Growth Recovery Continues; Maintain HOLD

Est. Vs. Actual for Q2FY27: Revenue – BEAT; EBITDA – MISS; PAT – MISS
Changes in Estimates post Q2FY27
FY27E/FY28E: Revenue: 0%/0%; **EBITDA:** -1%/-1%; **PAT:** -4%/-3%
Recommendation Rationale

- **Gradual Revenue Recovery:** Bata India reported 7.5% YoY revenue growth to Rs 862 Cr in Q2FY27, driven by a 5–6% increase in ASP and marginal volume growth. ASP improvement was supported by premiumisation and price hikes implemented in September, the full benefit of which is expected to reflect in Q3FY27. Despite the festive calendar shift from Q2 to Q3, footfalls remained positive, while Bata and Hush Puppies continued to witness healthy consumer traction.
- **Gross Margin Stability Offset by Higher Operating Costs:** Gross margin improved marginally by 7bps YoY; however, EBITDA margin declined 140bps to 16.7%, impacted by an unfavourable channel mix and higher operating costs. The increasing contribution from distribution, e-commerce and franchise channels diluted the overall gross margin, although these businesses remained individually profitable. On the cost front, other expenses and employee costs increased 13% and 9% YoY, respectively, further weighing on profitability.
- **Channel Growth & Expansion:** The company plans to drive growth through franchise-led expansion, while selectively adding COCO stores, with double-digit store additions targeted over the next year. E-commerce sales are expected to pick up in Q3FY27, supported by the festive calendar shift and promotional activity. However, the channel operates at lower ASPs, reflecting its volume-led nature.
- **Demand Outlook:** Q2 growth remained largely ASP-led, with volume growth yet to gain traction. Management expects volumes to improve in Q3FY27, supported by strong sneaker demand, which should also aid realisations. Margins are expected to remain range-bound, with a favourable shift in channel mix providing some support to profitability.

Sector Outlook: Cautious
Company Outlook & Guidance: While early signs of demand recovery are visible, the sustainability of the turnaround remains to be established. Accordingly, we adopt a wait-and-watch approach and **maintain our HOLD rating on the stock.**
Current Valuation: 33x Sep'28E EPS (Earlier Valuation: 38x Jun'28E EPS)
Current TP: Rs 660/share (Earlier TP: Rs 755/share)
Recommendation: With a 4% upside from the CMP, we **maintain our HOLD rating on the stock.**

Financial Performance

Bata India reported revenue of Rs 862 Cr, up 7.5% YoY. EBITDA stood at Rs 144 Cr, down 0.8% YoY, while EBITDA margins contracted by 140 bps to 16.7%. PAT came in at Rs 18 Cr, up 30% YoY.

Financials Summary (Consolidated)

(Rs Cr)	Q2FY27	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	862	(12.0)	7.5	849	1.5
EBITDA	144	(29.5)	(0.8)	155	(7.0)
EBITDA Margin (%)	16.7	-414 bps	-140 bps	18.2	-153 bps
Net Profit	18	(71.7)	30.4	25	(28.7)
EPS (Rs)	1	(71.7)	30.4	2	(28.7)

Source: Company, Axis Securities Research

(CMP as of 04th November, 2026)

CMP (Rs)	633
Upside /Downside (%)	4%
High/Low (Rs)	1069/600
Market cap (Cr)	8,140
Avg. daily vol. (6m)Shrs.'000	435
No. of shares (Cr)	12.8

Shareholding (%)

	Mar-26	Jun-26	Sep-26
Promoter	50.2	50.2	50.2
FIIs	6.4	6.4	5.8
MFs / UTI	16.6	15.7	14.6
FI/ Banks	0.0	0.0	0.0
Others	26.8	27.8	29.5

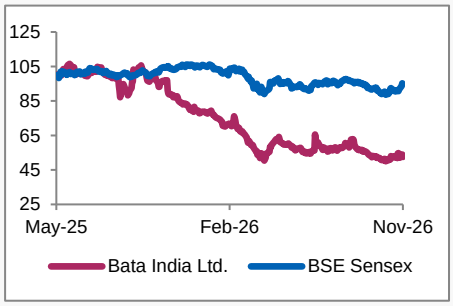
Financial & Valuations

Y/E Mar (Rs) Cr)	FY26	FY27E	FY28E
Net Sales	3,515	3,733	3,964
EBITDA	706	658	700
Net Profit	134	171	240
EPS (Rs)	10.4	13.3	18.7
PER (x)	44.5	47.5	33.9
EV/EBITDA (x)	11.3	11.6	10.5
RoE (%)	5.1	4.8	4.5

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	0%	0%
EBITDA	-1%	-1%
PAT	-4%	-3%

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

Q1FY27
Q4FY26
Q3FY26
Q2FY26

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Outlook & Recommnedation

We remain constructive on the company's long-term growth prospects, supported by its focus on premiumisation, casualisation, product portfolio simplification and franchise-led expansion in Tier 3–5 towns. Investments in backend processes, including the implemented ERP system, are expected to improve operational efficiency and execution. Under its Reignite strategy, the company aims to double its India business by 2030, supported by double-digit store additions, consumer-centric merchandise and higher-value product launches. While improving inventory metrics and early signs of demand recovery are encouraging, the sustainability of the turnaround remains to be established. **We therefore maintain our HOLD rating,** awaiting stronger evidence of a sustained recovery in demand and LFL growth.

Key Risks to Our Estimates and TP

- Increase in competitive intensity.
- Weakening of the demand environment.
- War-led input cost inflation.
- Aggressive store expansion.

Change in Estimates

	Old		New		% change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	3,733	3,964	3,733	3,964	0%	0%
EBITDA	668	709	658	700	-1%	-1%
PAT	179	247	171	240	-4%	-3%
EPS	14	19	13	19	-5%	-2%

Source: Company, Axis Securities Research

Results Review

	Q2FY26	Q1FY27	Axis Est.	Q2FY27	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
Net Sales	**801**	**979**	**849**	**862**	**7.5**	**(12.0)**	**1.5**
Gross Profit	**444**	**536**	**476**	**478**	**7.7**	**(10.8)**	**0.5**
Gross Margin (%)	**55.4**	**54.8**	**56.0**	**55.5**	**7 bps**	**71 bps**	**-53 bps**
Employee Expenses	111	114	131	122	9.2	7.1	(7.4)
Other Expenses	188	218	190	213	13.3	(2.7)	12.2
EBITDA	**145**	**204**	**155**	**144**	**(0.8)**	**(29.5)**	**(7.0)**
EBITDA Margin (%)	**18.1**	**20.8**	**18.2**	**16.7**	**-140 bps**	**-414 bps**	**-153 bps**
Oth. Inc	21	18	22	18	(15.7)	0.1	(19.7)
Interest	34	33	34	32	(4.2)	(0.9)	(5.6)
Depreciation	105	103	109	105	(0.2)	1.3	(3.5)
EO items	8	-	-	-			
PBT	**19**	**86**	**34**	**25**	**28.0**	**(71.2)**	**(28.1)**
Tax	5	22	9	7	21.8	(70.0)	(26.3)
PAT	**14**	**64**	**25**	**18**	**30.4**	**(71.7)**	**(28.7)**
EPS	**1**	**5**	**2**	**1**	**30.4**	**(71.7)**	**(28.7)**

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Net sales	**3,515**	**3,733**	**3,964**	**4,210**
Growth, %	0.8	6.2	6.2	6.2
Total income	3,515	3,733	3,964	4,210
Raw material expenses	(1,572)	(1,729)	(1,833)	(1,943)
Employee expenses	(452)	(497)	(522)	(548)
Other Operating Expenses	(785)	(848)	(909)	(975)
EBITDA (Core)	**706**	**658**	**700**	**743**
Growth, %	(4.2)	(6.8)	6.3	6.3
Margin, %	20.1	17.6	17.6	17.7
Depreciation	(420)	(380)	(342)	(357)
EBIT	**286**	**278**	**358**	**386**
Growth, %	(22)	(3)	29	8
Margin, %	8	7	9	9
Interest paid	(135)	(143)	(148)	(154)
Other Income	79	93	110	130
Non-recurring Items	(49)	-	-	-
Pre-tax profit	**182**	**229**	**320**	**362**
Tax provided	(48)	(57)	(80)	(91)
Profit after tax	**134**	**171**	**240**	**272**
Growth, %	(11.8)	(6.3)	39.9	13.2
Net Profit (adjusted)	**134**	**171**	**240**	**272**
Unadj. shares (Cr)	13	13	13	13

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Cash & bank	485	787	1,081	1,405
Marketable securities at cost	35	35	35	35
Debtors	184	195	208	220
Inventory	708	751	798	847
Other current assets	145	145	145	145
Total current assets	1,639	1,913	2,266	2,652
Investments	5	5	5	5
Gross fixed assets	2,661	2,874	2,912	3,042
Less: Depreciation	(1,001)	(1,382)	(1,723)	(2,080)
Add: Capital WIP	4	4	4	4
Net fixed assets	1,664	1,497	1,193	966
Non-current assets	23	23	23	23
Total assets	**3,779**	**3,885**	**3,935**	**4,093**
Current liabilities	960	980	1,002	1,025
Provisions	9	9	9	9
Total current liabilities	969	990	1,011	1,035
Non-current liabilities	1,213	1,213	1,213	1,213
Total liabilities	2,183	2,203	2,225	2,248
Paid-up capital	64	64	64	64
Reserves & surplus	1,531	1,617	1,737	1,873
Shareholders' equity	1,596	1,681	1,801	1,937
Total equity & liabilities	**3,778**	**3,885**	**3,934**	**4,093**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Pre-tax profit	182	229	320	362
Depreciation	420	380	342	357
Chg in working capital	(416)	48	(37)	(39)
Total tax paid	(65)	(57)	(80)	(91)
Other operating activities	-	-	-	-
Cash flow from operating activities	**121**	**600**	**545**	**590**
Capital expenditure	(270)	(213)	(38)	(130)
Other investing activities	-	-	-	-
Cash flow from investing activities	**(133)**	**(213)**	**(38)**	**(130)**
Free cash flow	(12)	387	507	460
Dividend (incl. tax)	-	-	-	-
Other financing activities	-	-	-	-
Cash flow from financing activities	**(24)**	**-**	**-**	**-**
Net chg in cash	(36)	387	507	460
Opening cash balance	634	485	787	1,081
Closing cash balance	485	787	1,081	1,405

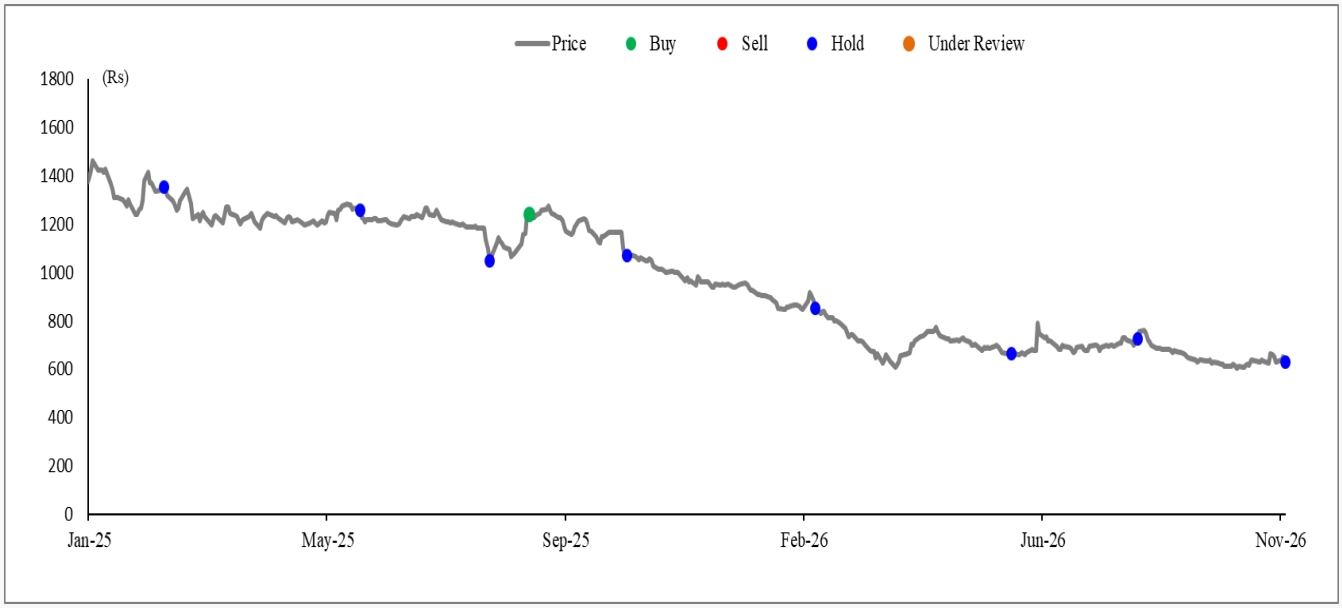
Source: Company, Axis Securities Research

Ratio Analysis (%)

	FY26	FY27E	FY28E	FY29E
Per Share data				
EPS (INR)	10.4	13.3	18.7	21.1
Growth, %	(11.8)	(6.3)	39.9	13.2
Book NAV/share (INR)	124.1	130.8	140.1	150.7
FDEPS (INR)	14.2	13.3	18.7	21.1
CEPS (INR)	50.7	42.9	45.2	48.9
CFPS (INR)	2.7	39.4	33.8	35.7
Return ratios				
Return on assets (%)	7.1	8.2	9.9	10.6
Return on equity (%)	11.5	10.2	13.3	14.0
Return on capital employed (%)	9.4	11.0	13.1	13.8
Turnover ratios				
Asset turnover (x)	3.2	3.3	4.4	6.3
Sales/Total assets (x)	0.9	1.0	1.0	1.0
Sales/Net FA (x)	2.0	2.4	2.9	3.9
Working capital/Sales (x)	0.0	0.0	0.0	0.0
Receivable days	19.1	19.1	19.1	19.1
Inventory days	73.5	73.5	73.5	73.5
Payable days	42.9	41.7	41.7	41.7
Working capital days	16.6	10.9	13.6	16.2
Liquidity ratios				
Current ratio (x)	1.7	2.0	2.3	2.6
Quick ratio (x)	1.0	1.2	1.5	1.8
Interest cover (x)	2.1	1.9	2.4	2.5
Valuation				
PER (x)	44.5	47.5	33.9	30.0
PEG (x) YoY growth	(3.8)	(7.5)	0.8	2.3
Price/Book (x)	5.1	4.8	4.5	4.2
EV/Net sales (x)	2.3	2.1	1.9	1.7
EV/EBITDA (x)	11.3	11.6	10.5	9.5
EV/EBIT (x)	27.8	27.6	20.6	18.2

Source: Company, Axis Securities Research

Bata India Price Chart and Recommendation History



Date	Reco	TP	Research
13-Feb-25	HOLD	1,320	Result Update
03-Jun-25	HOLD	1,250	Result Update
18-Aug-25	HOLD	1,020	Result Update
08-Sep-25	BUY	1,380	Company Update
31-Oct-25	HOLD	1,000	Result Update
16-Feb-26	HOLD	920	Result Update
04-Jun-26	HOLD	700	Result Update
14-Aug-26	HOLD	755	Result Update
05-Nov-26	HOLD	660	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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