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BATA INDIA LTD.

BSE Code: 500043 NSE Code: BATAINDIA Reuters Code: BATA.NS Bloomberg Code: BATA:IN

Bata India Limited is a leader in India's organised footwear market and is engaged in manufacturing and trading of footwear and accessories through its retail and wholesale network. The Company operates in two segments: Footwear & Accessories and Surplus Property Development. Its products include leather footwear, rubber/canvas footwear and plastic footwear. The company has the widest portfolio of products across segments and price points, which gives it a strong competitive advantage over smaller domestic players as well as MNCs. The Company's wholly owned subsidiaries include Bata Properties Limited and Coastal Commercial & Exim Limited.

Investor's Rationale

Topline grew 13.7% YoY on higher volume sales— BATA, registered a growth in its topline despite of tough market environment by 13.7% YoY at ₹5,721mn in Q2CY'13 on standalone basis primarily on the account of higher sales volume.

EBITDA margin expanded 27bps on lower material consumed and staff cost— The EBITDA of the company increased by 15.5% YoY at ₹961mn mainly due to decline in material consumed and staff cost by 97bps and 27bps respectively (as a % of sale). While, rent and other expenses increased by 17bps and 50bps respectively. Thus, OPM expanded by 27bps YoY at 16.8% against 16.5%.

Healthy growth in net profit by 17.6% YoY on lower tax— BATA recorded healthy growth in net profit of 17.6% YoY at ₹619mn against ₹527mn assisted by fall in effective tax rate by 110bps at 30.8% YoY (as a % of EBIT) and better operational performance. However, depreciation and interest cost grew by 13.6% and 45.5% respectively. Thus NPM expanded by 36bps YoY at 10.7% against 10.3%.

Capex Plan of ~₹1bn— During the year, BATA plans to spend ~₹1bn to upgrade three of its plants at Karnataka, Bihar & West Bengal and open 100 more stores. These 100 stores will be of more than an average of 3,000 square feet. Meanwhile, during Q2CY'13 Bata opened 15 new stores in prime shopping locations in all major metros, including Mumbai, Delhi, Bangalore, Chennai, Hyderabad and Bangalore in Q2CY13.

Market Data

Rating	BUY	
CMP (₹)	901.4	
Target Price	1,000	
Stop Loss	847	
Duration	Short-term	
52-week High-Low (₹)	989/688	
Rise from 52WL (%)	31.2	
Correction from 52WH (%)	8.9	
Beta	0.7	
1 year Average Volume (mn)	0.3	
	3M-	20.6
Stock Return (%)	6M-	15.2
	1Y-	1.8
Market Cap (₹bn)	57.9	
Book Value (₹)	109.9	

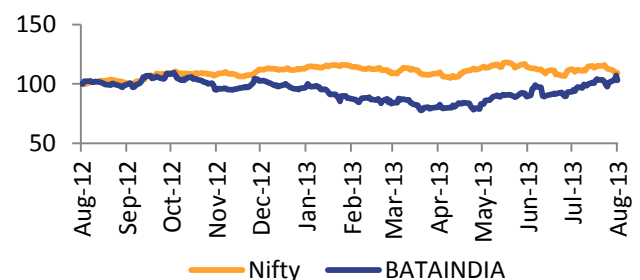
Shareholding Pattern

	Jun'13	Mar'13	Chg
Promoters (%)	52.01	52.01	0
FII (%)	19.15	20.2	(1.05)
DII (%)	11.53	10.24	1.29
Public & Others (%)	17.31	17.55	(0.24)

Quarterly Performance (Standalone)

(₹Mn)	Q2 CY'13	Q2 CY'12	Q1 CY'13	YoY Change(%)	QoQ Change(%)
Sales	5,721	5,033	4,536	13.7	26.1
Op. exp	4,764	4,206	3,910	13.3	21.8
EBITDA	961	831	629	15.5	52.8
OPM (%)	16.8	16.5	13.9	27bps	293bps
Net profit	619	527	385	17.6	61.0
NPM (%)	10.7	10.3	8.3	36bps	233bps
EPS (₹)	9.6	8.2	6.0	17.7	61.2

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

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