

Recovery Gains Momentum; Maintain HOLD
Est. Vs. Actual for Q4FY26: Revenue – BEAT; EBITDA – MISS; PAT – MISS
Changes in Estimates post Q4FY26
FY27E/FY28E: Revenue: -7%/-8%; EBITDA: -13%/-15%; PAT: -33%/-32%
Recommendation Rationale

- Early Recovery; Premium Push Gaining Pace:** Bata India reported ~5% YoY revenue growth in Q4FY26, driven by 5% volume growth, marking the second consecutive quarter of accelerating recovery. Premium brands, led by Hush Puppies, contributed 18%-20% of revenue, while the Zero Base Merchandising (ZBM) initiative across 550+ stores continued to enhance store productivity. The company has expanded ZBM to over 700 stores and targets 75%-80% network coverage by quarter-end. E-commerce remained the fastest-growing channel with 26% YoY growth, supported by an omnichannel network of 700+ stores fulfilling online orders, improving customer experience and inventory efficiency.
- Margins Pressure:** EBITDA margin contracted by 441 bps YoY to 18.2% in Q4FY26. Margins and profitability were affected due to a couple of one-time costs, such as the Voluntary Retirement Scheme (VRS), which amounted to Rs 28 Cr, non-cash forex loss of Rs 22 Cr due to currency devaluation. Meanwhile, Gross inventory reduced by 13% YoY and 28% over the last 2 years, reflecting stronger inventory discipline. The raw material inflation impact was around 5%-6%, and the management remains vigilant about the same. Labour price impact is something which is perennial; however, given that the company offers more wages than the minimum wages, the labour cost is somewhat insulated.
- Expansion Momentum Intact:** The company exited the year with 700 franchisee stores, aiming to reach 1000 stores in the next 12 months, continuing its asset-light expansion strategy.
- Demand Outlook:** Management remains optimistic about demand recovery in the near-term, supported by its marketing investments, robust brand equity, extensive retail network, and a continued emphasis on cost optimisation and operational efficiency.

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: 38x Mar'28E EPS (Earlier Valuation: 38x Dec'27E EPS)
Current TP: Rs 700/share (Earlier TP: Rs 920/share)
Recommendation: With a 5% upside from the CMP, we **maintain our HOLD rating on the stock.**
Financial Performance

Bata India reported revenue of Rs 828 Cr, up ~5% YoY. EBITDA stood at Rs 151 Cr, down 15.5% YoY, and EBITDA margins contracted by 441 bps to 18.2%. PAT came in at Rs 2 Cr, down 95% YoY due to one-off items.

Financials Summary (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	828	(12.4)	5.0	820	1.0
EBITDA	151	(28.9)	(15.5)	195	(22.6)
EBITDA Margin (%)	18.2	-423 bps	-441 bps	23.7	-553 bps
Net Profit	2	(96.7)	(95.2)	55	(96.0)
EPS (Rs)	0	(96.7)	(95.2)	4	(96.0)

Source: Company, Axis Securities Research

 (CMP as of 03rd June, 2026)

CMP (Rs)	665
Upside /Downside (%)	5%
High/Low (Rs)	1287/605
Market cap (Cr)	8,553
Avg. daily vol. (6m)Shrs.'000	174
No. of shares (Cr)	12.8

Shareholding (%)

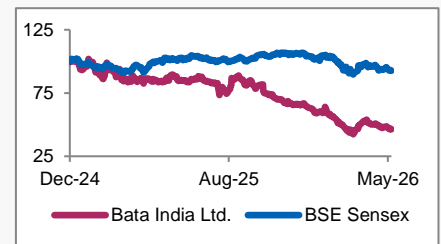
	Sep-25	Dec-25	Mar-26
Promoter	50.2	50.2	50.2
FII's	6.9	6.2	6.4
MFs / UTI	17.4	17.3	16.6
FI/ Banks	0.0	0.0	0.0
Others	25.6	26.3	26.8

Financial & Valuations

Y/E Mar (Rs) Cr	FY26	FY27E	FY28E
Net Sales	3,515	3,733	3,964
EBITDA	706	683	728
Net Profit	134	185	237
EPS (Rs)	10.4	14.4	18.4
PER (x)	46.9	46.3	36.1
EV/EBITDA (x)	11.9	11.8	10.6
RoE (%)	11.6	11.1	13.3

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-7%	-8%
EBITDA	-13%	-15%
PAT	-33%	-32%

Relative Performance


Source: Ace Equity, Axis Securities

Results Gallery
[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)
[Q4FY25](#)
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Outlook & Recommendation

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, along with simplifying the product portfolio across categories and 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, its ERP project has gone live, and management anticipates benefits in terms of speed, agility, and operational accuracy. 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.

Key Risks to Our Estimates and TP

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

Change in Estimates

	Old		New		% change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	4,003	4,329	3,733	3,964	-7%	-8%
EBITDA	786	859	683	728	-13%	-15%
PAT	276	349	185	237	-33%	-32%
EPS	21	27	14	18	-32%	-32%

Source: Company, Axis Securities Research

Results Review

	Q4FY25	Q3FY26	Axis Est.	Q4FY26	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
Net Sales	788	945	820	828	5.0	(12.4)	1.0
Gross Profit	456	529	474	467	2.4	(11.7)	(1.4)
Gross Margin (%)	57.8	56.0	57.8	56.4	-141 bps	43 bps	-137 bps
Employee Expenses	124	111	131	113	(9.0)	1.6	(13.3)
Other Expenses	153	206	149	203	32.6	(1.2)	36.7
EBITDA	178	212	195	151	(15.5)	(28.9)	(22.6)
EBITDA Margin (%)	22.6	22.4	23.7	18.2	-441 bps	-423 bps	-553 bps
Oth. Inc	22	21	23	20	(11.4)	(5.6)	(15.6)
Interest	35	32	34	34	(3.3)	4.2	(0.8)
Depreciation	104	104	109	105	1.3	1.0	(3.8)
EO items	-	8	-	28			
PBT	62	89	75	4	(93.9)	(95.7)	(94.9)
Tax	16	23	19	2	(90.2)	(93.0)	(91.8)
PAT	46	66	55	2	(95.2)	(96.7)	(96.0)
EPS	4	5	4	0	(95.2)	(96.7)	(96.0)

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	3,489	3,515	3,733	3,964
Growth, %	0.3	0.8	6.2	6.2
Total income	3,489	3,515	3,733	3,964
Raw material expenses	(1,524)	(1,572)	(1,714)	(1,816)
Employee expenses	(462)	(452)	(488)	(513)
Other Operating Expenses	(765)	(785)	(848)	(907)
EBITDA (Core)	737	706	683	728
Growth, %	(6.2)	(4.2)	(3.2)	6.5
Margin, %	21.1	20.1	18.3	18.4
Depreciation	(371)	(420)	(387)	(373)
EBIT	366	286	296	355
Growth, %	(18)	(22)	4	20
Margin, %	10	8	8	9
Interest paid	(128)	(135)	(143)	(148)
Other Income	66	79	93	109
Non-recurring Items	123	(49)	-	-
Pre-tax profit	426	181	246	316
Tax provided	(96)	(48)	(62)	(79)
Profit after tax	331	134	185	237
Growth, %	(31.6)	(12.0)	1.2	28.3
Net Profit (adjusted)	331	134	185	237
Unadj. shares (Cr)	13	13	13	13

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

As of 31 st Mar'25	FY25	FY26	FY27E	FY28E
Cash & bank	634	485	800	1,125
Marketable securities at cost	69	35	35	35
Debtors	112	184	195	208
Inventory	815	708	751	798
Other current assets	92	145	145	145
Total current assets	1,722	1,639	1,926	2,309
Investments	108	5	5	5
Gross fixed assets	2,643	2,913	3,043	3,173
Less: Depreciation	(844)	(1,264)	(1,651)	(2,024)
Add: Capital WIP	14	4	4	4
Net fixed assets	1,814	1,654	1,397	1,154
Non-current assets	14	23	23	23
Total assets	3,823	3,769	3,798	3,939
Current liabilities	938	960	980	1,002
Provisions	-	9	9	9
Total current liabilities	938	969	990	1,011
Non-current liabilities	1,310	1,213	1,213	1,213
Total liabilities	2,248	2,183	2,203	2,225
Paid-up capital	64	64	64	64
Reserves & surplus	1,511	1,511	1,603	1,722
Shareholders' equity	1,575	1,575	1,667	1,786
Total equity & liabilities	3,823	3,769	3,799	3,939

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Pre-tax profit	426	181	246	316
Depreciation	371	420	387	373
Chg in working capital	302	(416)	48	(37)
Total tax paid	(111)	(65)	(62)	(79)
Other operating activities	-	-	-	-
Cash flow from operating activities	989	120	620	573
Capital expenditure	(673)	(260)	(130)	(130)
Other investing activities	-	-	-	-
Cash flow from investing activities	(680)	(123)	(130)	(130)
Free cash flow	309	(3)	490	443
Dividend (incl. tax)	-	-	-	-
Other financing activities	-	-	-	-
Cash flow from financing activities	200	(24)	-	-
Net chg in cash	509	(27)	490	443
Opening cash balance	408	634	485	800
Closing cash balance	634	485	800	1,125

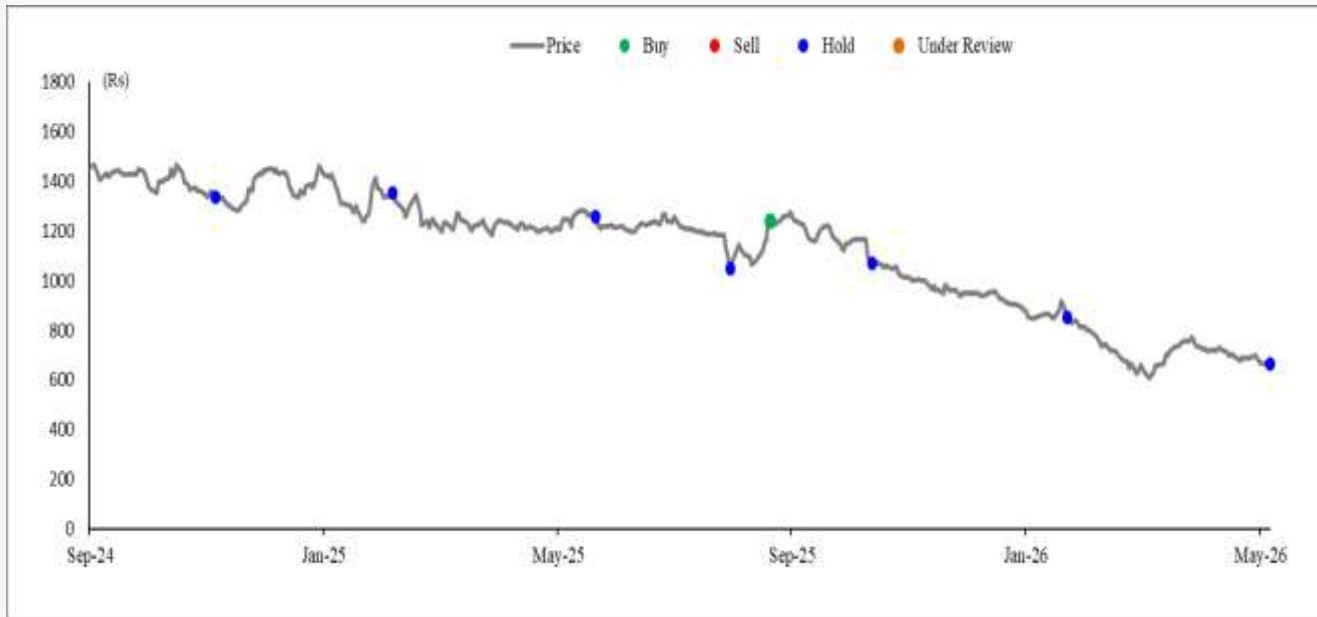
Source: Company, Axis Securities Research

Ratio Analysis
(%)

	FY25	FY26	FY27E	FY28E
Per Share data				
EPS (INR)	25.7	10.4	14.4	18.4
Growth, %	(31.6)	(12.0)	1.2	28.3
Book NAV/share (INR)	122.5	122.5	129.7	138.9
FDEPS (INR)	16.1	14.2	14.4	18.4
CEPS (INR)	35.4	50.7	44.5	47.5
CFPS (INR)	68.3	2.7	41.0	36.1
Return ratios				
Return on assets (%)	12.8	7.1	8.6	10.0
Return on equity (%)	13.2	11.6	11.1	13.3
Return on capital employed (%)	16.7	9.4	11.5	13.1
Turnover ratios				
Asset turnover (x)	3.7	3.2	3.5	4.8
Sales/Total assets (x)	1.0	0.9	1.0	1.0
Sales/Net FA (x)	2.1	2.0	2.4	3.1
Working capital/Sales (x)	0.0	0.0	0.0	0.0
Receivable days	11.7	19.1	19.1	19.1
Inventory days	85.2	73.5	73.5	73.5
Payable days	46.4	42.9	42.0	42.0
Working capital days	8.4	16.6	10.9	13.6
Liquidity ratios				
Current ratio (x)	1.8	1.7	2.0	2.3
Quick ratio (x)	1.0	1.0	1.2	1.5
Interest cover (x)	2.8	2.1	2.1	2.4
Valuation				
PER (x)	41.2	46.9	46.3	36.1
PEG (x) YoY growth	(1.3)	(3.9)	38.9	1.3
Price/Book (x)	5.4	5.4	5.1	4.8
EV/Net sales (x)	2.4	2.4	2.2	2.0
EV/EBITDA (x)	11.1	11.9	11.8	10.6
EV/EBIT (x)	22.4	29.3	27.2	21.8

Source: Company, Axis Securities Research

Bata India Price Chart and Recommendation History



Date	Reco	TP	Research
11-Nov-24	HOLD	1,290	Result Update
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

Source: Axis Securities Research

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HOLD	Between 10% and -10%
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