

Date: March 26, 2025

The Manager
Listing Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Scrip code: 543426

The Manager
Listing Department
National Stock Exchange of India
Limited,
“Exchange Plaza”, 5th Floor, Plot No.
C/1, G Block, Bandra – Kurla Complex,
Bandra, Mumbai-400051.
Symbol: METROBRAND

Dear Sir/Ma’am,

Subject: Credit Rating Re-affirmation.

Ref: Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 and all other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that Care Edge Ratings vide Press Release dated March 25, 2025 reaffirmed Credit rating “AA” for Long term Bank facilities and A1+ for short term. The outlook is stable. The instrument wise rating is as follows:

Sr. No	Facilities/Instruments	Amount (in Rupees Crore)	Rating
1.	Long-term / Short-term Bank Facilities	46.00/-	CARE AA; Stable/CARE A1+ (Double A; Outlook: Stable/A One Plus)
	Total Bank Facilities	46.00/- (Rupees Forty-Six crore only)	

The above information will also be available on the website of the Company at www.metrobrands.com
Request you to take the above information on record.

Yours faithfully,
For Metro Brands Limited,

Deepa Sood
(Senior VP- Legal, Company Secretary & Compliance Officer)
Membership No: 16019

Metro Brands Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	46.00	CARE AA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to Metro Brands Limited's (MBL or the Company) bank facilities are driven by the extensive experience of its promoters and the company's longstanding presence in the footwear industry. MBL benefits from its well-established market position and a broad distribution network across India, contributing to consistent operational performance and a robust financial risk profile marked by ample liquidity and low overall gearing.

The company's operating performance improved in FY24 and 9MFY25, driven by increased demand across all segments. MBL's (TOI) increased by 10.74% year-on-year on a higher base of FY23, primarily due to aggressive store expansion initiatives, resulting in substantial sales growth. The year-on-year growth for the number of stores was 13% for FY24. The growth momentum continued during 9MFY25, with a TOI of ₹1,864.62 crore, representing a 5% increase from the corresponding period last year. Over FY22-24, the company added a net 250 stores, with 349 new stores opened and 99 closed. An additional 57 stores were added in the first nine months of FY25. By leveraging omni-channel strategies via Exclusive Brand Outlets (EBOs), Multi-Brand Outlets (MBOs), and e-commerce platforms, MBL operates efficiently with an asset-light structure, fostering sustained profitability.

MBL's first partnership with a global brand was in 2015 with Crocs. Since 2021, it has partnered with other brands such as Fitflop, FILA, Foot Locker, New Era, and Hey Dude. The EBO presence of Crocs expanded to 208 stores in FY24 from just seven in FY16, encouraging other global brands to collaborate with MBL to enter the Indian market.

Despite these strengths, MBL faces challenges from the competitive and fragmented industry landscape, dominated by unorganised players, alongside aggressive expansion by emerging brands and reliance on unorganised vendors/third parties for manufacturing. The company's ability to adapt to evolving industry dynamics, effectively scale up operations, maintain healthy margins, and uphold a resilient financial risk profile will be crucial determinants for ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total annual sales above ₹3,000 crore on a sustained basis.
- Improvement in PBILDT margins above 30% on a sustained basis, resulting from the increasing scale of operations.

Negative factors

- Decrease in PBILDT margins below 18% on a sustained basis, affected by competition prevalent in the industry.
- Debt-funded acquisition, leading to deterioration in the financial risk profile.

Analytical approach:

Consolidated approach is considered as the subsidiaries in Annexure 6 are in similar line of business and have operational linkages with MBL and are operating under common management.

Outlook: Stable

The Stable outlook is based on the expectation that MBL will continue leveraging its strong brand, sustaining healthy operating performance, and maintaining a comfortable capital structure.

Detailed description of key rating drivers:

Key strengths

Well-established market presence, product portfolio and brand recognition

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Metro Brands Limited (MBL) is the largest brand in India's footwear industry by market capitalisation, with a significant presence in the mid-premium segment. As of FY24, MBL operated 836 stores across 193 cities in India, predominantly under the Company Owned and Company Operated (COCO) model, with an additional 57 stores added in the first nine months of FY25. The company offers a wide range of footwear and accessories, including formal and casual shoes, sandals, slippers, boots, sneakers, ethnic footwear, belts, wallets, socks, and shoe care products. MBL has expanded its presence to 203 cities in 9MFY25 from 134 in FY21, particularly in lower-tier towns through its mid-premium formats such as Metro and Mochi. Crocs also expanded to 98 cities in 9MFY25 from 75 in FY21. MBL's strategy focuses on mid-premium and economy formats, which have higher market penetration potential. The company retails its own brands and third-party brands such as Crocs, Fitflop, and Fila. MBL's first global brand partnership was with Crocs in 2015, followed by partnerships with Fitflop, FILA, Foot Locker, New Era, and Hey Dude since 2021.

Robust performance bolstered by rising demand and improved profitability

The company reported a 10.74% year-on-year growth in TOI for FY24, driven by a 13% increase in store numbers. The growth momentum continued in the first nine months of FY25, with a TOI of ₹1,864.62 crore, a 5% increase from the previous year. MBL's sales are predominantly from its own brands 74%, with third-party brands contributing 26%. The company generates 88% of its revenue from in-store sales, 8% from online channels, and 3% from omni-channel sales. E-commerce sales grew by 33% in FY24 and 14% in 9MFY25, leading to investments in an e-commerce-specific warehouse management system. The PBILDT margins moderated to 29.93% in FY24 from 32.07% in FY23 due to increased employee costs but recovered to 30.05% in 9MFY25. The company has shifted towards premium products with items costing over ₹3,000 constituting 54% of total revenues, up from 34% in FY20, resulting in higher gross margins and profitability. The average realisation increased from ₹1,400 in FY22 to ₹1,500 in FY24 and 9MFY25.

Asset light business model

MBL operates on an asset-light model by outsourcing its manufacturing operations. This enables the company to scale efficiently without high fixed costs including capital expenditure and enhances flexibility and allows focus on core competencies such as branding and retail operations, contributing to sustained profitability. It procures finished products for its private label brands from local and unorganised vendors in metro cities, with over 250 vendors across India, some of whom have been partners for over 20 years. It has pay-on-sale agreements with most third-party brands, which minimises working-capital requirements, and under certain agreements, the company is allowed to return ageing inventory.

The company's continuous vendor engagement through its design and merchandising teams ensures regular flow of new products. The company's in-house design cell ensures product design and raw material quality to maintain high standards. These design concepts are exclusive, preventing vendors from selling them to competitors.

Despite long-standing relationships with vendors, disruptions or quality issues at third-party facilities could impact MBL's reputation and business. However, the vendors' track record of over 30 years instils confidence in maintaining product quality.

Strong financial risk profile

MBL maintains a robust capital structure with no external long-term debt. Additionally, Its reliance on working capital borrowings is negligible. The outstanding debt primarily consists of the present value of lease obligations under Ind-AS 116. Despite this, MBL maintains working capital limits of ₹46 crore, which has NIL utilisation for the last 12 months. Overall gearing has improved to 0.63x in FY24 compared to 0.67x in FY23 due to an increase in the company's net worth.

Key weaknesses

Highly competitive and fragmented footwear retail space resulting in pricing pressure

The highly competitive and fragmented nature of the footwear retail space creates pricing pressure for MBL, impacting various aspects of its operations. Firstly, the intense competition from national and international organised retailer's forces MBL to carefully manage its pricing strategy to remain competitive in the market. This pressure can lead to reduced profit margins as the company may need to lower prices to attract customers. Domestic and international brands, such as Steven Madden, Adidas, Reebok, Puma, Hush Puppies, Crocs, Sketchers, Aldo, New Balance, Charles and Keith, and Asics, are well-established in the Indian market. Key domestic brands include Bata India, Liberty Shoes, Campus, and Paragon. Moreover, In such a competitive environment, MBL needs to continuously innovate and invest in product development to differentiate itself from competitors. This can strain the company's resources and increase operating expenses, further affecting its profitability. Additionally, The pricing pressure may also affect MBL's bargaining power with suppliers and manufacturers. As the company seeks to maintain competitive prices for its products, it may need to negotiate favourable terms with suppliers to secure cost-effective sourcing of materials and products. Failure to do so could result in higher production costs, negatively impacting the company's bottom line. However, MBL has tie-up with few brands to sell their product in its Metro and Mochi Store. Further, long term licensing agreement with Footlocker will help MBL to connect with global brands.

Navigating compliance challenges due to BIS Quality Control Orders

The Bureau of Indian Standards (BIS) has made it mandatory for footwear manufacturers to obtain BIS certification from August 01, 2024. To avoid supply chain disruption, MBL had increased its inventory to manage potential disruption. The company continues to support vendors, offering guidance and assistance during product testing to ensure full compliance with BIS guidelines. As per the management there is no impact of BIS implementation on MBL's Mochi and Metro businesses. Import restriction due to BIS regulations are leading to supply chain disruptions in the sports and athleisure footwear segment i.e. Fila and Footlocker. Footlocker business is very small as the company launched its 1st Footlocker store in October 2024. For Fila, the company has been able to move some production to India.

Liquidity: Strong

MBL boasts a strong liquidity profile, supported by consistent and healthy cash accruals. The company is entirely free from term debt, maintaining free cash and liquid investments totalling ₹882 crore (PY: ₹664 crore) as on March 31, 2024. The company has also been able to generate cash flow from operations of ₹590.08 crore, increased from ₹380.67 crore in FY23 on the back of improved profitability. The company has utilised these funds to repay its lease liabilities, payment of dividend and investments in capex and mutual funds. The gross cash accruals (GCA) stood at ₹613.08 crore in FY24. Additionally, MBL holds fund-based working capital limits of ₹46 crore, which have nil utilisation for the last 12 months. The company's working capital cycle has moderated to 123 days in FY24 from 103 days in FY23 mainly due to the increase in inventory days for the company.

Environment, social, and governance (ESG) risks

Environmental: MBL's sustainability initiatives include diverting 1,941 tons of used footwear from landfills, with 48.06% recycled and 51.93% co-processed at a waste-to-energy plant, adhering to CPCB guidelines. The company has installed solar power systems at its two warehouses in Bhiwandi, generating 254,467 units of renewable energy in FY 2023-24, significantly reducing its carbon footprint. Additionally, MBL distributed 3,684 pairs of footwear to underprivileged children.

Social: MBL's CSR activities focus on eradicating hunger, poverty, and malnutrition; promoting preventive health care and sanitation, including contributions to the Swach Bharat Kosh; and providing safe drinking water. The company has also contributed towards the construction of a Head and Neck Cancer Hospital in Mumbai and supported a college in building a new classroom to alleviate overcrowding.

Governance: MBL's governance structure includes over 50% independent directors on its board (six of ten members). The promoter representation on the board is moderate with two of nine directors being from the promoter family.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Retailing	Distributors

Incorporated in 1977, Metro Brands Limited (MBL) is one of India's largest specialty footwear retailers, operating in premium and economy categories. As on December 31, 2024, MBL has a nationwide presence with 895 stores across 203 cities in 31 states and union territories, complemented by a rapidly growing online presence. The company offers a diverse range of footwear and accessories, including formal and casual shoes, sandals, slippers, boots, sneakers, ethnic footwear, belts, wallets, socks, and shoe care products. MBL has strengthened its position in the Indian footwear sector through rapid retail expansion, best-in-class store economics, partnerships with global brands, and efficient back-end operations, resulting in healthy financial performance. Following the Company Owned and Company Operated (COCO) model, MBL added 97 stores, closed 21, and relocated eight to more strategic locations during FY24. The company retails its own brands, such as Metro, Mochi, Walkway, Da Vinci, J. Fontini, and Gen X, and third-party brands such as Crocs, Fitflop, Fila, and Footlocker. In FY 2023-24, in-house brands contributed 73% of revenue at multi-brand outlets (MBOs), while third-party brands contributed 27%. The company operates on an asset-light model by outsourcing manufacturing and, under most agreements, pays for third-party products only once sold, with provisions to return aging inventory. Each brand under MBL serves different market segments with distinct styles and offerings, catering to a wide range of customers.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	2,129.96	2,358.67	1,864.62

PBILDT	683.04	705.90	560.23
PAT	365.39	415.47	259.12
Overall gearing (times)	0.67	0.63	-
Interest coverage (times)	10.83	8.95	8.48

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	46.00	CARE AA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based/Non-fund-based-LT/ST	LT/ST	46.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (04-Apr-24)	1)CARE AA; Stable / CARE A1+ (07-Apr-23)	-	1)CARE AA; Stable / CARE A1+ (29-Mar-22) 2)CARE AA; Stable / CARE A1+ (07-Apr-21)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Metmill Footwear Private Limited	Full	Subsidiary
2	Metro Athleisure Limited (formerly known as Cravatex Brands Limited)	Full	Subsidiary
3	M V Shoe Care Private Limited*	Proportionate	Joint Venture

*Only profits have been consolidated of the Joint Venture

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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Disclaimer:

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