



TRANSCRIPT OF THE 45TH ANNUAL GENERAL MEETING OF METRO BRANDS LIMITED HELD ON SEPTEMBER 7, 2022, AT 3:00 P.M. THROUGH VIDEO CONFERENCING / OTHER AUDIO-VISUAL MEANS AND CONCLUDED AT 4:15 P.M.

Ms. Deepa Sood – Company Secretary

Good afternoon everyone, I, Deepa Sood, VP – Legal, Company Secretary and Compliance Officer of Metro Brands Limited. I am attending this meeting along with other Dignitaries on this screen from Mumbai, through video conferencing.

I welcome you all to the 45th Annual General Meeting of the Company being held through video conferencing, without physical presence of the members at a common venue. This is the 1st AGM of the Company after listing.

The quorum for meeting is present. This meeting is in compliance with the Secretarial Standards, MCA and SEBI circulars.

Today is Wednesday, 7th September, 2022 and the meeting commenced at 3.00 p.m. I would like to inform you all that the facility to join this meeting was open 30 minutes before the time scheduled for this meeting and shall be kept open for 30 minutes after the scheduled time of the meeting for e-voting.

The facility to appoint proxy to attend is not available for this AGM. However, the Body Corporates were entitled to appoint authorized representatives to attend the AGM through VC, other audio/video means and participate and cast their votes through e-voting.

The Statutory Registers and other documents as required under the Companies Act, 2013 are kept open and accessible for electronic inspection during the continuance of the Meeting.

The notice convening this AGM along with the Audited Financial Statements, Board's Report and Auditors' Report for the FY 2021-22 have been circulated to everyone in advance and is also available on the website of the Company. With your permission, I shall take them as read.

The Reports of Statutory Auditors' and Secretarial Auditor do not have qualifications, observations or comments. Therefore, these reports are not required to be read out in the meeting.

With this, I now hand over the proceedings of the meeting to the Chairman.



Mr. Rafique A. Malik - Chairman

Thank you, Deepa. Good afternoon everyone. I extend my hearty and cordial welcome to all of you at the 45th Annual General Meeting of your Company. The Quorum is present and, therefore, I call the Meeting to order.

Deepa, please introduce other Directors, KMPs, senior management persons and the auditors present at the meeting.

Ms. Deepa Sood – Company Secretary

Thank You sir. We have with us.

Ms. Farah Malik Bhanji – Managing Director of the Company and Chairperson of the Risk Management Committee, Corporate Social Responsibility & Sustainability Committee and Share Allotment and Transfer Committee and member of Audit and Stakeholders’ Relationship Committees.

Mr. Iqbal Dossani – Whole-time Director of the Company and member of Stakeholders’ Relationship Committee.

Mr. Manoj Maheshwari- Independent Director of the Company, Chairman of Audit Committee and member of Nomination, Remuneration and Compensation Committee.

Ms. Aruna Advani – Independent Director of the Company and Chairperson of Nomination, Remuneration and Compensation Committee and Stakeholders’ Relationship Committee and member of Audit Committee.

Mr. Arvind Kumar Singhal - Independent Director of the Company and member of Corporate Social Responsibility & Sustainability Committee.

Mr. Srikanth Velamakanni – Independent Director of the Company and member of Corporate Social Responsibility & Sustainability Committee.

Mr. Utpal Sheth – Non-Executive Nominee Director of the Company and member of Nomination, Remuneration and Compensation Committee and Share Allotment and Transfer Committee.

Mr. Vikas Khemani – Independent Director of the Company and member of Audit Committee and Risk Management Committee could not attend the meeting due to preoccupation.

We also have with us Mr. Nissan Joseph, Chief Executive Officer of the Company and Mr. Kaushal Parekh, our Chief Financial Officer.



The representatives of the retiring statutory auditors from M/s. Deloitte Haskins and Sells, namely, Mr. Ketan Vora and Ms. Pallavi Sharma.

The representative of proposed Statutory Auditors from M/s. S R B C and Co. LLP, Mr. Firoz Pradhan and The representative of the Secretarial Auditor, Ms. Meghna Shah is are also present at the meeting.

The Scrutinizer of the meeting, Ms. Ashwini Inamdar, Partner of Mehta & Mehta, Practicing Company Secretary, has also joined us in the meeting.

I now invite you all to watch a brief audio-visual on the Journey of the Company.

Ms. Farah Malik Bhanji – Managing Director

We would like to welcome Mr. Utpal Sheth as well who has joined us. He is our Non-Executive Nominee Director.

Good afternoon, everyone.

I am delighted to present the first Annual Report of Metro Brands Limited, or MBL, as a listed entity. I warmly welcome the new shareholders to MBL and convey my sincere thanks to all of you for the trust you have reposed in the business. I hope you have all received your discount vouchers.

Your confidence has infused new energy within the Company – to further evolve and grow the operations while always staying relevant to the most important element our customers. I look forward to sharing the future success of the Company with you.

From a humble beginning to becoming in 1955 to becoming a nationwide chain of exclusive fashion footwear and accessories stores for the entire family. MBL is a company rooted in deep heritage. For over six decades, your Company has proudly stood for quality, craftsmanship and customer service, making 'Metro Shoes' a household name in India. Today, this rich legacy inspires the team at MBL to continue putting the highest focus on meeting the growing aspirations of India's billion strong population.

In addition to having strong homegrown brands in its portfolio, MBL also houses third-party brands to elevate the store experience and complete the customer journey. Your company is also one of the few footwear companies to externalize manufacturing for all its products. MBL has an extensive retail



presence across the country, the majority of which are company-owned and company-operated stores. Your Company has also pivoted its presence to online channels to make its products more accessible.

MBL's asset-light business model together with successful long-standing vendor relationships has enabled it to focus on core operations of product curation and brand retailing. In fact, your Company firmly believes that retail is all about customer experience. Selling service is its prime objective and selling footwear is only a means to realize this objective. Thus, MBL, invests a lot of time, money and effort in training. This efficient and customer-focused operating model has resulted in consistent growth over the years and a debt-free balance sheet which further underpins your Company's ability to pursue organic and inorganic growth opportunities.

In the last year we have augmented our top team. In June 2021, the Board appointed Mr. Nissan Joseph as the Chief Executive Officer. Mr. Joseph has an excellent understanding of the retail sector and MBL will benefit from his rich experience and leadership.

MBL has also created a stronger, more effective organizational structure. Further, the evolved and strengthened senior leadership structure ensures that we have the right management team for the next phase of our growth.

In 2007, the Company brought on Board a marquee investor to ensure utmost transparency and efficiency in its operations. The strong focus on professionalism is also evidenced in the decentralization of authority for the management of Company stores. Considerable freedom is given to store managers and their feedback is factored in deciding the product portfolio as your Company believes that they are best positioned to understand regional trends and customer expectations. This genuine empowerment of people at the front-end has inculcated a feeling of ownership and belonging, while also benefitting the Company through better sales and reduced levels of dead stock.

MBL continues its focus on practicing the highest levels of governance, professionalism, and transparency in the larger interests of long-term value creation. Business activities with a focus on sustainable value creation, prudent financial decisions, professional management, and a policy of transparent communication will continue to embody MBL's corporate governance philosophy to ensure that stakeholder expectations are met.



The Indian economy is anticipated to be one of the fastest-growing economies in the world. The various reforms and initiatives taken by the Government have created a strong blueprint for realizing the ambition of becoming a \$5-trillion economy in the next few years. While the pandemic may have temporarily interrupted this growth journey, the momentum is now back. With aspirational brands in its portfolio, robust network expansion, with emphasis on penetration across the tiers and cities, a focus on enhancing its online business, and tie-ups with international brands. Your Company is determined to contribute towards India's exciting growth story.

In closing, I would like to thank all our employees for their dedication and hard work over the past year. Your Company is grateful to its customers for their loyalty and remains committed to delivering them the best experience. I would also like to thank the various stakeholders, whose continued support has helped the Company overcome various challenges.

Finally, I once again thank our shareholders for their trust in our business. Exciting opportunities beckon your Company; by staying agile and customer-focused, it is determined to capture these opportunities to create better value for all stakeholders.

Now I invite Mr. Nissan Joseph, CEO of your Company to give an overview of the financial performance of the Company.

Mr. Nissan Joseph – Chief Executive Officer

Thank you, Farah, and a very special thank you to all our shareholders for taking the time to be with us today.

I would like to take a moment and walk you through the highlights of our Proud Past. One that started in 1955 with our first store in Colaba. Since then, we hit our first milestone of 100 stores in 2010, which doubled to 200 by 2012 and in the next 10 years, grew to 624 stores at the end of FY 2022. Today we are present in 30 states and Union Territories from 144 cities 142 cities and are a pan India operation.

Along the way, we opened our first Mochi store at the turn of the century, and then in 2009, we launched our first Walkway concept store. In 2015, we signed an agreement with Crocs to open their EBO's across



the country and in the last 6 years have grown this to over 150 stores. One other addition to our concepts was including Fit Flop to our portfolio of brands and this partnership, which was launched in FY2022, resulted in opening our first Fit Flop EBO store in April, 2022.

Having operated over the last 65 years, I would like to share with you some of our key enablers.

First, we offer a wide range of brands and products that allow us to operate across the economy, mid and premium segments of the market.

Secondly, we are now one of the largest Indian specialty footwear retailers operating across 30 States and union territories.

Today we have an efficient operating model with deep vendor engagements that enable us to use technology to translate trends into products efficiently. Our deep and varied supplier base ensures that we are able to meet the demands of the various customers segments across our footprint.

The 4th enabler is that we have strong promoters supporting and helping the business along with an experienced and entrepreneurial management team.

Our Chairman, Rafique Malik guides us with his over 50 years of experience in retail.

Farah Malik Bhanji leads us as the Managing Director for the company and Alisha Malik is instrumental in spearheading our e commerce journey. To ensure that we are future ready, we continue to add depth to our management team.

And 5th and last, but not the least, we're an asset light business model that enables us to outsource our product manufacturing while freeing up resources to focus our efforts on profitable retail growth.

Moving on to give you an overview of our business. Today, we are a one stop shop for all footwear needs. We cater to a wide range of consumers that covers Family, youth, premium and value customers through our different formats.



As I mentioned earlier, we have a pan India presence in multiple tiers of cities, from Metro cities all the way down to Tier 3 cities, and we are pleased to say that our performance in all tiers continues to give us confidence that we will be able to sustain our growth. We guided in our RHP that we will open 260 stores in 3 years and are on track to achieve that.

We also today have products with a focus on mid to premium segments as we cater to the various categories of consumers and price ranges. We are a DTC operator and do it predominantly through our own brands of Metro, Mochi, Walkway, J Fontini and DaVinci. These brands represent 70 plus percent of our business and we take on 3rd party brands where we believe it enhances the consumer experience in our stores and enhances our retail image with our target consumer.

Moving on to a financial recap of fiscal year 2022.

Our revenue from operations were 1,343 crores with an average realization per square foot of 15,450 rupees. Our gross profit continues to be in the mid to high 50% range as we hit our highest gross margins in 2022 of 57.9%.

EBITDA margins continue to range in the high 20s to the 30% range as we closed last year with a 30.6% EBITDA.

Our PAT last year was at 15.9% which represented 214 crores of profit. This I must point out is our highest PAT percentage and PAT value in the last 4 years despite being affected by continued covid closures through the first part of the year.

Return on equity was 16.6% for the year, followed by an ROCE Equity of 17.8% and we continue to have a dividend payout averaging in the mid 20% range. All of the above resulted in an operating cash flow of 220 crores. I would like to point out that the company has been declaring and paying dividends to shareholders consistently since 2000.

As I shared earlier, we opened our first Fit Flop store in Chennai in April of 2022. We are delighted with the performance of this store and intend to open five additional Fit Flop stores in this year.



For the walkway business, we took a strategic decision to reposition our walkway stores as we exited our Shop-in-Shop concepts. The financial impact of this decision was minimal. The Walkway team now focuses on opening company owned, company operated stores and select franchise stores. We believe that our strategic repositioning of the walkway brand will be a positive impact to the business.

Towards the end of Q3 and the beginning of Q4, we anticipated that there would be supply chain challenges. To mitigate this, we made a decision to frontload our inventory to enable us to flatten out any spikes in input costs and this led to us doing both maintaining our sales growth while also maintaining our gross profit margins.

In other business updates, as you all know, the GST rate was increased on footwear below ₹1000 from 5% to 12%, but this had a minimal impact to our business as less than 15% of our products are below the ₹1000 range. And for the walkway brand, we took appropriate measures to protect our gross margins through this GST change.

We have continued to invest in our ecommerce business and the various technologies that it takes to support it. We expanded into becoming an omnichannel footwear retailer especially over the COVID period. We now have sales in the 8% range of our business coming from ecommerce, with a CAGR of 79% for the last three years.

And last but not least, we continued to see impact of COVID through the year in various stores through various periods of time. However, we did see consumer sentiments picking up from February of this year, which resulted in some extremely robust sales.

In closing, I would like to take this opportunity to thank over 4000 employees of Metro Brands, employees that have enabled us to have a proud past, a successful rebound after COVID and employees who work hard to ensure that we take our proud past to an exciting future.

With that, I would like to turn it over to our Chairman Mr. Rafique Malik.



Mr. Rafique A. Malik - Chairman

Thank you, Nissan.

The resolutions have been voted through remote e-voting. Therefore, as provided in the Secretarial Standards on General Meetings, there will be no proposing and seconding of resolution.

With your permission, I will now take up the resolutions which require the shareholders' approval. The objective and necessary explanations are provided in the explanatory statement of the AGM Notice. The resolutions forming part of the Notice are:

ORDINARY BUSINESS

Item No. 1 of the Notice, to be passed by Ordinary Resolution - To receive, consider and adopt the audited standalone and consolidated financial statements of the Company for the Financial Year ended March 31, 2022, together with the Reports of the Board of Directors and the Auditors thereon.

Item No. 2 of the Notice, to be passed as an Ordinary Resolution - To confirm the payment of Interim Dividend of Rs. 1.50/- per share of Rs. 5/- each already paid and to declare Final Dividend of Rs. 0.75/- per share of Rs. 5/- each on equity shares for the Financial Year ended March 31, 2022.

As I and Ms. Farah Malik Bhanji, the Managing Director of the Company, are interested in the next agenda item, I and Ms. Bhanji will not participate and vote on the item. I now vacate the Chair and request Mr. Iqbal Dossani, Whole-time Director of the Company, to take the Chair and proceed with the next item of the AGM notice. Iqbal, over to you.

Mr. Iqbal Dossani, Whole-time Director

Thank you, Chairman.

Item No. 3 of the Notice, to be passed as an Ordinary Resolution - To appoint a Director in place of Ms. Farah Malik Bhanji DIN Number 00530676, who retires by rotation and being eligible, offers her candidature for re-appointment.

I now vacate the Chair and request Mr. Rafique Malik, Chairman of the Company, to chair the meeting once again and proceed with the AGM.

Mr. Rafique A. Malik - Chairman

Thank You Iqbal.



Item No. 4 of the Notice, to be passed as an Ordinary Resolution -To appoint a Director in place of Mr. Utpal Hemendra Sheth DIN Number 00081012, who retires by rotation and being eligible, offers his candidature for re-appointment.

Item No. 5 of the Notice, to be passed as an Ordinary Resolution- To appoint M/s. S R B C & CO LLP, Chartered Accountants, in place of retiring auditors, M/s Deloitte Haskins and Sells, Chartered Accountants for a term of five years and to fix their remuneration.

SPECIAL BUSINESS

Item No. 6 of the Notice, to be passed as an Ordinary Resolution - To approve the limit on remuneration payable to Non-Executive Directors including Independent Directors.

Thank You. We will be glad to answer any questions you may have, which any Member may like to ask on the financial statements or any other matters.

Over to you Deepa.

Ms. Deepa Sood, Company Secretary

We now move on to our discussions with shareholders who have registered themselves as speakers with the Company for raising their queries and to share their views on any item of the AGM notice or on the financial statements for the financial year 2021-22.

Those who have not registered themselves as speakers can communicate and share their comments, if any, through the tab available on the screen for online communication and the same will be answered separately. Further, the shareholders who have not registered themselves and who would like to express their views or raise questions, can write it to the Company at investor.relations@metrobrands.com.

The Company had provided remote e-voting facility to vote between Sunday, 4th September, 2022 from 9:00 a.m. and Tuesday, 6th September, 2022 up to 5:00 p.m.(I.S.T) to the members holding shares as on the cut-off date of 31st August, 2022. Now in order to provide the facility to those shareholders who have not cast their vote through remote e-voting, the e-voting is open at the meeting and will close after 30 minutes.

Mrs. Ashwini Inamdar and failing her Mr. Atul Mehta, Partners of Mehta & Mehta, Practicing Company Secretaries was appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner. Their decision will be final with regard to validity and results of the voting through remote e-voting and e-voting during the meeting.



On the receipt of final report from the scrutinizer, the results of the voting along with remote e-voting will be announced within two working days of conclusion of the meeting. The results of voting will be displayed at the registered office and will be placed on the website of the Company once they are declared.

Shareholders who have registered themselves as speakers have received speaking serial number. Request you to remember this number and start your conversation after your name and serial number is announced.

Speakers are requested to unmute their microphone before speaking and also enable their camera if they wish to appear on the video. Speakers are requested to mention their name, folio number, DP ID, and the location.

Kindly restrict your comments to not more than 2 minutes so that all speakers may get an opportunity to share their views. Answers to the queries raised by the shareholders will be provided once all the speaker shareholders have spoken. It may be noted that the Company may have to limit the number of members asking questions depending on the availability of time at the AGM.

I now invite the speaker shareholders.

Moderator

Thank you, madam. Our first speaker shareholder for this event Ms. Lekha Shah.

Ms. Lekha Shah

Hello. Can you hear me, Sir?

Moderator - Yes, ma'am, you can ask your question.

Ms. Lekha Shah - Thank you Sir. Respected Chairman sir, Board of directors and my fellow Members. Good afternoon to all of you. Myself Lekha Shah from Mumbai. First of all, I'm very much thankful to our company Secretary Deepa ma'am and Priyanka ma'am for sending me the AGM notice well in time which is full of knowledge fact and figures in place so I'm very grateful to our company secretarial team.

Chairman Sir, the occasion of Ganesh Chaturthi, I pray to Lord Ganesha he always showers his blessing up on you.

On this landmark day I would like to welcome all the directors and employees on the behalf of shareholders. We are meeting first time since our successful IPO with the shareholders.



Sir this was a physical meeting. I could have definitely welcome with the bokeh of flowers. I would thank all the person of the company for receiving awards and recognition by the various plan during the year 21 and 22 and also I'm happy the company is doing very well the field of CSR activities.

Sir, I'm confident that with your vision and determination you will lead our company to greater height and also I pray to god our company should progress more and more under you and your teams sir. Sir I would like ask few questions.

My first question is, has there been any impact of COVID second way on the Company operation? My second question is what is the road map for the next 2 years, my 3rd question is how many women employees are working in our office?

So I would like to say I strongly support all the resolutions for today's meeting and my best wishes always our company and its prosperity. Thank you, Sir.

Moderator

Thank you ma'am. Thank you Lekha. Our next speaker shareholder is Mr. Satish Shah. Mr. Satish Shah.

Ms. Lekha Shah - Sir uske phone se kuch aavaj nahi aa rahi sir aap third speaker ko bula dijiyega.

Moderator - OK. We will move to next speaker shareholder. Our next speaker shareholder is Mr. Kishor Bhai Jethava.

Mr. Jay you can ask your question.

Mr. Kishor Bhai Jethava - Yeah, hello? AM I audible? Yes, Sir. Am I audible Chairman Sir? Yes, yes.

Am I audible?

Mr. Rafique A. Malik, Chairman - Now you are, but you're breaking off.

Mr. Kishor Bhai Jethava -

OK. Yeah. Good afternoon, chairman. Sir, good afternoon.

It was a very nice presentation you have given.

Can you stop your streaming? Please.

Yeah, I I voted the all the resolution and say yes. I'm I would like to thank full to the secretarial team for Secretarial team for the sending me the AGM book on time. The book, let me tell you it is a very beautiful book I have also carry it in my office itself here right now, so it is a very beautiful detail presentation and



everything given the company has already given the next few years planned. So I have a couple of question.

So we are doing a very good thing in every segment but in a sport shoes, I would like to know that what is our future? Because whenever I go to your store it is like the the traditional casual everything is finding everything is very good collection over there.

But the only thing I'm missing with the Sport Shoes which I generally move to the Skechers. So like what is our segment regarding that?

The next question is Like the online Present on online appearance is raised by the 79% as shown in the PPT. But I I just want to ask that question that why we are selling other brands of the product that allows us to like I saw in the website there are sketcher is also available like we have already our own 4-5 batch.

So I don't know like if I go to like Bata and if I go to any other company there are they are not selling other companies product.

So I want to know what is the logic or what is the reason behind it. I'm I'm very thankful to you all the members for providing the voucher like 15% voucher you have provided to us like Yeah, very few companies are like, I have the Arvind share. They are providing such a kind of vouchers. So very few companies are providing such a vouchers.

But that's it. I guess my question is then, thank you so much for Secretarial team for giving me the opportunity for speaking into AGM.

Moderator

Thank you. Thank you sir. Our next speaker shareholder Mr. Samrat Sarkar. Mr. Samrat.

Mr. Samrat Sarkar -

Hello, am I audible?

Moderator - Yes Sir, please go ahead.

Mr. Samrat Sarkar -

OK. Please. Good afternoon, everyone. Thank you for giving me this opportunity.

Metro Brands being a newly listed company. I have the following 9 queries.

Number 1 - 44% of our inventory sale pertain to 1500 to 3000 range, 40% in the above 3000 category and only 4% below 500 bracket. But you have stated in our ASP to be around 1450 to 1500 in the quarter gone by.



So can you explain this dichotomy? What is our ASP soly for the footwear segment, excluding bags and all accessories?

Question 2 is how much Capex and working capital is required for a new Metro or Mochi store since we would be generating a lot of free cash flow. How do you plan to allocate this surplus central accruals? What's our dividend payout policy?

3rd question, what's the proportion of Lather and non lather of our men as well as women's footwear collection? Was the royalty we pay to crocks and fit flop for operating the EBO's in India. Our crocks and fit flop shoes imported or manufactured in India?

Number 4, what's the rationale behind the management sparing it's limited bandwidth holding innumerable understand investor meets the free 12 to 15 every quarter.

Now that we aren't raising anymore funds, whatever clarifications are needed, the AGM and the quarterly earnings call should have been the right forum to address all such institutional investor queries in the interest of the minority shareholders who doesn't get this opportunity to prevent any information asymmetry.

Number 5 works are normalized average rentals as a percentage of revenues. How do we calculate our pre index one one IND AS116 to EBITDA margins from the published post IND AS result.

Number 6 Commission on sales under other expenses is 64 crores. How does this figure relate to the variable employee? Does this figure relate to the variable employee expenses or it is also including any Commission paid to online marketplaces?

Why sir our Advertisement expense a bit low at 2.5% of sales how much percentage revenues are generated from our loyalty members?

Number 7 In the trade receivable schedule in page 226, the average pay period to institutional customers is 30 days and an amount of 9 code is due for a period from 6 months to 3 year period. Who are these institutional parties and are they marketplaces like Amazon, Flipkart or are the corporate customers?

Number 8 it is the ROC on a walkway store compared to Mochi or Metro? Is the EBITDA margin of walkway at par with the company level margins?

And sir last my last question What's your take on marketing eco friendly sustainable footwear like they do in Europe and US? That's it from my side. Thank you so very much. Thank you.

Moderator

Thank you, sir. Next speaker shareholder is Mr. Tushar Sodha.



Mr. Tushar Sodha -

Very good afternoon to all. Am I clearly audible and visible?

Moderator - You are audible, not visible.

Mr. Tushar Sodha - Anyway, I'll continue with my audio link.

A very respected chairman, Sir, our Managing director Miss Farah Malik Bhanji, eminent and stronger board of directors, and my fellow shareholders.

My name is Tushar Sodha and I have joined our company's virtual AGM from Mumbai. Very happy to be attending the first AGM after the IPO.

Secretarial team headed by our company secretary, Miss. Deepa Sood deserves appreciation for sublime presentation of the financial statements.

History of our company, Metro Brands has been spectacular since last more than 45 years. Promoters' holding at 74.27% furthest strengthens our confidence in their company.

Many congratulations to entire team Metro for the best year ever.

Both total revenue at 1343 crores and net profits at 214 crores are at all time highest levels.

Despite the pandemic Metro Brand has done a commendable job with company performing well on practically all the financial parameters.

Our company has pan India presence, but we are more focused on Western and southern parts of India. Are there any plans to further strengthen our footprint in northern Eastern Parts of India?

Sir majority of the stores are company owned, company operated, that is COCO stores. Chairman sir kindly give some color on this COCO model of retailing which has been advantages for us.

In house brands such as Mochi, Da Vinci, Metro, Walkway and J Fontini are reputed and see powerful.

What steps have been initiated by the Company for growth in online businesses such as accessories, foot care as well as shoe care?

In terms of brands, are there any specific geographies where we are underpenetrated or weak?

Iran's cost has increased to 50 crores from 44 products last year. Sales, promotion, advertisement and freight charges have gone up substantially to 54 crores as compared to 28 crores of last year.

I request our finance department to kindly clarify on the same.



What is our preparedness and readiness to face challenges from competitors both in the organized as well as the unorganized sectors?

I request you to kindly elaborate on inorganic and organic growth plans for future?

I thank our Secretarial Department as well as officials of Link in time, it's commit link in time for this seamless superlative virtual AGM. All participants of this audio video meeting are very clearly audible and visible.

I extend my whole hearted support to our company Metro Brands Limited and wish all the very best for great financial performance on the sustainable basis. Thank you chairman Sir, for giving me this opportunity to put my queries and express my opinion. Thank you very much, Sir.

Moderator

Thank you sir. Thank you, Tushar. Our next speaker shareholder is Mr. Jehangir Batiwala. Mr. Jehangir you can speak now.

Mr. Jehangir Batiwala -

Hello. Can you hear me?

Moderator - Yes, sir. Yes sir.

Mr. Jehangir Batiwala -

Yeah, OK.

Respected Chairman Shri Rafique Malik sir, MD Mrs. Farah Malik ma'am, other very distinguished dignitaries on VC CEO, Mr. Nissan Joseph, Company secretary, Miss Deepa Sood, CFO Mr. Kaushal Parekh, fellow shareholders on VC good evening to all of you. My name is Jehangir. And pleasure to speak in front of an august gathering.

Sir, at the outset let me compliment and welcome the board members for into all fraternity, because this is the first meeting after the IPO, after the listing. So we welcome you to our fidelity and hope that the relation works on a long, longer way.

Then we also compliment the board for declaring a total dividend of 2.25 per share. Chairman sir even though we've got under EPS of 7.73. You have declared an EPS of dividend of 2.25. Sir if you can just clarify and then throw some light on it.

Sir complements the company secretary and the team for coming out with an AGM report that is colorful, knowledgeable and above all able into all the norms of corporate governance. We received our AGM reports on time, and the whole technical team especially extended excellent investor services. She was



very supportive and was calling up regularly to ask whether we've received all the things. Sir this is a nice example set by her.

Just one point Sir, if I would like to, I would like to point out the company secretary that our office numbers are not mentioned in the corporate information page on page number 38.

Rest sir, I've already sent the list of questions to you. I hope you received it and if you can reply on that and would just like to know what are the effects of COVID on the company and how many stores have you shut down because of COVID and after COVID, how many have you opened up?

And sir Next year, please have a physical meeting so that we can actually come and see you. We can talk to you face to face.

We can greet you and then the destones of meeting is there. Talking on a computer or a mobile phone, you know, just makes me feel quite really ridiculous. So I would request you please have a physical meeting next year, Sir. And that's all, Sir.

I've already submitted my queries. Thank you very much for patiently hearing, Sir.

Moderator

Thank you, Sir. Our next speaker shareholder is Mr. Rohinton Framroze Batiwala.

Mr. Rohinton Framroze Batiwala -

Sir can you hear me? Yes Sir, please. Do you hear me?

Moderator - Yes, Sir. Please ask your questions.

Mr. Rohinton Framroze Batiwala - Respected Chairman, Mr. Rafique Malik, MD Farah Malik Bhanji and other board of members on dais, CFO, Mr. Kaushal Parekh, company secretary Deepa Sood and the secretarial team, my fellow shareholders Good evening to all of this. So then for good evening so let me say good evening.

Sir my name is Rohinton Batiwala from Mumbai. And thanks for inviting me to speak in front of Learned directors. Sir thanks for 2.25 dividend 1.15 first in general end 0.75 per second interim dividend. That is final.

Sir I would like to compliment our company secretary and secretarial team for sending AGM reports well ahead of time. So shareholders could go through it. Sir the AGM report is executive, exhausted, knowledgeable in his idea to hold the corporate governance.

Sir in my family we have 3 folio that have AGM report I got well in time. Thanks company secretary.



Now sir little queries. What is the road map for next 2 years?

And Sir what is the Capex program for next financial year? How do you think you will fund it?

Sir any new store you are going to take an open in this financial year?

Sir thanks thanks, that's all for the day with this Sir, I support all your resolution whole heartedly. Jay Hind Sir.

Moderator

Thank you, Sir. Thank you. Our next speaker share holder is Mr. Yusuf Rangwala. Mr. Yusuf you can ask your questions.

Mr. Yusuf Rangwala -

Mera aavaz aa raha hai? Aa raha hai sir please. Aapko Mera aavaz aa raha hai?

Good evening sir. Sir mai Mumbai se Yusuf Rangwala baat karta hu. Sir apne 600 aapne bataya opening speech mai apne 600 stores hai aur 100 cities mai hai. Sir mai janana chahta hu Canada, Africa, United States vaha pe apna total number of stores kitna hai abroad sir? Aur sir Metro store apna Crawford market me kyu bandh ho gaya ? Kyu vo covid19 ke hisab se bandh.

Moderator - We lost the sound. I think there was might be connectivity issue. Yes sir. We cant hear him. He is the last speaker shareholder sir. Deepa ma'am we can go for the next proceedings.

Nothing more to add. I end my speech. Thank you very much.

We cant hear you. You're breaking up completely. OK. Thank you.

Moderator

Thank you sir.

Ms. Deepa Sood, Company Secretary

Thank you everyone for your questions. Before your queries are answered, we invite you all to watch a brief audio-visual of the Company.

Mr. Nissan joseph, Chief Executive Officer

Good Afternoon again and thank you all for your questions to make sure that we get through all the questions, we have grouped the questions together that we will take on



So if you don't hear your specific question asked, we have addressed it somewhere in our list. With that, I would like to turn it over to our CFO, Mr. Kaushal Parekh to take you through the first set of questions.

Mr. Kaushal Parekh, Chief Financial Officer

Thank you, Nissan. Good afternoon everyone. Thanks a lot again to for participating actively in our in your company's AGM.

I'll start with addressing questions which are around accounts, finance, usage of IPO funds and few other pointers.

Let me start with question raised by Miss. Lekha Shah, the question was impact of COVID-19 second wave on Metro Brands Limited?

You know, we we saw a significant impact of COVID-19 second wave in Q1 FY22. We registered revenue of 137 crores and we registered a negative PAT of 12 crore in Q1. However, we saw significant recovery from August 21 onwards. Which helped your company in registering highest ever revenue for till now we registered revenue of 1343 crores.

And PAT of 214 crores when you see it on a full year basis which is highest as compared to any earlier years PAT and revenues.

Let me now move on to question asked by Mr. Manjeet Singh.

This was on. The question was on Usage of IPO funds.

As it defined in our RHP where we are utilizing our IPO funds for opening of new stores for Metro, Mochi, Walkway and Croc. We we had mentioned in RHP that we planned to open 260 stores under this 4 format over next 3 financial years that is still FY25.

Moving on to questions asked by Mr. Samrat Sarkar there was there was a question on you know why our ASP is around 1500 although more than 80% of our revenue is about 1500 Rupees price point.

I would like to just highlight here that we have disclosed in our presentation is a revenue contribution for various ASP ranges, whereas when you compute average ASP for the company as a whole, you know the overall quantity contribution comes into play and hence our overall ASP is around 1494, you wanted to understand what will be our ASP if you see it only for footwear segment that is excluding accessories and branch. In that case our ASP would increase about ₹2000.

There was the question on a but the overall capex and working capital, working capital required for opening of Metro Mochi stores, how we plan to use our cash flow and what is our dividend payout policy? Let me cover all these 3 questions.

As I mentioned in our Prospectors our average Capex and working capital spend for opening of Metro and Mochi stores is in is in the range of rupees 10-12 million.

You know surface internal approval that we that we will generate, they plan to use for future expansion of your company by opening our favorite stores and investing on various other growth avenues. As we all



know we have been regularly paying dividends for shareholders. Our dividend policies available on our website.

Subject to applicable laws, then availability of financial resources. Your company plans to maintain minimum payout ratio of 20% of the annual profit for the year.

I would want to highlight that will last 5 to 10 years. We've maintained dividend payout ratio of 25% upward of the annual part of the company.

There was a question on what is our average rental as a percentage to revenue and how do we calculate pre IND AS 116 to EBITDA.

Our store rentals are in the range of 12 and a half to 14% of the net revenue that you see in the financial statements.

Our Pre IND AS and EBITDA margin are in the range of 20 to 23% over FY19 to 22 excluding FY 21 because that was the year impacted by COVID.

If you compare that with our IND AS EBITDA margin which are in the range of 28 to 31%. So based on the past trend, you can say that there's a delta of around 8 to 9% between pre and post IND AS EBITDA margin.

Moving on to questions on Commission, in terms of what all it includes. Our Commission on sales includes both top Commission as well as commissions that we paid to various marketplaces for our e-commerce business.

As regards our marketing spends. You know we use various mediums including print, outdoor and now the new Age mediums digital trend influence marketing to effectively market all our brands to our customers.

We keep close tab on the ROS as we called Returns on extent of whatever expense that they've done on marketing.

Hence over the if you see for the last year, our expense has been in that range of 2 and a half to 3%. However, on a long term basis we expect our overall marketing spend to be in the range of 3 to 4% of the revenue. This is the range we're comfortable with and we feel we will be missing that amount for either marketing or brand.

There was a Question on how much percentage of revenue we generate from our loyalty members. So if you refer to slide 23 of our investor presentation for FY22, we've given that close to 54% of our total sales comes from our loyal members, which we call them as repeat customers.

There was a Question on you know composition of the create receivables and whether you know who are these parties?

You know these are predominantly institutional parties when you see it on a standalone basis, like Cloudtail, Myntra and sincere see consolidated accounts, you know, we also have some receivables from corporate customers like Shop & Shop and other.



There was a question on overall ROCs for walkway store as compared to Metro Mochi and whether the EBITDA margin are in line with the overall companies margins. Here we would like to highlight that walkway is the value segment and hence currently the ROC and EBITDA margin for Walkway stores are slightly lower as compared to Metro Mochi Store formats.

We are constantly evaluating various measures to improve overall finance, financial KPI and metrics of Walkway and good news is we have seen good progress or last few years. Our long term goal for this segment is to ensure that we improve the ROC from walkway segment at par with that or what you see for Metro Mochi format.

I will now move on to question asked by Mr. Tushar. There was a question on why finance expenses finance cost increased to 250 crores from 44 crores and why there is increase in expense of sales Promotion, advertisement, freight and others.

With respect to finance cost the increase is primarily on account of IND AS impact due to opening of the new stores.

As you know your company is a debt free entity, so there's no other finance costs, you know, other than what we see on account of IND AS in fact.

Increasing sales, promotion, advertisement, advertisement and freight charges versus FY21 there purely there we see this increased purely on account of increase in operation and it's in line with business because FY21 was impacted due to COVID.

And now move on to the question asked by Mr. Jehangir.

There was a question on you know overall Capex program for the next year. I covered that point earlier. I'll just clarify. You know we as we mentioned in our RHP, we plan to utilize their IPO funds for opening of 260 stores over next 3 years that is still FY25.

For Metro Mochi Walkway and Crocs under that 4 format.

He wanted to know how many stores do we own and how many of them are franchise. As of March, we had total 624 stores are all across India. Of this, 7 stores are opened under the franchisee route, under the walkway format, all other stores are open under the COCO mode. That is Company owned Company operated.

You had a question on overall what is our oral market share which are our competition?

I would like to see it here that as per Crystal report overall footwear market is around 90 to 95,000 crores of this share of organized market is around 30 to 35%.

Considering this number, MBL share of the organized market would be around 4 to 5%. This clearly demonstrates that we have huge potential for growth going forward and then we see that for your company.

You had a question on how many employees are covered under the ESOP plan and what is the percentage of shares that are distributed to them?



So as of as of today, we've covered about 150 employees under the ESOP scheme again till March 21 around 1.2% of the company equity share capital has been granted to these employees as ESOP shares.

Those are the few questions which which were related to accounts, finance, IPO related methods. Now I'll hand over to Nissan to take over certain other questions.

Mr. Nissan Joseph, Chief Executive Officer

Thank you, Kaushal. I'd like to start with a question that was asked by Lekha Shah and combine it with a question asked by Mr. Kishore Bhai Jethava.

The question is what is the future 5 year plan and strategies of the company to increase profitability and customer base, keeping in mind the competition in the market by various foot ware players?

Well, as you know, we committed on our RHP to open 260 stores. These stores are going to open in all tiers across India along with all of our concepts growing we to to make sure that we have an outstanding customer journey in our stores. We also sell sports, we sell an up and other brands.

The way we pick other brands is to ensure that the brand is unique and brings a different value proposition than what we already sell in our stores. And hence, whether it's sports or whether it's brands like Crocs in our stores, we encourage those unique brands to come into our stores again to give the customer full journey.

The question asked by Mr. Samrat Sarkar is what is the portion of leather and non leather up for men as well as women footwear collection?

Overall, our footwear business is at 10%. But we're excited to see the development of sustainable, breathable material that allows us to keep enhancing our non leather range.

We buy most of our leather in the open market and we want to ensure that we find the material that's right that provides comfort for our customers.

The next question from Mr. Sarkar was what's their royalty to be paid to Crocs and fit flop for operating the EBOs in India? And are crossed and fit flop shoes imported?

Our agreement with both of them is a straight buy and sell agreement. We buy from them at a certain price and we sell it a margin there is no royalty to either one of those entities, and all crocks and fit flop shoes currently are manufactured primarily internationally with a small portion of it Crocks being done in India from time to time.

What's the rationale behind the management spend sparing is limited bandwidth holding innumerable analysts and institutional investor meets roughly 12 to 15 meets every quarter. What are the clarifications needed. The AGM and quarterly earnings con calls should have been the right form and to address Institutional investor queries in the interest of the minority shareholders who don't get the opportunity to prevent any information asymmetry.



As you would know, we have listed less than a year ago. and I remain surprised about how little we are known in the investment community. Understanding our business model, which we've not fully disclosed in our filings are important to the investment community that do not know much about Metro Brands.

Some of these investors are international, so they have even less of an understanding of what we had Metro Brands do.

However, I must assure you that all the information shared or pointed enough in our meetings are there in our filings or in our quarterly report that we release.

The next one comes from Mr. Tushar Sodha. Our company has a Pan India presence, but we are more focused on Western and southern parts of India. Are there any plans to further strengthen our footprints in the North and East?

So as you know, Mr. Sodha, we started off in the West. So at 1 point we had 100% of our stores in the West. And from that today, we are now at 30% of our stores there in the West, 32% are in the South, 25% are in the North and 13% are in the East.

It does remain our focus to continue to expand in all geographies in India where we see a fit for one or more of our concept.

The next question from Mr. Sodha again was In House brands such as Mochi, Da Vinci and the rest of them are reputed in very powerful. What steps have been initiated by the Company for Growth and Allied businesses such as accessories?

I would like to share this time that we own a joint venture in pro, which is primarily a foot care and shoe care company and that focuses on accessories. We continue to believe there are opportunities in our bags and other collections in our accessory collection.

We do have products from all of these brands in the accessory categories. So we are leveraging and will continue to leverage these brands not only in footwear but also in accessories.

The next question was in terms of brands. Are there any specific geographies where we are underpenetrated a week? What we find is across our collection of brands, the different collections play out differently due to the very nature of India's regionalized consumer and consequently I wouldn't say the word it's under, under Index I would say it's probably we cater regionally very specifically.

The next question was I would request you kindly elaborate on organic and inorganic growth plans for the future.

I've answered the question on organic growth giving you a growth trajectory that we're looking for, for existing business. For inorganic growth, we continue to evaluate external brands and concepts, which would bring a value added proposition to the consumer journey, either in our existing stores, all with new stores like we did with fit flop. That's something we're constantly looking at and is an invaluable part of a pillar of growth.

The next question comes from Mr. Jehangir is what are the various categories of shoes do we cater to, like casual, formal, Sports and floaters?



And the short answer to that is yes, we cater to all of that. I encourage you to take the shareholder discount coupon and go find out all the things we do we would love to see you in our stores.

The next question is also what is our penetration in Metro Cities in Metro 1, 2, 3 city?

As an overview, we are 31% of our stores, our Metro cities, 31% of our stores are also in tier one cities. Tier 2 contributes 27% of our stores and Tier 3 has 11% of our stores. How many exclusive showrooms do we have was the next question asked by Mr. Batiwala and we have approximately 178 Crocs stores, and one fit flop store today for EBOs and the last question from Mr. Batiwala was what is the exposure on social media?

We are present in all the major social media platforms, we at Facebook, Instagram, Twitter and we focus on maintaining and communicating and connecting with our customers on social media.

From Mr. Yusuf Yunus Rangwala we had a question. What are the total numbers of stores abroad in foreign countries? And the answer is today none, and our focus is to be India's largest specially footwear, retail and accessory retailer. So we continue to focus on India and the last question from Mr. Rangwala was who is the brand ambassador of the company?

No one we believe in delighting the customers who shop our stores to become our brand ambassadors every day with every person is if everyone they come in contact with.

With that, I'll turn it over to Miss Farah Malik Bhanji to take us through the next set of questions.

Ms. Farah Malik Bhanji, Managing Director

So there was a question from Ms. Lekha Shah regarding the number of women employees in our company, I'm happy to inform you that 25% of our corporate employees are women, while we have made Women in the corporate sector. We have about 21 women working in our warehouse and 147 working at our stores, and we continue to endeavor to, you know, promote diversification at the workplace.

Mr. Tushar Sodha had raise the question regarding the preparedness and readiness to face challenges from competitors both in the organized as well as unorganized sectors and how prepared are we as a company?

We've been in this business for the last 7 decades and I think we've seen a couple of cycles during our time. What is important is that for each of our brands we base competition from different sources. Regional competition in India continues to be strong because it is a land of entrepreneurs, I think what's important is to have the humility to learn from each and every competitor to ensure that we continue to improve our service at our store.

And I think with that mindset we have fake competition. There was another question regarding why we sell other brands in our store?

And I think the whole focus is on giving the customer the best selection possible and we cater to reach him takes at this unmentioned so whether you go to a store in Colaba or in Ghatkopar you will find certain nuances in the range and therefore if we believe that a brand can add value or complement our range we will definitely added to our portfolio.



So rather than looking at whether this is a branded play or In house Plan we look at what is the best option for the customer.

With that I'll hand over to Mr. Malik our Chairman.

Mr. Rafique A. Malik, Chairman

Thank you. There was a question about why we continue to operate COCO stores. And the reason is today the customer experience is extremely important and I think it's very important that we control the customer experience and we feel we can do it best by owning the stalls, having our own employees ensuring that service is of the highest standard because along with a great product, we also want to ensure a great customer experience and great service and I think that's the best way to be able to give it.

So thank you now. I trust we have responded to all the questions and if any more clarifications are required, you are welcome to get in touch with the Company Secretary or the CFO.

Thank you again for all your suggestions and all your good wishes. I thank all the Shareholders and Stakeholders who have been a part of this great journey of your Company. My sincere thanks to our Board members who have been guiding the Company tirelessly.

Their level of commitment towards the Company is remarkable. My deepest thanks to the entire team of Metro who have been putting their best efforts into making the Company a great workplace. Together, I am sure, we will continue to achieve one milestone after another in the years to come and I once again wish you all a safe and healthy future.

As all the items of business as per the AGM Notice have been taken up, the proceedings of the AGM have been concluded, it is 04:15 p.m. and I declare the meeting closed.

Members present for this AGM and who have not voted previously through remote e-voting can cast their votes now. The e-voting will close after 30 minutes.

Thank You very much.