

November 6, 2025

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**BSE Security Code: 500043**

**NSE Symbol: BATAINDIA**

**CSE Scrip Code: 10000003**

Dear Sir/Madam,

**Subject: Post Earnings Call**

This is further to our letters dated October 6, 2025 and October 30, 2025, on the captioned subject.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Post Earnings Call (Group Call) held on Thursday, October 30, 2025.

The above information shall also be made available on Company's website viz., [www.bata.in](http://www.bata.in)

This is for your information and records.

Thanking you,

Yours faithfully,  
**For BATA INDIA LIMITED**

**NITIN BAGARIA**  
*AVP – Company Secretary & Compliance Officer*

**Encl.: As above**

**BATA INDIA LIMITED**

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## “Bata Limited Q2 FY26 Earnings Conference Call”

**October 30, 2025**



**MANAGEMENT:** **MR. GUNJAN SHAH – MD AND CEO, BATA LIMITED**  
**MR. AMIT AGGARWAL – DIRECTOR FINANCE AND**  
**CFO, BATA LIMITED**  
**MR. NITIN BAGARIA – AVP AND COMPANY**  
**SECRETARY, BATA LIMITED**

**MODERATOR:** **MR. AKHIL PAREKH, BATLIVALA & KARANI**  
**SECURITIES INDIA LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Bata Limited Q2 FY26 Earnings Conference Call hosted by Batlivala & Karani Securities India Limited.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akhil Parekh from Batlivala & Karani Securities India Limited. Thank you and over to you, sir.

**Akhil Parekh:** Thank you, Shifa. Good afternoon, everyone. On behalf of B&K, I would like to welcome you all for 2Q FY26 Conference Call of Bata India.

From the Management side, we have with us Mr. Gunjan Shah – MD and CEO, Mr. Amit Aggarwal – Director of Finance and CFO, and Mr. Nitin Bagaria – AVP and Company Secretary.

Without taking much time, I will hand over the call to Mr. Nitin Bagaria for his initial comments. Over to you, Nitin.

**Nitin Bagaria:** Good evening, everyone, and welcome to the Bata Q2 FY26 Earnings Conference Call. We have Mr. Gunjan Shah – MD, CEO. We also have Mr. Amit Aggarwal – Director Finance and CFO.

We have shared the Presentation with the Stock Exchanges several times earlier. We will be taking you through the same. We will navigate the slides as well as the page numbers. On page 2, we have the disclaimers. I am sure you have gone through the same. I will now request to Gunjan to take over. Thank you once again for joining.

**Gunjan Shah:** Hi, everyone. Thank you, Nitin. Welcome to the call.

I will jump directly into the presentation which was already uploaded but I will try and see if I can also index you to the slides.

I am moving to Slide #3. This has been the journey. This is just encompassing the full flow of the journey that we have been under for transformational customer experience and therefore driving growth. Inventory declutter, that has been a big part of this entire process especially post-COVID. And I think we are towards the fag end of it. I will show you the progress on that. Revamping the whole customer store experience, and ZBM was at the heart of this entire piece, and I have been talking about it for the last few quarters. We'll see where we have reached. Backed by this was basically then coming out with focused marketing campaigns behind stories and we've seen some elements of it and many more coming along. And therefore, the investments that go behind it, having cleaned up the experience as well as the inventory declutter.

And having done that, how are we wanting to push for expansion? And last but not the least, I think I will give you a glimpse of how we are looking at the product funnel and the product portfolio getting reimagined. I will talk a lot more of it down the line in subsequent quarters because that work has just got started significantly.

With that, I will move to Slide #4, which is on basically the inventory declutter, complexity as well as inventory reduction. On the clutter piece, Slide #five, as you can see, that continues. The number of assortments in the store has significantly come down, largely, as you will see, correlated to aged inventory and discontinued lines. So, a lot of that reduction is coming from there and therefore, focus towards bestsellers as well as to whatever is the stories and therefore new collections of ours. Clearly, that is showing up to us in feedback from consumers, etc. They are able to see the newer stories and lines much better because we have reduced the clutter. What that allows us to also is dedicate inventories towards these products that we want to showcase and sell well, and which is showing up in the availability going up now indexed much higher at almost about 14% better. So, sizes, availability, etc., has gone up. I think there is still some scope. There's a large customer first project, which I briefly talked about last time, that is gathering significant pace, and we will see jump shift especially on the availability piece going forward having reduced the clutter.

Moving to Slide #6, inventory in absolute year-on-year, again the reduction continues, double-digit reduction, despite having much better availability, therefore showing the health improving. Health also comes about in the subsequent two charts that you see in the two quadrants. Freshness is at almost the peak level that we are seeing since COVID, and we do see scope for improvement further on this which is basically absolutely fresh product which is less than six months old. And last but not the least, I think inventory turns, we have reached almost 2.2 and we ideally want to push for at least 2.5 and that significantly improves not only in terms of financial working capital, but more importantly in terms of our agility of the supply chain to cater to demand patterns, etc. So, the pipeline being a little more cleaner allows us to cater much faster.

Having done that, in the same sequence as I mentioned on the transformation piece was store experience, which is slide 8, if we can move to that, I think the centrepiece of this entire piece was there are many other smaller initiatives, but the biggest piece was zero-based merchandising, enhancing customer experience, decluttering stores, enabling more seating in the store, etc., I have spoken about it, so I will not repeat all of that in the previous quarters. But now more importantly on how we are progressing, we know there are benefits, they give us delta like-for-like and revenue per square foot, etc., and consumer experience scores. So now we are not only expanding doors across our network, while we are penetrated literally across the country, and therefore, we've got large stores done everywhere. But however, we are also gradually now wanting to paint cities. As you can see last quarter, so just to make sure it's clear, this is not the cities where the 400 or 300 that we are sitting on, They are spread across. But now we are also simultaneously not only expanding but making sure no cities get painted completely. So, there's a full-scale benefit coming through in the city. And therefore, two cities that we have managed

to put under our belt is Gurgaon and Mumbai. A few more that are being panned out in the next quarter, which is December quarter, as you can see the total doors, we should be able to hit almost 50% of our store turnover by the next quarter end. And hopefully even almost Pareto, that is (+) 80% by the next year hopefully much faster. We have also seemingly cracked the model of moving this much faster. So instead of doing almost about 60-70 stores a quarter, we should be accelerating much faster now, having cracked some of the other elements that are required for this.

Moving further to the stories and marketing campaigns behind it, Slide #10, we did invest in this quarter despite the disruption that we saw on GST. Some of it we didn't anticipate so acutely, but we were very clear that we want to invest, and this trend will continue. We will want to make sure that we invest and that's what you have seen overall from a marketing investment.

The key campaign that we focused, I think one of the biggest ones that came out of the story focus campaign, and I will talk a little more about the product portfolio and the funnel we imagined, was the Victoria Ballerina. And I think we tried to make this really large, especially in some of these ZBM cities that we have painted, and we did see encouraging feedback. So not only the city overall had an impact on its footfall as well as like-for-like, but also in terms of the ladies category from a national perspective, which started growing towards the fag end of the quarter despite the GST disruption. So, we are obviously very encouraged by this, not only the mechanism of making sure it's fully focused, but also the Victoria Ballerina itself, it seems to be something that gets associated with Bata very strongly and has a very large usage location and therefore volume opportunities. So, you will hear a lot more of this going forward.

Next one was on power. There were two large stories, one was on Stamina, and the other one was on Easy Slide. Easy Slide is actually something that we are far more bullish on even now. Last quarter saw it hit almost 4000 pairs per week. The gold standard that we want to hit is about 10,000. So, there is still a lot of headroom, and we hope to achieve that nearer in this quarter itself. There is a lot of inventory that's in the pipeline as well as a range and a bouquet coming through on that. And similar was from a slightly more premium series on performance-based footwear.

Hush Puppies similarly saw two distinct campaigns. The first one was office sneakers, the hybrid one. I think that's given us great response. I think I have some numbers coming in subsequent slide. But the iconic collection got launched towards the fag end leading into the festive season. And with our most premium shoes, I think the highest price now is at about 20,000 that's been launched here along with obviously a social influence of celebrity that you see there.

Last but not the least on the marketing front was the GST communication itself. We were the first on the move on this, literally I think a few days or hours after the announcement of the Prime Minister and obviously subsequent clarity that we managed to emerge with on the 22nd of September when it became effective. Actually, I think in terms of making sure that the clarity was very clearly visible to consumers, and we did see encouraging response, obviously once that communication clarity came through to consumers post 22nd. And a lot of it stays.

Moving to the next section, on network expansion, as I have been talking about it on slide 16, one of the key cornerstones on this expansion has been the franchise story. While this is a slightly more shorter term over the last about 18 months or 6 Quarters, but over the last four years, this has moved from less than 100 to almost nearing towards 700. It gives us access to unique towns. We are wanting to make sure that this is now basically encouraged for multiple store partners. We have almost half the number of franchise partners that have got more than two or more than two stores with us and there are no reason why they should not, at least in a cluster, have about five stores. So, there's eminently large possibility both from the enabler of partners as well as from potential trade areas wherever India is urbanizing so focus towards obviously smaller consumer cohorts and extremely profitable. So that will be a big driver, and our ambitions are pretty large. We want to increase this run rate, and we know where the unlocks lie on this.

We will obviously want to make sure that expansion also continues. SIS is the other piece that I want to talk about. This is Shop-in-Shop commerce stores in large departmental and high throughput areas. We had gone through a consolidation where we were actually relooking at the business model. It was not a very growth driven kind of a business model that we were running and that transformation was underway for the last about six months. And I think now with all our partners, we have undergone that transformation. The business model and contracts are in place and now we should see significant expansion coming back into this. I see huge opportunity on this in terms of attracting newer consumers into the fold of Bata and its brands, both Hushpuppies and Bata.

Last, while this is a new topic, on the last piece on this entire transformation journey which is the product funnel reimagined. I will not speak too much on this, but basically the whole objective is to get a lot more science into and the rationale behind what we bring in as new products onto the table, and not only onto the table, but also what we carry forward from season to season. So, we want to make sure that this pyramid is as sharp as possible with fewer toolkits that allow us to have much better control on comfort in technology. Making sure that styles is what gives us economies of scale driven by uppers on the same molds and kits that are there. So having variety of uppers that gives us much better control on both quality of material as well as in terms of economies of scale and therefore cost of product.

And last but not the least, making sure that multiplies into color ways and which then gives us variety. This is the best practice across the world in the footwear business. And I think this ratio, and I will talk a lot more of it as we progress, you will see a lot more numbers as well as progress talking on this going forward and the benefits that come in, Victoria Ballerina, Easy Slide are a couple of examples very clearly showing that this is the way benefits come through to us. But we'll talk a lot more. So, the whole funnel is under scrutiny right now.

Other highlights, Floats continues its journey. HP Office Sneakers I talked about. On the customer front, as I said, we have graduated now from Net Promoter score to Google scores, and that is continuously seeing improvements. So, we want to be proud enough that we can even tomorrow talk about it to consumers walking them into the stores, etc., and hopefully we'll get

there. The score did improve slightly in this quarter. KROs for multi-brand outlets continue to expand and we did see, obviously, transition impact which I have talked about in my press release on the GST 2.0 transition. But post-22nd, obviously, it's been a reasonably good uptick.

VRS was introduced in Bata Nagar so that on the focus on removing basically legacy cost structures as well as disabling our non-agile supply chain elements continues and we are seeing significant movement on that front. This was one step in that direction. We also saw disruption in July because of our largest distribution centre in the north which covers all our channels in Jamalpur. It covers almost about 40% of our inventory and that did go through a very unplanned abrupt transition in terms of a 3PL partner. We obviously stabilized after that and we've got a gold standard partner now, and obviously there was some reward that we got.

I will hand over to Amit to talk to you through the financial highlights.

**Amit Aggarwal:**

Good afternoon, everyone.

Overall revenue from operations stood at about INR 8,000 million which is a decline of about 4% compared to the previous year from a YoY perspective. Now, as Gunjan mentioned, there were two key events which impacted the top line. One was the RDC operation which got partly impacted. It's one of the largest distribution centres. And second was the GST transition. As a result, there was a lot of consumers as well as customer deferral in buying because of the rate rationalization exercise which was being planned.

The gross margin stood at lower by about 150 basis point versus last year's same quarter. However, sequentially, it has improved by 190 basis point compared to Q1. This erosion in gross margin versus last year mainly on account of two events. One, in order to excite consumer and as well as the channel partners to continue buying pre-rate rationalization, there were certain additional incentives and schemes which were run and that has led to certain impact on the gross margin. The second impact, the continuous push in terms of having a much cleaner inventory pipeline. As you would have seen, the freshness has gone up by almost 7% compared to the base which is there. So, endeavour is to keep the fresh inventory running and whatever is getting slightly aged or not from a range width perspective, intent is to expedite the liquidation as early as possible.

From an EBITDA perspective, the decline is about 220 basis point largely emanating, one, from a gross margin. Two, as Gunjan mentioned in the previous slides that there has been a continued investment in A&P is what we are driving it and you would have seen in the number, the A&P investments have been almost 2x compared to the previous period and we are doing almost 3.5% versus 1.5% which is there in the base previously and the endeavour is to continue and sustain A&P investment in the range of 3%-4% going forward.

**Nitin Bagaria:**

Thank you. We request the moderator to move to the Q&A section.

- Moderator:** We will now begin the question-and-answer session. The first question is from the line of Sameer Gupta from India Info Line. Please go ahead.
- Sameer Gupta:** Firstly, if you could quantify the impact of GST-related disruption that you have called out, both in terms of your channel partners as well as consumers, whatever the best judgment that you have. The idea is to understand the normalized growth or decline this quarter had these issues not been there.
- Amit Aggarwal:** In our whatever analysis what we have done internally and looking at the number post the GST transition what we look at especially from a consumer footfall perspective into store post the GST reduction, we assume if the transitions would not have been there, we would have at least reported a flat revenue versus a 4% decline what is seen there from a top-line perspective.
- Sameer Gupta:** This is very clear. So, 400 basis points is broadly the impact that you can research. Secondly, on margins. I have asked this before also. Now, if I look at the EBITDA margin on a pre-IndAS basis, this is after accounting for rent and also if you adjust for the royalty accounting change that has happened in 4<sup>th</sup> Quarter of last year, I believe the margin is somewhere at 7.5% for this first half. Now, I understand that largely a function of weak same-store sales, but historically also we have had periods where the volume growth or the same-store sales growth hasn't been really impressive, but margin still used to be in a particular range. At the peak of it, they were at 16% and largely around 12% margin range is what we used to deliver. So, what is then pulling this down? Is there a factor apart from same-store sales or subdued sales which is pulling this down? I understand marketing spends have gone up, but even if I adjust for that, it is much below what it used to be. Is franchisee network a margin dilutive channel? And more importantly, apart from same store, what are the other levers that you can use to pull up the margins to at least (+) 10% levels from here? I know it's a lengthy question, but I am sorry, need clarity.
- Amit Aggarwal:** Thanks for raising this. If you look at purely from a dilution perspective, as I mentioned, specifically for the current quarter there are two large impacts, one being the gross margin erosion. Now, gross margin, again, is a function of two things which I mentioned. One is that to ensure that there is a continued footfall as well as the conversion because of the GST-led price reduction. The reforms were announced sometime mid-August while the rates were applicable from September 22. It was a very, very long transitional period where at least what we witnessed from a data perspective, there was a deferral in terms of buying. So what we tried to do is entice consumers with communication and that's where Gunjan also covered as part of the slide that we were the first mover advantage in terms of ensuring and communicating with the consumers that while the revised rates are applicable from September 22, we went ahead and started passing on those additional GST-related benefits effective first week of September itself. Similarly, certain incentives were run for channel partners specifically in case of franchise and distribution business to ensure there is no deferral of buying and whatever support is needed by them to liquidate and minimize the inventory holding which is at a higher GST rate which otherwise would have led to working capital blockage at their end. So that piece, that impacted the gross margin for the quarter.



Second, the drive to continuously improve the freshness. So, earlier what used to happen that the old stocks were heavily cleared during the USS period what we are moving away from doing that we are constantly driving the freshness so that entire discount which gets supplied during the USS period that comes down effectively. So broadly in the next quarter when the USS is there, ideally the markdown spend which otherwise we would have incurred you may call there as an advancement and recognition of the same earlier. So, it should be a lower markdown in the subsequent quarter which would help us recover some of the gross margin which we have lost during the quarter.

**Sameer Gupta:** Just a follow up here. Is there an EBITDA margin range that you are targeting and what will lead us to that?

**Gunjan Shah:** So, while we don't give you a forecast Sameer, but some of these were typical incidences/actions for the quarter gone by so we should not see them repeating. The other piece that I can definitely tell you is that as Amit was also describing this entire piece of freshness as well as inventory clearance or health, a large part of the journey from a health perspective I think we have crossed and therefore the commentary that he gave on the USS load and therefore the markdown impact, we should see those benefits coming through and that's the whole reason that we want. I mean you keep a healthy inventory, so you don't have to do deep discounts later on rather than clear it at a lower discount earlier. But unfortunately right, we have to take the hit earlier the benefits come a little later. So, one offs GST related, etc., obviously should not get repeated. We should not have those incidences again. The other one is the benefits of inventory should flow through as long as we maintain the discipline. The total inventory we still have I think some way to go. I still feel that there is much better terms that we can hit. So that's where the commentary will lie on that. The other levers VRS, etc., obviously are not going to repeat all the time.

**Moderator:** We have next question from the line of Saurabh Kundan from Goldman Sachs.

**Saurabh Kundan:** I have two questions. The first one is if you could please share the same store sales growth of your company owned stores for festive vs festive last year. So, I am talking about Navratri vs Navratri comparison. If I could get the same store sales growth number for your COCO stores for the last 9-10 days of the quarter vs the last Navratri.

**Gunjan Shah:** We don't reveal and share that but what I can tell you is what I mentioned in the commentary is that there was obviously a disproportionate impact and which is what I think in the previous conversation Amit commented, because of this transition and some amount of impact of the warehouse related disruption last quarter did impact our overall growth. But we do see an uptick obviously post the 22nd. Some of it I guess must be also to do with backlog getting pent up demand coming through. But we will and are hopeful of structural benefits coming through. One is all the action that I have talked about. The second one is from a structural ecosystem that the GST would have started giving. We do see some signs of that coming through even in the lower price point products which were under stress for the last 2 years or so.

- Saurabh Kundan:** But if you could give us just an idea of how the festive demand was quantified, I am talking about only those last 9 days. I know in the commentary you said that there was a pickup, and I understand it also involves some sort of backlog but some sort of an idea that will be quite helpful to see what is happening to the underlying demand.
- Gunjan Shah:** So, I would say it has been much better than what we have seen for the last few quarters, and I will leave it at that.
- Saurabh Kundan:** The second question is your channels including franchise and distribution must be under some kind of stress and you indicated that you tried to support them. How long before the channel hygiene there is okay and the channel health there is okay, and you start getting your primary sales? Could it take another couple of quarters?
- Amit Aggarwal:** Just to clarify, it was during the transition period, so let's say the rate rationalization announcement was made by somewhere towards the mid of August while the rates were announced in the first week of September. The moment the rates were announced, and the benefit was visible to all the channel partners, there was a deferral in terms of buying because what would have happened you would have purchased at let's say 12% and sold at 5%, the 7% becomes an ITC blockage from a channel partner perspective. So, what they were all looking at is how to defer the buying so that they are able to buy after 22nd September at 5% to avoid any blockage of working capital in the nature of ITC. So, the moment 22nd September happened, the buying resumed and everything is live now. It's just that the backlog we could not service in just 7 to 9 days of the remaining 8 days of the month therefore some of those spillover orders float to October. But right now, it is normal.
- Gunjan Shah:** So, there is no long running disruption that we see and therefore any kind of gross margin impact from a support perspective. As I mentioned to some other person, it was a one-off thing that happened in the quarter.
- Saurabh Kundan:** I was just trying to understand there must be inventory in the channel, right? Let's say in your distribution channel which if I recall correctly is maybe 12%, 13%, 14% of your business. How about that? That also would have been bought at a higher GST.
- Amit Aggarwal:** From a consumer perspective given the company decided to pass on the MRP reduction and the channel partner anyway has that advantage, it is not an actual loss to them. The entire conversation was around the blockage of ITC. Because if I purchase at 12 and sell at 5 the working capital gets stuck because I will be able to utilize this ITC not in the immediate month but let's say over a period of 5 to 6 months and there was a reluctance from channel partner to invest to that extent. But purely from a margin perspective there is no impact to channel partner also with the GST rate reduction exercise.
- Moderator:** We have next question from the line of Tejas Shah from Avendus Spark.

- Tejas Shah:** Disruption we called out but I thought that there were tailwinds also in terms of early Navratri and our exposure to East India where this festival is very prominent. We saw many East heavy retailers, both listed and unlisted kind of calling out to be a decent quarter. Just wanted to know, was it that we could not kind of capture the demand because of the disruption?
- Gunjan Shah:** We are reasonably present and penetrated in East, but it is about 20% of our business from a turnover perspective. So, it is not so prevalent that it can move the whole thing both ways. But yes, the Durga Puja related preponement, etc., and Navratri related, that did come through but as we mentioned somewhere else in the conversation was that there was a disruption related impact till 22nd that was obviously not recovered as fast. The backlog obviously got cleared over a period of time.
- Tejas Shah:** Even if we adjust for that that we called out that it is 4%, flat growth does not kind of show that kind of exuberance or recovery that we have seen in some of the other like-to-like retailers. So, what is your read on consumer sentiment then because of this flat number?
- Gunjan Shah:** Within this then there are two segments that obviously this whole piece that is that I talked about in my presentation works towards that obviously. The second piece that there is that there is this whole piece which is we will see what the structural impact will come through but the pressure that was there in terms of the 40% of our portfolio which is below 1000 and that ideally with the pass-on that has happened, etc., we should see hopefully that coming and bouncing back. So, those are the two levers that are there. One is obviously the work that we are doing in terms of consumer experience end-to-end and the other piece is obviously the price point related pressure that is there on the lower and mass end. Plant expansion, if I may add, as I said the journey was to make sure that we fix what we have and get that going. Now that confidence seems to be there and therefore as I said we will do now aggressive expansion especially in the channel that I mentioned.
- Tejas Shah:** Last one if I may, when I look at our interactions over the past few quarters it seems we have been ticking all the right boxes in terms of interventions and growth drivers that we are trying to repair, yet for one reason or another numbers haven't quite come through. So, where would you narrow down the core of the problem which is still not responding?
- Gunjan Shah:** Obviously we all want numbers to be better. So, there is no question about that. I think our hypothesis is exactly on the lever that we are working on. Therefore, having got the confidence on setting the right part of the portfolio or the journey right, is where now the investments are going into marketing which you have started seeing now. Investments into now expansion in the right channels and last but not the least the one that is now kicking off is the entire thing of product funnel getting reimaged. So, those are the areas that I think we can do much better on and hopefully that should result into all of this finally cumulatively creating impact.
- Tejas Shah:** Any model territory or market where you believe that you would have done all those changes that you spoke about, and the numbers are kind of coming much better than what we are reporting at aggregate level?

- Amit Aggarwal:** Example is the ZBM store where if you look at the deltas what you see from a control perspective even from a turnover perspective there is a good delta and ZBM is what represents our going philosophy in terms of the rights availability of products, the right assortment, the right consumer experience. So, there is what we see that once you do those concepts right the growth will come.
- Gunjan Shah:** So, just to add on. Three parts, one is ZBM as Amit just mentioned which we have been now tracking for some time and at large scale it still continues to give us significant delta, and we want to make sure that we paint things faster and which is what the agenda is. The second piece is on the marketing piece. I didn't elaborate on this, but we did do an over indexation within this quarter which was in the places where we have managed to paint green and we did see a significant preference being made to the overall city from a like-for-like as well as footfall perspective. And the last one that is there is on the product imagine that Victoria Ballerina is a classic case. One scientifically designed format giving multitude of options literally on a bouquet, a strong association and story with the Bata promise, and a simplified price positioning I think will give us fantastic results. So, we will bet on these much larger and on a wider scale as we see these successes coming through.
- Moderator:** We have next question from Perna Jhunjhunwala from Elara Securities.
- Perna Jhunjhunwala:** I wanted to understand your strategy in terms of value versus premium and how it could impact volume versus ASP largely as you focus on increasing volume from lower price product as well and focusing on Hush Puppies and all these brands for premiumization. So, where do we see as a vision for Bata India where it is positioned and how do we see volume growth and ASP is moving once this GST disruption actually flattens?
- Gunjan Shah:** It's not positioning of Bata India by the way. Bata India is a corporate name. It's positioning of the brands and right now there are two large banners in operation which is Bata and Hush Puppies. As I mentioned in the presentation Hush Puppies is our premium driver and that is seen obviously with the traction that we have seen on premium side of things, etc., in the portfolio, it has seen continuous expansion. Now EBOs both COCO as well as franchise combined, we have crossed 150 now on last count let's say September versus let's say about less than 100 till about 2 years back. So that sees continuous expansion that will anchor the entire premium side on specifically comfort and as I said comfort casual kind of space, formal casual space. There also there are growth levers from a portfolio perspective in terms of there are two large growth levers, one is on NFT. I think the badge value is very strong. We can leverage it across many other categories that consumers wallet consumes. So non footwear related stuff and we are seeing exciting traction on some of the products that we have brought in there. The second piece in Hush Puppies is the ladies section. Ladies offerings, the ladies call to action, the mind share for ladies is not as high as it is for men and I think we have got a right to it. More often than not couples do walk in, and we can monetize both of them. So, there are two clear cut levers besides expansion, etc., on the Hush Puppies side. On the Bata side, it is going to be also, I would say that the growth will be driven by a mix of both volume as well as value. We will not want it to be only value driven. We have realized that that is very critical. However, the price points that

are on the lower side have been under pressure for some extended period and therefore some of the benefits have not come through. We are expecting and we do see some early signs of it because of obviously the value proposition that we have done. We have re-indexed products. We have brought in new products at competitive price points but wherever we can add in technology and features, we will charge for premium and classic example being Power Easy Slide, the whole float story that we have created over 3 years as well as let's say Bata Comfit, etc. These are technology/feature driven products, and they do sell at ASPs which are significantly higher than overall ASPs. So, it's a two-pronged thing. I hope I have been able to answer Prerna.

**Prerna Jhunjunwala:** As a follow-up on this answer, I wanted to understand as a company, how do you see the volumes and ASPs moving because these are two different strategies merging and I know it is consumerization where you cannot really pinpoint on what will work first and what will work second. But as a senior management, you would be having some vision wherein how this should pan out and how can you deliver growth on a volume and ASP basis because at the end of the day, we need growth on volume and ASP.

**Gunjan Shah:** Bata will continue to drive volumes. We will want within that the full price sales to go up significantly and that's what the whole inventory declutter was all about and we do see now that coming through as Amit mentioned in a commentary on markdown and therefore gross margins. Premiumization as I said will be driven by certain categories of products as well as portfolio and Hush Puppies. It will be a combination of both as I said and I think it is going to be a medium-term trajectory that I can comment on. Quarter-to-quarter, there will be variations based on contextual circumstances.

**Prerna Jhunjunwala:** Just wanted to understand this quarter, how was the volume growth and what was the ASP decline because of this inventory declutter. If you could also give us some sense on how is the consumer behaving on a (+) Rs.2500-2800 price point and below price point and how are you going to take it forward?

**Gunjan Shah:** The latter question we will wait for as I also mentioned that there is some amount of backlog, etc., so we don't know what's the structural piece while we do see uptick definitely post 22<sup>nd</sup>. But the fact is that what is the structural behavioral change, etc., we will wait and watch on that front. So, I will hold my answers on that right now while we see some traction coming through on the lower price point product so that's where I limit myself. But between let's say 1000 to 2500 which I heard you ask versus (+) 2500 we will wait for a little more time while we make any commentary on that. On the first piece which is on ASP versus this, I think last quarter we would have been flattish on ASP. As I said premium has done much better, so the mix obviously lifted the ASP the inventory declutter and the clearance on that front lowered the ASP, so both of them nullified each other overall flat on ASP.

**Prerna Jhunjunwala:** In fact, the decline is largely volume driven.

**Gunjan Shah:** Yes.

- Prerna Jhunjhunwala:** Do you see any margin impact going forward in terms of this strategy moving ahead because this quarter definitely there was some disruption, but do we return back to similar margins that we were doing earlier in the next quarter.
- Gunjan Shah:** I think Amit commented on this pretty much in detail in a prior question, but I will let him summarize it once again.
- Amit Aggarwal:** Again, I am saying see the company is slightly shifting from a deep markdown during the USS period to consistently clearing up inventory and not waiting for the USS period therefore what you see the slightly higher markdown leading to margin erosion. So, next quarter, which is a big USS period, we should see significantly lower markdown impact on gross margin because many of those actions are continuously being done in the current quarter as well as in the previous quarter. So, next quarter the overall margin should come out to be better compared to the previous year.
- Moderator:** We have a follow up question from Sameer Gupta from India Infoline.
- Sameer Gupta:** A clarification on the zero-base merchandise I have seen in the presentation that you have completed Gurgaon and Mumbai. I wanted to understand what does it mean? Does it mean that all stores in Mumbai now are on zero-base merchandising, or it means whatever stores you had assigned to be on zero-base merchandising in Mumbai are now completed.
- Gunjan Shah:** Largely the objective is all stores but however within that there is some filter that they apply but broadly about 90% I would say, so most of the stores.
- Amit Aggarwal:** 90% of Mumbai Bata stores in Mumbai are now on zero-base merchandising.
- Gunjan Shah:** Yes.
- Sameer Gupta:** Another bookkeeping question, can you quantify the percentage of portfolio now which is below 1000 between 1000 and 2500, and the rest would be above 2500.
- Gunjan Shah:** About 40% below 1000. 40% between 1000 and 2500 and 20% above 2500. 40-40-20.
- Sameer Gupta:** A clarification on this also so I heard in earlier interview like 3 days back you mentioned that premium is 30% of sales so what exactly do you call premium, is it a price point.
- Gunjan Shah:** It is price point driven but it is a combination of price point as well as brand so I think it would have been depending on the context that was said but I would have commented based on let's say basically (+) 2000 or something like that. So, there are various categories of products which also have price points above and therefore (+) 2000 would have been in that range. I think it would have been in context of a question.



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**Sameer Gupta:** Basically, understanding again is like an open footwear even if it is let's say less than 2000 can be classified as premium in your understanding, or no, that's (+) 2000.

**Gunjan Shah:** Yes. I can't give you a concrete example immediately but there are Hush Puppies products which are let's say for example below 2500. So, there are similar examples in Power the other way around, etc. So, it's more of a subjective definition

**Gunjan Shah:** Yes.

**Moderator:** We will take that as our last question for the day. I would now like to hand the conference over to management for closing comments.

**Nitin Bagaria:** Thank you everyone for participating. If you have any follow up questions you can get in touch with me. Thanks everyone.

**Moderator:** On behalf of Batlivala & Karani Securities India Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

**Disclaimer:** While we have made our best attempt to prepare a verbatim transcript of the proceedings of the Earnings' Call, however, this may not be a word-to-word reproduction