

Bata india

13 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Bata India Ltd. Q1 FY27 earnings conference call hosted by Ambit Capital Private Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Arihant Bardolia from Ambit Capital Private Limited. Thank you, and over to you, sir.

Arihant Bardolia – Ambit Capital: Hi, good evening everyone. On behalf of Ambit Capital, I thank the management of Bata India Ltd. for the opportunity to host their Q1 FY27 earnings conference call. Joining us from management today are Mr. Gunjan Shah – MD & CEO, Mr. Amit Agarwal – CFO, and Mr. Nitin Bagaria – EVP & Company Secretary. I would like to hand over the call to Nitin for the opening remarks, after which the forum will be open for the question-and-answer session. Thank you, and over to you, Nitin.

Nitin Bagaria – EVP & Company Secretary: Thank you, and good evening everyone. Welcome to the Q1 FY27 earnings conference call of Bata India Ltd. We have shared the presentation as a pre-read with the stock exchanges. I hope you have had time to go through it. We have also shared the disclaimer, which is part of the presentation. I now request Gunjan to take you through the performance summary. Thank you.

Gunjan Shah – MD & CEO: Thank you, Nitin. Hi everyone, and welcome to the Q1 conference call. We uploaded the presentation a while back, and therefore I hope you have all had a chance to glance through it. I will limit my comments to the first slide, which contains the key highlights.

We recorded a turnover of 979 crores, which represented about 4% growth. This was backed by volume growth, with growth in volume and value equally split, as well as price growth. The underlying PBT growth, as we mentioned in the press release and as substantiated by a table in the presentation, was about 22%.

We also crossed the landmark of 2,000 stores, becoming the first brand or banner in the country to cross 2,000 stores, and we now want to move towards 3,000 in the future. Advertising spend was up by about 25%. We saw broad-based growth across channels. {? ERM ?} expanded to almost 80% of business-contributing stores, close to 800 stores. The franchise network expanded to 750 stores.

We saw healthy growth across e-commerce as well as multi-brand distribution outlets. Inventory progress continued year-on-year, now for 2 years running. Stock turns are at an industry-best level of about 2.5+, and are now inching towards 2.7. This was despite our availability being at ever-higher levels.

Our full-price sales were very close to 80%, with a continued upward trend over the last almost 4 or 5 quarters. Our entire reimagined product funnel has now started flowing into the stores, and we should see more and more impact from it, backed by marketing campaigns.

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

We invested in a couple of key campaigns. This was also backed by a very strong upshift in the Google My Business scores of our stores, which is an external, outside-in NPS. This is now standing at almost 4.9 for the quarter.

With that, I will end my comments and hand it back to the operator to open the session for questions. Thank you.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. A reminder to all participants: if you wish to ask any questions, you may press star and one. We have our first question from the line of Prerna Jhunjunwala from Elara Securities. Please go ahead.

Prerna Jhunjunwala – Elara Securities: Thank you for the opportunity. I wanted to understand the cost inflation that we faced in this quarter and how you are mitigating it.

Gunjan Shah – MD & CEO: We mentioned this last time as well. There are elevated raw material prices, largely for synthetics that are imported and are crude oil derivatives. We have also taken commensurate price increases to ensure that the impact is mitigated, both on new products and on existing products in the market. We are reasonably confident that we should be able to neutralize it, but I will let Amit expand on it a little further.

Amit Agarwal – CFO: Yes, hi, good afternoon. Broadly, the cost push that we have witnessed is in the range of about 5% to 6%. As Gunjan mentioned, we have taken a similar price increase to ensure that our margins are protected.

In the existing quarter, the cost push was not prominent, given that we hold inventory of more than approximately 140–150 days. Therefore, the impact of the cost push would be more visible from the current quarter. However, since we have also corrected the pricing in line with the cost push, we largely expect that even in the subsequent quarter, we should not see margin dilution on account of the cost push.

Prerna Jhunjunwala – Elara Securities: I also wanted to understand the competitive intensity in the market. Given that unorganized players may not be able to handle this kind of cost push or labor unavailability, how have we benefited, if at all, from that phenomenon, especially in the lower-price products? Has there been any major change in the contribution from those price points on an overall basis?

Gunjan Shah – MD & CEO: There are two different questions, Prerna. One is how the price points are behaving, and the second is on competitive intensity.

The latter question is easier to answer. We said even last quarter that there were some signs, and I think this was partly the impact of some of the initiatives that the company has taken, but also the effect of GST rationalization about three quarters ago. This has shown up in terms of some resurgence at the lower price points.

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

However, we still see higher growth on the premium side of our products. ASP has gone up. Therefore, while the drag has come down at the lower price points, premium and premiumization will continue to be an agenda for us.

The second piece is competitive intensity at the lower price points. I think it is too early to comment on that. As Amit mentioned, just like us, many others have still not experienced the full impact of the raw material price increase. Therefore, the pressure on the realized price from consumers and other related factors is still evolving. I think it will be a wait-and-watch situation. We are also watching it very critically and would like to assess it further down the line.

Prerna Jhunjunwala – Elara Securities: My last question is on brand-wise performance. Could you please highlight how Hush Puppies, Power, and the other brands have performed, and whether there is any change in the contribution from sneakers that you would like to highlight?

Gunjan Shah – MD & CEO: Hush Puppies obviously led the charge, along with Floatz, which continues to deliver extremely strong sequential as well as year-on-year growth rates.

Surprisingly, Bata also grew well, against the trends that were prevailing. This was led by the ladies' category, which performed extremely well, backed by the campaign that we ran with Taapsee Pannu, as well as the entire everyday essential range that we launched. I think these were the standout performers.

In sneakers, Power did well, but North Star was a drag. Some of this was also deliberate, because we are rationalizing our current lines in North Star in order to come back with a much stronger selection, which you will see coming through in the next couple of quarters.

Prerna Jhunjunwala – Elara Securities: How should we view revenue growth for the year for Bata as a company? Is there any guidance that you would like to provide to help us understand the growth that can be achieved through the various efforts you have undertaken, whether through brand ambassadors, {? ERM ?}, or other initiatives?

Gunjan Shah – MD & CEO: We do not provide forward-looking guidance, Prerna, so I am not able to provide what you are asking for. However, we are reasonably optimistic.

In the short term, we saw some deferment of revenues last quarter because of the delayed monsoon, and we can see that coming through in July and early August. On the back of all these initiatives, we remain reasonably optimistic going forward.

We will obviously have to wait and watch the impact of inflation and price increases, which I think the entire market will have to undergo. We will have to wait and watch that.

Prerna Jhunjunwala – Elara Securities: Understood. Thank you.

Gunjan Shah – MD & CEO: Thank you, Prerna.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions from management, you may press star and one. The next question is from the line of Avinash Gurumanchi from Motilal Oswal Financial Services. Please go ahead.

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

Avinash Gurumanchi – Motilal Oswal Financial Services: I was not able to understand one point. You said that because of raw material prices, you have implemented a pricing strategy and taken a price hike in the market. Is that understanding correct?

Gunjan Shah – MD & CEO: Yes.

Avinash Gurumanchi – Motilal Oswal Financial Services: How was the response to that? It has been 1 or 2 months, correct?

Amit Agarwal – CFO: No, the stocks are yet to hit the market. As I mentioned, we hold between 140 and 150 days of inventory. By the time stocks with the new prices start hitting the market at a large scale, it will be sometime around September. Therefore, there is still some time.

Avinash Gurumanchi – Motilal Oswal Financial Services: Understood. The second point is that I can see the company implementing a lot of changes even at the store level. I was able to notice those changes, and I think things are moving in the right direction for us. If, hypothetically, without looking at it from a guidance perspective, we want to target revenue growth of around 10% for Bata, what are the 3 things that would essentially need to fall into place?

Gunjan Shah – MD & CEO: The answer to that would be the presentation itself. There are 6 or 5 things that I have laid out clearly. One is consumer-facing, as well as enablement for consumer-facing initiatives.

How do we ensure that the retail experience improves, combined with accessibility, which is expansion? The next element is the penetration of online as well as offline multi-brand channels, which includes the e-commerce business as well as the entire multi-brand outlet business.

The biggest element is the reimagined product funnel. I have mentioned for almost 3 quarters that work on this is progressing aggressively, and this initiative has now started showing up in the stores. Some of you will probably notice this when you visit the stores, but you will see a lot more of it coming in during H2 of this year as well as H1 of next year.

By March 27, we should see a significant change in terms of the portfolio of products that we are offering to consumers. This will include, as I mentioned, a significant amount of authority from Bata in terms of design as well as comfort, along with the additional technology.

Last but not least, we want to ensure that all the work done on ZDM, inventory decluttering, and related initiatives comes across to consumers in a clearly manifested form. I think a combination of these levers is what we are hopeful about. These initiatives are showing us early signs, and we are hopeful of their impact going forward.

Avinash Gurumanchi – Motilal Oswal Financial Services: Understood. Coming to the ZDM question, if I look at full-price sales and the data from 2 years ago, they have gone up by 5 percentage points. However, gross margins have not improved in a similar manner. Ideally, when full-price sales move up by 1% to 2%, that should reflect in a better gross margin. Speaking like {? once of 25 ?}, it was also {? from share of 25 ?}.

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

Management: I do not know which data you are referring to, but at about 89–90% of full-price sales, we will not be significantly high, and that is also showing up in terms of our markdowns or discounting coming down.

What also impacted gross margins, Avinash, was the mix. As I mentioned, if a channel such as franchise grows much faster, it comes at a lower gross margin. While at the EBITDA level it is obviously neutralized and is much more accretive, at the gross-margin level it is diluted. Therefore, it is not an apples-to-apples comparison that you might be looking at.

Management: To add to what Gunjan mentioned, for the current quarter, the channel mix dilution is close to 100 basis points. Assuming the same channel mix had been maintained, gross margin per se would have seen an improvement of 230 basis points, versus the 130 basis points that you see. Ultimately, as Gunjan mentioned, EBITDA per pair is what we look at as a benchmark. That is where we stand. Does that answer your question, Avinash?

Avinash Gurumanchi – Motilal Oswal Financial Services: Yes, yes. How should I view gross margin going forward, not from a quarterly perspective but for the full year and next year, given that inventory has improved and is actually getting decluttered?

Management: Rather than giving a forecast, which we will not provide, what I can tell you is the kind of levers and the impact that they might have.

One is the entire product reimagination initiative. As the product gets reimaged, it will drive ASP. We want to push towards the premium side of the range, and that should have a commensurate impact on gross margin.

The second element is that if the contribution from full-price sales continues to increase, from 89% currently—it was 86% or 87% last quarter—that will have a commensurate impact on gross margin.

Last but not least, this might honestly be mitigated to some extent by the channel mix. We assume that the franchise channel will continue to grow faster and that the e-commerce channel will continue to grow faster. Their topline are very different from DOSS, and therefore that might have some attrition impact. However, I think the first 2 factors will drive gross margins for us going forward.

Avinash Gurumanchi – Motilal Oswal Financial Services: One last question, if I may. As part of this, you said that ZDM has been included in 775 stores, and these stores contribute 80% of retail revenue. Are you saying that out of the 2,000 stores, these 30% of the stores contribute 80% of the revenue? Should I read it that way, or how should I interpret it?

Management: Out of the approximately 2,080 stores, we have about 750 franchise stores and about 1,250 DOSS stores, which are directly operated stores. Out of those 1,250 stores, about 125 are Hush Puppies DOSS stores, and about 1,025—or whatever the balance number of 1,100 is—are Bata COCO stores. Within those Bata COCO stores, 80% of the revenue is covered by these 775 stores. Does that clearly answer the breakup?

Avinash Gurumanchi – Motilal Oswal Financial Services: Yes, understood. This is only for the COCO stores that we are discussing, where ZDM is being implemented.

Report is AI-generated and may contain inaccuracies.

Management: This is the Pareto that exists. While I think we will make some more progress in the coming quarter, we are very close to saturation on that front. Obviously, there is a further project called Project Elevate, which is ZDM 2.0 and is being worked on. I will share the results in the next quarter.

Avinash Gurumanchi – Motilal Oswal Financial Services: Thank you, sir. Thank you for answering all my questions. I will join back in the queue.

Management: Thank you, Avinash. All the best.

Operator: A reminder to all participants: if you wish to ask any questions, you may press star and one. We have our next question from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta – IIFL Capital: Hi, good evening everyone, and thank you for taking my question. I joined a little late, so please pardon me if the question is repetitive. You can simply point that out, and I will refer to the transcript.

Firstly, our employee costs have been flat for over the past 5 quarters. I am looking at the absolute amount here. Is this simply a function of store rationalization efforts and VRS in the factories? As a related question, how large is the COCO store network now? I believe you have not given that number in the presentation, but you did mention 1,250 in response to the earlier question.

Management: I am sorry, can you repeat the second question, Sameer?

Sameer Gupta – IIFL Capital: How large is the COCO store network, the Bata non-franchise retail network? We used to provide this number separately in the presentation, but now you have not. I believe you just mentioned 1,250 in response to Avinash's question.

Management: The second question is easier to answer: 1,250 COCO stores, approximately. We can obviously share the accurate timeline with you offline, along with about 750 franchise stores. The total is therefore approximately 2,000+ stores.

On your first question regarding employee costs, it is a combination of the comment you made, although store manpower has not changed much. The VRS did have an impact on employee costs, and that is one of the objectives and part of the business case for the VRS.

The second important element is the significant organizational restructuring that the company has been going through for almost 24 months. You can now see the trend lines over the last 3 or 4 quarters. This relates to the productivity-driving agenda resulting from the significant organizational restructuring that we undertook.

One element was rationalization, backed by the implementation of technology platforms that we have been implementing over the last 3, 4, or 5 years. For example, the merchandising platform, the Blue Yonder package, was implemented about 2 years ago. That finally made us re-evaluate where manpower was allocated and where it could be reallocated.

The second element was that the franchise channel, which has grown very quickly, needed more manpower to fuel that engine faster. We invested in that area. The net result of this, together with

Report is AI-generated and may contain inaccuracies.

the VRS, is what you are seeing in terms of employee costs.

Sameer Gupta – IIFL Capital: Understood, that is very helpful. My second question refers to one of your slides on reimagining the product creation funnel: fewer kits, fewer styles, and fewer colorways. While this does reduce complexity, I am trying to understand the end goal. Is it simply to reduce the time taken from conceptualization to the shelf? At the end of the day, lower variety can also affect store conversions, correct?

Management: Absolutely. There is a right balance, and I think we are not too far away from it. If you look at the chart on slide 9, which is on reducing clutter at stores, it gives you an index of the number of lines. We are now at 68% of the average lines per store compared with where we were 2 years ago. As the graph shows, are you with me on that?

Sameer Gupta – IIFL Capital: Yes, I am with you. 68%.

Management: We are at 68% of that. The question is how bad X was and therefore how good 68 is. My sense is that this will settle somewhere around 60%. Obviously, for a larger store it is more and for a smaller store it is less, but on average, 68X will come down to about 60X, and that would be the right balance.

The other benefit is that reducing the kits as well as the uppers brings a significant economy of scale. This is not only in terms of cost but, more importantly, in terms of quality and speed.

If we can simplify the number of production centers, the number of articles and molds they have, as well as the number of materials they use, we will be able to create demand and therefore ensure much better quality delivery to consumers.

Simultaneously, the other major benefit is that once there is less clutter in stores, and we have seen this throughout the ZDM journey of almost 6 quarters, our stories and communications to consumers come out much better.

Whether it is the Easy Slide campaign, where we are now able to show the full collection in full splendor because the distraction from all the other lines has come down, or the Floatz campaign, or something that we ran on the Ballerinas, I think there is both a backend benefit and a consumer-facing benefit. But there is a right balance, and you are right.

Sameer Gupta – IIFL Capital: I was trying to understand how you would define clutter. Another way to measure it would be to look at how store conversions have tracked. If there is no real impact on store conversions from this strategy, then perhaps you are on the right track. However, if there is an impact, the other outcome is revenue growth, which clearly tells us that there is some underperformance somewhere.

Management: It is a delicate balance, and we keep measuring it. However, as I said, my gut feeling is that we are very close to the right balance.

Sameer Gupta – IIFL Capital: Understood. One last question, if I may. ZDM now covers 80% of COCO retail revenue. Would you say that, in terms of picking the low-hanging fruit, we are almost at the end of this journey? Or do you think there are multiple layers or levers that can drive growth

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

in future years as well?

Management: There are multiple levers. Although you acknowledged that you joined late, I had broadly discussed them following the presentation that I have been talking about. There are also a couple of additional initiatives that are still in progress, which will be shared with you as we move along the journey.

The entire product funnel initiative is going to be a very large lever. We have now started seeing some of it come through, and a large part of it will be manifested over the next couple of quarters.

In the quarter around March, or January–March 27, you will see a lot of that coming into the stores, backed by a certain authority from Bata from a design perspective as well as from a technology perspective, and moving towards the premium end of the range.

We are already seeing some signs of this coming through in the stores with reasonably good success. There are early signs of success, and this will be a very large lever that will develop in many ways.

As I said, the entire digital and franchise expansion opportunity has many more legs. We currently have potential trade areas just for franchise stores in excess of almost 600. Therefore, there is a huge opportunity to fill on that front as well.

Sameer Gupta – IIFL Capital: When you say a large number of these premium products will arrive in, say, Q4 FY27, would that also imply that our marketing spend would have to increase in sync to leverage whatever advantage we want to derive from these products?

Management: Absolutely, and we have already started doing that. As you can see, for the last 3 quarters our spending has shown double-digit growth over last year. Last quarter, it was 25% higher. I do not see a reason why, over the next period—not only the next quarter but even the next couple of years—you will not see elevated marketing spending to support the product range that is coming.

Sameer Gupta – IIFL Capital: Understood. Thank you, and I would like to take this opportunity to wish you all the best, Gunjan, for your future endeavors.

Management: Thank you, Sameer. All the best.

Operator: A reminder to all participants: if you wish to ask any questions from management, you may press star and one on your touchtone telephone. We have our next question from the line of Aryan Garodia from Ambit Capital. Please go ahead.

Aryan Garodia – Ambit Capital: Hi, sir. I hope I am audible.

Management: Yes, we can hear you, Aryan.

Aryan Garodia – Ambit Capital: My first question is regarding the franchise store network, which has now reached 750 stores. Could you share the comparative store economics, specifically the SSG and revenue per square foot, between the COCO stores and the franchise stores?

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

Management: I do not have the revenue per square foot figures immediately, but I am sure we can share them with you. The like-for-like growth rates have been good.

The way we measure this is through partner attractiveness. If the partner sees growth, because the partner sees only like-for-like growth while we see both like-for-like growth and expansion growth, the partner will continue to expand with us. We now have more and more partners who are expanding with multiple stores.

This does come with like-for-like growth. I would say we have been in the range of high single-digit like-for-like growth for an extended period, over the last 4 quarters. That reflects in revenue per square foot, but I do not have a number handy right now. Does that answer your question?

Aryan Garodia – Ambit Capital: Yes, sir. Is there any information you can share on the store-level margin that the franchise partner is earning?

Management: Broadly, a franchise partner gets a return on investment in the range of 18% to 24%. Some are smarter and more efficient, and they achieve a slightly better return if they get a good deal in terms of the real estate arrangement. However, 18% to 24% is almost an underlying floor for a successful partner.

Aryan Garodia – Ambit Capital: Understood, sir. My second question relates to the gross-margin expansion of 130 basis points in Q1 FY27. Could you break down how much was driven by the ongoing vendor-consolidation program versus product-mix premiumization? Additionally, as you approach your target of 15 core manufacturing partners, how much additional margin expansion do you expect from supply-chain efficiencies going forward?

Management: I will request Sumit to respond to that.

Sumit: Broadly, it will be very difficult to put a number on it, given the sensitivity. However, as you rightly said, for the current quarter, one of the largest levers of margin expansion was the quality of the inventory that we are holding.

As Gunjan mentioned in the previous Q&A, our share of fresh sales has gone up significantly, which has resulted in significantly lower markdowns. Although gross margin was diluted because of the channel mix, otherwise we should have seen an uplift of about 230 to 240 basis points, versus the 130 basis points that we see right now.

In terms of consolidation efforts, we are still some distance away from the roadmap that we have, and it will take some time. However, typically, what we have witnessed over a longer period is that we should achieve delta savings from consolidation at an overall level of about 0.2% to 0.3% on a year-on-year basis.

Regarding premiumization, that is something we continue to work on. The intent is always to expand the margin. Does that answer your question, or is there anything specific you want to explore further?

Aryan Garodia – Ambit Capital: Going forward, as you said, how many contract manufacturers are currently associated with us? Could you provide some information on that?

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

Management: Let me give you a slightly longer-term perspective. About 2.5 to 3 years ago, we had more than 100 partners, I think approximately 120. Now we are down to below 70, at close to 60 or so.

As we had shared, we should have 15 core partners as well as a satellite set of another 15, so approximately 30 partners broadly over the next 5-year journey, or over a 3-to-5-year journey.

Ideally, over this period, this will not be the only rationalization. As I have also discussed earlier, we are rationalizing the pitches, molds, uppers, and materials being used. That has its own economy-of-scale impact.

All these initiatives combined over this journey, which spans multiple years, should give us about 200 basis points, thereabouts.

Aryan Garodia – Ambit Capital: Understood. My last question is more of a bookkeeping question, as earlier participants have also asked. While the topline has grown by 3% to 4%, advertising spend has increased by 25%. Given this full-thrust investment in marketing campaigns, what is the expected timeline for this expenditure to translate into double-digit topline growth? Also, how should we model advertising and promotional expenses as a percentage of sales going forward?

Management: Our expectation is that this will happen as early as possible.

Aryan Garodia – Ambit Capital: How should we model A&P expense as a percentage of sales?

Sumit: Right now, you can look at the current trend line, which is between 3% and 3.5%, versus about 2.5% a year ago. It is not that we want to immediately shift to 7% or 8%, but you can consider a level of approximately 3% to 3.5%.

Aryan Garodia – Ambit Capital: Understood. That is all from my side. Thank you for taking my question.

Management: Thank you. Thanks a lot.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one now.

Anyone who wishes to ask a question may press star and one on their touchtone telephone.

A reminder to all participants: if you wish to ask any questions, you may press star and one.

As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Management: Thank you everyone for joining. It was lovely interacting with you all. Thank you, Ambit team.

Operator: Thank you. On behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Report is AI-generated and may contain inaccuracies.

Bata india

13 August 2026

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.