

# HSIE Results Daily

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# Bata India

## Margins disappoint; one-offs impact profitability

Bata's delivered revenue growth of 5% YoY to INR 8.28bn in Q4 (in-line), underpinned by 2.8% YoY volume growth. Premium segments outpaced the broader portfolio growth. E-com delivered 26% YoY growth in Q4. Zero Base Merchandising (ZBM) was scaled to 700 stores by May-26, delivering ~5/6% delta in turnover/volume compared to control stores in Q4FY26. The company plans to roll out ZBM to 850 stores in coming quarters. GM contracted by 141bps YoY to 56.4% (HSIE: 58%) due to higher salience of franchisee business and a one-off provision reversal of INR 60mn in Q4FY25. Consequently, adj. EBITDAM contracted by 171bps YoY to 20.9% (HSIE: 23%) due to higher marketing investments (1.5x vs LY). Q4FY26 PAT was impacted by one-off items – (1) VRS expense of INR280.6mn; (2) non-cash forex loss of INR224mn due to currency devaluation impacting royalty-related financial liability; and (3) lower gains on lease closure of ~INR 48mn. EBITDA/APAT declined by 2.9/11.6% YoY to INR 1.73bn/406mn (HSIE: INR 1.9bn/544mn). We have toned down our FY27/28 EPS estimates by ~9/4% respectively to account for macro-led cost pressures and maintain REDUCE with a DCF-based TP of INR720/sh, implying 27x Mar-28 P/E.

- Q4FY26 highlights:** Bata's revenue grew 5% YoY to INR 8.28bn in Q4 (in-line), led by broad-based channel performance. Volume growth stood at 2.8% YoY. Premium products continue to outpace portfolio growth, led by Hush Puppies and Power. ZBM expanded to 550 stores by Mar-26 and further to 700 stores by May-26, with positive deltas reported in turnover (+4.6%), volume (+6.1%), bill growth (+3%), and UPT (+3%) vs non-ZBM stores in Q4FY26. Bata added 52 franchise stores (net) in Q4, with plans to reach ~1,000 stores in next 12 months (franchise/total store count: 772/~2,000). E-com delivered 26% YoY growth, with digital sales contributing ~14/51/36% from Bata.in/B2C/B2B respectively in Q4. GM contracted by 141bps YoY to 56.4% (HSIE: 58%) due to higher salience of franchisee business and one-off provision reversal of INR 60mn in Q4FY25. Consequently, adj. EBITDAM contracted by 171bps YoY to 20.9% (HSIE: 23%) due to higher marketing investments. EBITDA/APAT declined by 2.9/11.6% YoY to INR 1.73bn/406mn (HSIE: INR 1.9bn/544mn). Net WC improved from 60 days in FY25 to 58 in FY26. Net capex/FCF stood at INR 647mn/5.3bn in FY26.

- Outlook:** Ongoing geopolitical tensions and related inflationary pressure present a potential risk to consumer sentiment and may keep margins under check. We have toned down our FY27/28 EPS estimates by ~9/4% respectively to account for macro-led cost pressures and maintain REDUCE with a DCF-based TP of INR720/sh, implying 27x Mar-28 P/E.

### Quarterly financial summary

(INR mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Net Revenue	8,276	7,882	5.0	9,447	(12.4)	34,786	34,888	35,155	38,178	41,662
EBITDA	1,731	1,783	(2.9)	2,120	(18.3)	4,426	3,840	3,476	4,295	5,074
APAT	406	459	(11.6)	740	(45.1)	3,034	2,075	1,832	2,501	3,385
EPS (Rs)	4.1	3.6	14.7	5.8	(28.9)	23.6	16.1	14.3	19.5	26.3
P/E (x)						28.2	41.2	46.6	34.2	25.3
EV/EBITDA (x)						18.4	20.6	23.1	18.0	14.5
Core RoCE(%)						24.5	15.4	12.7	14.5	18.0

Source: Company, HSIE Research

### Change in estimates

(INR mn)	FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)
Revenue	38,178	38,255	(0.2)	41,662	41,635	0.1
Gross Profit	21,083	21,248	(0.8)	22,904	23,015	(0.5)
Gross Profit Margin (%)	55.2	55.5	(32 bps)	55.0	55.3	(30 bps)
EBITDA	4,295	4,491	(4.4)	5,074	5,242	(3.2)
EBITDA margin (%)	11.3	11.7	(49 bps)	12.2	12.6	(41 bps)
APAT	2,501	2,744	(8.9)	3,385	3,543	(4.5)
APAT margin (%)	6.6	7.2	(62 bps)	8.1	8.5	(39 bps)
Post IND-AS 116 EPS	19.5	21.4	(8.9)	26.3	27.6	(4.5)

Source: Company, HSIE Research

## REDUCE

CMP (as on 03 Jun 2026)	INR 665
Target Price	INR 720
NIFTY	23,406

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 800	INR 720
EPS %	FY27E	FY28E
	-8.9	-4.5

### KEY STOCK DATA

Bloomberg code	BATA IN
No. of Shares (mn)	129
MCap (INR bn) / (\$ mn)	86/896
6m avg traded value (INR mn)	125
52 Week high / low	INR 1,285/605

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(13.4)	(31.9)	(45.8)
Relative (%)	(6.1)	(19.2)	(37.9)

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	50.16	50.16
FIs & Local MFs	29.31	28.39
FPIs	6.18	6.43
Public & Others	14.35	15.02

Pledged Shares	0	0
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Source : BSE

Pledged shares as % of total shares

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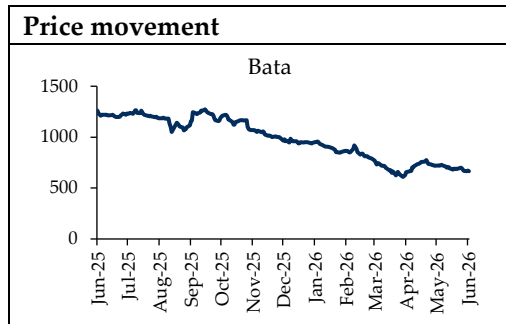
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**Rating Criteria**

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: > 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Jay Gandhi	Bata India	MBA	NO
Vedant Mulik	Bata India	CA	NO



**Disclosure:**

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