

February 18, 2026

The Manager, CRD
BSE Limited
P J Towers, Dalal Street, Fort,
Mumbai - 400001

The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block G, BKC, Bandra (E),
Mumbai - 400051

The Secretary
The Calcutta Stock Exchange Limited
7, Lyons Range,
Kolkata - 700001

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 January 28, 2026, February 12, 2026 and February 13, 2026, 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 Friday, February 13, 2026.

The above information shall also be made available on Company's website viz., 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

CIN: L19201WB1931PLC007261

Registered Office: 27B, Camac Street, 1st Floor, Kolkata-700016, West Bengal || Tel.: (033) 22895796 || Fax: (033) 22895748
E-mail: in-customer.service@bata.com || Website: www.bata.in



Bata India Limited

Q3 and FY '26 Earnings Conference Call

February 13, 2026



MANAGEMENT: **MR. GUNJAN SHAH – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – BATA INDIA LIMITED**
**MR. AMIT AGGARWAL – DIRECTOR FINANCE AND
CHIEF FINANCIAL OFFICER – BATA INDIA LIMITED**
**MR. NITIN BAGARIA – AVP, COMPANY SECRETARY –
BATA INDIA LIMITED**

MODERATOR: **MR. AKHIL PAREKH – B&K SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Bata Limited Q3 and FY '26 Earnings Conference Call hosted by B&K Securities. As a reminder, all participant line 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 star then hash on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akhil Parekh from B&K Securities. Thank you, and over to you, sir.

Akhil Parekh: Yes. Thanks, Danish. Good afternoon, everyone. On behalf of B&K Securities, I would like to welcome you all for 3Q FY '26 Conference Call of Bata India. From the management side, we have Mr. Gunjan Shah, MD and CEO; Mr. Amit Aggarwal, Director, Finance, CFO; and Mr. Nitin Bagaria, AVP, CS.

Without taking much time, I would like to hand over the call to Gunjan for his opening remarks, post which we'll open the floor for Q&A session. Over to you, sir.

Nitin Bagaria: Thanks, and good afternoon, everyone, and welcome to the Bata Q3 FY '26 Earnings Conference Call. We have Gunjan Shah, MD and CEO; and we also have Amit Aggarwal, Director Finance and CFO, joining us.

We have shared the presentation as a pre-read to the stock exchanges yesterday. I hope you had time to go through the same. We have already also shared the disclaimer, which is part of the presentation.

I now request to -- request Gunjan to take you through the performance summary. Thank you.

Gunjan Shah: Thank you, Nitin. Hi, everyone. Thank you for joining this call this quarter. We will do this slightly differently this time in the sense that while the presentation has been uploaded, and I'm happy to take any questions on it, many of them are consistent pieces that we have showcased over a period of time. So I will not be taking through every chart. I will give you some opening remarks on the highlights that I see.

And then as I said, I'm more than happy to answer questions on the presentation or otherwise. So thanks once more, and we'll -- so we saw turnover-led growth of about 3% this quarter, right? It's been welcome after some time. We do see signs of momentum and green shoots, as I mentioned in my release also.

This was on the back of persistent implementation of the zero-based merchandising project. Now it has scaled up to 400 stores and obviously, higher marketing spend. This is the second consecutive quarter that we have elevated our marketing spends, double-digit growth on marketing spend itself, and we are seeing the results of that.

We hope to continue that going forward. All the key metrics in ZBM have shown growth, as you would have seen in the presentation. And the overall margins growth is at double-digit at 10%

underlying PBT growth, supported by various actions that we have talked about, including, but not only the Customer First.

There are now tangible improvements that we can see in terms of turns, availability, turnaround time in terms of resupply to stores and obviously, a longer-running project, which was rationalization of agent inventory. It is now at -- as per our records at very high levels now in terms of freshness.

While overall growth was seen reasonably democratic across price points, so good to see even the lower price points doing better. But we did see, obviously, Hush Puppies, Power and Floatz from a brand perspective, obviously driving growth disproportionately better.

We also saw a significant turnaround. It has been under work for almost a year, but the corner stores channel, which was, in a way, rationalized and put on pause is now showing both growth as well as extremely strong margin performance.

We'll see and hear a lot more of it coming in the coming years. As I talked about in the last quarter, the entire funnel for product creation, had -- I had briefed, opened that topic last time. I promised you that I'll come back with a lot more flavor.

We had shared with you now a lot more color and detail on it. Happy to answer questions, but you will see a lot more actions in the next few quarters, specifically focused on basically the product channel -- the product funnel getting reimagined, which we feel is a very, very strong pillar for our growth going forward.

The franchise network continued to expand. Now we are at about very close to 2,000. Hopefully, this quarter, we should cross the 2,000 mark. Our I&D promise business continues to expand through the KRO network, reach is now 2,000 plus, a significant addition of almost more than double in the last 1 year. And the last piece was on e-commerce.

We saw strong growth coming back across the channels, marketplaces.com as well as omni. We also have launched our Bata app and now almost 14% of our D2C business comes through the app, which is very encouraging within the first 6 months.

Lastly, to top it up, turnover increased by 3%, as I mentioned earlier, and EBITDA went up by about 200 basis points, by -- as I said, well-rounded performance across channels from a margin perspective.

With that, I will come to a close on my comments. Thank you.

Moderator:

Ladies and gentlemen, we'll begin with the question and answer session. Our first question comes from the line of Sameer Gupta from IIFL Capital.

Sameer Gupta:

Sir, firstly, if I look at large part of our initiatives that are being articulated in the presentation, these are focused on simplification of processes, lower inventory, lesser kit style lines. While it improves efficiency and -- it also reduces the choice for the consumer. And on the other hand, there is any -- hardly any retail store addition during the year on an overall basis.

Now initiatives are commendable. I'm not trying to downplay them, but how does this solve for growth? Or how do we reach that double-digit growth aspiration that we have laid out in recent quarters?

Gunjan Shah:

Yes. Okay. Thanks, Sameer. You're right. There are a lot of bunch of things which are enabling a lot of simplification. But let me point out a few of them, which will try and give you some flavor of where the -- so the biggest one is, in my view, was, let's say, for example, the entire piece on elevating the marketing investments.

We have significantly taken them up, and you will see that continuously going up. That's driven continuously towards growth, right? And there are obviously certain -- we are also making sure that, that is focused towards a few product campaigns. Last quarter, for example, our single largest one was on the festive collection, and that's given us -- the one prior to that was focused on only 2 of them, which was Victoria Ballerina as well as the Power Easy Slide.

And that's given us great impact, and you will see that going forward. The second one that's there is, I firmly believe, and we have seen that in terms of the growth rate revenue per square foot also is that the zero-based merchandising is giving us incremental benefit continuously, right?

And now at the scale that it is, it is impacting the overall SSG also. So that's the second big piece. The third one and which I feel is going to be the longest in taking impact, but will have the largest impact also in line with our aspirations going forward is the product one, which I commented in my commentary.

The reason that this rationalization that you see in kits, etc., is also to get authority on the product going. So we want to make sure that the products at the end of this full funnel that I've talked about over the last 4 quarters, we -- our -- next 4 quarters, you will see that our ability to make sure that the right kind of a product with the right authority from a design, material as well as comfort perspective comes through to the consumers in a scale that is relevant enough and which will enable consumers to make our choices much easier for us.

So I think all of these combined together are supposed to drive growth, besides, obviously, the one that I commented, which I'm sure you would have understood, which is expansion across channels, right, whether it's franchise or whether it's e-commerce or even the MBO channel.

Sameer Gupta:

Got it, sir. This is very helpful. Second question is that there is a sharp jump in the key retail outlets this quarter, and this is both Q-o-Q and Y-o-Y, looks very high for 1 quarter. So is there a renewed strategy towards this channel, which is the MBO channel being under pressure for some years now?

Gunjan Shah:

Yes, yes. So the reason -- I've been talking about this for some time, Sameer, right? And I think this is just the cumulative of that effort. So things take time to gain momentum and then the results come through, right?

So this is a combination of that. It's been in effort for the last about 4 quarters. It is not revisiting the channel, but basically trying to look at the -- these are the big ones. So I believe we reached about 20,000 outlets in MBOs, right, roughly. It's not a very easily trackable data.

But the key retail outlets within that are supposed to contribute to almost these top 10% outlets contribute to almost 25%, 30% of the turnover. And making sure that we are able to present our range right, the engagement of these outlets is right. There is an engagement program, which rewards them for the right performance, gets the display right. So that is the journey that we are on.

I think there is enough scope on expansion itself as well as making sure that the engagement becomes better. So you will hear a lot more of it going forward, but it's in the works for the last 4 quarters. So it's not a sudden thing.

Sameer Gupta: Got it, sir. Again, very helpful. Last one, if I may squeeze in. Just a bookkeeping one. So 9 months FY '26, can you just share the broad growth numbers for different brands, Bata Hush Puppies, Power, any other which is meaningfully large?

Gunjan Shah: Can we do something on that? Or -- I will need to come back to you, Sameer, on this in the interest of time. In case I have handy, I will comment on it in some other questions.

Sameer Gupta: Sure, sir.

Moderator: Our next question comes from the line of Gaurav Jogani from JM Financial.

Gaurav Jogani: Sir, my first question is with regards to the GST impact. You had called out in the earlier quarter that, that had an impact of around 400 bps last time around. Now if we total up the Q2 plus Q3 revenue, that total, I think last year, it's -- the sales has kind of declined. So would it be prudent to say that the sales whatever we have lost because of the GST disruption that has not come back entirely and possibly could benefit going ahead as well?

Gunjan Shah: Okay. It's a little difficult, Gaurav, to do a complete arithmetic on this because there was an impact, which was some amount of impact was channel, but a decent amount of impact was also consumer hesitancy. Now for sure, as I had mentioned even at the last quarter when I said that post that, we have seen and that momentum, as I gave in my opening remarks, we continue to see that through the quarter.

How much of it was a plus/minus, etc., very difficult to state, but we do see momentum continuing. So -- which I would say is, I think, an underlying structural impact of GST 2.0, which should continue in general for the foreseeable future.

Gaurav Jogani: Okay. Sure, sir. Got it. My next question is with regards to the...

Gunjan Shah: The channel issues -- if I may just clarify, the channel issues that we had faced, obviously, in the last -- I mean, the quarter 2, they have completely eliminated. So it's reasonably -- now it's a reasonably steady state comfortable for everyone. There is no confusion whatsoever in the channel. So I think in that manner, I think those wrinkles have got removed.

- Gaurav Jogani:** Okay. Okay. Sir, just one allied question to the GST question only. I mean, because of this rate reduction, have you now seen more attractiveness? Because of the earlier rate hike, the mass end kind of was getting more impacted. Have you seen more recovery now in this part of the portfolio?
- Gunjan Shah:** Not as much as I would have liked, Gaurav, but yes, better than what we have seen over the last 7, 8 quarters.
- Gaurav Jogani:** Sure. Sir, my next question is with regards to the zero-based merchandising performance, the one that you mentioned about the quarter performance. Now if you look at the delta, the delta is around 5%-odd versus the overall store network. So would you say that this is very early stage delta that you are getting? And as the time progresses, this delta can even grow bigger? Or you largely expect the delta to be around this range only?
- Gunjan Shah:** Okay. So it's a delta versus rest of network. So as soon as the rest of the network -- I mean, once the ZBM now is 400 stores, our ambition is to take it to almost a full network or a large part of it by the end of this year, right, in the next few couple of quarters. So the delta is not the only relevant metric, but I understand where you're coming from.
- See, this is purely driven by giving us a much better curated choice to consumers, making it easier for consumers to make decisions and making the full -- the machinery working towards the consumer experience, right? But there are many other parts that will add on to this, hopefully, right?
- As I said, just one example that I elaborated on to a previous question was on the product piece. Now that piece is supposed to give us delta. That's why we are putting so much of effort on it. I feel that it's very good. Some examples of it that we have launched in men's dress, Floatz is a classic example that we have been on it for almost 3 years now.
- They are all examples wherein we get the authority on the product, and that gives us significant purchase from a consumer traction perspective. So they should add on, yes, all the other initiatives. Marketing investments being elevated, right, will add on to it.
- Gaurav Jogani:** Okay. Okay. And sir, just last question from my end is in terms of the channels itself. We have been consistently seeing 2 things. One is your premium products continue to consistently grow at a very decent pace. And at the same time, the online and the EBO channel -- sorry, the online channel continues to also grow at a faster clip. So probably if you can help us out, one, how the contribution for the online channel now has changed? And also on the part that -- is it margin dilutive? It is margin accretive, same line, something on that sort.
- Gunjan Shah:** Okay. All right. So if I can just rephrase contribution, how they have moved for e-commerce as well as how are they from a margin perspective. Is that right?
- Gaurav Jogani:** Yes, yes, yes.
- Gunjan Shah:** Okay. All right. So growth rates have been very strong, I would say. I think we can do a lot more, and there's a lot of work that is afoot both from making sure that our penetration in terms

of both inventory options as well as partners keeps continuing. I think we are there with most of the partners, including the quick commerce guys.

There are a bunch of business partnering that we are doing with some of the partners also in terms of their newer initiatives and how can we participate in it, right, from a category as well as from a consumer experience perspective. So that should funnel.

There is another large piece that we are trying to do in terms of making sure that we also create certain kind of a brand presence online, which is in addition to what we are anyway leveraging from the offline brand presence, right? So Floatz is a classic example.

My contribution of Floatz online is still not as much or nowhere close to what it is offline. So there is a huge runway that I have in terms of driving it and therefore, the necessity of putting brand presence. Now both of these combined together, coming to your question, we should see this growth continue.

It is now in, I would say, mid-double digits in terms of contribution from an e-commerce perspective. And we look at it purely e-commerce, not just the omni part, which is additional. And the second one is from a contribution perspective or profitability, I would say, broadly, it's at par. It might be slightly lower than overall profitability, but my sense is scale gives us great benefits on this. And I think at the growth that it is, it will hopefully not be a drag anymore.

Moderator: Our next question comes from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Yes. Sir, I wanted to check, obviously, you mentioned that growth is not handy with you. Can you tell us how big is the size of Hush Puppies for us as in broad ballpark range, if you can allude to?

Gunjan Shah: It is about -- overall, it's in the range of about, I think, INR700 crores, I would say, right? And in retail stores, it contributes to anywhere between 15% to 20%.

Devanshu Bansal: 15% to 20%. And this INR700 crores is like consumer level sales that we do? Or is it like there is a B2B as well also?

Gunjan Shah: It is retail business largely. So there is no big difference between consumer sale and the realized turnover.

Devanshu Bansal: Understood. Understood. Sir, the intent of asking this question was from a prospective increase in competitive intensity in this space, right? So there is another brand class where rights have yehbeen acquired by Metro. Plus we are seeing incremental focus of expansion in terms of their value brand, which is Walkway as well. So I wanted to check what steps are we sort of taking to protect our businesses at both the value end as well as at the premium end.

Gunjan Shah: Okay. So while I cannot comment specifically on competition, but we keep a track of it, Devanshu, right, for sure. I mean, that's part and parcel of doing business. The second thing to just keep in context, right, both ends, the market is significantly fragmented. So it's not like it's

a duopoly or a monopoly, right? And there one person directly takes a shy of -- slice of the pie, right?

But that doesn't mean that there is a consumer trend, there is a competition, there are trends that we can identify and obviously learn from also, right? So that's a continuous exercise. Irrespective of that, both at the lower end as well as the higher end, there is opportunities as well as challenges, right, which we need to be cognizant of and therefore, incorporate in strategies.

Let me try and tackle a brief manner, both of them. On the lower end, see, there are 2 large pieces that we are trying to do. One is that even there, one big step we took about a year back and which has now started showing some results, right, obviously, aided by the GST impetus also is the value proposition piece.

We have got the value proposition right, and that is now showing signs of consistent traction to us, right? So that's one big piece. The second one that's there is accessibility, right? We are now at almost about 700 franchise stores. We hope to get to 1,000 hopefully in the next couple of years, right, if not earlier.

And that gives you a significant leeway, especially when you're talking of the slightly mass end of the products, right? So that's 1 -- 2 pieces that are there. On the top end piece, let's say, Hush Puppies, specifically the example that you mentioned, there is a significant expansion.

This one is already now sitting at COCO-plus franchise, we are at about 160 EBOs, right? We should be hopefully aiming for a 200 exit in the next rolling 12 months or so. So it will see a significant continuous traction in terms of expansion. In addition to that, there are a few other things, right? The biggest one is in terms of product. There is a desire, and we see very clearly that there is getting the best kind of product, the best kind of materials behind the product, right, and nuances on design, color, etc., right, is the ask is even higher here.

And the more we get into, let's say, departmental stores, etc., that's giving us even more need for it as well as urgency for it. So I think those pieces will help us. So expansion on both ends as well as making sure that we get the product proposition right will be the key to making sure that we continue the growth traction on these ends.

Devanshu Bansal:

Thank you for this elaborative answer, Gunjan. So last question from my end. I guess I read somewhere that we intend to increase our export business as well, right? So with recent signing of FTAs, what kind of a scale are we targeting from an export perspective over the next 2, 3 years?

Gunjan Shah:

Okay. So exports is -- and I mentioned this in the past. So basically, we have, over the last, I think, 1, 1.5 years, set up basically a dedicated sourcing hub, right, which supplies not only to India but also to the globe of Bata, right?

Now obviously, with the FTA that has just come in, right, it will obviously take some time to get operationalized, which we all know. But that doesn't stop us from making sure that the groundwork also gets accelerated. So I will not be able to give you numbers, but the ambitions

are pretty large on that front, and we are wanting to make sure that -- and because we've got a large footprint of Bata in Europe also.

So there is invariably a lot of synergy. So even the global Bata system is now looking at it even -- with even more urgency of how can we expand exports dramatically. We have been in the ballpark of about 700,000 to 1 million pairs historically. You will see a significant jump over the next 2, 3 years. I can't comment numbers right now, but I'm sure in the next couple of quarters, I will have numbers for you.

Moderator: Our next question comes from the line of Muskan from Svan Investment.

Muskan: My question would be like how many stores do we have for Hush Puppies? And how many stores do we aspire to grow in the coming years?

Gunjan Shah: We have -- as I just mentioned in the prior question, we have about total of 160 EBOs, about 125 -- 135 are COCO and 25, if I remember, are franchise. Just help me, I'm just checking the numbers somewhere. Okay. And we should be aiming for, as I said, in the next 12 months, reasonably ambitious, but we should be aiming for about 200 plus.

Muskan: So these are the overall stores, right? I wanted to know specifically for...

Gunjan Shah: EBOs, Exclusive Brand Outlets. Yes.

Muskan: Okay. Okay. Fine. So these are exclusively for Hush Puppies, right?

Gunjan Shah: That's what your question was.

Muskan: Yes, yes. Okay. Cool.

Moderator: Our next question comes from the line of Chetan Thacker from M3 Investment Private Limited.

Chetan Thacker: Sir, just 2 questions. One is when I typically observe the footfall at your store, what is quite evident to me is that there is a fair degree of brand recall for customers who are in the 30s and above who have experienced the brand. And hence, there is a large degree of recall when it comes to Bata. But when I look at the cohort, which is, say, in their 20s or mid-20s, so to speak, there the recall remains quite low even now.

So what would be your take there? What is your data that you're seeing and your experience? And how do we address this? And the second question is more from your mix of in-house manufacturing and outsourcing because we've seen a VRS, which has happened in Hosur as well along with Batanagar that happened. So how are you looking at the mix between outsourcing and own manufacturing? And what are the pros and cons for both of them?

Gunjan Shah: Okay. From a age profile of consumers, etc., your anecdotal observation is actually not very -- is actually not very inaccurate, right? So our average age of consumers as per our CRM database is in the early 30s, right? So about 31, 32 is what I remember, right?

It's got a little younger over the last, I think, let's say, 3, 4 years, but it's in that ballpark of 31, 32, right? So there is a bunch of consumers, largely, I would say, between 25 to 30 also. There are -- what our consumer research, etc., Chetan says is on 2 fronts. One is that awareness, I don't think that's a problem.

So even the 20s, consumers know Bata. Do you have relevance from a product profile perspective of what they're needing and wanting from an experience as well as product profile, there is areas to work upon.

I will give you 2 large, but there are many other flavors to it. One is this whole sneakers, and you will see that work coming through more and more. But that space is very, very dominant in their consideration of relevance, etc., from a footwear perspective.

The second one that's there is online, right? A lot of their consumption, their discovery experience comes from online as well as even digital interface with brands, etc. So we have tried to move a lot of our digital spend, which is much easier. Anyways, a lot of our marketing spend has moved digital.

And within digital also has moved from celebrities towards social media influencers, etc., right? So that piece is also the other big pivot that I think is work in progress. We need to continuously keep doing more, right? Now that's on one end.

The other piece is also making sure that you are able to -- as I said, you are able to make sure your stores look younger. So the whole piece that was there of Sneaker Studio, Bata Red 2.0 as well as now this whole ZBM piece of making sure that the consumer at the center of the store from an offering perspective are all working towards that same direction.

But I would say that, that's an area that still needs a lot more improvement. I think with elevated marketing spends, you will be able to attract those consumers a lot more. Your second question was -- can you just repeat your second question?

Chetan Thacker:

Outsourcing. The mix between outsourcing and in-house because we...

Gunjan Shah:

Yes, yes, in-house manufacturing versus outsourcing. So it's a long-term strategy, Chetan, that I've been talking about for some time now, right? We were, let's say, about 4 years back at almost 30%, 35% contribution of our product coming from in-house manufacturing. From a long-term strategy, we see that coming down gradually, right? And we are now sitting in the mid-teens, I would say, roughly.

And that will continue to taper. Not to say we have not invested. So we have invested in capex as well as technology on certain key lines, but the large principle that I mentioned even earlier and the VRS and the actions are in those same lines are basically to do with wherever I've got an IPR, which is technology driven, wherever I've got automation and wherever I've got large capex, right, low labour is what I would like to keep in-house. Rest of it is better off done through contract manufacturers.

- Chetan Thacker:** Sir, just a follow-up on the second bit. So when we do in-house versus the contract manufacturing, does it not elongate the market time for us or it does not matter really?
- Gunjan Shah:** Intuitively, you're right. But what we are doing is we are doing it differently. So we are also consolidating our contract manufacturing partners. So they were about 120 plus till about 3 years back. Now they are down to 60. We will see further rationalization of it.
- Ideally, our goalpost on this is to have only 15 partners, right? So -- yes. So that will give us a significant amount of lead time is one big thing, but that is not the bigger one. The bigger one is leveraging and cross leveraging best practices, technology and innovation, product development becoming an extended arm, etc. So a lot of those benefits are far higher and obviously much better quality control.
- Chetan Thacker:** Sure. Understood, sir. So fair to assume that to address the first issue, we will first need to obviously address the product bit as well and brand marketing can continue online and discovery can also help get conversions from the customers who are in the younger pool today. And to give you credit, we've seen the impact of store renovation. So that is quite visible and refreshing. So that should be a fair takeaway from this?
- Gunjan Shah:** Captured well. Thank you.
- Moderator:** Our next question comes from the line of Aniket Salunke from Sunrise Gilts & Securities Private Limited.
- Aniket Salunke:** Gunjan, Aniket Salunke this side. So my question was like you added 27 new franchisee outlets and ZBM expanded across 400-plus stores. So what is the expected ramp-up time line for revenue contribution for these new and updated stores? And like how are these performing versus company-owned stores?
- Gunjan Shah:** Okay. Okay. You're talking of the franchise stores or the ZBM stores?
- Aniket Salunke:** Yes, franchisee stores. Franchisee stores and ZBM?
- Gunjan Shah:** Okay. So ZBM, we have got a chart which clearly tells you how they are doing versus rest of the network, right? So that delta that you see, basically, just to make it easier for you, it's 5%. We've seen that now over a very large network. These are the top 400 stores of our network, right?
- And they are continuously doing better on a very large scale. And as I said, we will continuously expand. In fact, now we have become more confident as well as we understand the process of expanding faster. So we -- hopefully, this year, we should be done with the ZBM agenda also, right?
- Now coming back to -- coming back to the franchise piece, franchise model is attuned towards smaller consumer cohorts, Aniket, right? Now historically, Bata was not good at franchise, right? Over the last about 4 or 5 years, we have expanded it from less than 50 stores to now close to

700. As I have mentioned earlier in the call, right, we aim to be at about 1,000 plus in the next couple of years.

Now this is largely driven in Tier 3 and downward markets and smaller suburbs of the larger metros or cities or Tier 1, Tier 2 cities, right? Now these are consumer cohorts which are smaller. They are upcoming. Obviously, they're growing really fast because that's where urbanization is all happening.

Historically, we were not able to tap into it easily. And franchise is a very efficient, extremely profitable win-win model, which allows us to do that, and that's given us all this traction. So yes, I hope that answers your question.

Aniket Salunke: Okay. So, as you mentioned, like you are expecting 1,000-plus franchisee stores. So any guidance on revenue growth, margin trajectory for the next 2 quarters?

Gunjan Shah: I will not be able to give you guidance, but we obviously are doing this for growth, right? So the objective is to keep driving growth and franchise is one lever to driving that.

Aniket Salunke: Okay. And my next question is like how is e-commerce and digital share trending? And what initiatives are underway to expand this channel?

Gunjan Shah: Okay. I answered that in a call -- in a question prior, but it's in basically mid-teens from a contribution perspective. It has been our fastest-growing channel for the last almost 5 years or so. Now it's significant basis also, so it's no longer a small base. It grew and I've shared that in the document also, we grew in -- at about 15%-odd last quarter. And in fact, our ambition is to grow it even faster going forward.

Aniket Salunke: Okay. And my last question is like on inventory and working capital. So I saw like that inventory efficiencies are 11% that was highlighted. So how sustainable are these improvements? And like what are the risk of future inventory buildups if demand softens?

Gunjan Shah: Okay. I'll hand over to Amit to answer that.

Amit Aggarwal: Aniket, thanks for raising this. See, what we are doing is a structural correction through the project Customer First, what we talked about. What we have done is we have reduced the number of lines, therefore, less inventory to be managed, right? We are improving the freshness of the inventory.

As we earlier mentioned that right now, we are at onetime -- all-time low aged inventory, and we are doing more science-based data analysis in terms of predicting the future demand. So all that is helping us in ordering the right inventory, right, so that we don't end up having accumulated inventory, which is not desired from a consumer perspective.

So the inventory reduction, what you see is sustainable and you will see further reduction compared to where we are right now. Over the 2 years, we may have done about 25% reduction, right? But that trend will continue. You will see further improvement on that inventory side.

Aniket Salunke: Okay.

- Gunjan Shah:** Yes. So it is not coming at a compromise of ability to serve, right? I mean it is at better or even higher availability in stores, right? So it is not coming at the cost of that. It is both, right? That is the whole objective of this project to Customer First.
- Moderator:** Our next question comes from the line of Kunal Bhatia from Dalal & Broacha Stock Broking.
- Kunal Bhatia:** Sir, could you give us some sense on...
- Nitin Bagaria:** Kunal, can you speak a little louder?
- Kunal Bhatia:** Yes. Can you hear me now?
- Nitin Bagaria:** Yes, much better.
- Kunal Bhatia:** Yes. Yes. Sir, could you give some sense on -- for the 9-month period, how has the SSSG panned out? And how has been the revenue per square feet? And then I'll follow up with the other question?
- Gunjan Shah:** Yes. We don't share the SSSG numbers, Kunal. But however, what we have shared consistently has been basically the ZBM performance. That has been significantly accretive, right? So that continues.
- Overall 9-month numbers are published and available, right? I would say that they would be overall flattish, I believe, right? But the fact is that we had a GST disruption in one of the quarters. So yes, that's where the commentary will stand.
- Kunal Bhatia:** Okay. And sir, it's been like a long period of time wherein the growth has been lagging around the single digit. Sir, according to you, what is the kind of assessment we have done in terms of the efforts put in? Because there are -- I agree to it, there are a lot of efforts being put in from the last couple of years now.
- So still, there are some pain points which are old enough to be handled. So is it that the hard decisions are not being taken? Or what is the issue that we are still not being able to -- I agree there are some external factors also. But what are the kind of things we will still require to do to get to a double-digit kind of growth from this low base effect? If you could throw some light on the broader perspective in terms of the next, say, 1- or 2-year period?
- Gunjan Shah:** Okay. We don't give any forward-looking forecast, Kunal. But if you look at it, I mean, the Slide Number 3 on the presentation that has been uploaded, right, is exactly trying to answer the questions on how do we want to drive growth going forward, right? And it also is consciously put in a sequence of gestation of work that is going backwards as well as going forwards, right?
- So some of the works that are there in the points 1, 2 as well as 3 are significantly underway from an action perspective. So the inventory declutter, making sure that the consumer experience is elevated from a stores, etc., perspective as well as marketing investments are elevated are already underway, and I have already commented on them.

I think the one that will give us even more impetus, I think there is a lot of scope in the next 4 quarters that you will see is the one on network expansion as well as in terms of the product funnel. So I think that chart itself answers the question that you're talking about.

Kunal Bhatia:

And sir, according to you, any older pain points which you have not been able to touch base upon and you do feel that maybe it's a hard decision, but if taken, things could improve significantly?

Gunjan Shah:

I think the biggest one, not a hard decision, but the one with the longest gestation is the product piece, right? Making sure that we've got a significant authority as well as our own stamp of design as well as comfort behind each product of ours is where the gestation is the longest and - but there is now enough work underway, as I've outlined in the chart, which is I think Chart Number 15, which I had opened up last time and now I have given a lot more color to it, right, is the one that is the longest gestation. So not a difficult one, but the one that you will see a lot more effect coming through, not only in my calls to you all, but also in the stores going forward and hopefully, traction from consumers.

Moderator:

Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management of the Bata. Thank you, and over to you, team.

Nitin Bagaria:

Thank you, everyone, for joining. It was lovely interacting. Over to you and the moderator for closing. Thanks.

Moderator:

Thank you so much, sir. Ladies and gentlemen, on behalf of B&K Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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