

**The stock rallied 5% to Rs 817, trading close to its record high of Rs 833 touched on November 1, 2017 in intra-day trade**

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# Bata



Photo: Sanjay K Sharma

Shares of Bata India have rallied 5% to Rs 817, hitting seven month high on the BSE, on back of heavy volumes. The stock of footwear firm trading close to its record high of Rs 833 touched on November 1, 2017 in intra-day trade.

The trading volumes on the counter jumped more than three-fold with a combined 2.69

million shares changed hands on the NSE and BSE till 02:55 pm.

Driven by various initiatives, Bata India reported a healthy performance in FY18. Revenues grew 7% year on year (YoY) to Rs 26.29 billion (adjusting for the GST impact, growth would be around 12%) in FY18. Furthermore, controlled fixed overheads led to EBITDA margin expansion to the tune of 220 bps YoY to 13.5%. Following the robust operational performance, net profit for the year grew 23% YoY to Rs 2.24 billion.

Bata has a healthy balance sheet with robust cash and bank balance worth Rs 5.89 billion and a debt free status. Constant efforts towards premiumisation of product portfolio resulted in significant improvement in RoCE by 380 bps YoY to 20% in FY18, according to analysts at ICICI Securities said in result update. The brokerage firm maintains ‘buy’ rating on the stock with 12 month target price of Rs 860 per share.

Analysts at Dolat Capital also maintain ‘accumulate’ rating on the stock with 12 month target price of Rs 824 per share.

Going ahead, we believe that Bata sales growth would remain lower vs peers, mainly due to increased competition, better and economic offerings by peers. Nevertheless, its new offerings in select segments would gain traction. Further, premiumization, implementation and cost saving would continue which would accelerate profitability ahead of the sales, the brokerage firm said in Q4FY18 results.

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