



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

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## Result Update @ Dalal & Broacha

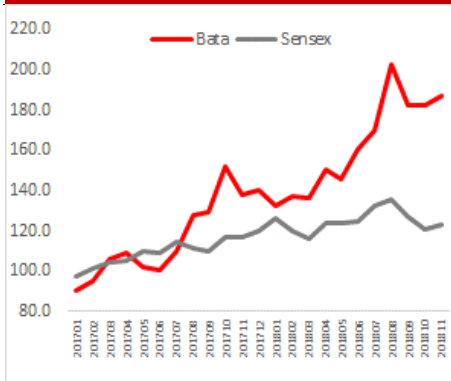
### ACCUMULATE

Current Price	1014
52 Week Range	656/1116

### Key Share Data

Market Cap (Rs.bn)	130.06
Market Cap (US\$ mn)	1781
No of o/s shares (mn)	128.5
Face Value	5.0
Monthly Avg. vol(BSE+NSE) Nos'000	1353
BSE Code	500043
NSE Code	BATAINDIA
Bloomberg	BATA IN

### Price performance



% Shareholding	Sept-18	June -18
Promoters	52.96	52.96
Institutions	30.95	31.69
Others	16.09	15.35
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Bata Q2FY19 Results were better than expectations, Top-line growth of 14.7%, EBITDA margins at 13% v/s 11% Y-o-Y.

Net Revenues increased by 14.7% Y-o-Y to Rs 6731mn. Rs. 500-1000 range contributes ~20% to Revenues, post GST shift from unorganised to organised is witnessed in this category.

EBIDTA in absolute terms for Q2FY19 grew 35.5% YoY to Rs 873.4mn. EBIDTA margins stood at 13% vs 11% (aided by decrease in Raw Materials cost and rent)

#### As % to Revenues:

Raw Materials stood at 44.2% as against 44.9% Y-o-Y, Rent stood at 14% as against 15% Y-o-Y and Other Expenses stood at 16.8% as against 17%.

Q2FY19 PBT before exceptional increased by 33.8% Y-o-Y to Rs 857.6mn

Tax rate stood at 35.1% as against 33.1% last year and PAT improved by 29.8% Y-o-Y to Rs 556.61mn

### Other KTA's post Q2FY19 Management interaction

- **launched** international 'Red Angela' stores (count 50 now) in multiple cities across India, the initial response is good with rising footfalls
- new **brand campaign** 'Be Surprised' featuring Kriti Sanon, for Bata's fashion forward women's range and over 100 new styles, have started yielding results
- **Festive season** has witnessed excellent growth, H2FY19 is expected to be good
- **Retail:Wholesale** stands at (broadly) 85%:15% / in Q2FY19, growth in retail was ~16% and in wholesale it was ~4%.
- The company achieved a **volume** growth of 5% in this quarter
- Bata recorded a **SSS growth** of 9% in Q2FY19 and ~7.5% in H1FY19 and premiumization which led to a good top-line improvement.
- **Raw Material** situation is under control, the management is confident in maintaining their gross margins in H2 as well
- **Advertisement** and promotion cost has almost doubled, this has already generating results.
- STORES:** In H1FY19, the company opened 44 stores, and closed 13
- Individual stores break: Power sports brands: 3, bubblegummers: 2, hushpuppies: 100 stores

**Valuations @ Rs.1014:** 48.05x FY19e EPS of Rs 21.1 and 41.21x 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	89.1	12.0	16.1
FY17	24,742.6	2.1	2,785.8	11.3%	1,729.6	18.3	13.5	75.3	13.1	16.1
FY18	26,341.7	6.5	3,513.6	13.3%	2,205.1	27.5	17.2	59.1	15.0	19.7
FY19E	29,377.8	11.5	4,330.9	14.7%	2,715.1	23.1	21	48.0	16.1	21.5
FY20E	32,935.9	12.1	5,067.0	15.4%	3,168.0	16.7	25	41.1	16.5	22.1



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Particulars ( Rs Mns)	Q2FY19	Q2FY18	Growth	H1FY19	H1FY18	Growth
Net Sales	6730.71	5868.97	14.7%	14703.6	13229.6	11.1%
Other Operating Income				0		
<b>Total Operating Income</b>	<b>6730.71</b>	<b>5868.97</b>	<b>14.7%</b>	<b>14703.6</b>	<b>13229.6</b>	<b>11.1%</b>
Other Income	148.95	148.23	0.5%	268.7	264.06	1.8%
<b>TOTAL INCOME</b>	<b>6879.66</b>	<b>6017.2</b>	<b>14.3%</b>	<b>14972.3</b>	<b>13493.6</b>	<b>11.0%</b>
Cost of Materials Consumed	-793.82	-615.67	28.9%	-1524	-1429.7	6.6%
Purchase of Stock in Trade	-3190.5	-2497.5	27.7%	-5677	-5174.1	9.7%
Changes in Inventories	1007.91	479.03	110.4%	497.93	461.88	7.8%
Employee Cost	-808.9	-710.28	13.9%	-1631.5	-1450.9	12.4%
Rent	-944.24	-881.16	7.2%	-1854.4	-1829.6	1.4%
Other Expenses	-1127.8	-998.82	12.9%	-2323	-2207.2	5.2%
EXPENDITURE	-5857.3	-5224.4	12.1%	-12512	-11629	7.6%
EBIDTA	1022.35	792.83	28.9%	2460.3	1864.14	32.0%
<b>EBIDTA ( Excl O. Income)</b>	<b>873.4</b>	<b>644.6</b>	<b>35.5%</b>	<b>2191.6</b>	<b>1600.08</b>	<b>37.0%</b>
Less: Depreciation	-153.43	-144.03	6.5%	-303.56	-281.45	7.9%
PBIT	868.92	648.8	33.9%	2156.74	1582.69	36.3%
Less: Interest Cost	-11.29	-7.71	46.4%	-20.3	-16.64	22.0%
<b>PBT ( Before Exceptional)</b>	<b>857.63</b>	<b>641.09</b>	<b>33.8%</b>	<b>2136.44</b>	<b>1566.05</b>	<b>36.4%</b>
Exceptional				0	0	
PBT ( Post Exceptional)	857.63	641.09	33.8%	2136.44	1566.05	36.4%
Tax	-301.02	-212.16	41.9%	-754.3	-532.8	41.6%
PAT ( Reported)	556.61	428.93	29.8%	1382.14	1033.25	33.8%
<b>PAT ( Adjusted)</b>	<b>556.61</b>	<b>428.93</b>	<b>29.8%</b>	<b>1382.14</b>	<b>1033.25</b>	<b>33.8%</b>
Other Comprehensive Income	15.83	-143.7		12.56	-147.22	
<b>Total Comprehensive Income</b>	<b>572.44</b>	<b>285.23</b>		<b>1394.7</b>	<b>886.03</b>	
Equity	642.64	642.64	0.0%	642.64	642.64	0.0%
FV	5	5		5	5	
EPS ( On reported PAT)	4.33	3.34	29.8%	10.75	8.04	33.8%
<b>EPS ( on adjusted PAT)</b>	<b>4.33</b>	<b>3.34</b>	<b>29.8%</b>	<b>10.75</b>	<b>8.04</b>	<b>33.8%</b>
OPM	12.98%	10.98%		14.9%	12.1%	
NPM ( Reported PAT)	8.1%	7.1%		9.2%	7.7%	
Tax Rate	-35.1%	-33.1%		-35%	-34%	
<b>% of Total Operating Income</b>						
Cost of Materials Consumed	-11.8%	-10.5%		-10.4%	-10.8%	
Purchase of Stock in Trade	-47.4%	-42.6%		-38.6%	-39.1%	
Changes in Inventories	15.0%	8.2%		3.4%	3.5%	
<b>RAW MATERIALS</b>	<b>-44.2%</b>	<b>-44.9%</b>		<b>-45.6%</b>	<b>-46.4%</b>	
Employee Cost	-12.0%	-12.1%		-11.1%	-11.0%	
Rent	-14.0%	-15.0%		-12.6%	-13.8%	
Other Expenses	-16.8%	-17.0%		-15.8%	-16.7%	
EXPENDITURE	-87.0%	-89.0%		-85.1%	-87.9%	



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