rs mn)	FY 23	FY 24	FY 25	FY 26E	FY 27E
Net sales	34,516	34,786	34,888	35,282	37,848
growth (%)	44.6	0.8	0.3	1.1	7.3
EBIDTA	7,938	7,859	7,374	7,282	8,296
Margins	23	23	21	21	22
PAT(adj)	3,230	2,931	2,274	1,859	2,405
growth (%)	213.6	(9.2)	(22.4)	(18.2)	29.4
EPS (Rs)	25.1	22.8	17.7	14.5	18.7
P/E (x)	34.0	37.4	48.3	59.0	45.6
P/B (x)	7.6	7.2	7.0	6.7	6.3
EV/EBITDA (x)	13.2	13.4	14.0	14.3	12.4

Source: Company

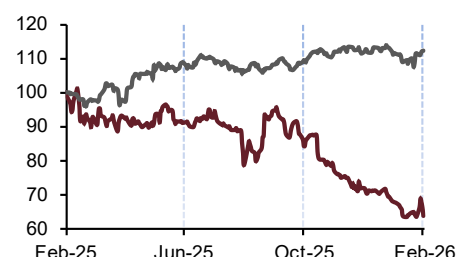
Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	935	10

Market data

Current price	Rs	852
Market Cap (Rs.Bn)	(Rs Bn)	110
Market Cap (US\$ Mn)	(US\$ Mn)	1,209
Face Value	Rs	5
52 Weeks High/Low	Rs	377.15 / 835.45
Average Daily Volume	('000)	126
BSE Code		500043
Bloomberg		BATA.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	50.16	50.16
Public	49.84	49.84
Total	100.00	100.00

Source: BSE

Kunal Bhatia

(022) 67141442

kunal.bhatia@dalal-broacha.com

Conference Call & Presentation KTA's

Structural Repair Visible, Growth Inflection Awaited

Brand Portfolio & Category Drivers

- Hush Puppies ~₹700 crore consumer sales; 15–20% of retail turnover.
- ~160 EBOs; targeting 200+ over next 12 months.
- Floatz performance on track.

Competitive Landscape: Rising intensity across premium and value segments.

Zero-Based Merchandising (ZBM) | Store Productivity Lever

- Rolled out across ~400 stores.
- ~5% performance delta vs non-ZBM stores.
- Targeting rollout across majority/full network.
- Focus on hyper-local assortment optimisation and SKU productivity.

KTA: Even 3–4% sustainable network-wide uplift can meaningfully improve SSG; execution consistency across ~2,000 touchpoints critical.

Product Creation Funnel Reimagined | SKU Productivity & ROCE Lever

Structural SKU Rationalisation

- ~30% reduction in Tool Kits.
- ~25% reduction in Styles.
- ~20% reduction in Colourways.

Quality & Standardisation Focus

- Standardised kits aligned to global design language.
- Fewer, higher-quality styles.
- Standardised interiors and branding.

Execution Timeline

- Q3 FY26: Branding & Comfort Index focus.
- Q4 FY26–Q1 FY27: Tooling consolidation.
- Q1/Q2 FY27: Partner consolidation & distribution pilots.

KTA: Near-term transition costs possible; visible financial benefits likely FY27

Store Network & Format Expansion | Asset-Light Scaling

- Total network ~1,975 doors.
 - COCO penetration ~550 stores across top 20 cities.
 - Bata Red 2.0 expanded to ~755 stores.
 - Franchise presence across ~646 unique towns; target 1,000+ in 2 years.
 - Strong SIS channel growth.
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MBO & Distribution Strength

- 14,000+ MBOs; ~340 distributors.
 - Key Retail Outlets doubled to ~2,000.
 - Top 10% MBOs contribute ~25–30% of turnover.
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Omnichannel & Digital Integration

- E-commerce +15% YoY; mid-teens revenue contribution.
- Bata App ~14% of D2C within six months.

Inventory, Working Capital & Supply Chain Reset | Structural Recalibration

- Inventory -11.7% YoY; ~25% reduction over two years.
- Aged inventory at all-time low.
- Stock turns improved to 2.30x (vs 2.11x YoY).
- Freshness at 1.07x; store clutter significantly reduced; availability improved.
- SKU simplification improving replenishment efficiency.
- In-house manufacturing reduced from ~35% to mid-teens.
- Vendor base consolidated from 120+ to 60; long-term target ~15.

KTAs: Structural working capital improvement and better return ratios; vendor concentration risk remains monitorable.

Consumer Repositioning required

- Core consumer age ~31–32 years; strong recall among 30+ cohort.
 - Relevance gap in 20–25 segment.
 - Double-digit marketing spend growth (second consecutive quarter).
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Exports & Global Integration

- Dedicated sourcing hub serving global Bata network (especially Europe).
 - Historical exports 0.7–1.0 mn pairs annually.
 - Scale-up expected over next 2–3 years.
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Concerns

- Revenue growth modest at ~3%; 9M flattish.
 - Competitive intensity rising.
 - Near-term transition costs from SKU rationalisation.
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Source: Company

Quarterly Snapshot

Particulars (Rs Mns)	Q3FY26	Q3FY25	Growth YoY	Q2FY26	Growth QoQ
Standalone					
Net Sales	9446.81	9184.78	2.9	8013.34	17.9
Other Income	209.29	102.52	104.1	212.49	(1.5)
TOTAL INCOME	9656.1	9287.3	4.0	8225.83	17.4
RAW MATERIALS	-4156.8	-3969.2	4.7	-3574.5	16.3
Employee Cost	-1114.2	-1032.3	7.9	-1113.7	0.0
Other Expenses	-2055.7	-2198.1	(6.5)	-1876	9.6
EBIDTA	2329.52	2087.7	11.6	1661.73	40.2
EBIDTA (Excl O. Incom	2120.23	1985.18	6.8	1449.24	46.3
Less: Depreciation	-1040	-901.45	15.4	-1049.7	(0.9)
PBIT	1289.57	1186.25	8.7	612	110.7
Less: Interest Cost	-322.85	-311.14	3.8	-338.28	(4.6)
PBT (Before Exception	966.72	875.11	10.5	273.72	253.2
Exceptional	-79.25	-107.84		-82.69	
PBT (Post Exceptional)	887.47	767.27	15.7	191.03	364.6
Tax	-227.16	-185.6	22.4	-53.44	325.1
PAT (Reported)	660.31	581.67	13.5	137.59	379.9
PAT (Adjusted)	719.3	663.4	8.4	197.1	264.8
Equity	642.64	642.64	-	642.64	-
FV	5	5		5	
EPS (on adjusted PAT)	5.6	5.2	8.4	1.5	264.8
OPM	22.4%	21.6%		18.1%	
NPM (Reported PAT)	6.8%	6.3%		1.7%	
Tax Rate	-25.6%	-24.2%		-28.0%	
% of Total Operating Income					
RAW MATERIALS	-44.00%	-43.22%	-0.8%	-44.61%	
Employee Cost	-11.8%	-11.2%		-13.9%	
Other Expenses	-21.8%	-23.9%		-23.4%	
EXPENDITURE	-77.6%	-78.4%		-81.9%	

Source: Company

Outlook and Valuations

At CMP of ₹854, the stock trades at 59x FY26E EPS (₹14.5) and 46x FY27E EPS (₹18.7), reflecting elevated expectations.

While structural initiatives across supply chain, merchandising, product rationalisation and brand repositioning are progressing well and margins have improved, sustained top-line acceleration is yet to emerge clearly.

Given the premium valuation and gradual nature of the growth recovery, we maintain a **NEUTRAL** view as the stock is fairly valued at this stage.

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Operating Income	34,515.7	34,786.1	34,887.9	35,281.7	37,848.4
Raw Materials	(15,136.3)	(14,922.3)	(15,244.2)	(15,864.5)	(16,653.3)
Employee Cost	(4,186.9)	(4,199.6)	(4,623.7)	(4,597.5)	(4,919.3)
Other Expenses	(7,254.6)	(7,805.2)	(7,645.9)	(7,537.4)	(7,979.7)
Total Expenses	(26,577.8)	(26,927.1)	(27,513.8)	(27,999.4)	(29,552.3)
Operating Profit	7,937.9	7,859.0	7,374.1	7,282.3	8,296.1
Depreciation	(2,947.8)	(3,390.8)	(3,713.0)	(4,212.6)	(4,439.1)
PBIT	4,990.0	4,468.2	3,661.1	3,069.6	3,857.0
Other income	386.8	617.2	655.8	790.4	796.8
Interest	(1,078.5)	(1,170.1)	(1,284.8)	(1,381.0)	(1,447.0)
Extraordinary Items					
Profit before tax	4,298.4	3,915.3	3,032.1	2,479.0	3,206.8
Provision for tax	(1,068.3)	(881.2)	(957.2)	(567.3)	(801.7)
Reported PAT	3,230.0	3,034.1	3,306.5	1,911.7	2,405.1
Extraordinary Items	-	(409.0)	1,231.7	(209.7)	-
Minority Interest	0.0	0.0	0.0	0.0	0.0
Adjusted PAT	3,230.0	2,931.3	2,274.1	1,859.2	2,405.1
Balance Sheet	FY23	FY24	FY25	FY26E	FY27E
Equity capital	642.6	642.6	642.6	642.6	642.6
Reserves	13,739.5	14,626.3	15,106.0	15,651.3	16,771.1
Net worth	14,382.1	15,268.9	15,748.6	16,293.9	17,413.7
Def. Tax Liab.+Minority li	-	-	-	-	-
Longterm Debt	-	-	-	-	-
Short Term Debt	-	-	-	-	-
Total debt	-	-	-	-	-
Lease Liability	10,110.1	10,876.1	13,099.3	12,245.7	12,831.0
CAPITAL EMPLOYED	24,492.1	26,145.0	28,847.9	28,539.6	30,244.7
Total fixed assets	3,395.9	3,585.3	6,030.5	5,639.5	5,599.9
Right to Use of Assets	10560.3	11539.0	12109.3	11286.0	11825.4
Goodwill	-	-	-	-	-
Investments	5.0	5.0	10.0	245.2	245.2
Inventories	9,045.6	9,295.5	8,146.7	9,376.2	10,058.3
Sundry debtors	825.5	801.3	1,117.6	870.0	933.2
Cash & bank	5,312.0	4,079.6	6,344.5	5,635.6	6,910.8
Loans & advances	-	-	-	-	-
Other current assets	2,439.0	2,925.1	3,047.9	3,414.5	3,755.9
Sundry creditors	(4,093.5)	(2,996.8)	(3,494.6)	(3,805.0)	(4,562.5)
O. Current Liabilities	(1,695.9)	(1,472.2)	(2,177.3)	(1,821.2)	(2,003.3)
Provisions	(2,435.1)	(2,883.5)	(3,708.7)	(3,794.5)	(4,011.5)
Working capital	9,397.7	9,749.0	9,276.2	9,875.6	11,080.9
Deferred Tax Assets	1,133.3	1,266.7	1,421.9	1,493.3	1,493.3
Miscellaneous exp.	-	-	-	-	-
CAPITAL DEPLOYED	24,492.1	26,145.0	28,847.9	28,539.6	30,244.7

Cash Flow St. (Rs. mn)	FY23	FY24	FY25	FY26E	FY27E
Net Profit	3,230.0	2,625.1	3,306.5	1,702.0	2,405.1
Add: Dep. & Amort.	2,947.8	3,390.8	3,713.0	4,212.6	4,439.1
Cash profits	6,177.9	6,015.9	7,019.5	5,914.6	6,844.2
(Inc)/Dec in					
-Sundry debtors	(108.4)	24.2	(316.3)	247.7	(63.3)
-Inventories	(336.5)	(250.0)	1,148.8	(1,229.5)	(682.1)
-Loans/advances	-	-	-	-	-
-Current Assets	346.0	(486.1)	(122.8)	(366.6)	(341.4)
-Sundry creditors	(468.0)	(1,096.7)	497.8	310.4	757.6
-Others	170.5	(159.8)	860.7	(303.0)	234.4
Change in working capital	(396.4)	(1,968.3)	2,068.2	(1,341.0)	(94.8)
CF from Oper. activities	5,781.5	4,047.7	9,087.7	4,573.6	6,749.4
CF from Inv. activities	(4,598.2)	(4,559.0)	(6,733.5)	(3,233.5)	(4,939.0)
CF from Fin. activities	(5,559.1)	(721.0)	(89.4)	(2,049.0)	(535.2)
Cash generated/(utilised)	(4,375.8)	(1,232.4)	2,264.8	(708.9)	1,275.2
Cash at start of the year	9,687.7	5,312.0	4,079.6	6,344.5	5,635.6
Cash at end of the year	5,312.0	4,079.6	6,344.5	5,635.6	6,910.8
Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	23.0	22.6	21.1	20.6	21.9
NPM	9.3	8.3	6.4	5.2	6.2
Tax rate	(24.9)	(22.5)	(31.6)	(22.9)	(25.0)
Growth Ratios (%)					
Net Sales	44.6	0.8	0.3	1.1	7.3
Operating Profit	89.7	(1.0)	(6.2)	(1.2)	13.9
PAT	213.6	(9.2)	(22.4)	(18.2)	29.4
Per Share (Rs.)					
Net Earnings (EPS) (FV 5)	25.1	22.8	17.7	14.5	18.7
Cash Earnings (CPS)	48.1	46.8	54.6	46.0	53.3
Dividend	54.5	13.5	22.0	9.0	10.0
Book Value	111.9	118.8	122.5	126.8	135.5
Free Cash Flow	49.4	39.6	45.9	43.1	56.7
Valuation Ratios					
P/E(x)	34.0	37.44	48.3	59.0	45.6
P/B(x)	7.6	7.2	7.0	6.7	6.3
EV/EBIDTA(x)	13.2	13.4	14.0	14.3	12.4
Div. Yield(%)	6.4	1.6	2.6	1.1	1.2
FCF Yield(%)	5.8	4.6	5.4	5.0	6.6
Return Ratios (%)					
ROE	22.5	19.2	14.4	11.4	13.8
ROCE (Excluding Cash & Bank)	26.0	20.2	16.3	13.4	16.5

Source: Dalal & Broacha Research, Company

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992, 2287 6173 | E-mail: equity.research@dalal-broacha.com