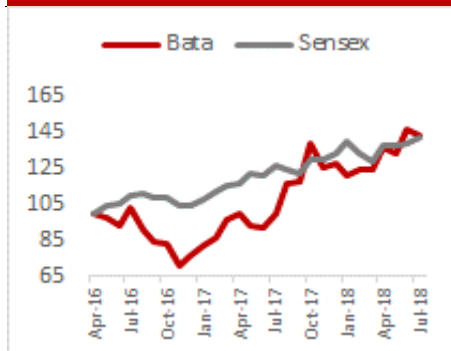



Result Update @ Dalal & Broacha
ACCUMULATE

| | |
|---------------|---------|
| Current Price | 901 |
| 52 Week Range | 567/905 |

Key Share Data

| | |
|-----------------------|-----------|
| Market Cap (Rs.bn) | 115.79 |
| Market Cap (US\$ mn) | 1690 |
| No of o/s shares (mn) | 128.5 |
| Face Value | 5.0 |
| Monthly Avg. | 1156 |
| vol(BSE+NSE) Nos'000 | |
| BSE Code | 500043 |
| NSE Code | BATAINDIA |
| Bloomberg | BATA IN |

Price performance


| % Shareholding | Jun-18 | Mar -18 |
|----------------|--------------|--------------|
| Promoters | 52.96 | 52.96 |
| Institutions | 30.95 | 31.69 |
| Others | 16.09 | 15.35 |
| Total | 100.0 | 100.0 |

Bata Q1FY19 Results were better than expectations, EBIDTA at 16.5% as against 13% YoY

Net Revenues increased by 8.3% YoY to Rs 7973mn, supported with a slew of regional campaign like Monsoon in West and Back-to-School in South; 'Red Concept' stores and ongoing campaign with Kriti Sanon also yielded results as women's category did well.

EBIDTA in absolute terms for Q1FY19 grew 38% YoY to Rs 1318mn. EBIDTA margins stood at 16.5% vs 13% (aided by decrease in Raw Materials cost and rent)

As % to Revenues:

Raw Materials stood at 46.7% as against 47.7% YoY, Rent stood at 11.4% as against 12.9% YoY and Other Expenses stood at 15% as against 16.4%.

Q1FY19 PBT before exceptional increased by 38.3% YoY to Rs 1279mn

Tax rate stood at 35.4% as against 34.7% last year and PAT improved by 36.6% YoY to Rs 825.5mn

Other KTA's post Q1FY19 Management interaction and AGM

Q1FY19 underline growth on a **Like to Like** basis of 12.5%

SSS growth was mid-single digit in Q1FY19, and expected to be high single digit in FY19; was 6% in FY18

School shoes (~5% of Q1FY19) grew 15% YoY

Margin expansion to 16.5% in Q1FY19 is a result of cost savings and addition of premium products which the company would put efforts to sustain it.

Capex on ~Rs.1bn for Rebranding, modernising plants and to set up around 100 new retail stores and 50 new franchise stores in the current year

Sold 8.9 lac pairs of footwear through online channels and achieved a turnover of Rs. 879mn

Rolled out NPS - Net Promoter Score across all our stores to get live feedback and use that knowledge for improving store experience and product availability.

Management emphasis will be on both premiumisation and volumes

Valuations @ Rs.901: 42.6x FY19e EPS of Rs 21.1 and 36.6x FY20e EPS of Rs 24.6. We maintain Accumulate

FINANCIALS

| Year | Net Sales | %growth | EBIDTA | OPM% | PAT | %growth | EPS | PE(x) | RoE% | RoCE% |
|-------|-----------|---------|---------|-------|---------|---------|------|-------|------|-------|
| FY16 | 24,227.1 | (10.1) | 2,706.0 | 11.2% | 1,462.2 | (26.8) | 11.4 | 79.2 | 12.0 | 16.1 |
| FY17 | 24,742.6 | 2.1 | 2,785.8 | 11.3% | 1,729.6 | 18.3 | 13.5 | 67.0 | 13.1 | 16.1 |
| FY18 | 26,341.7 | 6.5 | 3,513.6 | 13.3% | 2,205.1 | 27.5 | 17.2 | 52.5 | 15.0 | 19.7 |
| FY19E | 29,377.8 | 11.5 | 4,330.9 | 14.7% | 2,715.1 | 23.1 | 21.1 | 42.6 | 16.1 | 21.5 |
| FY20E | 32,935.9 | 12.1 | 5,067.0 | 15.4% | 3,168.0 | 16.7 | 24.6 | 36.6 | 16.5 | 22.1 |



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Result Update@ Dalal & Broacha

| Particulars (Rs Mns) | Q1FY19 | Q1FY18 | Growth |
|------------------------------------|----------------|----------------|--------------|
| Net Sales | 7972.84 | 7360.58 | 8.3% |
| Other Operating Income | | | |
| Total Operating Income | 7972.84 | 7360.58 | 8.3% |
| Other Income | 119.75 | 115.83 | 3.4% |
| TOTAL INCOME | 8092.59 | 7476.41 | 8.2% |
| Cost of Materials Consumed | -730.22 | -814.01 | -10.3% |
| Purchase of Stock in Trade | -2486.6 | -2676.6 | -7.1% |
| Changes in Inventories | -509.98 | -17.15 | 2873.6% |
| Employee Cost | -822.57 | -740.61 | 11.1% |
| Rent | -910.16 | -948.42 | -4.0% |
| Other Expenses | -1195.1 | -1208.3 | -1.1% |
| EXPENDITURE | -6654.6 | -6405.1 | 3.9% |
| EBIDTA | 1437.95 | 1071.31 | 34.2% |
| EBIDTA (Excl O. Income) | 1318.2 | 955.48 | 38.0% |
| Less: Depreciation | -150.13 | -137.42 | 9.2% |
| PBIT | 1287.82 | 933.89 | 37.9% |
| Less: Interest Cost | -9.01 | -8.93 | 0.9% |
| PBT (Before Exceptional) | 1278.81 | 924.96 | 38.3% |
| Exceptional | | | |
| PBT (Post Exceptional) | 1278.81 | 924.96 | 38.3% |
| Tax | -453.28 | -320.64 | 41.4% |
| PAT (Reported) | 825.53 | 604.32 | 36.6% |
| PAT (Adjusted) | 825.53 | 604.32 | 36.6% |
| Other Comprehensive Income | -3.27 | -3.52 | |
| Total Comprehensive Income | 822.26 | 600.8 | |
| Equity | 642.64 | 642.64 | 0.0% |
| FV | 5 | 5 | |
| EPS (On reported PAT) | 6.42 | 4.70 | 36.6% |
| EPS (on adjusted PAT) | 6.42 | 4.70 | 36.6% |
| OPM | 16.5% | 13.0% | |
| NPM (Reported PAT) | 10.2% | 8.1% | |
| Tax Rate | -35.4% | -34.7% | |
| % of Total Operating Income | | | |
| Cost of Materials Consumed | -9.2% | -11.1% | |
| Purchase of Stock in Trade | -31.2% | -36.4% | |
| Changes in Inventories | -6.4% | -0.2% | |
| RAW MATERIALS | -46.7% | -47.7% | |
| Employee Cost | -10.3% | -10.1% | |
| Rent | -11.4% | -12.9% | |
| Other Expenses | -15.0% | -16.4% | |
| EXPENDITURE | -83.5% | -87.0% | |



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