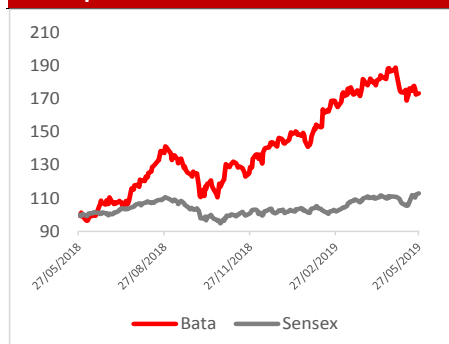



**Result Update @ Dalal & Broacha**
**Buy on Dips**

Current Price	1346
52 Week Range	740/1478

**Key Share Data**

Market Cap (Rs.bn)	170
Market Cap (US\$ mn)	2429
No of o/s shares (mn)	128.52
Face Value	5
Monthly Avg. vol(BSE+NSE) Nos'000	939
BSE Code	500043
NSE Code	BATAINDIA
Bloomberg	BATA IN

**Price performance**


% Shareholding	Mar-19	Dec -18
Promoters	52.96	52.96
Institutions	32.72	32.54
Others	14.32	14.50
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Bata Q4FY19 Results below expectations on topline growth of 7.4% , EBIDTA margins 13.9% v/s 13% YoY, however higher Other Income, and lower tax rate lifted bottomline by 70%.**

Q4FY19 Net Revenues increased by 7.4% YoY to Rs 6794mn.

**Retail** channel (~85% of revenues) witnessed 11% growth. **SSS** growth stood at 7% for Q4FY19 and for full year FY19 was 7.5%.

**E-commerce** (~6% of revenues now) channel performance was below expectations due to legislation change in online business impacted business for 2-3 weeks.

**Institutional business:** Q4FY18 had a large order of Rs 210mn i.e. ~3% of Q4FY18 revenues of Rs 6323mn. Expect one large institutional order in H2FY20 as well.

**EBIDTA** in absolute terms increased by 14.8% YoY to Rs 945mn. EBIDTA margins stood at 13.9% vs 13% YoY.

**As % to Revenues:**

Raw Materials stood at 42.9% v/s 44.1% YoY.

Rent stood at 14.3% v/s 14.2% YoY (in absolute terms on QOQ basis Rent was same at Rs 969mn)

Other Expenses stood at 16.4% v/s 15.9% YoY

**PBT (before exceptional)** increased by 36.4% YoY to Rs 1052mn boosted by Other Income up 104% YoY to Rs 279mn.

Tax rate stood at 16.1% v/s 32.5%. Q4FY19 PAT +70% YoY to Rs 883mn

**FY19 full year Revenues** up 11% YoY to Rs 29284mn, EBIDTA margins 16.3% v/s 13.5% YoY, PAT increased by 47.4% YoY to Rs 3297mn. EPS stood at Rs 25.65 v/s Rs 17.4. Dividend declared Rs 6.25

**Valuations @ Rs 1346:** 48x FY20e EPS of Rs 28.2 and 41x FY21e EPS of Rs 32.8  
The results for quarter Q4FY19 were below expectations mainly due to lower topline growth. We expect stock to show some correction and would recommend Buy on dips.

**Other KTA's:**

'Surprisingly Bata' campaign has generated footfalls and increased revenue from women category.

Omni channel offering at 400+ stores now

**Stores** COCO 1400 / Franchise 140; FY20e new openings 70-80 COCO and Franchise to reach ~200.

**Power Brand** double digit growth (new TVC aided growth)

**Advertisement** expenses +50% YoY in FY19 ~3% of Sales (was Rs 401mn up 70% YoY in FY18) / FY20e is also expected to be 40 to 50% higher as it is generating sales.

**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	100.0	13.1	16.1
FY18	26,341.7	6.5	3,513.6	13.3%	2,205.1	27.5	17.2	78.4	15.0	19.7
FY19	29,284.4	11.2	4,772.8	16.3%	3,296.6	49.5	25.7	52.5	18.9	23.7
FY20E	33,202.7	13.4	5,541.5	16.7%	3,618.9	9.8	28.2	47.8	18.1	24.0
FY21E	37,451.9	12.8	6,407.6	17.1%	4,212.6	16.4	32.8	41.1	18.2	24.1



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## Result Update@ Dalal & Broacha

Particulars (Rs Mns)	Q4FY19	Q4FY18	Growth	FY18	FY19	Growth
Net Sales	6793.9	6323.13	7.4%	26292.7	29284.4	11.4%
Other Operating Income				0	0	
<b>Total Operating Income</b>	<b>6793.9</b>	<b>6323.13</b>	<b>7.4%</b>	<b>26292.7</b>	<b>29284.4</b>	<b>11.4%</b>
Other Income	279.32	137.08	103.8%	508.44	685.43	34.8%
<b>TOTAL INCOME</b>	<b>7073.22</b>	<b>6460.21</b>	<b>9.5%</b>	<b>26801.2</b>	<b>29969.9</b>	<b>11.8%</b>
Cost of Materials Consumed	-696.24	-589.1	18.2%	-2695.2	-2807.2	4.2%
Purchase of Stock in Trade	-3177.2	-2640.5	20.3%	-9842.3	-10861	10.4%
Changes in Inventories	958.95	440.56	117.7%	578.97	825.23	42.5%
Employee Cost	-848.81	-808.85	4.9%	-2953.8	-3310.8	12.1%
Rent	-968.89	-896.19	8.1%	-3622.3	-3793.4	4.7%
Other Expenses	-1116.7	-1006	11.0%	-4220.2	-4564.1	8.1%
EXPENDITURE	-5848.9	-5500.1	6.3%	-22755	-24512	7.7%
EBIDTA	1224.3	960.11	27.5%	4046.35	5458.27	34.9%
<b>EBIDTA ( Excl O. Income)</b>	<b>944.98</b>	<b>823.03</b>	<b>14.8%</b>	<b>3537.91</b>	<b>4772.84</b>	<b>34.9%</b>
Less: Depreciation	-166.28	-168.55	-1.3%	-604.21	-640.16	5.9%
PBIT	1058.02	791.56	33.7%	3442.14	4818.11	40.0%
Less: Interest Cost	-5.88	-20.39	-71.2%	-41.98	-35.46	-15.5%
<b>PBT ( Before Exceptional)</b>	<b>1052.14</b>	<b>771.17</b>	<b>36.4%</b>	<b>3400.16</b>	<b>4782.65</b>	<b>40.7%</b>
Exceptional				0	0	
PBT ( Post Exceptional)	1052.14	771.17	36.4%	3400.16	4782.65	40.7%
Tax	-169.45	-250.34	-32.3%	-1164.4	-1486.1	27.6%
PAT ( Reported)	882.69	520.83	69.5%	2235.81	3296.6	47.4%
<b>PAT ( Adjusted)</b>	<b>882.69</b>	<b>520.83</b>	<b>69.5%</b>	<b>2235.81</b>	<b>3296.6</b>	<b>47.4%</b>
Other Comprehensive Income	-17.03	-35.71		-160.04	1.39	
<b>Total Comprehensive Income</b>	<b>865.66</b>	<b>485.12</b>		<b>2075.77</b>	<b>3297.99</b>	
Equity	642.64	642.64	0.0%	642.64	642.64	0.0%
FV	5	5		5	5	
EPS ( On reported PAT)	6.87	4.05	69.5%	17.40	25.65	-27.0%
<b>EPS ( on adjusted PAT)</b>	<b>6.87</b>	<b>4.05</b>	<b>69.5%</b>	<b>17.40</b>	<b>25.65</b>	<b>18.3%</b>
OPM	13.9%	13.0%		13.5%	16.3%	
NPM ( Reported PAT)	12.5%	8.1%		8.3%	11.0%	
Tax Rate	-16.1%	-32.5%		-34%	-31%	
<b>% of Total Operating Income</b>						
Cost of Materials Consumed	-10.2%	-9.3%		-10.3%	-9.6%	
Purchase of Stock in Trade	-46.8%	-41.8%		-37.4%	-37.1%	
Changes in Inventories	14.1%	7.0%		2.2%	2.8%	
<b>RAW MATERIALS</b>	<b>-42.9%</b>	<b>-44.1%</b>		<b>-45.5%</b>	<b>-43.9%</b>	
Employee Cost	-12.5%	-12.8%		-11.2%	-11.3%	
Rent	-14.3%	-14.2%		-13.8%	-13.0%	
Other Expenses	-16.4%	-15.9%		-16.1%	-15.6%	
EXPENDITURE	-86.1%	-87.0%		-86.5%	-83.7%	



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## Result Update@ Dalal & Broacha

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	29,284.4	33,202.7	37,451.9	Net Profit	1,589.5	2,205.1	3,296.6	3,618.9	4,212.6
Raw Materials	(11,580.6)	(12,024.0)	(12,843.3)	(14,576.0)	(16,403.9)	Add: Dep. & Amort.	650.4	604.5	640.2	735.0	829.8
Employee Cost	(2,731.9)	(2,956.1)	(3,310.8)	(13,085.2)	(14,640.4)	<b>Cash profits</b>	<b>2,239.9</b>	<b>2,809.7</b>	<b>3,936.8</b>	<b>4,353.9</b>	<b>5,042.5</b>
Other Expenses	(7,644.3)	(7,848.0)	(8,357.5)	(27,661.2)	(31,044.3)	(Inc)/Dec in					
Total Expenses	(21,956.7)	(22,828.1)	(24,511.6)			-Sundry debtors	15.9	(199.4)	230.0	(246.2)	(116.4)
<b>Operating Profit</b>	<b>2,785.8</b>	<b>3,513.6</b>	<b>4,772.8</b>	<b>5,541.5</b>	<b>6,407.6</b>	-Inventories	(284.4)	(513.8)	(742.0)	(1,157.8)	(1,222.4)
Depreciation	(650.4)	(604.5)	(640.2)	(735.0)	(829.8)	-Loans/advances	(70.9)	(41.1)	(104.6)	(107.4)	(118.4)
PBIT	2,135.5	2,909.1	4,132.7	4,806.5	5,577.8	-Current Assets	95.4	(580.0)	76.8	(179.0)	(196.9)
Other income	460.2	503.3	685.4	630.2	745.2	-Sundry creditors	809.2	711.1	324.9	628.6	851.4
Interest	(40.3)	(42.0)	(35.5)	(35.5)	(35.5)	-Others	57.6	(32.1)	330.3	96.6	104.7
Extraordinary Items	-	-	-	-	-	Change in working capital	622.8	(655.2)	115.5	(965.1)	(698.0)
Profit before tax	2,555.3	3,370.4	4,782.7	5,401.3	6,287.5	<b>CF from Oper. activities</b>	<b>2,862.7</b>	<b>2,154.5</b>	<b>4,052.3</b>	<b>3,388.8</b>	<b>4,344.5</b>
Provision for tax	(749.1)	(1,165.3)	(1,486.1)	(1,782.4)	(2,074.9)	<b>CF from Inv. activities</b>	<b>(396.8)</b>	<b>(712.1)</b>	<b>(892.3)</b>	<b>(850.0)</b>	<b>(850.0)</b>
<b>Reported PAT</b>	<b>1,806.2</b>	<b>2,205.1</b>	<b>3,296.6</b>	<b>3,618.9</b>	<b>4,212.6</b>	<b>CF from Fin. activities</b>	<b>(670.2)</b>	<b>(750.8)</b>	<b>(668.8)</b>	<b>(1,005.8)</b>	<b>(1,083.1)</b>
Extraordinary Items	(216.7)	-	-	-	-	<b>Cash generated/(utilised)</b>	<b>1,795.6</b>	<b>691.6</b>	<b>2,491.2</b>	<b>1,533.0</b>	<b>2,411.4</b>
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	9,936.2
<b>Adjusted PAT</b>	<b>1,729.6</b>	<b>2,205.1</b>	<b>3,296.6</b>	<b>3,618.9</b>	<b>4,212.6</b>	Cash at end of the year	5,220.3	5,911.9	8,403.1	9,936.2	12,347.5
<b>Balance Sheet</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>	<b>Ratios</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>
Equity capital	642.6	642.6	642.6	642.6	642.6	OPM	11.3	13.3	16.3	16.7	17.1
Reserves	12,600.6	14,104.3	16,775.8	19,388.9	22,518.5	NPM	6.9	8.2	11.0	10.7	11.0
<b>Net worth</b>	<b>13,243.2</b>	<b>14,746.9</b>	<b>17,418.4</b>	<b>20,031.5</b>	<b>23,161.1</b>	Tax rate	(29.3)	(34.6)	(31.1)	(33.0)	(33.0)
Def. Tax Liab.+Minority Int.	-	-	-	-	-	<b>Growth Ratios (%)</b>					
Longterm Debt	-	-	-	-	-	Net Sales	2.1	6.5	11.2	13.4	12.8
Short Term Debt	-	-	-	-	-	Operating Profit	1.0	26.1	35.8	16.1	15.6
Total debt	-	-	-	-	-	PAT	18.3	27.5	49.5	9.8	16.4
<b>CAPITAL EMPLOYED</b>	<b>13,243.2</b>	<b>14,746.9</b>	<b>17,418.4</b>	<b>20,031.5</b>	<b>23,161.1</b>						
<b>Total fixed assets</b>	<b>2,977.9</b>	<b>3,085.4</b>	<b>3,337.6</b>	<b>3,452.6</b>	<b>3,472.7</b>	<b>Per Share (Rs.)</b>					
Goodwill	-	-	-	-	-	Net Earnings (EPS) ( FV 5)	13.5	17.2	25.7	28.2	32.8
Investments	-	-	-	-	-	Cash Earnings (CPS)	17.4	21.9	30.6	33.9	39.2
Inventories	7,138.0	7,651.7	8,393.7	9,551.5	10,773.8	Dividend	3.5	3.5	6.3	6.5	7.0
Sundry debtors	694.1	893.5	663.5	909.7	1,026.1	Book Value	103.0	114.7	135.5	155.9	180.2
Cash & bank	5,220.3	5,911.9	8,403.1	9,936.2	12,347.5	Free Cash Flow	20.1	9.6	23.9	18.7	26.1
Loans & advances	909.2	950.3	1,054.9	1,162.2	1,280.6	<b>Valuation Ratios</b>					
Other current assets	1,286.5	1,866.4	1,789.6	1,968.5	2,165.4	<b>P/E(x)</b>	<b>100.0</b>	<b>78.4</b>	<b>52.5</b>	<b>47.8</b>	<b>41.1</b>
Sundry creditors	(5,124.2)	(5,835.3)	(6,160.2)	(6,788.8)	(7,640.2)	P/B(x)	13.1	11.7	9.9	8.6	7.5
O. Current Liabilities	(820.5)	(706.8)	(982.8)	(1,061.4)	(1,146.3)	EV/EBIDTA(x)	60.2	47.6	34.5	29.4	25.1
Provisions	(43.5)	(125.1)	(179.4)	(197.4)	(217.1)	Div. Yield(%)	0.3	0.3	0.5	0.5	0.5
<b>Working capital</b>	<b>9,259.9</b>	<b>10,606.6</b>	<b>12,982.3</b>	<b>15,480.5</b>	<b>18,589.8</b>	<b>FCF Yield(%)</b>	<b>1.5</b>	<b>0.7</b>	<b>1.8</b>	<b>1.4</b>	<b>1.9</b>
Deferred Tax Assets	1,005.4	1,054.8	1,098.5	1,098.5	1,098.5	<b>Return Ratios (%)</b>					
Miscellaneous exp.	-	-	-	-	-	ROE	13.1	15.0	18.9	18.1	18.2
<b>CAPITAL DEPLOYED</b>	<b>13,243.2</b>	<b>14,746.9</b>	<b>17,418.4</b>	<b>20,031.5</b>	<b>23,161.1</b>	ROCE	16.1	19.7	23.7	24.0	24.1

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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