

Recovery Would be Gradual; Maintain HOLD

Est. Vs. Actual for Q4FY25: Revenue – **MISS**; EBITDA – **MISS**; PAT – **MISS**

Changes in Estimates post Q4FY25

FY26E/FY27E: Revenue: -3%/-3%; EBITDA: -7%/-5%; PAT: -14%/-9%

Recommendation Rationale

- **Topline remains weak:** The company reported subdued revenue of -1.2% YoY (vs. expected 3%) on account of a weak demand environment. However, management highlighted that growth was volume-driven across channels as it continued to drive category simplification and affordability initiatives. Inventory optimisation remains a key focus, with a 15% YoY reduction in Q4FY25. With zero-waste merchandising at its core, store expansion is gaining momentum, now spanning three towns. Additionally, the "Bata Ladies" category was streamlined from 11 to 3 price points, improving consumer decision-making and driving a strong uptick in sales volume.
- **Margins Pressure:** Gross margins declined 229 bps YoY to 57.8% on account of an increased share of low-margin franchisees and e-comm channel. However, EBITDA margins declined 22 bps YoY to 22.6% albeit on a slower pace on account of the company's continued focus on cost optimisation initiatives.
- **Premium continues to perform:** Floatz achieved a notable 2.9x growth in revenue and 2.6x growth in volume over Q4FY25, establishing itself as a Rs 100 Cr+ brand. Bata expects Floatz to see continued growth momentum and is likely to reach Rs 200 Cr in sales by the end of FY26.

Sector Outlook: Cautious

Company Outlook & Guidance: Due to near-term challenges and limited upside potential, we maintain our HOLD rating on the stock.

Current Valuation: 40x Mar'27 EPS (Earlier valuation: 40x Dec'26 EPS)

Current TP: Rs 1,250/share (Earlier TP: Rs 1,320/share).

Recommendation: With a 1% downside from the CMP, we maintain our HOLD rating on the stock.

Financial Performance

Bata India reported revenue of Rs 788 Cr, registering a 1.2% YoY decline. EBITDA stood at Rs 178 Cr, down 2% YoY. EBITDA margins declined by 22 bps to 22.6% on account of subdued gross margin (down 229 bps); however, it was mitigated through cost optimisation initiatives. PAT came in at Rs 46 Cr, down 28% YoY.

Financials Summary (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	788	(14.2)	(1.2)	822	(4.1)
EBITDA	178	(10.6)	(2.2)	192	(6.9)
EBITDA Margin (%)	22.6	91 bps	-22 bps	23.3	-68 bps
Net Profit	46	(21.8)	(27.9)	68	(32.6)
EPS (Rs)	4	(21.8)	(27.9)	5	(32.6)

Source: Company, Axis Research

(CMP as of 2nd June, 2025)

CMP (Rs)	1261
Upside /Downside (%)	-1%
High/Low (Rs)	1632/1228
Market cap (Cr)	17,399
Avg. daily vol. (6m)Shrs.'000	222
No. of shares (Cr)	12

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	50.2	50.2	50.2
FII	8.8	7.5	6.9
MFs / UTI	14.2	15.9	16.4
FI/ Banks	0.0	0.0	0.0
Others	26.9	26.4	26.5

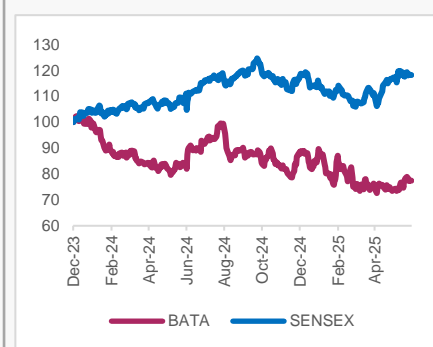
Financial & Valuations

Y/E Mar (Rs) Cr)	FY25	FY26E	FY27E
Net Sales	3,489	3,920	4,363
EBITDA	737	876	1,013
Net Profit	331	318	403
EPS (Rs)	25.7	24.7	31.3
PER (x)	78.1	51.0	40.2
EV/EBITDA (x)	21.1	17.4	14.6
RoE (%)	12.9	17.9	20.4

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-3%	-3%
EBITDA	-7%	-5%
PAT	-14%	-9%

Relative Performance



Source: Ace Equity, Axis Securities

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Outlook

We remain positive on the long-term outlook of the company, as its investments in backend processes are expected to drive overall efficiency. Its premiumisation and casualisation strategies and simplifying product portfolio across categories, along with franchise-led expansion in Tier 3-5 towns, should yield positive results over time. The company's disciplined approach to retail network expansion and marketing investments further supports this positive trajectory. Additionally, the company's ERP project has gone live, and management anticipates benefits in terms of speed, agility, and operational accuracy. However, near-term challenges persist, with a significant portion of the mass portfolio still under pressure. **Given these factors, we retain a cautious stance and maintain our HOLD rating on the stock.**

Key Risks to Our Estimates and TP

- Increase in competitive intensity.
- Weakening of the demand environment.

Change in Estimates

	Old		New		% change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	4,028	4,483	3,920	4,363	-3%	-3%
EBITDA	944	1,069	876	1,013	-7%	-5%
PAT	368	444	318	403	-14%	-9%
EPS	28.7	34.6	25	31	-14%	-9%

Source: Company, Axis Securities

Results Review

	Q4FY24	Q3FY25	Axis Est.	Q4FY25	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
Net Sales	798	919	822	788	(1.2)	(14.2)	(4.1)
Gross Profit	480	516	493	456	(5.0)	(11.7)	(7.5)
Gross Margin (%)	60.1	56.2	60.0	57.8	-229 bps	165 bps	-216 bps
Employee Expenses	107	103	109	124	16.6	20.2	14.3
Other Expenses	191	213	193	153	(19.7)	(28.2)	(20.5)
EBITDA	182	200	192	178	(2.2)	(10.6)	(6.9)
EBITDA Margin (%)	22.8	21.7	23.3	22.6	-22 bps	91 bps	-68 bps
Oth. Inc	22	10	23	22	1.8	126.0	(3.0)
Interest	31	31	31	35	12.3	11.7	10.6
Depreciation	90	90	91	104	14.8	15.0	13.9
EO items	-	11	-	-			
PBT	83	77	92	62	(25.0)	(19.6)	(32.4)
Tax	19	19	24	16	(15.6)	(12.6)	(32.0)
PAT	64	59	68	46	(27.9)	(21.8)	(32.6)
EPS	5	5	5	4	(27.9)	(21.8)	(32.6)

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY24A	FY25A	FY26E	FY27E
Net sales	3,479	3,489	3,920	4,363
Growth, %	0.8	0.3	12.4	11.3
Total income	3,479	3,489	3,920	4,363
Raw material expenses	(1,492)	(1,524)	(1,692)	(1,861)
Employee expenses	(420)	(462)	(513)	(570)
Other Operating Expenses	(781)	(765)	(838)	(918)
EBITDA (Core)	786	737	876	1,013
Growth, %	(1.0)	(6.2)	18.8	15.7
Margin, %	22.6	21.1	22.4	23.2
Depreciation	(339)	(371)	(384)	(404)
EBIT	447	366	492	609
Growth, %	(10)	(18)	34	24
Margin, %	13	10	13	14
Interest paid	(117)	(128)	(134)	(143)
Other Income	62	66	68	75
Non-recurring Items	(41)	123	-	-
Pre-tax profit	351	426	426	541
Tax provided	(88)	(96)	(109)	(138)
Profit after tax	263	331	318	403
Growth, %	(6.1)	(31.6)	53.1	26.8
Net Profit (adjusted)	263	331	318	403
Unadj. shares (Cr)	13	13	13	13

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

As of 31st Mar	FY24A	FY25A	FY26E	FY27E
Cash & bank	408	734	1,058	1,443
Marketable securities at cost	37	37	37	37
Debtors	80	80	90	100
Inventory	930	932	1,047	1,166
Other current assets	77	77	77	77
Total current assets	1,531	1,860	2,309	2,823
Investments	133	133	133	133
Gross fixed assets	2,269	2,399	2,529	2,659
Less: Depreciation	(760)	(1,131)	(1,515)	(1,919)
Add: Capital WIP	4	4	4	4
Net fixed assets	1,512	1,271	1,017	743
Non-current assets	27	27	27	27
Total assets	3,345	3,433	3,629	3,868
Current liabilities	735	736	773	811
Provisions	-	-	-	-
Total current liabilities	735	736	773	811
Non-current liabilities	1,083	1,083	1,083	1,083
Total liabilities	1,818	1,819	1,856	1,894
Paid-up capital	64	64	64	64
Reserves & surplus	1,463	1,549	1,708	1,909
Shareholders' equity	1,527	1,613	1,772	1,974
Total equity & liabilities	3,345	3,432	3,628	3,868

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar	FY24A	FY25A	FY26E	FY27E
Pre-tax profit	351	426	426	541
Depreciation	339	371	384	404
Chg in working capital	(71)	(2)	(88)	(90)
Total tax paid	(101)	(96)	(109)	(138)
Other operating activities	-	-	-	-
Cash flow from operating activities	517	700	614	717
Capital expenditure	(456)	(130)	(130)	(130)
Other investing activities	-	-	-	-
Cash flow from investing activities	(466)	(130)	(130)	(130)
Free cash flow	51	570	484	587
Dividend (incl. tax)	-	-	-	-
Other financing activities	-	-	-	-
Cash flow from financing activities	-	-	-	-
Net chg in cash	51	570	484	587
Opening cash balance	531	408	734	1,058
Closing cash balance	408	734	1,058	1,443

Source: Company, Axis Securities

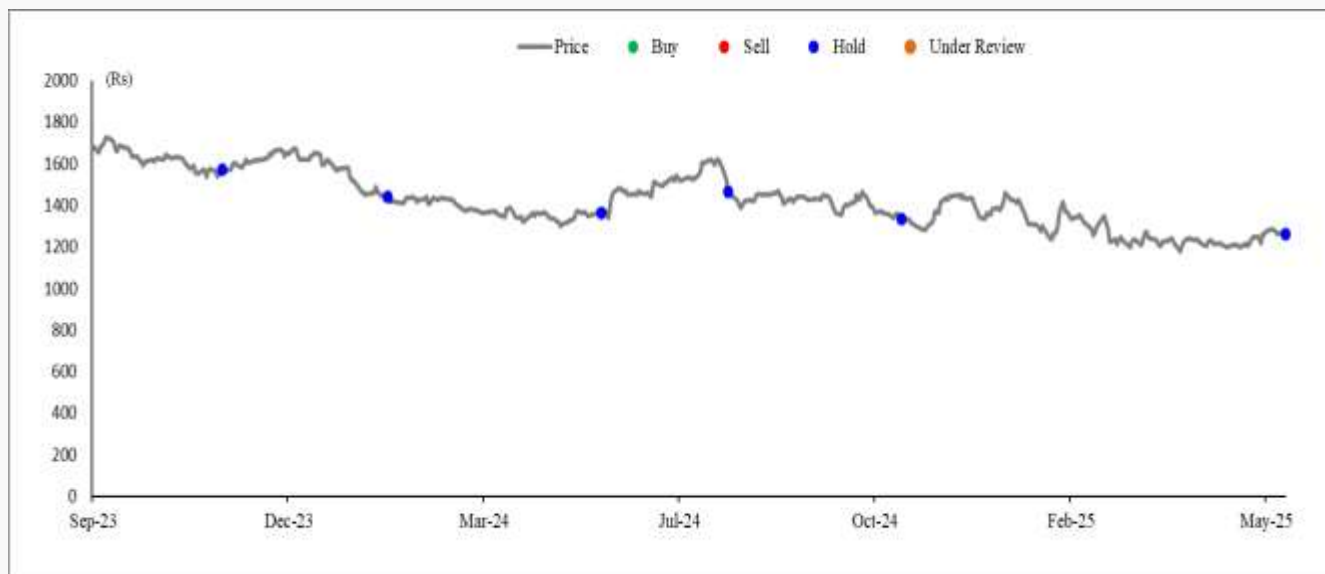
Ratio Analysis

(%)

	FY24A	FY25A	FY26E	FY27E
Per Share data				
EPS (INR)	20.4	25.7	24.7	31.3
Growth, %	(6.1)	(31.6)	53.1	26.8
Book NAV/share (INR)	118.8	125.5	137.9	153.6
FDEPS (INR)	23.6	16.1	24.7	31.3
CEPS (INR)	53.2	35.4	54.6	62.8
CFPS (INR)	37.5	49.4	42.4	49.9
Return ratios				
Return on assets (%)	11.5	13.5	12.8	14.6
Return on equity (%)	19.9	12.9	17.9	20.4
Return on capital employed (%)	15.0	17.3	16.3	18.5
Turnover ratios				
Asset turnover (x)	4.3	4.5	6.8	10.9
Sales/Total assets (x)	1.1	1.0	1.1	1.2
Sales/Net FA (x)	2.4	2.5	3.4	5.0
Working capital/Sales (x)	0.1	0.1	0.1	0.1
Receivable days	8.4	8.4	8.4	8.4
Inventory days	97.5	97.5	97.5	97.5
Payable days	40.6	39.9	40.5	41.0
Working capital days	36.8	36.9	41.1	44.5
Liquidity ratios				
Current ratio (x)	2.1	2.5	3.0	3.5
Quick ratio (x)	0.8	1.3	1.6	2.0
Interest cover (x)	3.8	2.8	3.7	4.3
Valuation				
PER (x)	53.4	78.1	51.0	40.2
PEG (x) - y-o-y growth	(8.8)	(2.5)	1.0	1.5
Price/Book (x)	10.6	10.0	9.1	8.2
EV/Net sales (x)	4.6	4.5	3.9	3.4
EV/EBITDA (x)	20.2	21.1	17.4	14.6
EV/EBIT (x)	35.5	42.4	30.9	24.3

Source: Company, Axis Securities

Bata India Price Chart and Recommendation History



Date	Reco	TP	Research
10-Nov-23	HOLD	1,650	Result Update
07-Feb-24	HOLD	1,520	Result Update
03-Jun-24	HOLD	1,470	Result Update
08-Aug-24	HOLD	1,380	Result Update
11-Nov-24	HOLD	1,290	Result Update
13-Feb-25	HOLD	1,320	Result Update
03-Jun-25	HOLD	1,250	Result Update

Source: Axis Securities Research

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