



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result Update @ Dalal & Broacha

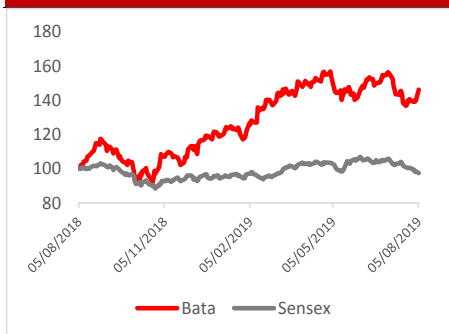
ACCUMULATE

Current Price	1368
52 Week Range	833/1478

Key Share Data

Market Cap (Rs.bn)	178
Market Cap (US\$ mn)	2543
No of o/s shares (mn)	128.52
Face Value	5
Monthly Avg. vol(BSE+NSE) Nos'000	884.46
BSE Code	500043
NSE Code	BATAINDIA
Bloomberg	BATA IN

Price performance



% Shareholding

	Jun-19	Mar-19
Promoters	52.96	52.96
Institutions	32.72	32.72
Others	14.32	14.32
Total	100.0	100.0

Bata Q1FY20 Results better than expectations; EBIDTA margins 17.9% as against 16.5% Net Revenues increased by 10.6% YoY to Rs 8821.43mn (innovative campaigns and upgradation of stores aided growth)

Retail channel growth was steady, E-commerce and non-retail witnessed double digit growth.

SSS growth stood at 6.5% in Q1FY20 and the management expect to maintain the same with product innovation and marketing efforts.

Stores: Q1FY20 added ~33 and closed ~10 (as location was not favourable and profitability not up to the mark). Franchise store additions stood at 20.

EBIDTA rose by 20% YoY to Rs 1583mn (pre IND AS 116)/Reported were up by 84.3% YoY to Rs 2429.71mn. EBIDTA margins stood at 17.9% vs 16.5% (pre IND AS 116)/ Reported stood at 27.5% as against 16.5% YoY. **EBIDTA margins push** came in from premium products which contributed ~50% of Sales (generally average is ~30-35% range)

As % to Revenues:

Raw Material was 45.3% as against 46.7% YoY /

Rent 10.8% as against 11.4% YoY (pre IND AS 116) /Rent Reported 1.2% as against 11.4%

- Interest Cost stood at Rs 8.04 mn as against Rs 9.01mn (pre IND AS 116) /Interest Cost Reported Rs 313.51mn as against Rs 9.01mn

- Depreciation stood at Rs 158.49mn as against Rs150.13mn (pre IND AS 116) /Depreciation reported stood at Rs730.07mn as against Rs 150.13mn

- PBT increased by 24% YoY to Rs 1585.78mn (pre IND AS 116) / PBT reported Rs 1555.42mn up by 21.6% YoY

- Other Income increased by 41.4% YoY to Rs 169.29mn

- Tax rate 35.2% as against 35.4%

- PAT increased by 24.4% YoY to Rs 1027.05mn (pre IND AS 116) / PAT reported was up by 22% YoY to Rs 1007.3mn

Outlook Demand was witnessed all-around. Metro, tier-1 and tier-2 was better than tier-3&4 aided by Bata's marketing and product innovation hence no slowdown was witnessed.

Going forward target for new store opening stands at 80 (closures ~20), the management also targets tier3,4 and below via franchise route and remains confident of maintaining the same run-rate on SSS growth.

Valuations @ Rs: 1368: 48x FY20e EPS of Rs 28.4 and 41x FY21e EPS of Rs 33.4. **We would recommend Accumulate.**

FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	24,742.6	2.1	2,785.8	11.3%	1,729.6	18.3	13.5	101.7	13.1	16.1
FY18	26,341.7	6.5	3,513.6	13.3%	2,205.1	27.5	17.2	79.7	15.0	19.7
FY19	29,311.0	11.3	4,770.6	16.3%	3,289.9	49.2	25.6	53.4	18.9	23.7
FY20E	33,210.4	13.3	5,582.1	16.8%	3,645.3	10.8	28.4	48.2	18.2	24.2
FY21E	37,461.6	12.8	6,525.4	17.4%	4,291.5	17.7	33.4	41.0	18.4	24.5



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Particulars (Rs Mns)	Q1FY20 PRE IND			Post IND AS 116		
	AS 116	Q1FY19	Growth	Q1FY20	Q1FY19	Growth
Net Sales	8821.43	7972.84	10.6%	8821.43	7972.84	10.6%
Other Operating Income						
Total Operating Income	8821.43	7972.84	10.6%	8821.43	7972.84	10.6%
Other Income	169.29	119.75	41.4%	169.29	119.75	41.4%
TOTAL INCOME	8990.72	8092.59	11.1%	8990.72	8092.59	11.1%
Cost of Materials Consumed	-377.55	-730.22	-48.3%	-377.55	-730.22	-48.3%
Purchase of Stock in Trade	-2823.1	-2486.6	13.5%	-2823.1	-2486.6	13.5%
Changes in Inventories	-794.18	-509.98	55.7%	-794.18	-509.98	55.7%
Employee Cost	-980.39	-822.57	19.2%	-980.39	-822.57	19.2%
Rent	-954.22	-910.16	4.8%	-107.53	-910.16	-88.2%
Other Expenses	-1309	-1195.1	9.5%	-1309	-1195.1	9.5%
EXPENDITURE	-7238.4	-6654.6	8.8%	-6391.7	-6654.6	-4.0%
EBIDTA	1752.31	1437.95	21.9%	2599	1437.95	80.7%
EBIDTA (Excl O. Income)	1583.02	1318.2	20.1%	2429.71	1318.2	84.3%
Less: Depreciation	-158.49	-150.13	5.6%	-730.07	-150.13	386.3%
PBIT	1593.82	1287.82	23.8%	1868.93	1287.82	45.1%
Less: Interest Cost	-8.04	-9.01	-10.8%	-313.51	-9.01	3379.6%
PBT (Before Exceptional)	1585.78	1278.81	24.0%	1555.42	1278.81	21.6%
Exceptional						
PBT (Post Exceptional)	1585.78	1278.81	24.0%	1555.42	1278.81	21.6%
Tax	-558.73	-453.28	23.3%	-548.12	-453.28	20.9%
PAT (Reported)	1027.05	825.53	24.4%	1007.3	825.53	22.0%
PAT (Adjusted)	1027.05	825.53	24.4%	1007.3	825.53	22.0%
Other Comprehensive Income	-1.07	-3.27		-1.07	-3.27	
Total Comprehensive Income	1025.98	822.26		1006.23	822.26	
Equity	642.64	642.64		642.64	642.64	
FV	5	5		5	5	
EPS (On reported PAT)	7.99	6.42	24.4%	7.84	6.42	22.0%
EPS (on adjusted PAT)	7.99	6.42	24.4%	7.84	6.42	22.0%
OPM	17.9%	16.5%		27.5%	16.5%	
NPM (Reported PAT)	11.4%	10.2%		11.2%	10.2%	
Tax Rate	-35.2%	-35.4%		-35.2%	-35.4%	
% of Total Operating Income						
Cost of Materials Consumed	-4.3%	-9.2%		-4.3%	-9.2%	
Purchase of Stock in Trade	-32.0%	-31.2%		-32.0%	-31.2%	
Changes in Inventories	-9.0%	-6.4%		-9.0%	-6.4%	
RAW MATERIALS	-45.3%	-46.7%		-45.3%	-46.7%	
Employee Cost	-11.1%	-10.3%		-11.1%	-10.3%	
Rent	-10.8%	-11.4%		-1.2%	-11.4%	
Other Expenses	-14.8%	-15.0%		-14.8%	-15.0%	
EXPENDITURE	-82.1%	-83.5%		-72.5%	-83.5%	



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P&L (Rs mn)	FY17	FY18	FY19	FY20E	FY21E	Cash Flow St. (Rs. mn)	FY17	FY18	FY19	FY20E	FY21E
Net Operating Income	24,742.6	26,341.7	29,311.0	33,210.4	37,461.6	Net Profit	1,589.5	2,205.1	3,289.9	3,645.3	4,291.5
						Add: Dep. & Amort.	650.4	604.5	640.5	736.1	831.8
						Cash profits	2,239.9	2,809.7	3,930.4	4,381.4	5,123.3
Raw Materials	(11,580.6)	(12,024.0)	(12,871.1)	(14,579.4)	(16,445.6)	(Inc)/Dec in					
Employee Cost	(2,731.9)	(2,956.1)	(3,310.8)	(13,048.9)	(14,490.6)	-Sundry debtors	15.9	(199.4)	230.0	(246.4)	(116.5)
Other Expenses	(7,644.3)	(7,848.0)	(8,358.5)	(27,628.3)	(30,936.2)	-Inventories	(284.4)	(513.8)	(742.0)	(1,160.0)	(1,222.9)
Total Expenses	(21,956.7)	(22,828.1)	(24,540.4)			-Loans/advances	(70.9)	(41.1)	(104.6)	(107.4)	(118.4)
						-Current Assets	95.4	(580.0)	76.8	(179.0)	(196.9)
Operating Profit	2,785.8	3,513.6	4,770.6	5,582.1	6,525.4	-Sundry creditors	809.2	711.1	324.9	630.2	869.2
Depreciation	(650.4)	(604.5)	(640.5)	(736.1)	(831.8)	-Others	57.6	(32.1)	330.3	96.6	104.7
PBIT	2,135.5	2,909.1	4,130.1	4,846.0	5,693.6	Change in working capital	622.8	(655.2)	115.5	(965.9)	(680.8)
Other income	460.2	503.3	682.2	630.2	747.1	CF from Oper. activities	2,862.7	2,154.5	4,045.9	3,415.5	4,442.5
Interest	(40.3)	(42.0)	(35.5)	(35.5)	(35.5)						
Extraordinary Items	-	-	-	-	-	CF from Inv. activities	(396.8)	(712.1)	(892.6)	(850.0)	(850.0)
Profit before tax	2,555.3	3,370.4	4,776.9	5,440.8	6,405.3						
Provision for tax	(749.1)	(1,165.3)	(1,486.9)	(1,795.5)	(2,113.7)	CF from Fin. activities	(670.2)	(750.8)	(662.1)	(1,007.1)	(1,084.6)
Reported PAT	1,806.2	2,205.1	3,289.9	3,645.3	4,291.5						
Extraordinary Items	(216.7)	-	-	-	-	Cash generated/(utilised)	1,795.6	691.6	2,491.2	1,558.4	2,507.9
Minority Interest	0.0	0.0	0.0	0.0	0.0	Cash at start of the year	3,424.7	5,220.3	5,911.9	8,403.1	9,961.5
Adjusted PAT	1,729.6	2,205.1	3,289.9	3,645.3	4,291.5	Cash at end of the year	5,220.3	5,911.9	8,403.1	9,961.5	12,469.5
Balance Sheet	FY17	FY18	FY19	FY20E	FY21E	Ratios	FY17	FY18	FY19	FY20E	FY21E
Equity capital	642.6	642.6	642.6	642.6	642.6	OPM	11.3	13.3	16.3	16.8	17.4
Reserves	12,600.6	14,104.3	16,775.8	19,414.0	22,621.0	NPM	6.9	8.2	11.0	10.8	11.2
Net worth	13,243.2	14,746.9	17,418.4	20,056.6	23,263.6	Tax rate	(29.3)	(34.6)	(31.1)	(33.0)	(33.0)
Def. Tax Liab.+Minority Int.	-	-	-	-	-	Growth Ratios (%)					
Longterm Debt	-	-	-	-	-	Net Sales	2.1	6.5	11.3	13.3	12.8
Short Term Debt	-	-	-	-	-	Operating Profit	1.0	26.1	35.8	17.0	16.9
Total debt	-	-	-	-	-	PAT	18.3	27.5	49.2	10.8	17.7
CAPITAL EMPLOYED	13,243.2	14,746.9	17,418.4	20,056.6	23,263.6						
						Per Share (Rs.)					
Total fixed assets	2,977.9	3,085.4	3,337.6	3,451.4	3,469.7	Net Earnings (EPS) (FV 5)	13.5	17.2	25.6	28.4	33.4
Goodwill	-	-	-	-	-	Cash Earnings (CPS)	17.4	21.9	30.6	34.1	39.9
Investments	-	-	-	-	-	Dividend	3.5	3.5	4.0	6.5	7.0
Inventories	7,138.0	7,651.7	8,393.7	9,553.7	10,776.6	Book Value	103.0	114.7	135.5	156.1	181.0
Sundry debtors	694.1	893.5	663.5	909.9	1,026.3	Free Cash Flow	20.1	9.6	24.2	18.9	26.9
Cash & bank	5,220.3	5,911.9	8,403.1	9,961.5	12,469.5						
Loans & advances	909.2	950.3	1,054.9	1,162.2	1,280.6	Valuation Ratios					
Other current assets	1,286.5	1,866.4	1,789.6	1,968.5	2,165.4	P/E(x)	101.7	79.7	53.4	48.2	41.0
Sundry creditors	(5,124.2)	(5,835.3)	(6,160.2)	(6,790.4)	(7,659.6)	P/B(x)	13.3	11.9	10.1	8.8	7.6
O. Current Liabilities	(820.5)	(706.8)	(982.8)	(1,061.4)	(1,146.3)	EV/EBIDTA(x)	61.2	48.4	35.1	29.7	25.0
Provisions	(43.5)	(125.1)	(179.4)	(197.4)	(217.1)	Div. Yield(%)	0.3	0.3	0.3	0.5	0.5
Working capital	9,259.9	10,606.6	12,982.3	15,506.7	18,695.4	FCF Yield(%)	1.5	0.7	1.8	1.4	2.0
Deferred Tax Assets	1,005.4	1,054.8	1,098.5	1,098.5	1,098.5						
Miscellaneous exp.	-	-	-	-	-	Return Ratios (%)					
CAPITAL DEPLOYED	13,243.2	14,746.9	17,418.4	20,056.6	23,263.6	ROE	13.1	15.0	18.9	18.2	18.4
						ROCE	16.1	19.7	23.7	24.2	24.5

Note: FY15 is 15 months since company has changed year ending to March from December.
Stock Split from Rs 10 to Rs 5/-



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