

# Metro Brands

**BSE SENSEX**  
80,623

**S&P CNX**  
24,596

## Conference Call Details


**Date:** 9<sup>th</sup> Aug 2025

**Time:** 03:30PM IST

### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	25.1	28.5	33.3
EBITDA	7.6	8.8	10.5
Adj. PAT	3.5	4.4	5.4
EBITDA Margin (%)	30.2	31.0	31.7
Adj. EPS (INR)	13.9	16.2	19.7
EPS Gr. (%)	9.4	16.1	21.4
BV/Sh. (INR)	64.4	75.1	88.3

### Ratios

Net D:E	0.3	0.3	0.2
RoE (%)	21.2	23.8	24.7
RoCE (%)	14.1	16.3	16.7
Payout (%)	154.6	35.5	34.5

### Valuations

P/E (x)	85.7	73.8	60.8
EV/EBITDA (x)	44.4	38.0	31.8
EV/Sales (X)	13.4	11.8	10.1
Div. Yield (%)	1.7	0.5	0.6

**CMP: INR1,132**
**Buy**

### Slightly weaker, with revenue and EBITDA up 8-9% YoY

- Consolidated revenue grew ~9% YoY on a weak base to INR6.2b (2% below), driven by an increase in wedding-related footfalls during 1QFY26.
  - The growth was largely driven by ~8% YoY area additions, as quarterly SPSF declined ~3% YoY to INR4,350/sq ft.
  - In-store sales grew modest ~4% YoY (vs. ~5% YoY in 4QFY24), driven largely by 8% YoY area additions.
  - The company added 23 stores and closed three stores, bringing the count to 928 stores. Format-wise, MBL added five stores in Metro, nine in Mochi, two in Crocs, and four in Walkway.
  - E-commerce sales grew ~45% YoY to INR840m.
- Gross profit grew 9% YoY to INR3.7b (2% below) as margins **moderated 15bp YoY** to 59.3% (~20bp below our estimate), likely due to a higher share of e-commerce in the revenue mix.
- EBITDA grew 8% YoY to INR1.9b (6% miss) due to slightly weaker growth and higher other expenses (higher marketing spends on brand building and positioning).**
- Other expenses rose 13% YoY (5% above) and employee expenses grew 6% YoY (4% below), leading to ~45bp YoY EBITDA margin contraction (115bp miss).
- Depreciation/finance costs rose 15%/14% YoY, while other income rose 22% YoY.
- PBT at INR1.3b grew 6% YoY (broadly in line) as lower EBITDA was offset by higher other income and lower finance costs.
- PAT grew 7% YoY to INR0.99b (in line).

### Update on new business formats

- Foot Locker –**
  - MBL launched its first Foot Locker store in India in October 2024 (New Delhi, Nexus Select City Walk), and the performance has been largely in line with management's expectations.
  - MBL remains cautious on expansion due to supply chain related concerns following the BIS implementation; however, it plans to open three additional stores before the festive season in 3QFY26.
- Fila –**
  - To counter BIS import challenges, local manufacturing of FILA products has commenced.
  - FILA's repositioning is progressing as planned, and the company is on track to open new EBOs for FILA in 2H FY26.
- Launch of New Era –**
  - The first kiosk opened in Bengaluru (Oct 2024), followed by Hyderabad and Mumbai, with the New Era India website going live in 4QFY25.
  - Further kiosk/store additions are planned for 2QFY26 onwards.
- Clarks' partnership –** MBL signed a long-term partnership agreement with Clarks to become its exclusive licensee and distributor (for all channels) across India, Nepal, Bangladesh, Bhutan, Sri Lanka, and Maldives.

Consol P&L (INR m)	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
<b>Total Revenue</b>	<b>5,761</b>	<b>6,428</b>	<b>6,282</b>	<b>9</b>	<b>-2</b>	<b>6,407</b>	<b>-2</b>
Raw Material cost	2,334	2,734	2,555	9	-7	2,596	-2
<b>Gross Profit</b>	<b>3,427</b>	<b>3,694</b>	<b>3,727</b>	<b>9</b>	<b>1</b>	<b>3,811</b>	<b>-2</b>
<b>Gross margin (%)</b>	<b>59.5</b>	<b>57.5</b>	<b>59.3</b>	<b>-16</b>	<b>186</b>	<b>59.5</b>	<b>-16</b>
Employee Costs	594	626	630	6	1	657	-4
SGA Expenses	1,029	1,096	1,159	13	6	1,102	5
<b>EBITDA</b>	<b>1,804</b>	<b>1,972</b>	<b>1,939</b>	<b>8</b>	<b>-2</b>	<b>2,052</b>	<b>-6</b>
<b>EBITDA margin (%)</b>	<b>31.3</b>	<b>30.7</b>	<b>30.9</b>	<b>-45</b>	<b>18</b>	<b>32.0</b>	<b>-116.7</b>
Depreciation and amortization	600	701	688	15	-2	708	-3
EBIT	1,204	1,271	1,251	4	-2	1,344	-7
<b>EBIT margin (%)</b>	<b>20.9</b>	<b>19.8</b>	<b>19.9</b>	<b>-99</b>	<b>13</b>	<b>21.0</b>	<b>-107</b>
Finance Costs	208	244	237	14	-3	260	-9
Other income	234	231	286	22	24	244	17
Exceptional item	0	0	0	NM	NM	0	NM
<b>Profit before Tax</b>	<b>1,230</b>	<b>1,258</b>	<b>1,300</b>	<b>6</b>	<b>3</b>	<b>1,329</b>	<b>-2</b>
Tax	309	309	320	4	4	334	-4
<b>Tax rate (%)</b>	<b>25.1</b>	<b>24.5</b>	<b>24.6</b>	<b>-48</b>	<b>10</b>	<b>25.2</b>	<b>NM</b>
<b>Profit after Tax</b>	<b>921</b>	<b>949</b>	<b>979</b>	<b>6</b>	<b>3</b>	<b>994</b>	<b>-1</b>
<b>Adj Profit after Tax</b>	<b>923</b>	<b>953</b>	<b>988</b>	<b>7</b>	<b>4</b>	<b>988</b>	<b>0</b>
<b>PAT margin (%)</b>	<b>16.0</b>	<b>14.8</b>	<b>15.7</b>	<b>-29</b>	<b>89</b>	<b>15.4</b>	<b>31</b>