May 31, 2022

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BSE Security Code: 500043

NSE Symbol: BATAINDIA

CSE Scrip Code: 10000003

Subject: Post Earnings Call - Submission of Transcript

Dear Sir/Madam,

This is further to our letters dated May 12, 2022 and May 27, 2022, on the captioned subject.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we are enclosing herewith the transcript of the Post Earnings (Conference) Call held on Friday, May 27, 2022.

The same shall also be made available on our website i.e. www.bata.in

This is for your information and records.

Yours faithfully,
For BATA INDIA LIMITED

NITIN BAGARIA
Company Secretary & Compliance Officer

Encl.: As Above

“Bata India Limited
4QFY2022 Results Conference Call”

May 27, 2022

ANALYST: **MR. ASHISH KANODIA – AMBIT CAPITAL**

MANAGEMENT: **MR. GUNJAN SHAH - MANAGING DIRECTOR & CEO – BATA INDIA LIMITED**
MS. VIDHYA SRINIVASAN – DIRECTOR FINANCE & CFO – BATA INDIA LIMITED
MR. NITIN BAGARIA – COMPANY SECRETARY – BATA INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Bata India Limited 4QFY2022 results conference call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Nitin Bagaria – Company Secretary Bata India Limited. Thank you and over to you Sir!

Nitin Bagaria: Thank you every one. Good evening. Good to have all of you on the call. I have with me Mr. Gunjan Shah who is Managing Director and CEO. We also have Ms. Vidhya Srinivasan who is Director Finance and CFO. We have already made the presentation, disclosed it to the stock exchanges. I hope you have had the time to go through it. I request Gunjan to take us through the commentary on the presentation and then we will have a question answer and address as much as possible. Thank you.

Gunjan Shah: Thanks Nitin. Hi everyone. Welcome to the investor's call. As Nitin mentioned I hope you have that presentation I will obviously quote the slide that I am on when I am talking so that we are all in-sync. Starting off, there is obviously a standard disclaimer on slide 2. Moving on, we will obviously cover it is a pretty standard flow so I do not expect any new induction on the flow per se. So starting off with the business overview obviously Bata India is most loved and trusted footwear brand. We have got almost close to 1600 now EBO stores in about 650 or 640 plus towns and in addition to that we have got a widely expanding multi brand outlets as well as ecommerce reach, brand awareness stands at a stratospheric 84% pretty high by any brand standard, and definitely in footwear and within that consideration stands at about 54%, which is also pretty high in my understanding of consumer brands. We obviously have market penetration so all of this is spread all across India. We do not have a great skew in any specific region and also across market peers whether it is metro, mini-metros as well as the smaller towns. We obviously offer product offerings that cater to various user segments as well as price segments.

So moving to slide number 7, ladies and gentlemen I have talked to you about this bubble chart where this is broadly the strategic thrust levers that we have agreed upon as an organization and a leadership and this is something that we are continuously working upon. I have shown this chart to you all multiple times so I will not go through each of the bubbles but I will try and go through the table on the right which is key highlights and progress that we would have made on some of these levers in the quarter and the year gone by, largely the quarter. So the first one in terms of portfolio, I think our merchandise and portfolio has significantly now left COVID and its backlog, we did have obviously over two years of significant backlog in terms of new entries innovation and I have spoken about this

I think there is been a complete refresh that we have largely progressed on and I think one of the biggest ones in terms of portfolio evolution is sneakers and casualization, within that sneakers has been a concerted effort across the organization right from designing, collections, manufacturing, sourcing as well as obviously marketing as well as rollouts within the markets across outlets. This has resulted in a significantly accretive growth in sneakers for us in the quarter gone by and we do see continuous traction on that. So hopefully we will keep continuing that and keep riding the wave on sneakerisation and casualization also in various parts of our brands and portfolio.

The second one, which was an expansion. I had talked about two large levers where we will see a significant outside expansion that we will push, so we have seen almost about last two quarters now about 20 to 30 franchise store additions, last quarter also we had about 22 new franchise stores despite COVID and the disruption that happened in the first half of the quarter and we expect that pace to continue more about it I think in subsequent charts and simultaneously we are expanding a multi brand outlet division and that is giving us great dividends. There has been again a significant progress over the year as well as the quarter gone by. Bringing marketing investments back, I think this was in the context of COVID, but we continue to accretively add in marketing investments versus last year we would see obviously a significantly outsized market investments but we would have I think there were a skew within the quarter we did hold back marketing in the month of January, but February onwards we had a rollout of significant campaigns, one was the continuation of the unlimited sneakers campaign which we had done in quarter three in digital now it went on all mass media which is television. In addition to that, we also rolled out in the quarter NEO casuals for NEO leaders under Hush Puppies, this was the first ever marketing focus that we had done in Hush Puppies and obviously giving us great feedback and traction. In addition to that, we have continuously within that ramped up obviously digital marketing, as I have said Neo casuals Hush Puppies campaign was completely digital and that is rightly so, because that is where our target consumers sit.

With digital footprint we see continuous traction in our ecommerce growth it is obviously our fastest growing channel by many parameters and it continues to obviously led our growth and in addition to that our own e-store while a little smaller from an absolute revenue perspective, but from a strategic perspective is very important for us and we see this now going forward. I think one of the big levers that got improved upon was getting us better ASP, which is obviously very critical for unit economics in ecommerce business. We also had taken on board the fact that we needed to be a far more agile and efficient as an organization. There is one big area that had seen good traction, which is in terms of customer returns, it is a big parameter for us in terms of understanding what is the quality of product that we give, it is been largely now qualified across the length and breadth of the organization right from manufacturing in the back end to the stores on the front end and various actions that come out of the measuring this metric, we have seen almost a 20% reduction in those returns and we hope to keep going forward on that. The other piece is obviously we also made our first initiative by opening up a sourcing center in the West for a product category called Sandek that sells in very large quantum in the West and the coastal belt right down to Kerala and we used to produce and source it all in the north and ship it all the way down there, so this is something that will not only save us freight cost, but also give us much better turnaround and therefore agility in terms of meeting demand.

Staying nimble on cost, several initiatives that have happened on this. Two big highlight I think I have spoken on those obviously rent negotiations, we do continue doing that, not only the inorganic ones which are related to COVID and lockdowns and we did obviously try and leverage even the Omicron lockdown for rent benefits. But in addition to that, trying to make sure that we become far more leader in terms of occupancy ratio, the way we go about little more, maybe down the line and the other piece is in terms of while we see increasing traction and demand footfalls and therefore manpower requirement in our stores but how do we try and get the leverage so that we are able to manage the supply of manpower and therefore resources which meet basically the fluctuation in demand that happens throughout the day as well as throughout the week. So that is what we are trying to leverage through flexi manpower. Last but not least, while multiple initiatives have been taken in terms of leadership of structures, in terms of creating business units for various revenue streams of us, a large technology initiative that has been also initiated is that we are also wanting to ensure that, how do you say, make sure that our technology packs are ambitious across the value chain and revenue and one of the big ones has been the inventory management system, which is now being updated with something that can actually make sure that it becomes far more easier for us to make it visible as well as analyze and that is what is trends version 2 and that is going to get rolled out by June 2022.

Moving on to slide 9, so first and foremost in retail a large part of our investments you know let us say in the last about 6 to 8 months including the last quarter even more accelerated has been in refreshing our store network and when we say refreshing, there are multiple ways in which we do it interventions one is the largest one is the renovation which is a far more structural change that we do in terms of lighting, ceiling, the fixtures, flooring etc. So there are large number of renovations that have happened. We also do minor or relatively a medium renovation which we call as a facelift and that also got done in large numbers. I would say that in this first-half of the year, we would do one is the largest ever refresh of the network which was entirely engineered by the way because two years we had not invested in our stores and we also tried out some few new concepts in terms of evaluating how does that respond to customers in terms of modification of our stores, one of them was called Red 2 plus.

So a large amount of our investments and effort has gone into that we should see that obviously has showing us signs of traction and going forward, we would also want to now also keep doing this while simultaneously opening new stores. In new doors, what you see in the segment below we see basically almost 23 new doors in franchise over 34 new doors in shop in shops, Hush Puppies got addition after a long time of about two stores and Bata company owned stores added about six new doors. These are not necessarily net additions there are some closures but they are broadly I think there is an expansion story this will not only I think gain traction, but accelerate hopefully going forward as we see more and more confidence in terms of consumer sentiment.

What we also saw in addition to that is that retail recovery while got muted or dampened during end December as well as the first part of this quarter but I think February onwards we did see a lot of recovery, one of the things that drove that recovery as I said was sneakers. Within that there was two large initiatives that contributed to it one was sneaker studios I talked about it last time, within the shop in shops within the Bata stores giving us great response. December quarter we were 15 to 20 stores and now we have last quarter in March quarter we have expanded to 107 stores. North Star was the category that led this entire charge on growths in sneakers and continues to do so.

Franchise specifically I think I have said about this. I think we have got a large outsize ambition we want to see this aggressively expand. While doing that we are also conscious of the fact that we want to make sure it becomes a sustainable growth engine for us. So a like-to-like growth is something that is very very critical that we keep measuring for effectiveness as well as ensuring that we are on the right track, while we keep adding inorganically. On the inorganic front last year, which is the fiscal year of FY2022 I think we saw a fair margin I think the largest addition of stores that is 75 store you see in the graph which is bigger than even what we saw last year, as well as any other year prior and we hope to see this traction not only continue, hopefully accelerate going forward. We see huge inquiries as well as interest from people across town tiers in terms of franchise expansion.

Next slide, that is number 11 in terms of the multi-brand outlets, we saw expansion, last December quarter we crossed about thousand towns we have added another 50 towns which is almost like to like compared to even addition of distributors and what you see is WD I have explained this, this is access to potential we have ramped it up right from 19%, so it is a quarter on quarter addition in terms of access to potential, the kind of revenue or the market category size that these distributors do so that is going big. We are also focusing on fewer but larger distributors but this also 32% tells you that there is a huge headroom in terms of distribution expansion here. Simultaneously what we have also done is focused on a few categories while we do this expansion. The growth rates are very strong we do see growth almost across categories, but however within that we have got a few categories where we want to literally own those categories one of them being Men's dress by default into the brand called Bata Remo, that is doing extremely well. In addition to that, we have also while the bases are small, but we have started making extremely strong inroads into sneakers and that hopefully we will have much more to talk about in the coming period.

Slide number 12, ecommerce as I have said, it is a fastest growing revenue stream and it is now gaining a reasonable amount of heft also, as you can see, we are at almost 2.5x of what we were let say pre COVID but last quarter saw about 11% growth, while faster than the overall company growth even if I compare it, relatively I would say a little muted largely impacted by January, but I think the exit growth rates etc., have been extremely accretive to us and we are looking forward to this it is very promising we have got solid building blocks in place across the three revenue streams into this, which is market places which is our own E-store as well as the home delivery channel and all three of them are showing us good traction. We have also beefed up the entire channel with increasing investments, we have obviously created a separate view structure, which is a complete P&L ownership of this channel, there were two large additions in addition to obviously talent and capability that we have added, one is that we have opened up the three PL facility, therefore made it far more entrepreneurial or far more agile as well as easy to scale up and the other piece that we have done is obviously upgrade in terms of our technology and in addition to obviously adding a few marketplaces that are coming along.

One chart that you see on the right is ecommerce complaints, that was obscenely high in my view at about 17 to 18% till about six months back and that has sharply come down, in my view, even at about 6% - 6.5%, it is still very high you cannot run a business that way while there is good improvement or endeavor is to bring it significantly lower and obviously that is resulting in better traction and satisfaction from consumers.

Marketing, I have spoke about it in my first chart, we released the image on the left as well as the image on the extreme right where the campaigns that we rolled out in the quarter gone by, in April towards actually May we rolled out our first campaign along with a new brand ambassador which was Disha Patani which was under the 24/7 casual collection. It is got to be Bata signature tune and a hummable tune and it is just been rolled out a few days back and obviously I think the sneaker performance as well as the Hush puppies growth, which I might add was extremely strong in the quarter gone by as told that this is giving us good traction. And we will continue to invest in this going forward also and I do not see a reason why this year the marketing investments will be at par or even better than what we had seen in the best in the years gone by.

These are just some visuals of the kind of various renovations and refresh that we have done of our stores. You see the one on the left, I think that is a new concept that we have tried

Hush Puppies is anyway is a well-known licensed brand that we have which is doing extremely well, it is one of our largest brands also, in addition to that Naturalizer which is another licensee brand that we have for largely ladies fashion, that is something that we have tried out with this kind of a double door concept, that is giving us good signs. Sneaker studio, I have already spoken about multiple times and the refresh is obviously we have tried out various kinds of innovations as you can see in the bottom right in terms of the Sneakers and Power.

With that some few other highlights. We also carry as an organization pretty strong agenda in terms of diversity and one of the initiatives amongst many others that we have done is basically open all women stores and that is giving us good traction. It gives us a lot more feel good factor but not only that, it also makes the stores far more exciting and tells us that this also works. So there were 25 all women stores that we had across India by March end with a good addition in quarter. We also won awards for our loyalty program that we run and we obviously, as part of our corporate social responsibility did a large amount of shoe donation to needy and underprivileged people.

We have a few other highlights. We did see rent savings right for the full year, large part of it was front-ended towards the first-half of the year when there was large amount of COVID disruption but even in the quarter gone-by we did see some benefits in terms of occupancy savings but as I said, I think the bigger one that is a longer lasting thing that we want to leverage is making sure that we are far more efficient on that whether in terms of structure of our lease agreements or whether in terms of basically a locations therefore gets us, as I said, the key matrix is occupancy ratio. Regional sourcing I have spoken about, we will see many such more initiatives. There is a big skew in terms of our sourcing versus our demand centers and that is something that we want to balance out for better efficiencies and freight savings and the last one I did speak about, we want to ramp up the flexi manpower that not only helps us cater to demand efficiently but simultaneously make sure that we have got flexibility in terms of our overhead costs in this course.

Revenues and this is slide number 17, I will hand over to Vidhya to take us through the financial summary.

Vidhya Srinivasan: From a revenue standpoint for all the quarter we have done well. So as far as quarter ended March FY2022 we registered a revenue 665 Crores which is a growth versus the 590 Crore that we registered in the March FY2021 quarter, the growth of 13% was across all our verticals so we broadly grew in retail franchise, ecommerce as well as in non-retail. From a margin standpoint, we had a growth in margin of about 4.5%, if you recall in the last quarter I had mentioned that the margin drop that we had also had some one-off impact, approximately 3% which has got cleaned up in this quarter, but margin growth has happened, which is powered by both the growth in some of our channels, intake margin improvement as well as ASP improvement. Overall our net profit for the quarter has increased by about approximately 40 Crores and EBITDA has of course also trended upward further as the result of growth in revenues as well as margin. Expenses have been broadly in control.

Gunjan Shah: So while we see these growth versus FY2021 as well as the previous two years, that the way we measure this is versus FY2019 which was a pure clean pre-Covid where we stand at about 98% as you would very well know. So is that the end. Thank you so much. We would love to hear questions and hopefully try and answer them. Thank you.

Moderator: Thank you very much. Ladies and gentlemen we will not begin the question and answer session. The first question from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani: Sir my question is with regards to the margin. You have said that you know you are tracking at around 58% gross margins even in the Q1 and historically we have seen that versus Q4 your margins generally tend to go down in Q1, but in this time we are actually seeing a good expansion in the margins and on top of it, we are also seeing a sharp inflation in the RM prices also. So if you can help us, why we are shooting up versus the historical trends that we have seen here in terms of the margins?

Gunjan Shah: So, actually you are given a lot of references that is sequential as well as historical, but I will try and see if I can address it as efficiently as possible. So yes, we have seen raw material inflation that is the reality that we see all across and we have not been immune to it. But however we saw indications of this starting right from literally September of last year and we tried to do two or three things Gaurav, when we tried to address this, obviously some of the inorganic pieces in inflation continue even now which we were not expecting, which is the geo-political, how we you accentuation that has happened to inflation, but we have tried to work on two fronts, one is basically try and tighten our belts in terms of cost efficiencies so there have been multiple programs that we have been run on this trying to look at the products itself, where there is been over engineering trying to look at basically in terms of efficiencies, in terms of costs and freight as I have talked about some of the initiatives, but simultaneously we have also looked at basically pricing where required and mind you, we also had in this meantime also the GST hit that hit about 50% of our portfolio. So that also had to be get had to get absorbed. All in all, I would say that we have managed to straddle this reasonably well till now so that is where I would keep that as of now.

Gaurav Jogani: Also Sir just a follow up to this, in that case, as you mentioned that pricing was also used as a lever so if you can help us out, what would be the pricing growth that you have taken for the overall company basis for the year FY2022?

Gunjan Shah: For the full year, I would not be having so accurately available, on an on-going basis Gaurav there has been inflation and therefore price increased to the extent we have seen ASP gone up by almost about 16%.

Gaurav Jogani: For the year Sir that is?

Gunjan Shah: No, on a run-rate basis.

Gaurav Jogani: Okay. Sir my next question is with regards to the store expansion plans that you have highlighted, so as I can see you are looking to expand to around 500 new franchisee stores and I hope that would be in a couple of years. So if you can help us out, what is the nature of these franchise expansion are these on a COCO or a FOFO model, if you can give some details in terms of these franchisee operations, it will be helpful.

Gunjan Shah: Yes, sure, so I had spoken about this Gaurav in the past, franchise operation is what we call as FOFO so it is franchise operated a franchise owned and franchise operated, so the way it works is that we bring in a credible retail partner, a person who understands retail, understand how to operate it might not be aware of Bata and maybe footwear but understands retail and definitely fashion and basically open hopefully multiple stores under that entity gradually increasing as the comfort goes up. The way it works is that we work on a complete sell through model so that is something that we are very clear about. The third piece is that is basically we make sure that he follows and complies to certain norms of us. The norms can span across one is the software that operates in the stores, the kind of merchandise the store keeps and lastly, the way the store is, how do you say the way the store is looks right from the time the person keeps in the Capex as well as sustaining it going forward. So these are the broad parameters, I hope that addresses the business model question that you mentioned.

Moderator: Thank you. The next question is from the line of Trilok Agarwal from Diamond Asia. Please go ahead.

Trilok Agarwal: Good evening, thanks for the opportunity. Just two questions, one from a franchisee output perspective or the way you measure internally is the performance similar to the existing stores that the company is set up that is point one and the second question, when you highlighted on the press release about 11% higher than pre-Covid levels in terms of Q1 is that the function of any particular mix for example formal-wear or school-wear or if you can just make comment on that on that point?

Gunjan Shah: Okay thank you. On the first question on basically how does the franchise compare to let say a company operated store, Trilok basically our objective is to ensure it is absolutely seamless. So a consumer is least worried whether the Bata store is or the Hush Puppy store or any other store of us is basically either a company owned or a franchise owned. So our objective and endeavor at all points in time is that it becomes a seamless experience for the consumers, for the town and the strata in the consumer segment that we are targeting obviously a store in a premium mall in let say a Mumbai is going to be anywhere different from a store that I might open, let say for example in a small town in UP or in Tamil Nadu. So but barring that, we want to make sure that basically it is a seamless experience and when I mentioned in the previous answer that I gave to another gentleman we put in mechanisms to place to make sure that we track it. I had also spoken about something called net promoter score that we track and we have also in the last quarter started tracking the net promoter score from franchise operations, I am pleased to share that the net promoter score, which is a complete third party independently taken from consumers which have transacted are entered into our stores that is roughly at par, there is some scope for improvement, but it is a minor difference. So broadly I think all these indicators tell us that we are able to make sure that the experience is seamless. The second question, which was on what are we seeing in terms of growth in terms of categories as I mentioned I think what we see is basically the traction is been driven consistently by one is the Sneakers category so that is one thing that is giving us out size growth. There is some lumpiness to the school business depending on you know when the bunching of school openings etc., have happen, so that is something that however is we are still seeing that coming back, much better than what we have seen obviously for two years. The other piece that is also doing reasonably well and which we will see obviously traction going forward is all our comfort brands. So that is also playing somewhat into the casualization scenario where even consumers who are walking out of their homes after a long time going to offices, going to outside locations, etc. they like to carry that comfort along with them and therefore our comfort brands are also doing extremely well.

Trilok Agarwal: And just a request, if you can in the disclosure, you start sharing on like-to-like sales for both your as well as franchise owned that will be helpful. Thank you very much.

Gunjan Shah: Okay, we keep that in mind. Thank you.

Moderator: Thank you. The next question is from the line of Priyam Khimawat from ASK Investment Management Ltd., Please go ahead.

Priyam Khimawat: Sir thanks for the opportunity. In your opening remarks, you highlighted the word sneakers at various junctures, so just wanted to understand what new things have we done here over the past one year and what percentage of our overall revenues actually come from this category now?

Gunjan Shah: Can you just repeat the question? What was the various junctures?

Priyam Khimawat: Sir, you highlighted the word sneakers a lot of times in your opening remarks that we have done exceptionally well and the traction is really good right now. So just wanted to understand from your part what exactly have we done here over the past one year and also what percentage of our overall revenue is actually come from this category now?

Gunjan Shah: So I think this is one big example that I have also when we talk within the organization also is the one classic example of cross functional teamwork, so it is not being just one part of the organization that is driving the sneakers agenda, it is literally the entire organization. So as I said, the journey started almost from a work perspective, almost about 12 months back, accelerated post July onwards and it started with first and foremost basically getting a collection refreshed so making sure that we got far more obviously fresher collection into that so that was a big agenda in terms of trying to make sure that overall newness goes up. So there is a distinct difference when I go to stores when others that I see or hear, there is a distinct difference in terms of the sneakers that are available in the stores compared to let say a year prior etc. So that is the single largest agenda that started off, that got clubbed with the fact that basically we wanted to make sure that we also develop capabilities within our supply network so that we are able to cater to the design requirements and the product requirements that we have. So there was a huge amount of effort that gone into not only developing suppliers or sourcing partners, but also maybe even co-developing along with them and that seen some very good traction and output which you can see now. The third piece was to ensure that we also get the entire marketing piece in place and which you can see in the unlimited sneakers campaign. We ran that in November-December period as well as in March period and that given us good traction. It was a very unlike a Bata kind of an advertisement and that has given us good response and the last piece I would say amongst many others has been obviously making sure that all the front line and the stores were also trained and understood what the importance of sneakers and how it is to be sold and that is something that has helped us along with a large amount of effort that has gone into obviously the sneaker studio initiative that I have talked about.

Priyam Khimawat: Thanks what was very elaborative. What percentage of our overall revenue has actually come from this category?

Gunjan Shah: Now it is about 20%.

Priyam Khimawat: Ok Sir and if you could please help me with the volume numbers for FY2022 and FY2020?

Gunjan Shah: I do not have it handy right now, we try and see if we can revert back to you during the call.

Priyam Khimawat: Okay thanks.

Moderator: Thank you. The next question is from the line of Aniket Sethi from ICICI Securities. Please go ahead.

Aniket Sethi: Sorry, I am not sure if I have missed your comment on this, you have mentioned that a pilot has been launched in the open value added range in the distribution channel, can you discuss the strategy and the price points here and how do we fare vis a vis with the competition in this sub segment?

Gunjan Shah: So basically this was the portfolio segment that was empty, so one of the things that we have done right is also making sure that the collection and the merchandise team of us regularly in a discipline and a cadence manner visits markets and there to the consumer segments in a way, so the retail team does that and therefore even the distribution business team also does that and when we do that, there is obviously there is a way in terms of tapping opportunities, looking at competition as well as consumers demand and gaps that you can get feedback from the market, the customers, distributors, etc. One of those opportunities was basically a value added open segment, which I would say let say something came let say outdoor or little more rugged sandals that we did not have earlier and that is a portfolio that has got developed under the brand of Power largely.

Aniket Sethi: And these products we did not really have in our...

Gunjan Shah: We did not have that segment at all so I mean to put it very glaringly, we had most probably I think one or two product offerings which was minuscule and does not make sense at all because you need a certain amount of critical mass of range to make sure that an outlet buys into you and therefore display it and shows it. So now we have got it obviously multiplied dramatically and we have got, I do not think we have reached still competition levels, but we would be in the range of about 50 to 20 articles by the time this quarter gets over.

Aniket Sethi: Understood. The second question is we understand that sneakers and casualization have been front drivers of recovery for Bata while you did share the overall recovery numbers, but I believe some of the sub segments may still be trending lower if you can discuss some of the products which you are defocusing or which have seen a weak recovery compared to pre-Covid levels that will be really helpful. Thank you.

Gunjan Shah: I would say that there is nothing specific, I think if there is something that would be specifically not recovering as well, that would be the kids footwear at school which is I think tracking a little lower but that also we have seen increasingly the traction coming back on that but that would be one segment because even non footwear of us which is significantly margin accretive has also done well. So that is where it stands.

Aniket Sethi: And if I can just have a follow up on that, what is the break-up of kids school and non-school wear under the Bata brand?

Gunjan Shah: It would be about the kids would be in the range of about just slightly lower than 10% for the full year while there is a skew for the school business in certain periods, but broadly about slightly lower than 10%, equally split between school and normal kids footwear, which is Bubble Gummers largely.

Aniket Sethi: Ok thank you so much.

Moderator: Thank you. The next question is from the line of Resham Jain from DSP Investment Managers. Please go ahead.

Resham Jain: Good evening. So I have a broader question on the MBO business I think you have highlighted that your brand awareness and consideration level is quite high which means that the ability to place your product in MBO should be higher so given that and I want to know the percentage also what percentage of your revenue comes from MBO and will this part of your business has the potential to grow at a much faster pace than the company average and again related to that is how do you think this segment can grow for you because it might be under indexed as of today given the brand awareness, which Bata has so that is the broader context on the MBO business, if you can put forward your broader vision.

Gunjan Shah: So you will have to help me back with the questions if I forgotten, but broadly it contributes to about, I would say 13% to 15% of our turnover right now so it is not insignificant and therefore it materially impacts the growth of the company hopefully as it continues to grow fast. The second piece that you mentioned was that there is scope for expansion as well as growth. I agree with you, in fact as I mentioned even most probably this time, but definitely even earlier, right that we see obviously this brand awareness consideration, making sure therefore also there is a lot of, how do you say headroom in terms of not only the MBO business but also the franchise as well as the digital business because all of this gives me access to consumers. The second piece, in the MBO business, we also have two parts to it, the larger one is the general trade MBO business, see what I have largely commented and you are talking about but there is also a reasonably fast growing, very small, but we see a lot of expansion and I have talked about it this time I think for the first time, which is the entire shop in shops within departmental stores and it goes beyond just that, how do you say the leading change, there are many more state level departmental store chains that are there and we are trying to make sure that we penetrate in all of them I think we have made some progress but a long way to go. So I think both of them are leveraging the same brands that you talked about.

Resham Jain: Yes and what kind of growth because 13%-15% if we compare with the kind of brand positioning or the brand strength which Bata has, what is the like a long term ambition we have, will it let say 15%-16% can it become what percentage or any growth number longer term if you can share, at what period it can grow compared to the industry? That is it, thank you.

Gunjan Shah: So this business in the industry, the way we see it, wherever we can track numbers, it has outgrown the market for the last four-five quarters and I do not see a reason why it cannot continue doing so, so I will leave my comment to that now, but I see this contribution going up only and hopefully I think not too far out in the future it should be more than 20% contribution, which means pretty strong growth accretive to our overall growth.

Resham Jain: Ok Sir thank you. All the best.

Moderator: Thank you. The next question is from the line of Ashish from Ambit Capital. Please go ahead.

Ashish: Thank you. So in terms of the growth, so in the commentary you have said that versus pre-COVID level in the last 50 days or so the growth has been around 11% now when we look at the ASP which you talked about the ASP has gone up by 16% and in the last two- two and half year the total number of stores or the doors which Bata operates has also gone by 10% to 15% so which basically if I do a back of the envelope calculation, it suggests that the volumes are still lower by 8% to 10% versus the pre-COVID level so is there any particular category where you have seen a lower growth or am I calculating anything wrong here?

Gunjan Shah: No you are broadly not too far off I would say that the volume grows on a run rate basis are about 13% or so lower than the revenue growth and that is largely because there is also a mixed play that is there, the franchise growth does not reflect directly into the complete revenue because there is a margin take out that happens up front to the consumers and therefore net sales revenue. While the retail ASP might be similar but might take out ASP is lower at an NSV level so some of that play does come in. We do want to make sure that the volumes come back also that is very important. There is obviously increasing traction etc. and there are a few things that we have done because we had to take price increases so there are a few entry price points that we would have might have vacated so we are trying to make sure that we get a new articles which can basically make sure that those consumers who are at that price point, etc. we can get them back into our fold in case they are getting disappointed with the new prices, etc. So there is work that is happening on that front, in addition to some of the initiatives that I have said that are happening on the multi brand outlets etc., besides the expansion etc., which will anyway add to the volume growth.

Ashish: Sure Sir that is helpful. And just last question is in terms of the COCO or the company operated stores, so if I look at the data, quarter and quarter the number of stores the company operated stores has been declining, maybe the decline has been between 6 to 10 stores every quarter. So just wanted to understand, is this decline largely you know COVID led that wherever rentals were not yet, that is why the stores have been closed, or is it more because in this market you are focusing more on franchisees stores and that is why some of the company stores have been closed in this markets?

Gunjan Shah: No, it is not related to franchise for sure, these are very different and they are very targeted store and what we call as trade area that we go with the franchise expansion agenda and the company operated stores agenda. But however you are right, there has been a trend of lower COCO stores for the period that I have shown you all and that is largely in how do you say a consequence of the COVID era, we have started now adding priority for the last about six months or so had been to first get same store growth going so same store growth are higher than our overall company owned store growth and but now with the renovation agenda largely in place, a large amount of effort and resources went into making sure that we refresh our current stores and get the same store growth much more healthier. We now should start seeing even the company owned stores expand however, a large part of the expansion even from a capital efficiency point of view, is going to be through franchise exclusive outlets. So my guess would be that we will have company owned stores expansion but it will be about 20% of the store additions that we see going forward.

Ashish: Sure Sir thank you.

Gunjan Shah: Thank you.

Moderator: Thank you. We will move on to the next question that is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. My question pertains to your comment on sneakerisation now if I go through your interviews in last six months you are putting a lot of disproportionate emphasis on this part of the business, so just wanted to know this 20% of current sales to 50% journey which you mentioned in one of the earlier interviews does it mean that you will be playing across the performance or casual and sports segment in this and in performance segment in particular, there is a lot of competition in terms of from international giants who are actually established on that platform very firmly so what would be the strategy to participate in some of those higher end segments of the category?

Gunjan Shah: Thank you Tejas. You are right I think it is a long journey, right and whichever media source you are quoting it from I had also mentioned it in the longer term context but the agenda is very clear, and the urgency and the requirement is also very clear because the consumers are clearly moving towards it. But however, we have obviously understood this right or tried to understand this category and our understanding only evolves and deepens as we go forward. If the entire sneaker segment is divided into multiple nuances and use occasions, one part of it is performance related user occasion, but there is a very large segment which is related to casual wear which is related to lifestyle wear and which is related to maybe light performance which is what I call as walking and running and what we have seen till now. as I have also mentioned is that a lifestyle brand which is North Star has seen the fastest traction it is almost at about something like 200% growth or something like that relatively smaller base however but continuous traction and that is something that tells us that the easier fruits to pluck for us lie in that space, which is the latter three segments the I talked about which is casual, which is lifestyle and which is walking running and we will first and foremost prioritize in that segment, I think we have got so much of headroom right now in that space and there is enough need for us in that space itself and as we go forward parallely, we want to make sure that we work upon, how do you say either a sustainable solution which can help us target the performance segment and there can be organic as well as inorganic ways of making sure that we participate in that. I leave my comment there that there is enough headroom in this the lifestyle and the casual segment itself.

Tejas Shah: This was very helpful. Sir second question pertains to the rapid expansion on the front end distribution side that we are doing but in past as a customer and as an analyst our observation has been that there is a frequent issue of stock outs and you losing customer not on the design or on the brand part but on the availability part. So, parallely as you ramp up your expansion on the distribution side, what are we doing to ensure that the supply chain keeps up the pace with this expansion on the front end?

Gunjan Shah: So two things, I mean actually multiple things on this, but I cannot speak about all of them, but you are right I mean from a historical perspective and maybe even currently so, I think there is still some way to get to I would say best in class or best in market kind of situation from an availability perspective. One is that we have obviously seen a significant improvement in availability the way we track it which is we have got to define matrix for each store in terms of products as well as sizes against it and then you track for obviously appearance against add matrix so that score has ramped up over the last four quarters, that is one I mean this is just putting a measure, however. The second piece is making sure that the supply chain becomes a little more agile, one of the initiatives I talked about there are several more that we are trying to put in place which help us making sure that that supply chain is enabled for it and there are several linkages to it, making sure you have got a forecasting system in place, you are able to aggregate it into a certain supply buckets and therefore capabilities of various factories as well as suppliers and the third piece, in this entire piece, technology plays a very large role and that is also something that I touched upon. But we are also working on several other tools which are basically going to help automate, not only automate, but make us much more efficient as well as more accurate in terms of our deployment of the inventory plan. So that is I think I would say in a broad scope of a large agenda that is there on this fact.

Tejas Shah: Thanks and best wishes.

Gunjan Shah: Thank you.

Moderator: Thank you. The next question is from the line of Jignesh Kamani from JML. Please go ahead.

Jignesh Kamani: Thanks for the opportunity. Just adding to what Tejas has asked, on the inventory management and other things so with new inventory management system, which we are trying to allow in June 20, our supply chain in the front end, the inventory management will be the best in class in line with the industry or still will be lacking and second thing, if you take about 7-8 years ago when we tried to implement supply chain system, there was a technical issue and we again rolled back to the old system so are you expect some issue this time also?

Gunjan Shah: No, we do not design for keeping issues but however there are obviously learning that we captured for and while that happened a long time back in a slightly different, maybe scenario, conflicts, etc. but however see it is very important to note that a tool by itself does not solve there are whole host of business processes of a large and complex organization that need to be making sure that they get a tune to leveraging the tool and therefore then seeing the effectiveness and impact and I would say that is a journey, but you got to start the journey somewhere and that is all the initiatives that I talked about, a tool by itself is not necessarily the end all and be all.

Jignesh Kamani: Okay and second question on the price hike and the gross margin improvement, so if you take we have witnessed close to around 450 base point gross margin improvement probably highest in the Bata history partly because of the sneakerization and partly because of the price hike, are you worried that we might be out pricing in terms of price hike in terms of our competitor and might lose out market share because when we do some channel check, some of the customer indicate that price of North Star or a Power are being slightly higher or much higher compared to other competing brands in that category.

Gunjan Shah: I would not say that we have priced out but however as I mentioned in a previous response that I gave, there are price points that are very critical and it is very important that inflation is a reality everyone in the industry see it, people are pacing up depending on their appetite as well as their objective in terms of taking price increases but it is a reality and people will have to take it, if not today or tomorrow, but the point is that we have to make sure and we are able to address all our addressable consumer segments and that is what I have said that there is a deep analysis that is happening in terms of volume segment areas where price points we have vacated and making sure that we quickly re-circle back in terms of our portfolio offerings to ensure that those price points are addressed in a value for money manner. So that is how we are trying to approach it. I think as of now we have to stay so we will have to tackle it

Jignesh Kamani: Sure thanks.

Moderator: Thank you. The next question is from the line of Bharat Chhoda from ICICI Securities. Please go ahead.

Bharat Chhoda: Thanks for the opportunity Sir. I just required the breakup of the stores that you will be adding like in FY2023-FY2024, how many stores we are planning and what would be the breakup of the same in franchise and company owner. Also for my clarification in the presentation, there is something like 1569 exclusive stores whereas I see the slide below that are 1812 stores so what is the difference between the same Sir?

Gunjan Shah: So the second question first, because that is the easier one, the differences that we have also declared and hopefully will keep sharing because we are now tracking it far more closely, which is the departmental shop in shops, and we have marked it out in the table that you saw so that is, that would account for the difference. Within the other question that you mentioned, which is you know prediction or outlook in terms of stored additions as you saw, last year we saw the largest addition from a franchise perspective but I did respond to someone else that our COCO stores did come down and that is something that will get reversed and hopefully franchise should accelerate going forward because we expect this to be a clean operational year, we are getting our act right we understand this much better so that should give you some kind of an indication I cannot give you numbers beyond that, but I also mentioned earlier that we should see broadly on a slightly longer term scenario, we should see basically a ratio of about 20% and 80% in terms of company owned stores and franchise stores in terms of net additions.

Bharat Chhoda: Okay and Sir one more question like a book-keeping question, basically I just require this rental pre Ind-As rental figure for FY2022 I think in FY2020 it was somewhere close to 385 Crores so what is this number in FY2022?

Gunjan Shah: I will hand over to Vidhya to answer that question.

Vidhya Srinivasan: Sorry I did not exactly catch your question. What was your question?

Bharat Chhoda: Madam the pre Ind-As rental expense for FY2022.

Gunjan Shah: Can you just repeat that question?

Bharat Chhoda: I am asking for the pre Ind-As 116 rental expense for FY2022. I think in FY2020 the number was 385 Crores so what is the number for FY2022?

Vidhya Srinivasan: Yes it is around the same level actually because what has happened is that we have been able to do a fair bit of rental renegotiation etc., and we also have some rental closure over the last couple of years so frankly for this year, more or less, we are at the same level.

Bharat Chhoda: Okay thank you Mam. That is it from my side. Thanks for answering my questions.

Gunjan Shah: Thank you Bharat.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now have the conference over to Mr. Nitin Bagaria for his closing comments.

Nitin Bagaria: Thank you for your interest and for joining this call. We look forward to interacting with you in coming times. In case you have any further queries you can write to me. My contact details are on our website. We will be happy to entertain. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Ambit Capital, that concludes this conference call. We thank you for joining us and you may now disconnect your lines.