

## SUHANI ADILABADKAR RESEARCH REPORT

15<sup>th</sup> October, 2025

### BATA INDIA LTD

#### Standalone

**BUY**

#### Q1FY26

**CMP**

Rs 1,130.65

**TARGET**

Rs 1,450.00

#### QUARTERLY OUTLOOK & RECOMMENDATION

Festive cheer started early for Bata India with Goods & Services Tax (GST) 2.0 reforms. The largest footwear manufacturer in the country burdened by muted demand and low consumer sentiment is expected to improve its revenue base with reduced GST. The government reduced GST on footwear not exceeding Rs 2500 from 12% to 5%. GST on footwear above Rs 2500 stands at 18%. This is cherry on the cake for Bata India reeling under higher GST of 12% imposed on its affordable segment (below Rs 1000) since January 1, 2022. Affordable or economy segment constitutes nearly 50% of its product portfolio. For Bata India, premium segment starts above Rs 2,000 and thus belly of its revenue base will be favorably impacted by GST cut implemented from September 22, 2025.

Bata India has maintained its superior product quality and credibility over the past 92 years. The company is known for its high quality affordable footwear. Post Covid, higher demand for athleisure, high competitive intensity with comeback of unorganized players and GST hike on economy footwear segment (below Rs 1,000) impacted Bata India revenue base.

Bata India delivered flattish growth in Q1FY26. Revenues stood at Rs 9418 million in Q1FY26 compared to Rs 9446 million same period previous year, a fall of -0.3% YoY. Earnings before interest, tax, depreciation and amortization (EBITDA) margin was reported at 22.88% in Q1FY26 compared to 25.13% sequentially. Operating margins were impacted by inventory clearance in June Quarter 2025. Net Profit came in at Rs 517 million in Q1FY26 compared to Rs 1744 million, same period previous year (bumped by exceptional gain in Q1FY25).

Though competitive landscape remains the same with strong unorganized and online players vying for volumes in the festive season, lower GST on footwear upto Rs 2,500 is expected to provide fillip to Bata India. We expect demand recovery for the largest footwear retailer in the coming quarters. The company owns more than 1200 company owned company operated (COCO) stores with a total network of 1975 stores as on June 30<sup>th</sup> 2024.

We recommend BUY for medium term with a target price of Rs 1450 with PE multiple of 39.54 x FY26E & 34.54 FY27E.

INDUSTRY	FOOTWEAR		
SCRIP CODE	500043/INE176A01028		
FACE VALUE	Rs. 5.00		
MARKET CAP	Rs. 145320 Million		
52 WEEK HIGH/LOW	Rs 1476.95 /Rs.1025.75		
SHAREHOLDING PATTERN (%)			
PROMOTER		50.16	
PUBLIC		49.84	
OTHERS		-	
TOTAL		100.00	
Rs In Million	Q1FY26	Q1FY25	CHN%
REVENUE	9418.43	9446.34	-0.30%
PAT	517.00	1743.69	-70%
EBITDA	2154.47	2013.35	7%
EPS	4.02	13.57	-70%
Rs In Million	FY25A	FY26E	FY27E
REVENUE	34880.26	39275.17	42456.46
PAT	3284.49	3675.21	4206.98
EBDITA	8001.93	10218.28	11298.68
EPS	25.55	28.59	32.73
PE	44.24	39.54	34.54

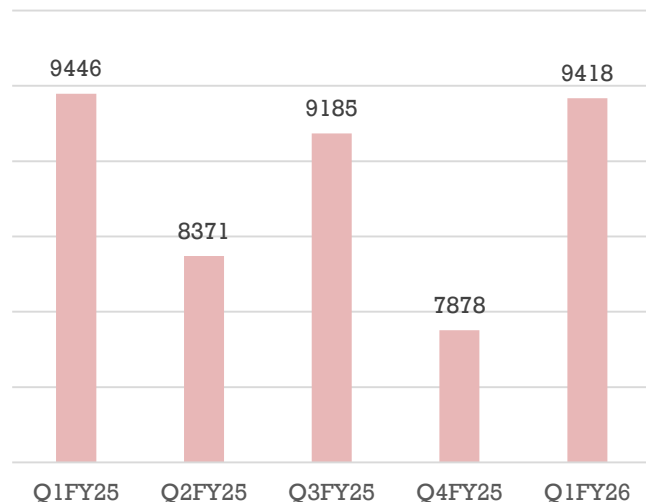
#### Bata India V/S S&P BSE SENSEX



## Premium Segment Doing Well, Lower GST To Support Revenue Base

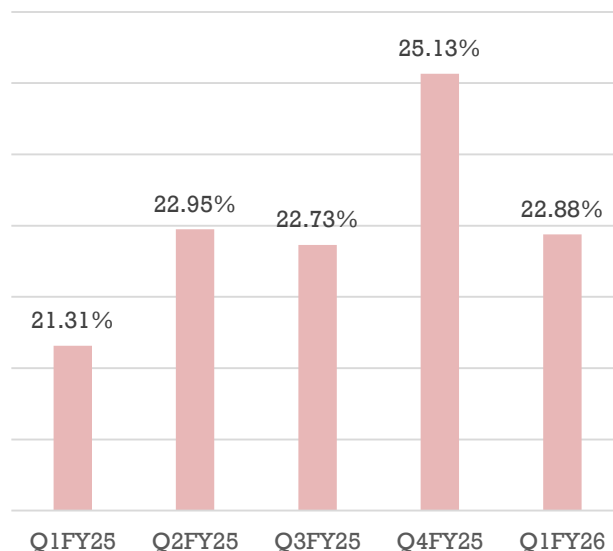
Flattish YoY Revenue Growth In Q1FY26

Revenue in Rs Million

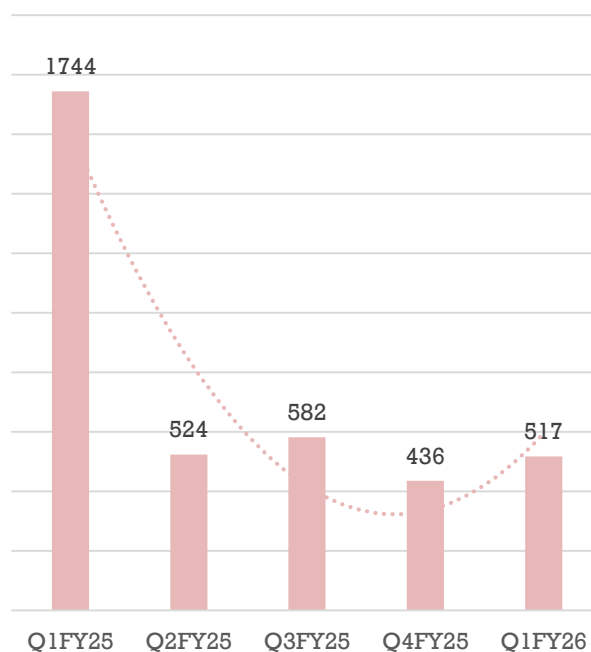


The mass segment, below Rs 1000 footwear comprises 30% of total volumes and was earlier nearly 50% in pre-Covid times. GST hike in 2022 led to change in product portfolio mix as affordable category products were modified and migrated to premium category. Over the past two years, GST hike and higher raw material inflation especially increase in rubber prices led to higher product prices impacting footwear demand in affordable segment. Bata is known for its value for money products and lower GST is expected to drive up sales from the Indian middle class. While GST reforms have come to rescue the affordable segment, the premium segment is also expected to maintain growth momentum. Premium categories under Hush Puppies, Bata Red Label, Power, Floatz are doing well. Floatz mainly for the young consumer is growing at a scorching pace reporting 25,000 -27,000 pair weekly sales in Q1FY26. Floatz volumes grew 30% and ASP was 1.17x more than average retail store price in Q1FY26. Bata Power brands, Easy Slide and Stamina are also doing well. Easy Slide's average June exit weekly sales stood at 2700 pairs. Average selling price (ASP) of Easy Slide is 2.5x of average Bata store price. Another Power brand, Stamina's exit June average weekly sales stood at 1500. Power Stamina price starts at Rs 3,999.

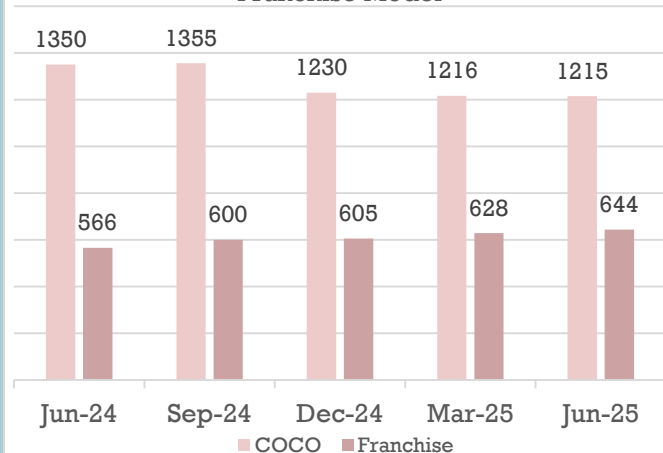
Ebitda Margin Impacted By Inventory Clearance In Q1FY26



Net Profit Growth Falls 70% YoY Due To High Base Effect  
Net Profit In Rs Million

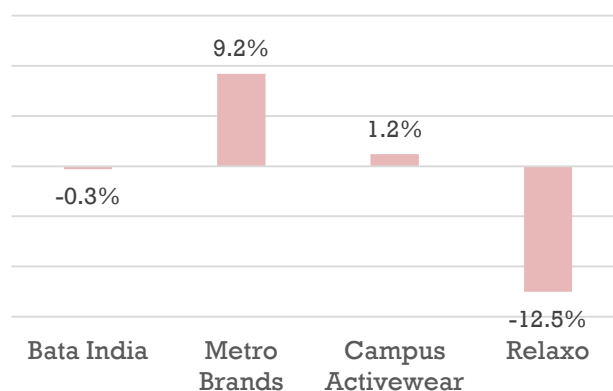


### Bata India Moves On With An Aggressive Franchise Model



### Bata's Revenue Growth Vis-A-Vis Peers

YoY Revenue Growth In Q1FY26

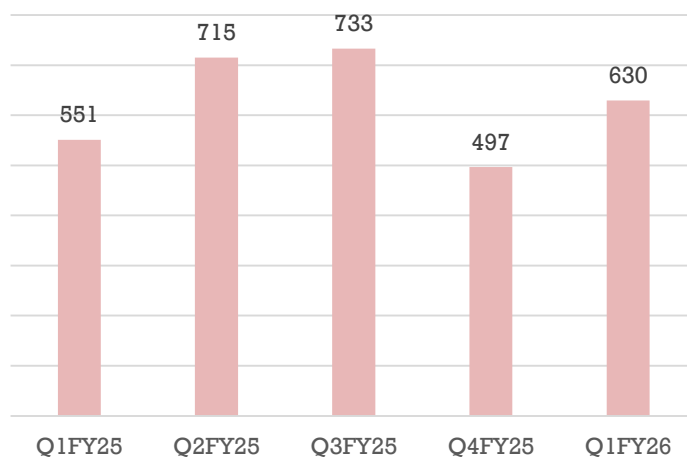


## Crude Price Stable, Store Size Reduced To Control Expenditure

Rs. In Million	Q1FY26	Q1FY25	CHG%
Cost Of Materials	629.82	551.34	14%
Purchases of Stock In Trade	2939.17	2965.81	-1%
Employee Benefit Expense	1162.77	1203.57	-3%
Finance Costs	348.67	307.74	13%
Depreciation	1060.85	871.34	22%
Other Expenses	1886.34	2123.55	-11%

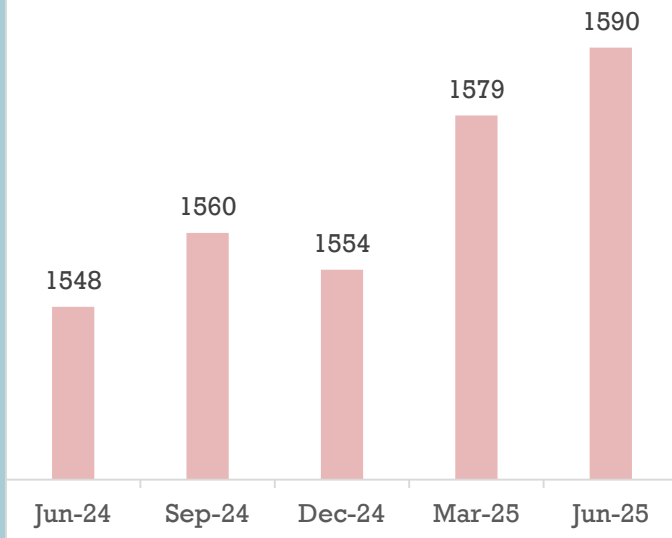
### Cost Of Material Rises 14% YoY In Q1FY26

Rs. In Million

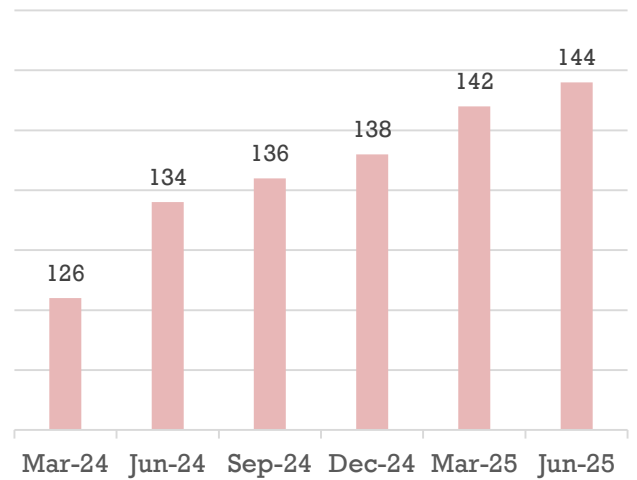


Cost of raw material jumped 14% YoY and rose 27% sequentially in Q1FY26. Major raw materials used by Bata India are rubber, polyurethane (PU) and ethylene vinyl acetate (EVA). PU is sourced from crude based chemicals and crude is at benign levels over the past three months. While EVA prices are stable, rubber prices have fallen considerably from a high of Rs 250 per kg levels in August 2024 to current levels of Rs 180 per kg. But raw material cost constitutes just 7.1% of total expenditure and 6.7% of revenues of Bata India in Q1FY26. Other expenses which include advertisement and promotional expense is a major variable cost amid high competitive intensity constituting 20% of total expenditure in Q1FY26. The management is controlling expenditure by reducing store size by 30% in malls and 20% on high streets.

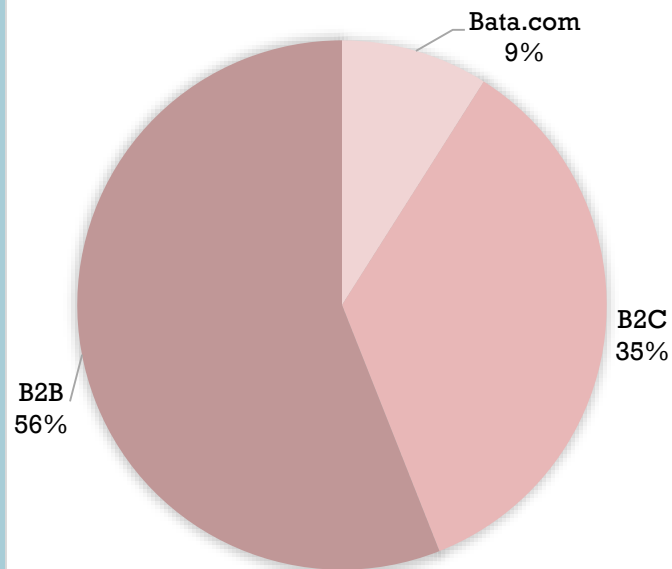
Bata's Town Coverage Expanded Via MBOs



Premium Brand Hush Puppies Network Growth  
Number Of Hush Puppies Stores



Digital Sales Contribution



Expansion of franchise stores continues for Bata India. Total number of franchisee stores stands at 644 as on June 30, 2025 compared to 1215 COCO stores. Bata India follows the asset light franchisee model to expand in Tier 2-3-4 cities and cover semi-urban and rural population. GST reforms are expected to improve disposable income in the hands of the Indian middleclass supporting discretionary expenditure. H2FY26 will give a better picture of consumer sentiment. Apart from network expansion, the company needs to bring its focus back on affordable segment and also launch new products in the newly created GST segment of upto Rs 2,500. While premium segment is doing well and is supporting revenue base, affordable segment with right kind of marketing strategies will drive both revenues and volumes. To compete with trendy online retailers and unorganized players, youth mindshare needs to be captured. Though Bata India has tried a number of times to rebuild its image targeting Indian youth, a lot work still needs to be done. GST cut back to 5% is an opportunity to rejuvenate its product mix, launch new trendy products and regain lost market from unorganized sector.

Expenditure Mix (Rs. In Million)	Q1FY26	Q4FY25	CGH%	Q4FY25	Q3FY25	CHG %	Q3FY25	Q2FY25	CHG %	Q2FY25	Q1FY25	CHG %
Cost Of Material Consumed	629.82	496.51	26.8%	496.51	733.23	-32%	733.23	715.11	2.5%	715.11	551.34	29.7%
Purchase Of Stock In Trade	2939.17	3222.43	-8.8%	3222.43	2426.83	33%	2426.83	2895.41	-16.2%	2895.41	2965.81	-2.4%
Employee Benefit Expense	1162.77	1243.13	-6.5%	1243.13	1032.34	20%	1032.34	1137.20	-9.2%	1137.20	1203.57	-5.5%
Finance Costs	348.67	347.59	0.3%	347.59	311.14	12%	311.14	317.92	-2.1%	317.92	307.74	3.3%
Depreciation	1060.85	1036.95	2.3%	1036.95	901.45	15%	901.45	902.07	-0.1%	902.07	871.34	3.5%
Other Expenses	1886.34	1638.71	15.1%	1638.71	2133.02	-23.2%	2133.02	1848.32	15.4%	1848.32	2123.55	-13.0%

## Corporate Profile

Bata India, a symbol of trust and quality for Indian consumers, serving 250,000 customers every day has continuously evolved to cater diverse needs and preferences of Indian families to become the largest footwear retailer and manufacturer in the country.

Bata India sells 50 million pairs annually and its expansive retail network consists of more than 1900 stores (company owned company operated and franchise). The company is redefining the intersection of fashion and comfort through its various brands – Bata Red Label for in-trend global styles, Bata Comfit for technology-enabled comfort in daily wear, athleisure brand Power for fitness sneakers and apparel, NorthStar for sneakers inspired by global youth trends, fashionable range of clogs and slip-ons under Floatz, kids brand Bubblegummers and Hush Puppies the global brand that epitomizes comfort and elegance to name a few.

QUARTERLY PROFIT & LOSS STATEMENT OF BATA INDIA LTD FROM 31<sup>st</sup> December 2024 to 30<sup>th</sup> September 2025E

VALUE	31-Dec-24	31-Mar-25	30-June-25	30-Sep-25E
Rs. In Million	3 months	3 months	3 months	3 months
INCOME FROM OPERATIONS	9184.78	7877.70	9418.43	9611.51
OTHER INCOME	97.20	226.18	168.63	185.49
TOTAL INCOME	9281.98	8103.88	9587.06	9797.00
EXPENDITURE	-7194.28	-6124.11	-7432.59	-7581.24
EBITDA	2087.70	1979.77	2154.47	2215.76
DEPRECIATION	-901.45	-1036.95	-1060.85	-1113.89
PROFIT BEFORE INTEREST & TAX	1186.25	942.82	1093.62	1101.87
INTEREST	-311.14	-347.59	-348.67	-355.64
EXCEPTIONAL ITEM	-107.84	0.00	-47.78	0.00
PROFIT BEFORE TAX	767.27	595.23	697.17	746.22
TAX	-185.60	-159.72	-180.17	-198.19
PROFIT AFTER TAX	581.67	435.51	517.00	548.04
EQUITY CAPITAL	642.64	642.64	642.64	642.64
FACE VALUE	5.00	5.00	5.00	5.00
EPS	4.53	3.39	4.02	4.26

ANNUAL PROFIT & LOSS STATEMENT OF BATA INDIA LTD FROM 2023 To 2027E					
VALUE	31- Mar-23	31- Mar-24	31- Mar-25	31-Mar-26E	31-Mar 27E
Rs. In Million	12 months	12 months	12 months	12 months	12 months
INCOME FROM OPERATIONS	34515.68	34784.13	34880.26	39275.17	42456.46
OTHER INCOME	373.51	614.73	670.00	750.40	825.44
TOTAL INCOME	34889.19	35398.86	35550.26	40025.57	43281.90
EXPENDITURE	-26606.96	-26949.48	-27548.33	-29807.29	-31983.23
EBITDA	8282.23	8449.38	8001.93	10218.28	11298.68
DEPRECIATION	-2947.41	-3386.14	-3711.81	-4157.23	-4572.95
PROFIT BEFORE INTEREST & TAX	5334.82	5063.24	4290.12	6061.05	6725.73
INTEREST	-1078.52	-1167.92	-1284.39	-1361.45	-1443.14
EXCEPTIONAL ITEM	0.00	-409.00	1231.68	0.00	0.00
PROFIT BEFORE TAX	4256.30	3486.32	4237.41	4699.60	5282.59
TAX	-1065.13	-887.07	-952.92	-1024.39	-1075.61
PROFIT AFTER TAX	3191.17	2599.25	3284.49	3675.21	4206.98
EQUITY CAPITAL	642.64	642.64	642.64	642.64	642.64
RESERVES	13696.35	14557.32	15015.95	16481.34	18807.44
FACE VALUE	5.00	5.00	5.00	5.00	5.00
EPS	24.83	20.22	25.55	28.59	32.73

Ratio Analysis

Year	FY 23A	FY24A	FY25A	FY26E	FY27E
EPS	24.83	20.22	25.55	28.59	32.73
NPM	9.25%	7.47%	9.42%	9.36%	9.91%
EBITDA MARGIN	24.00%	24.29%	22.94%	26.02%	26.61%
ROE	22.26%	17.10%	20.98%	21.46%	21.63%
ROCE	21.83%	19.43%	14.92%	19.63%	19.61%
Book Value	111.56	118.26	121.83	133.23	151.33
P/B	10.13	9.56	9.28	8.49	7.47
P/E	45.54	55.91	44.24	39.54	34.54



**BALANCE SHEET OF BATA INDIA LTD FROM 2023-2027E**

<b>CAPITAL &amp; LIABILITIES</b> (Rs. In Million)	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026E</b>	<b>2027E</b>
<b>Share Capital</b>	642.64	642.64	642.64	642.64	642.64
<b>Retained Earnings</b>	13696.35	14557.32	15015.95	16481.34	18807.44
<b>NETWORTH</b>	14338.99	15199.96	15658.59	17123.98	19450.08
<b>NON CURRENT LIABILITIES</b>					
<b>Lease Liabilities</b>	10093.42	10813.78	11051.34	11603.91	12532.22
<b>Other Financial Liabilities</b>	4.72	46.91	2047.94	2150.34	2322.36
<b>TOTAL NON CURRENT LIABILITIES</b>	10098.14	10860.69	13099.28	13754.24	14854.58
<b>CURRENT LIABILITIES</b>					
<b>Trade Payables</b>	4088.80	2984.24	3492.43	3841.67	4417.92
<b>Lease Liability</b>	2356.68	2739.29	3413.17	3925.15	4435.41
<b>Other Financial Liabilities</b>	1054.75	1011.08	1492.06	1641.27	1887.46
<b>Other Current Liabilities</b>	631.60	461.06	685.08	767.29	882.38
<b>Current Tax Liabilities</b>	9.35	0.00	0.00	0.00	0.00
<b>Provisions</b>	75.94	139.82	295.48	271.84	299.03
<b>Current Tax Net Liabilities</b>	0.00	0.00	0.00	0.00	0.00
<b>TOTAL CURRENT LIABILITIES</b>	8217.12	7335.49	9378.22	10447.22	11922.20
<b>TOTAL EQUITY &amp; LIABILITIES</b>	32654.25	33396.14	38136.09	41325.44	46226.86
<b>ASSETS (Rs. In Million)</b>					
<b>NON CURRENT ASSETS</b>					
<b>Property, Plant &amp; Equipment</b>	3202.47	3264.97	3200.18	3296.19	3378.59
<b>Capital Work In Progress</b>	16.14	15.65	144.86	162.24	183.33
<b>Right Of Use Asset</b>	10545.84	11519.16	12109.34	12956.99	13604.84
<b>Intangible Assets Under Development</b>	21.57	21.57	0.00	0.00	0.00
<b>Other Intangible Assets</b>	142.22	268.93	2674.77	3075.99	3383.58
<b>Investments</b>	48.51	48.51	53.51	59.93	65.33
<b>Other Financial Assets</b>	1214.88	1284.26	1057.04	1173.31	1267.18
<b>Loans</b>	0.00	0.00	0.00	0.00	0.00
<b>Deferred Tax Assets</b>	1140.49	1266.73	1421.88	1635.16	1798.68
<b>Current Tax Assets</b>	230.09	155.33	240.22	293.07	337.03
<b>Other Non Current Assets</b>	41.92	115.23	135.86	149.45	164.39
<b>TOTAL NON CURRENT ASSETS</b>	16604.13	17960.34	21037.66	21629.02	24182.95
<b>CURRENT ASSETS</b>					
<b>Inventories</b>	9042.58	9293.24	8150.57	8965.63	9593.22
<b>Trade Receivables</b>	825.54	801.13	1115.45	1282.77	1449.53
<b>Cash &amp; Cash Equivalents</b>	745.47	490.77	2001.22	2501.53	3001.83
<b>Other Bank balances</b>	4486.44	3538.57	4237.74	5000.53	5750.61
<b>Loans</b>	0.00	0.00	0.00	0.00	0.00
<b>Other Financial Assets</b>	376.91	363.39	688.60	860.75	989.86
<b>Other Current Assets</b>	573.18	752.91	904.85	1085.22	1258.86
<b>TOTAL CURRENT ASSETS</b>	16050.12	15240.01	17098.43	19696.42	22043.91
<b>Assets Classified As held For Sale</b>	0.00	195.79	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	32654.25	33396.14	38136.09	41325.44	46226.86



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