

Date: August 17, 2018

The Manager Corporate Relationship Department BSE Limited 1 st Floor, New Trading Wing, Rotunda Building, P J Towers, Dalal Street, Fort, <u>Mumbai – 400001</u>	The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E), <u>Mumbai - 400051</u>	The Secretary The Calcutta Stock Exchange Limited 7, Lyons Range, <u>Kolkata – 700001</u>
BSE Security Code: 500043	NSE Symbol: BATAINDIA	CSE Scrip Code: 10000003

Dear Sirs,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that Mr. Ram Kumar Gupta, Director Finance and Chief Financial Officer (CFO) of Bata India Limited was interviewed by 'CNBC TV 18' and was aired today, i.e., Friday, August 17, 2018 around 9:35 A.M.

A transcript of the interview is enclosed for your record. The same has also been uploaded on the website of the Company, viz., www.bata.in.

Thanking you.

Yours faithfully,
For BATA INDIA LIMITED



ARUNITO GANGULY (FCS 9285)
Assistant Vice President,
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 23014400 || Fax : (033) 22895748

E-mail : corporate.relations@bata.com || Website : www.bata.in

**Transcript of interview of Mr. Ram Kumar Gupta,
Director Finance and Chief Financial Officer (CFO) of Bata India Limited
which was aired by 'CNBC TV 18' on Friday, August 17, 2018**

Starting Note:

Since we are talking consumption, Bata is one stock which has record high having rallied 50 per cent in the last one year. The numbers this quarter also look quite good, the operational performance is quite strong, and the bottom line has expanded nearly 40 per cent boosted by the high disable 'Come and be surprise' campaign. Ram Kumar Gupta is the director finance and CFO of Bata has joined us now to talk about that.

Q) Mr. Gupta, Good morning and thank you so much for joining us. I want to start by asking you about the premium product business, you know your brands like Hush Puppies, Power, Marie Claire, etc. Currently 40 per cent of the sales come from that category. Are you doing anything to increase that revenue contribution over the 2 years? How much will come from premium products and how could this aid your margin?

A) Good morning to you. These premium products contribute to around 30 per cent of our total basket which includes Hush Puppies, Dr. Scholls, Naturalizer and some more products. Yes, as per consumer demand we are planning to increase premium products and we are expecting that by end of the current financial year, the share will be around 35 per cent.

Q) Mr. Gupta, Good morning to you. Therefore, you know one always thought of Bata and that's how they have presented themselves as a comfortable and value for money product. Now you are talking about expensive products. Are customers responding well to it? How have their behavior been?

A) Yes, in fact we are providing premium product as per consumer demand only. Consumers, they need this that's why we are providing that and there is a good demand for these products and customers, they like this. And this is the reason we are providing these products.

Q) You did say that the premium products will contribute 35 per cent to 30 per cent currently. I wanted to understand what about the women segment because there we are seeing a significant pickup as well. Are you doing anything to increase contribution of the women segment in your overall basket? Any new product launches increasing or increasing ad spends there?

A) Yes, in our current range, women category provides 28 to 30 per cent revenue. And you might have seen our TV ads also where we have hired Kriti Sanon, Bollywood actress. She is our brand ambassador and she is doing campaign for us over TV and in print media also. We are expecting that women category will grow substantially in the coming days.



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Q) Let me come back once again to your rich VS poor category. Would you worry losing the low-end consumer to you know competitors like Liberty, Khadim?

A) No, means healthy competition is always good and Bata is known here, and we are market leader in India. We are in India for last 85-86 years. So, there is no threat. However, in addition to that we are developing our products day in day out. We give something new to our customers and customers they like this. There is no threat from competition.

Q) Should we expect higher margin than the current 16 per cent that you are clocking because of the higher share of premium products?

It is not due to higher premium products which means margins are more or less the same. Of course, little higher in premium products as compared to other products. However, we are taking lot of initiatives for margin improvement like consolidation of suppliers, bulk contract, long term agreement with our suppliers, raw material suppliers as well as other suppliers. Cost saving initiatives means product development in our own manufacturing units which give just positive result resulting improvement in margins.

Q) The last time you have said that you are able to revenue rent licenses at cheaper and cheaper rates. Infact, I think rent as a percentage of sales has been steadily going down. You see that impacting that positive impact in the remaining part of your 2019 as well?

A) Yes, as far as rent is concerned we are re-negotiating our rentals with the existing landlords plus we are optimizing our retail space. Some of our retail stores which are in big format and as per our requirement if we need lesser space we surrender surplus space to the landlords and we get substantial savings in these costs. This is the main reason that as a percentage of revenue rentals are coming down.

Q) How many new store additions this year or even next year for that matter?

A) Financial year 18-19 we are projecting around 100 new retail stores.

Q) 100 new retail stores. Just coming back to the earlier point, you made about the initiative for margin improvement. You said that you are doing consolidation of suppliers, better product engineering, etc. What more are you doing to improve margins, and can we look at 20 per cent margins anytime soon over the next 1-2 years?

I cannot commit any numbers but yes, we are taking all sort of actions as I told you. Consolidation of supplier, improvement in our raw material, substitution of raw material, product engineering, all these things will give fruitful result. The number which you are mentioning, I cannot say that we will achieve that in the near future but yes long term we can achieve that also.



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Q) You have a foreign exchange out go. Why would that be and therefore, will the rupee weakness hurt?

A) No basically at the time of import we do our hedging with our bankers. So, if you see infact substantially on the existing purchases in addition to that our import portion is very less. Means some raw material, some finish product also. Mainly raw material in imported. The portion of that is very minimal. That's why.

Q) Okay these effects is not a problem for you but let me just come back to your sales numbers Mr. Gupta. You know footwear was the place where there is the maximum amount of unorganized sector especially leather footwear. I mean in times I have a famous kolapuri chappal industry as well but you know unorganized is still big and yet you all are growing revenue in single digit. Even this quarter is at just 8 per cent. So, is there a chance you will be able to claim that unorganized sector in any space and move to double digits?

Last quarter as you have mentioned single digit, these numbers are not comparable. Last year in the same quarter numbers are pre-GST right where VAT rate was less and this quarter these are post GST. So, if you see if you remove that and infact numbers are in double digit number 1, number 2- this unorganized sector is always going to be there but with GST we are hopeful that it will give a positive result to organized sector and in the coming years.

Q? So that's about shoes, I just wanted to ask you any plans to launch athletic wear, athletic clothing because you know that seems to be the new growing segment over the past say 6-12 months?

You see recently we have launched one exclusive 'Power store' in Noida and we have planned to increase number of stores. Within this quarter only we are planning to open 2 or 3 Power stores in the country. So, we will go step by step and yes there are plans. I don't know whether you are aware or not that in Bangalore we have opened one exclusive women store, and this is the plan to open some more exclusive store for women. At the same time, we have opened one exclusive store for children, Bubblegummers, this is also a plan to open some more store in the country.

Ending note:

We leave it at that. Pleasure speaking to you. Thank you very much indeed for joining us.



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