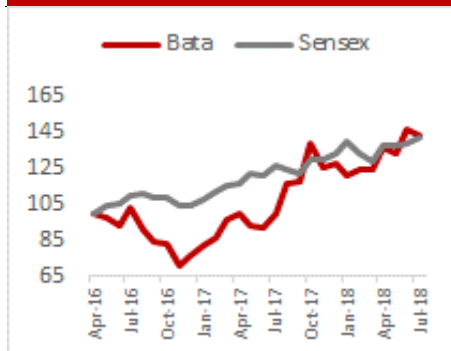



Result Update @ Dalal & Broacha
ACCUMULATE

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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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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