



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result Update @ Dalal & Broacha

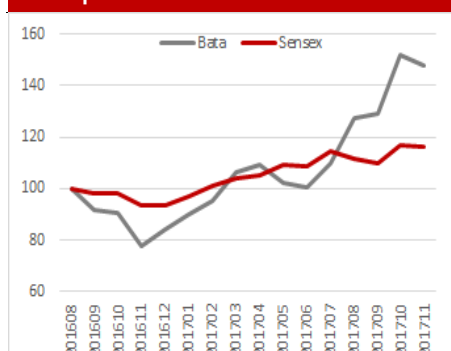
ACCUMULATE

Current Price	724
52 Week Range	833/400

Key Share Data

Market Cap (Rs.bn)	95.4
Market Cap (US\$ mn)	1467
No of o/s shares (mn)	128.5
Face Value	5.0
Monthly Avg. vol(BSE+NSE) Nos'000	657
BSE Code	500043
NSE Code	BATAINDIA
Bloomberg	BATA IN

Price performance



% Shareholding	Sep-17	Jun-17
Promoters	52.96	52.96
Institutions	31.48	30.63
Others	15.56	16.41
Total	100.0	100.0

Bata Q2FY18 Results better than expectations on bottomline, premiumization improve gross margins and lower rent to Sales improve EBIDTA margins.

Q2FY18 Revenues (net of GST and excise last year) increased by 1.5% YoY to Rs 5869mn. Underline growth in Retail was ~7% YoY and Whole Sale declined ~12% YoY.

SSS growth stood at ~5% YoY

Q2FY18 EBIDTA increased by 12.6% YoY to Rs 645mn and EBIDTA margins stood at 11% as against 9.9% YoY

As % to Revenues:

-Q2FY18 Raw Material cost stood at 44.9% as against 45.8% YoY, procurement at better rates and higher sale of premium products in retail aided margins.

-Rent too decreased to 15% as 15.3% YoY. Rentals dropped on account of re-negotiations as well as space rationalization.

Other Income increased by 43.6% YoY to Rs 148.2mn includes some amount on account of interest on income tax refund.

Q2FY18 PBT increased by 27.3% YoY to Rs 641.09mn. Tax Rate stood at 33.1% as against 31% YOY. Q2FY18 PAT increased by 24% YoY to Rs 429mn

Other KTA's

-Stores: Added ~67 closed ~20 total store count stood at ~1340 stores
-Launched Power Glidesteam and Airwalk collections promoted digitally with "Walk With Power"

-New Category of footwear introduced targeting the Tweens i.e. 10-14 year old.

-Sandeep Kataria now appointed as CEO from 14-Nov-2017

Valuations @ Rs.742:

45.6x FY18 E EPS of Rs.16.3 and 37.3x FY19E EPS of Rs 20.

We maintain Accumulate for Longterm

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	65.2	12.0	16.1
FY17	24,742.6	2.1	2,785.8	11.3%	1,729.6	18.3	13.5	55.1	13.1	16.1
FY18E	27,245.2	10.1	3,366.0	12.4%	2,090.1	20.8	16.3	45.6	14.5	18.4
FY19E	31,007.1	13.8	4,192.6	13.5%	2,559.6	22.5	20	37.3	15.9	20.9



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Particulars (Rs Mns)	Q2FY18	Q2FY17	Growth	H1FY18	H1FY17	Growth
Net Sales	5868.97	5779.47	1.5%	13229.6	12410.8	6.6%
Other Operating Income						
Total Operating Income	5868.97	5779.47	1.5%	13229.6	12410.8	6.6%
Other Income	148.23	103.25	43.6%	264.06	183.18	44.2%
TOTAL INCOME	6017.2	5882.72	2.3%	13493.6	12594	7.1%
Cost of Materials Consumed	-615.67	-710.47	-13.3%	-1429.7	-1477.2	-3.2%
Purchase of Stock in Trade	-2497.5	-2633.9	-5.2%	-5174.1	-4714.2	9.8%
Changes in Inventories	479.03	697.02	-31.3%	461.88	325.79	41.8%
Employee Cost	-710.28	-690.38	2.9%	-1450.9	-1351.3	7.4%
Rent	-881.16	-885.53	-0.5%	-1829.6	-1724.4	6.1%
Other Expenses	-998.82	-983.59	1.5%	-2207.2	-2045.7	7.9%
EXPENDITURE	-5224.4	-5206.8	0.3%	-11629	-10987	5.8%
EBIDTA	792.83	675.88	17.3%	1864.14	1607.06	16.0%
EBIDTA (Excl O. Income)	644.6	572.63	12.6%	1600.08	1423.88	12.4%
Less: Depreciation	-144.03	-159.62	-9.8%	-281.45	-321.74	-12.5%
PBIT	648.8	516.26	25.7%	1582.69	1285.32	23.1%
Less: Interest Cost	-7.71	-12.71	-39.3%	-16.64	-19.42	-14.3%
PBT (Before Exceptional)	641.09	503.55	27.3%	1566.05	1265.9	23.7%
Exceptional				0	0	
PBT (Post Exceptional)	641.09	503.55	27.3%	1566.05	1265.9	23.7%
Tax	-212.16	-157.61	34.6%	-532.8	-414.99	28.4%
PAT (Reported)	428.93	345.94	24.0%	1033.25	850.91	21.4%
PAT (Adjusted)	428.93	345.94	24.0%	1033.25	850.91	21.4%
Other Comprehensive Income	-143.7	-25.15		-147.22	-27.15	
Total Comprehensive Income	285.23	320.79		886.03	823.76	
Equity	642.64	642.64	0.0%	642.64	642.64	0.0%
FV	5	5		5	5	
EPS (On reported PAT)	3.34	2.69	24.0%	8.04	6.62	21.4%
EPS (on adjusted PAT)	3.34	2.69	24.0%	8.04	6.62	21.4%
OPM	11.0%	9.9%		12.1%	11.5%	
NPM (Reported PAT)	7.1%	5.9%		7.7%	6.8%	
Tax Rate	-33.1%	-31%		-34%	-33%	
% of Total Operating Income						
Cost of Materials Consumed	-10.5%	-12.3%		-10.8%	-11.9%	
Purchase of Stock in Trade	-42.6%	-45.6%		-39.1%	-38.0%	
Changes in Inventories	8.2%	12.1%		3.5%	2.6%	
RAW MATERIALS	-44.9%	-45.8%		-46.4%	-47.3%	
Employee Cost	-12.1%	-11.9%		-11.0%	-10.9%	
Rent	-15.0%	-15.3%		-13.8%	-13.9%	
Other Expenses	-17.0%	-17.0%		-16.7%	-16.5%	
EXPENDITURE	-89.0%	-90.1%		-87.9%	-88.5%	



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