

Issue highlights

- ❑ **Metro Brands Limited ("Metro Brands")** was incorporated on January 19, 1977. Metro Brands is one of the largest Indian footwear speciality retailers, and is among the aspirational Indian brands in the footwear category. They opened their first store under the Metro brand in Mumbai in 1955, and have since evolved into a one-stop shop for all footwear needs.
- ❑ Metro Brands retail footwear under their **own brands of Metro, Mochi, Walkway, Da Vinci and J. Fontini**, as well as certain **third-party brands such as Crocs, Skechers, Clarks, Florsheim, and Fitflop**, which complement their in-house brands
- ❑ **As of September 30, 2021, Metro Brands operated 598 Stores across 136 cities spread across 30 states and union territories in India.**
- ❑ Metro Brands had the 3rd highest number of exclusive retail outlets in India, in Fiscal 2021.
- ❑ They also offer accessories such as belts, bags, socks, masks and wallets, at their stores. They also retail footcare and shoe-care products at their stores through their joint venture, M.V. Shoe Care Pvt Ltd.
- ❑ Company's business is **consumer-centric** and they have **loyalty programs** for their customers, including Club Metro, My Mochi, and Crocs Club.
- ❑ Metro primarily follows the "company owned and company operated" ("COCO") model of retailing through their own Multi Brand Outlets ("MBOs") and Exclusive Brand Outlets ("EBOs"). They operate **Metro, Mochi and Walkway** branded MBOs and **Crocs™** branded EBOs. They also operate shop-in-shops ("SIS") in major departmental stores across India.
- ❑ Metro Brands endeavour to drive their **sales through a strong focus on product assortment – a Theory-of-Constraints ("TOC") method for their supply chain**, offering greater availability and reducing stock-outs.
- ❑ They operate on an **asset light model** with third party manufacturing through long-standing vendor relationships, and long-term lease arrangements.
- ❑ As of September 30, 2021, they operated **2 warehouses in India**, both located at Bhiwandi in Maharashtra, on a leave-and-license basis.
- ❑ They recorded the highest Realization per Unit compared to the 2 leading players in India from Fiscal 2019 to Fiscal 2021 and in Fiscal 2020 they recorded the highest operating margins among the key players in India.

Brief Financial Details*

(₹ In Cr)

	As at Sep' 30,		As at Mar' 31,		
	2021(06)	2020(06)	2021(12)	2020(12)	2019(12)
Equity Share Capital	132.77	132.77	132.77	132.77	132.77
Reserves	707.27	597.37	694.80	674.52	517.10
Net worth as stated	840.04	730.14	827.57	807.29	649.87
Revenue from Operations	456.00	176.54	800.06	1,285.16	1,217.07
Revenue Growth (%)	158.30%	-	(37.75)%	5.59%	-
EBITDA	111.42	(13.36)	170.93	353.51	337.33
EBITDA Margin (%)	24.43%	(7.57)%	21.36%	27.51%	27.72%
Profit before Tax	55.99	(44.03)	84.51	218.42	228.13
Net Profit for the period	43.08	(43.12)	64.62	160.58	152.73
Net Profit Margin (%)	9.45%	(24.42)%	8.08%	12.49%	12.55%
EPS (₹)	1.62^	(1.62)^	2.43	6.05	5.75
RoNW (%)	4.94%^	(5.40)%^	8.24%	19.41%	22.75%
Net Asset Value (₹)	31.64	27.50	31.17	30.40	24.47
ROE (%)	5.00%	(5.75)%	7.63%	19.33%	22.82%
ROCE (%)	5.77%	(2.00)%	9.54%	20.07%	25.89%

Source: RHP *Restated consolidated, ^ not annualised.

Issue Details

Fresh Issue of Equity shares aggregating upto ₹295 Cr and Offer for sale of 21,450,100 Equity shares

Issue summary

Issue size: ₹ 1,335 – 1,368 Cr

No. of shares: 27,532,574 - 27,350,100

Face value: ₹ 5/-

Price band : ₹ 485 – 500

Bid Lot: 30 Shares and in multiple thereof

Post Issue Implied Market Cap =
₹ 13,177 – 13,575 Cr

BRLMs: Axis Capital, Ambit Pvt Ltd, DAM Capital, Equirus Capital, ICICI Securities, Motilal Oswal Investment
Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Friday, 10th Dec'2021

Issue closes on: Tuesday, 14th Dec'2021

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	17-12-2021
Refunds/Unblocking ASBA Fund	20-12-2021
Credit of equity shares to DP A/c	21-12-2021
Trading commences	22-12-2021

Issue break-up

	No. of Shares ('000)		₹ In Cr		% of Issue
	@Lower	@Upper	@Lower	@Upper	
QIB	13,766,286	13,675,050	667.66	683.75	50%
NIB	4,129,887	4,102,515	200.30	205.13	15%
RET	9,636,401	9,572,535	467.37	478.63	35%
Total	27,532,574	27,350,100	1,335.33	1,367.51	100%

Listing : BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
265,607,426	271,689,900	271,507,426

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	68.45%	62.15%
Promoter Group	15.57%	12.12%
Public	15.98%	25.73%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The Company was incorporated as “*Metro Shoes Private Limited*”, on January 19, 1977 at Mumbai. Rafique A. Malik, Farah Malik Bhanji, Alisha Rafique Malik, Rafique Malik Family Trust and Aziza Malik Family Trust are the Promoters of the company. The Promoters currently hold 181,742,520 Equity Shares, representing 68.43% of the Pre-offer issued, subscribed and paid-up equity share capital of the company.

Brief Biographies of Directors

Rafique A Malik is the Chairman of the Board. He has been associated with the company as a director since incorporation. He has over 50 years of experience in the field of footwear retail.

Farah Malik Bhanji is the Managing Director on the Board. She has been associated with the company as a director since December 5, 2000. She has over 20 years of experience in the field of footwear retail.

Mohammed Iqbal Hasanally Dossani is the Whole-time Director on the Board. Prior to his time with the company, he has been employed with Schefata Pharmaceutical and Development Laboratories and Workforce Media Network as partner. He was first appointed as an additional director of the company on November 26, 2020.

Utpal Hemendra Sheth is the Non-Executive Director (Nominee director) on the Board. He was first appointed as an alternate director in the company on March 14, 2007. He has been working with Rare Enterprises since 2003 and is currently the chief executive officer of Rare Enterprises. He is responsible for investment and risk management.

Manoj Kumar Maheshwari is the Independent Director on the Board. He has been associated with the company as an Independent Director since July 24, 2009. He is the chairman and director of Maheshwari Investors Pvt Ltd and is a director on the board of directors of Mahindra CIE Automotive Ltd, R.J Investment Pvt Ltd and RPG Life Sciences Ltd.

Aruna Bhagwan Advani is the Independent Director on the Board. She has been associated with the company as an Independent Director since July 27, 2010. Prior to joining the company, she was working as the executive chairman of Ador Welding Ltd for more than 10 years.

Arvind Kumar Singhal is the Independent Director on the Board. He has been associated with the company as an Independent Director since August 12, 2016. He has been associated with Technopak Advisors Pvt Ltd since 1994 and is presently its managing director.

Vikas Vijaykumar Khemani is the Independent Director on the Board. He has been associated with the company as an Independent Director since March 12, 2019. He is a director on the board of directors of BSAS Infotech Ltd, Carnelian Asset Advisors Pvt Ltd and Tibbs Foods Pvt Ltd.

Srikanth Velamakanni is the Independent Director on the Board. He has been associated with the company as an Independent Director since March 25, 2021.

Key Managerial Personnel

Nissan Joseph is the Chief Executive Officer of the company. He has in the past worked with Payless Shoes Pty Ltd and Hickory Brands, Inc. He has also spent over 5 years in key roles in Crocs, where he also worked with the company. Prior to joining the company, he was associated with MAP Active & Planet Sports Inc. in the Philippines, a lifestyle retailer in Southeast Asia, where he was chief executive officer since March 2020. He has been appointed as the Chief Executive Officer on July 1, 2021.

Alisha Rafique Malik is the Vice-President, E-Commerce and Marketing of the company. She has been associated with the company since July 1, 2009.

Kaushal Khodidas Parekh is the Chief Financial Officer of the company. He has been associated with the company since March 28, 2012.

Sohel Jalaludin Kamdar is the Chief Operating Officer of the company. He has been associated with the company since February 16, 2005.

Tarannum Yasinhusein Bhanpurwala is the Company Secretary and Compliance Officer of the company. She has been associated with the company since April 4, 2014.

OBJECTS OF THE ISSUE

The net proceeds of the Fresh Issue are proposed to be utilised as:

Objects	Amount (₹ Cr)
• Expenditure for opening new stores of the Company, under the “Metro”, “Mochi”, “Walkway” and “Crocs” brands (“ New Stores ”);	225.37
• General Corporate Purposes	[•]
Total	[•]

Proposed schedule of Implementation and Utilization of Net Proceeds:

(₹ In Cr)

Particulars	Total estimated cost	from the Net Proceeds	Estimated deployment of the Net Proceeds			
			Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
• Expenditure for the New Stores	225.37	225.37	17.10	68.61	75.78	63.89
• General Corporate Purposes	[•]	[•]	[•]		[•]	

OFFER DETAILS

The Offer	No. of Shares
Fresh Issue (₹ 295 Cr)	Upto 6,082,474~ - 5,900,000^ Equity Shares
Offer for Sale	Upto 21,450,100 Equity Shares
Aziza MalikS Family Trust – Promoter Selling Shareholder	Upto 3,737,000 Equity Shares
Rafique Malik Family Trust– Promoter Selling Shareholder	Upto 3,660,000 Equity Shares
Farah Malik Bhanji– Promoter Selling Shareholder	Upto 2,809,000 Equity Shares
Alisha Rafique Malik– Promoter Selling Shareholder	Upto 2,809,000 Equity Shares
Zarah Rafique Malik – Promoter Group Selling Shareholder	Upto 2,809,000 Equity Shares
Zia Malik Lalji – Promoter Group Selling Shareholder	Upto 2,809,000 Equity Shares
Sabina Malik Hadi – Promoter Group Selling Shareholder	Upto 2,809,000 Equity Shares
Rakesh Hridaynarayan Pathak - Selling Shareholders	Upto 8,100 Equity Shares

(~ at lower price band and ^ upper price band)

Details of Pre- IPO Placement of ₹ 3.29 Cr

The company has undertaken a Pre-IPO Placement of **73,136 Equity Shares** at a price of ₹ **450/-** per share, aggregating to ₹ **3.29** crore and allotted to 94 allottees.

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoters Group					
Promoter	181,757,520	68.43%	13,015,000	168,727,520	62.15%
Promoters Group	41,331,600	15.56%	8,427,000	32,910,600	12.12%
Total for Promoter and Promoter Group	223,089,120	83.99%	21,442,000	201,638,120	74.27%
Public – Selling Shareholders	8,100	0.00%	8,100	0	0.00%
Public - Other	42,519,206	16.01%	-	69,869,306	25.73%
Total for Public Shareholder	42,527,306	16.01%	8,100	69,869,306	25.73%
Total Equity Share Capital	265,607,426	100.00%	21,450,100	271,507,426	100.00%

BUSINESS OVERVIEW

Metro Brands Limited (“**Metro Brands**”) is one of the largest Indian footwear speciality retailers, and is among the aspirational Indian brands in the footwear category. They opened their first store under the Metro brand in Mumbai in 1955, and have since evolved into a one-stop shop for all footwear needs, by retailing a wide range of branded products for the entire family including men, women, unisex and kids, and for every occasion including casual and formal events. **As of September 30, 2021, Metro Brands operated 598 Stores across 136 cities spread across 30**

states and union territories in India. Metro Brands targets the economy, mid and premium segments in the footwear market, which together are expected to grow at a higher rate compared to the total footwear industry between Fiscal 2020 and 2025. These segments have a higher presence of organised players and their growth in the overall footwear industry is expected to accelerate growth of the organized segment in the footwear industry. Metro Brands had the 3rd highest number of exclusive retail outlets in India, in Fiscal 2021. In Fiscal 2019, 2020, and 2021 and in the 6 months ended September 30, 2020 and September 30, 2021, they recorded an EBITDA Margin of 27.72%, 27.51%, 21.36%, (7.57)% and 24.43%, respectively (on a consolidated basis).

Metro Brands recorded a Realization per Unit i.e. revenue from Total Product Sales divided by volume of Total Product Sales, of ₹ 1,321.29, ₹ 1,345.80, ₹ 1,327.96, ₹ 1,279.85 and ₹ 1,381.27, in Fiscal 2019, 2020 and 2021 and in the 6 months ended September 30, 2020 and September 30, 2021, respectively. They recorded the highest Realization per Unit compared to the 2 leading players in India from Fiscal 2019 to Fiscal 2021 and in Fiscal 2020 they recorded the highest operating margins among the key players in India. Additionally, in Fiscal 2021, they recorded the highest net profit margin of 8.1% among footwear players having majorly retail business model for reaching customers.

Metro Brands retail footwear under their **own brands of Metro, Mochi, Walkway, Da Vinci and J. Fontini**, as well as certain **third-party brands such as Crocs, Skechers, Clarks, Florsheim, and Fitflop**, which complement their in-house brands. These brands have a pan-India appeal across regions. They also offer accessories such as belts, bags, socks, masks and wallets, at their stores. They also retail foot-care and shoe-care products at their stores through their joint venture, M.V. Shoe Care Pvt Ltd, making them a 'one-stop-shop' for all footwear and related accessories to their customers.

Company's retail operations are carried out through their stores and distributors as well as through online channels. Metro primarily follows the "company owned and company operated" ("**COCO**") model of retailing through their own Multi Brand Outlets ("**MBOs**") and Exclusive Brand Outlets ("**EBOs**"), to better manage customer experience at their stores. They operate Metro, Mochi and Walkway branded MBOs and Crocs™ branded EBOs. Metro Brands and their Subsidiary Metmill also operate shop-in-shops ("**SIS**") in major departmental stores across India. They also distribute products of third-party brands through MetMill and retail products through franchisees. MBOs, EBOs, SIS, and franchisees, operated by Metro together referred as "**Stores**". In addition to their physical Stores, Metro provides an omni-channel experience to customers through their websites, various online marketplaces, as well as, social media platforms. All their brands are listed and are sold across various leading marketplaces for B2C and B2B operations. In Fiscal 2021, In-Store Product Sales, Online Product Sales, and Omni-Channel Product Sales represented 91.93%, 6.15%, and 1.09%, of their revenue from operations, respectively (on a standalone basis) while in the 6 months ended September 30, 2021, In-Store Product Sales, Online Product Sales, and Omni-Channel Product Sales represented 87.17%, 8.90%, and 3.03%, of their revenue from operations, respectively (on a standalone basis).

Metro Brands strive to optimize their mix of in-house brands and third-party brands in their MBOs to drive customer footfalls, improve sales density and gross margins. Revenue from sale of in-house brands and third-party brands in their MBO stores represented 69.24% and 30.76% of the company's revenue from MBOs in Fiscal 2021, respectively, while they represented 71.08% and 28.92% of the company's revenue from MBOs in the 6 months ended September 30, 2021. They carefully curate their merchandise keeping in mind regional preferences. Their wide range of brands allows them to operate across the economy (₹501 to ₹1,000), mid (₹1,001 to ₹3,000) and premium (more than ₹3,001) segments. Their diversified business model provides them with synergies by spanning consumer segments, categories and distribution channels.

Company's total Store count has grown from 504 in 116 cities as of March 31, 2019 to 586 stores across 134 cities as of March 31, 2021 and to 598 stores across 136 cities as of September 30, 2021. They have a pan-India presence through their Store network in prominent high streets, malls and airports, spread across 30 states and union territories in India as of September 30, 2021 and have opened 127 new MBOs (including 7 through franchises) and 110 new EBOs in the last 3 Fiscals and 6 months ended September 30, 2021. They are also in the process of strengthening their retail presence through franchisees for their Walkway brand. As of March 31, 2019, 2020 and 2021 and as of September 30, 2020 and September 30, 2021, they operated Stores with a total Retail Business Area of 643,442 sq. ft., 694,955 sq. ft., 720,994 sq. ft., 692,211 sq. ft. and 734,217 sq. ft., respectively.

Metro Brands endeavour to drive their **sales through a strong focus on product assortment – a Theory-of-Constraints ("TOC") method for their supply chain**, offering greater availability and reducing stock-outs. This is coupled with an incentive-based remuneration system for their front-end and backend sales staff. They operate on an asset light model with third party manufacturing through long-standing vendor relationships, optimum store size and layout, and long-term lease arrangements. They frequently introduce new designs through their vendor

engagements based on their combined understanding of prevailing trends and regional sensitivity. To efficiently manage inventory for their wide range of products, they follow a pull model for product availability at their stores where product placement is led by a demand driven inventory replenishment method. This helps them ensure optimum inventory management and accessibility to the latest products.

Company's business is **consumer-centric** and they have **loyalty programs** for their customers, including Club Metro, My Mochi, and Crocs Club. Their loyalty programmes have given them insights into customer preferences and trends over the years, further enabling them to tailor their product offerings to their customers' preferences. As of March 31, 2019, 2020 and 2021 and as of September 30, 2020 and September 30, 2021, Club Metro had more than 3.75 million, 4.45 million, 4.85 million, 4.55 million and 5.09 million members, respectively, and My Mochi had more than 2.40 million, 2.95 million, 3.29 million, 3.02 million and 3.47 million members, respectively. The loyalty program for Crocs was launched in Fiscal 2020, and had more than 0.24 million, 0.45 million, 0.31 million and 0.59 million members as of March 31, 2020 and 2021 and as of September 30, 2020 and September 30, 2021, respectively.

The company's Chairman and Promoter, Rafique A Malik, has over 50 years of experience in the footwear retail business and continues to provide strategic insights and overall direction to their business based on his long experience of understanding customer preferences and demands in the industry in which they operate. Farah Malik Bhanji, the Managing Director and their Promoter, has more than 20 years of experience in the footwear retail business. She has helped them in the expansion of their store network, forging new strategic partnerships and in the overall growth of their business. Alisha R Malik, also one of their Promoters and President, E-Commerce and Marketing, has been instrumental in developing and managing their online channels, and establishing their omni-channel approach. They have also recently engaged Nissan Joseph as their CEO, who brings more than 20 years of retail and brand management experience to their operations. They have also been supported by their investors, including **Rakesh Jhunjunwala** since 2007.

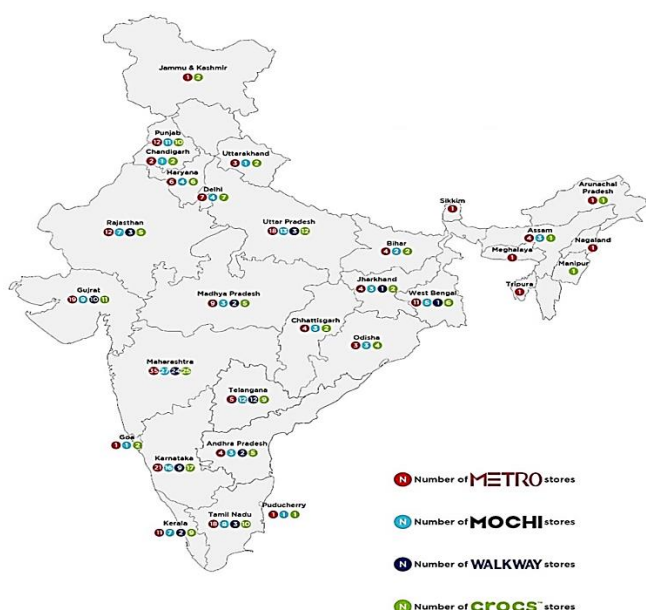
As of September 30, 2021, they operated **2 warehouses in India**, both located at Bhiwandi in Maharashtra, on a leave-and-license basis. The aggregate size (carpet area) of their warehouses was 224,820 sq. ft. as of September 30, 2021. One of their warehouses has a designated e-commerce operations area to cater to sales through online channels.

As of September 30, 2021, they had 2,622 permanent employees. They further work with 1,307 selling agents, their staff, and contract workers.

INTELLECTUAL PROPERTY

	Registered	Applications made	In the name of:
Trademarks – in India	73	20	Various brands, including Metro, Mochi, Walkway
Trademarks - Internationally	11	2	-
Copyrights	3	2	-

PRODUCT DISTRIBUTION / GEOGRAPHICAL REACH



Total nos. of Stores for company's key brands:

Stote	As on Sep'30		As of March 31,		
	2021	2020	2021	2020	2019
Metro	220	214	219	218	209
Mochi	147	146	145	145	136
Walkway	72	71	73	70	63
Crocs	159	120	149	118	96
Total	598	551	586	551	504

Total nos. of Stores base on the zone of location:

Stote	As on Sep'30		As of March 31,		
	2021	2020	2021	2020	2019
East	75	71	75	70	60
West	191	181	190	182	172
North	146	132	142	130	113
South	186	167	179	169	159
Total	598	551	586	551	504

The Total Store Product Sales, by zone:

	6 months ended Sep' 30,				Year Ended March 31,					
	2021		2020		2021		2020		2019	
	Amount (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
East	63.09	15.88%	24.58	15.61%	120.50	16.42%	168.64	14.42%	154.73	13.73%
West	106.69	26.85%	43.55	27.65%	220.14	30.00%	385.78	32.98%	379.73	33.70%
North	91.60	23.06%	35.36	22.45%	160.90	21.93%	247.34	21.14%	241.07	21.40%
South	135.93	34.21%	54.01	34.29%	232.19	31.65%	367.97	31.46%	351.15	31.17%
Total Store Product Sale	397.31	100.00%	157.49	100.00%	733.74	100.00%	1,169.73	100.00%	1,126.68	100.00%

The Total Store Product Sales, by area:

	6 months ended Sep' 30,				Year Ended March 31,					
	2021		2020		2021		2020		2019	
	Amount (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Metro	141.44	35.60%	48.06	30.52%	244.13	33.27%	467.87	40.00%	466.80	41.43%
Tier I	126.19	31.76%	47.85	30.38%	239.33	32.62%	366.48	31.33%	354.74	31.49%
Tier II	94.94	23.90%	42.11	26.74%	179.77	24.50%	254.31	21.74%	238.62	21.18%
Tier III	34.74	8.74%	19.47	12.36%	70.50	9.61%	81.07	6.93%	66.52	5.90%
Total Store Product Sale	397.31	100.00%	157.49	100.00%	733.74	100.00%	1,169.73	100.00%	1,126.68	100.00%

REVENUE FROM OPERATIONS

Customer Verticals	6 months ended Sep'30,				Year Ended March 31,					
	2021		2020		2021		2020		2019#	
	Consolidated		Standalone		Consolidated		Standalone		Standalone	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Sale of Products	455.70	99.93%	176.19	99.80%	799.01	99.87%	1,280.68	99.65%	1,216.57	99.96%
Other Operating Revenues	0.30	0.07%	0.36	0.20%	1.04	0.13%	4.49	0.35%	0.50	0.04%
- Shoe Repair Income	0.19		0.07		0.33		0.47		0.50	
- Sale of Service (Commission & Expense Recoveries)	0.11		0.29		0.71		4.02		0	
Total Revenue from Operations	456.00	100.00%	176.54	100.00%	800.06	100.00%	1,285.16	100.00%	1,217.07	100.00%

COMPETITIVE STRENGTHS

- **One of India's largest pan India footwear retailers with a brand appeal among aspirational consumer segments in the fast-growing footwear retail industry**

As of September 30, 2021, Metro had a pan-India presence through 598 Stores (across Metro, Mochi and Walkway branded MBOs, Crocs™ branded EBOs, and Walkway franchisees and SIS) located in 136 cities spread across 30 states and union territories in India, operated by them. The company operated a total Retail Business Area of 734,217 sq. ft., through its Stores as of September 30, 2021. Their operations are well-spread across metro cities, tier I, II and III cities and towns, and across all four zones of India. They strive to remain relevant to their customers as they evolve in their premiumisation journey and recorded the highest **Average Selling Price ("ASP")** from Fiscal 2019 to Fiscal 2021 among key players.

Players	Fiscal 2021	Fiscal 2020	Fiscal 2019
	ASP (₹)	ASP (₹)	ASP (₹)
Bata India Limited	534	620	620
Khadim India Limited	519	494	464
Metro Brands Limited	1,328	1,346	1,321
Liberty Shoes Limited	380-400*	380-400*	403
Relaxo Footwear Limited	124	134	125

*Based on data from Fiscal 2019

The Indian footwear consumption in value terms is expected to grow at a CAGR of 15% to 17% between Fiscal 2022 and Fiscal 2025. Growth is estimated to be driven by value, with ASP of footwear expected to increase by a CAGR of around 5% to 7% between Fiscal 2022 and Fiscal 2025, driven by an overall shift in preference for premium

categories of footwear. This is also expected to drive growth of the market share of organized players by a CAGR of approximately 20% to 22% in the same period. The market share of online footwear sales are also expected to grow at a CAGR of 26% to 30% between Fiscal 2020 and Fiscal 2025.

- **Wide range of brands and products catering to all occasions across age groups and market segments resulting in strong customer loyalty**

Metro is a one-stop-shop family retailers catering to the footwear needs of men, women and children for different occasions including casual and formal events. Their men's, women's and children's product lines benefit from the Metro reputation for style, quality, comfort, innovation and affordability. The wide range of brands allows them to operate across the economy, mid and premium segments.

The Total Store Product Sales for the periods indicated:

	6 months ended Sep' 30,				Year Ended March 31,					
	2021		2020		2021		2020		2019	
	Amount (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
By Target Customer										
Men	139.62	35.14%	57.09	36.25%	280.05	38.17%	449.85	38.46%	461.70	40.98%
Women	159.29	40.09%	58.63	37.22%	282.76	38.54%	478.58	40.91%	450.00	39.94%
Unisex	43.39	10.92%	20.76	13.18%	67.53	9.20%	78.59	6.72%	63.39	5.63%
Kids	16.41	4.13%	7.59	4.82%	35.66	4.86%	55.25	4.72%	46.20	4.10%
Accessories	38.61	9.72%	13.43	8.53%	67.72	9.23%	107.46	9.19%	105.40	9.35%
Total Store Product Sale*	397.31	100.00%	157.49	100.00%	733.74	100.00%	1,169.73	100.00%	1,126.68	100.00%
By Price Range										
Below ₹ 500	17.53	4.41%	8.27	5.25%	37.76	5.14%	56.61	4.85%	58.94	5.23%
From ₹ 501 -1,500	56.89	14.32%	25.17	15.98%	109.60	14.94%	200.99	17.18%	216.53	19.22%
From ₹ 1,501 -3,000	178.26	44.87%	69.47	44.11%	319.30	43.52%	516.83	44.18%	485.74	43.11%
Above ₹ 3,001	144.64	36.40%	54.58	34.66%	267.07	36.40%	395.30	33.79%	365.47	32.44%
Total Store Product Sale*	397.31	100.00%	157.49	100.00%	733.74	100.00%	1,169.73	100.00%	1,126.68	100.00%

* Product Sales refer to revenue from sale of footwear, bags and accessories on a standalone basis, and does not include sale of raw materials and other sales

Due to their large network of multiple store formats located in key markets, and their ability to leverage their omni-channel presence in India, they have become a partner of choice for third-party brands. As of September 30, 2021, they sold footwear as well as accessories across more than 10 owned brands and more than 25 third-party brands. In their experience, they are able to evenly distribute their sales with low seasonality in operations through their optimum mix of in-house brands and complementary third-party brands across the premium and affordable segments.

The brand-wise Total Store Product Sales at MBOs for the periods indicated:

	6 months ended Sep' 30,				Year Ended March 31,					
	2021		2020		2021		2020		2019	
	Amount (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Own Brands	232.34	71.08%	79.08	63.66%	426.72	69.24%	702.47	69.38%	710.07	70.33%
Third Party Brands	94.54	28.92%	45.15	36.34%	189.54	30.76%	310.00	30.62%	299.49	29.67%
Total Store Product Sale at MBOs*	326.88	100.00%	124.22	100.00%	616.26	100.00%	1,012.47	100.00%	1,009.56	100.00%

* Product Sales refer to revenue from sale of footwear, bags and accessories on a standalone basis, and does not include sale of raw materials and other sales.

Their active brand portfolio management ensures that they pick third-party brands which complement their in-house brands and which they view to have high growth potential. Their key third-party brands include Crocs, Skechers, FitFlop, Clarks, I-D, PRO and Von Wellx.

The information on the key brands as of and for the 6 months ended September 30, 2021:

Store Format	Target Customer	Number of stores	Cities	Price Range	Average Realization per Unit (₹)
Metro MBO	Family	220	119	From ₹ 1,000 to ₹ 10,000	1,482
Mochi MBO	Youth	147	77	From ₹ 1,000 to ₹ 10,000	1,471
Crocs™ EBO	Premium	159	75	From ₹ 1,500 to ₹ 6,000	2,047
Walkway MBO	Value format	72	39	From ₹ 350 to ₹ 3,500	597

Metro seeks to offer consumers a vast array of stylish and comfortable footwear that satisfies their formal, casual, and athleisure footwear needs. Many of their core styles are also targeted at the premium segment of their customer base. They also offer accessories such as belts, bags, wallets and shoe care products. In Fiscal 2019, 2020 and 2021 and in the 6 months ended September 30, 2020 and September 30, 2021, company's revenue from sale of accessories in their Stores (including sales generated online but delivered from the Stores) represented 9.35%, 9.19%, 9.23%, 8.53% and 9.72% of their total Store Product Sales, respectively.

The company follows and survey fashion trends across international and domestic markets to understand the evolving needs of the consumers. Their strong understanding of evolving consumer preferences has enabled them to create and grow their brands.

Their focus on customer delight has led to a high score for customer satisfaction evidenced by the Litmus Rating that they received in Fiscal 2021 which was in the range of 4.6 to 4.7 (rating out of 5). As of September 30, 2021, their customer loyalty programmes, Club Metro, My Mochi, and Crocs Club had more than 5.09 million, 3.47 million and 0.59 million respectively. In recent Fiscals, they have witnessed a high proportion of repeat sales, i.e. purchases subsequent to the first purchase by members of their loyalty programs. In Fiscal 2019, 2020 and 2021 and in the 6 months ended September 30, 2021, repeat sales by members of their loyalty programs represented 45.08%, 49.69%, 55.71% and 54.31% of their Total Store Product Sales (excluding sales at their Walkway stores).

- ***Efficient operating model through deep vendor engagements and TOC based supply chain***

The company had long-standing relationships with many of their vendors, and work with them to continuously introduce new designs, which are regularly updated. In the last 3 Fiscals and 6 months ended September 30, 2021, they dealt with over 250 vendors for their products. They have been dealing with certain of their vendors for over 20 years. To efficiently manage their extensive vendor network, supply chain, and inventory for their wide range of products, the company follows a **pull model** for product availability at their stores where product placement is led by a demand driven inventory replenishment method.

Their demand driven lean inventory norms ensures optimum capital employed, minimizes stale stock, thereby reducing discounting of products and improving their gross margins. As a result, they liquidate their inventory (18 months or older) only twice a year, primarily through their stores, and discounted sales from the Stores represented 6.68%, 8.05%, 9.01%, 9.15% and 6.97% of the Total Store Product Sales in Fiscal 2019, 2020 and 2021 and in the 6 months ended September 30, 2020 and September 30, 2021.

- ***Asset light business with an efficient operating model leading to sustained profitable growth***

Metro Brands is among the few footwear retailers in India to source all their products through outsourcing arrangements without their own manufacturing facility, resulting in an asset light model. It is based on third-party manufacturing by long-standing vendor relationships, and supported by active brand portfolio management, optimum store size and layout, and long-term lease arrangements. Under most of their arrangements for third-party brands, they are required to pay for products only once these products are sold by them; and under certain arrangements, they are also entitled to return ageing inventory to the brand owner, thereby limiting their inventory risk.

In Fiscal 2020 they recorded the highest operating margins, and net margins among the peers in the industry, such as Bata India Ltd, Liberty Shoes Ltd and Relaxo Footwear Ltd. In addition, they had the highest net margins from Fiscal 2015 to Fiscal 2020 among the key players. They also had the highest ROE and 2nd highest ROCE ratio in Fiscal 2020, amongst key players in the Indian footwear and accessories industry.

- ***Presence across multiple formats and channels***

The company owns and operate stores of both MBO and EBO formats. They operate a broad retail distribution set-up that is complemented by scalable e-commerce capabilities including through tie-ups with select commercial partners. Choice of store format depends on the store location, brands retailed and the target customer audience. Further, they also engage distributors and have SIS in major departmental stores. With an increase in research driven purchases online, they have set-up an omni-channel experience for customers through their online platforms.

The customers are able to order-in-store, buy online and ship-from-store. The company operates websites for their various brands and have an extensive online presence. These are brand websites directly managed by them. They include **www.metroshoes.net**, **www.mochishoes.com**, and **www.walkwayshoes.com**. Majority of their online business also comes through leading e-commerce marketplaces.

In Fiscal 2019, 2020 and 2021 and in the 6 months ended September 30, 2020 and September 30, 2021, the Total Online Product Sales amounted to ₹ 191.08 million, ₹ 306.22 million, ₹ 571.57 million, ₹ 205.69 million and ₹ 525.42 million, respectively, which represented 1.65%, 2.53%, 7.25%, 11.60% and 11.93%, of their revenue from operations in such periods, respectively, on a standalone basis.

Metro Brands also owns and operate their e-commerce operations, and have invested in an e-commerce specific warehouse management system that integrates their store network with their online platform. As of July 31, 2021, they had the highest number of followers on Instagram, among the key footwear retailers in India.

- ***Platform of choice for third party brands looking to expand in India***

Metro Brands has grown to be a platform of choice for other national and international third-party brands on the back of their footwear focussed retailing experience, track record of successfully incubating and scaling up various retail brands, and extensive pan-India operations. This has also been reflected through their successful partnership with Crocs™, a global brand offering innovative casual footwear for women, men and children, with a focus on its moulded products. They entered into a retail license arrangement with Crocs™ in 2015, and opened 110 Crocs EBOs in the last 3 Fiscals and in the 6 months ended September 30, 2021 and had 159 Crocs™ EBOs in their network as of September 30, 2021.

They currently retail Fitflop products, a global brand offering shoes for all-day wearing, using a combination of biomechanics, comfort and fashion at their MBOs. They have entered into a **non-binding term sheet dated July 27, 2021 with Fitflop**, (the “Fitflop TS”). The Fitflop TS set out, among other matters, company’s exclusive right to distribute Fitflop products in India via all channels including online. They are currently in the process of entering into a distribution agreement with Fitflop.

- ***Strong promoter background and an experienced and entrepreneurial management team with a proven track record and a high degree of employee ownership***

Company’s business is consumer-centric. Their Chairman and Promoter, Rafique A Malik, has over 50 years of experience in the footwear retail business and continues to provide strategic insights and overall direction to their business based on his long experience of understanding customer preferences and demands in the industry in which they operate. The Managing Director and Promoter, Farah Malik Bhanji, has more than 20 years of experience in the footwear retail sector. She has helped the company in the expansion of their store network, forging new strategic partnerships and in the overall growth of their business. Alisha R Malik, also one of their Promoters and President, E-Commerce and Marketing, has been instrumental in developing and managing their online channels, and establishing their omni-channel approach. To strengthen their transition to a professionally managed business, they have also recently engaged Nissan Joseph as their CEO, who brings more than 20 years of retail and brand management experience to their operations. The company has also been supported by their investor, including **Rakesh Jhunjunwala** since 2007. In addition to their Promoters, the Board is composed of experienced industry and management professionals. Their experienced senior management team have helped them to inculcate and set high standards of customer service, quality product offerings and operating efficiency at their stores.

- ***Strong track record of growth and profitability and financial discipline***

The total store count has grown from 504 Stores across 116 cities as of March 31, 2019 to 586 Stores across 134 cities as of March 31, 2021 and to 598 Stores across 136 cities as of September 30, 2021. Company’s demand driven lean inventory norms which minimizes stale stock and discounting of products has helped improve their gross margins.

They have been declaring and paying out dividend to shareholders consistently since Fiscal 2000, on the back of their strong financial performance. In the last 3 Fiscals, they paid / declared a dividend of ₹ 38.41 crore, ₹ 39.83 crore and ₹ 39.83 crore, as applicable, at a dividend payout ratio of 25.15%, 24.80% and 61.64%, of their restated profit after tax.

KEY BUSINESS STRATEGIES

- ***Expand the store network in existing and new Indian cities***

The footwear industry will witness growth on account of change in consumer attitude to footwear, from utility to fashion wear, higher demand for active footwear, growing fashion and lifestyle market, and penetration of Indian and foreign brands in footwear. The company propose to focus on franchise arrangements to increase the network

of Walkway stores in India. They propose to utilize proceeds from the Fresh Issue to establish 260 new stores, under various formats.

They will continue to adopt a methodical approach in evaluating and selecting suitable locations for the establishment of new stores, such as local population density, and identifying prime retail areas.

- ***Leverage the multi-channel platform to pursue new business opportunities***

The company continues to evaluate the arrangements, including licensing arrangements with other national as well as international brands as part of their active brand portfolio management and seek new brands which have high potential in their markets and are complementary to their existing in-house brands. They continue to take a long-term view of the partnerships they enter into with third-party brands; investing time to understand a new brand, the target customer segment and their expansion aspirations.

- ***Increase contribution of e-commerce and omni-channel sales as a proportion of the sales***

The company intends to integrate their omni-channel model as well as apply new technologies to further expand and improve their operations to handle individual customer deliveries and enhance customer buying experience with faster dispatches. Their Total Online Product Sales have grown at a CAGR of 72.95% from ₹ 19.11 crore in Fiscal 2019 to ₹ 52.54 crore in the 6 months ended September 30, 2021. They also intend to grow their dedicated team of e-commerce operations. They propose to make further investments in digital marketing to build an omni-channel engagement experience for their customers. In addition, they intend to invest in content generation to build engagement with a younger audience. They will continue to focus on analytic technologies to create personalized journeys for customers and increase ATV, drive customer loyalty, increase the number of transactions per customer through active customer engagement, and introduce complementary products.

- ***Expand portfolio of accessories and grow other allied businesses***

The company continues to look at new opportunities to increase their in-house range of belts, wallets, socks and handbags, by leveraging on their understanding of the Indian consumer market. They intend to introduce a wider range of products under their existing brands of accessories based on consumer preferences and demand, and assess international and local fashion trends and evolving market preferences in order to evaluate the feasibility of new types of product introductions. They sell "PRO" Accessories through their joint venture that they entered into in August 2016 seeing the potential to grow the foot-care and shoe care business in India. They plan to expand their accessories business through higher sales of branded PRO products. This also positions them well as an outsourcing partner for other third-party brands seeking to develop and expand their in-house line of shoe care products.

In 2018, the Company entered into a deed of assignment pursuant to which it was unconditionally assigned the 'Cheemo' brand. Cheemo is an haute couture brand for handbags and premium ethnic accessories. Cheemo develops bags and footwear based on in-depth understanding of Indian handicrafts. They launched their first collection with Cheemo shoes and handbags in November 2018 and plan to continue to grow this collection and brand in the future.

- ***Evaluate accretive inorganic growth opportunities***

The company intends to continue their expansion through an active evaluation of inorganic opportunities, partnerships, tie-ups and franchises. They will evaluate acquisition opportunities based on their targeted returns, operational scale and diversification criteria and at reasonable prices that they can fund through the internal accruals. Their experienced operational and management teams will enable them to identify, structure, execute and integrate acquisitions effectively based on their demonstrated ability to partner with several third party brands, such as Crocs™.

- ***Introduce and expand the portfolio of environmentally sustainable footwear***

Constant innovation in developing new products that are well-received by company's target consumers is vital to their continuing success. Sustainability has been becoming a major point of focus for the global fashion industry in recent times. The company intends to intensify their product development efforts to develop and launch sustainable footwear through alternate sources by optimizing their raw materials. They have recently developed a line of footwear using merino wool that is a natural fibre improving breathability of the shoe, making it suitable for summers and winters. They have similarly developed footwear by using materials created out of a yarn that is manufactured by upcycling the plastic from discarded PET bottles.

INDUSTRY OVERVIEW

The Indian footwear industry under varied price segments



Key players in footwear industry in India - Product categories in the footwear and accessories segment for different players

Players	Footwear			Accessories					
	Men	Women	Kids	Bags	Clutches	Wallets	Foot Care	Belt	Shoe Care
Bata India Ltd	✓	✓	✓	✓	✓	✓	✓	✓	✓
Relaxo Footwear Ltd	✓	✓	✓						✓
Paragon Group (PPPPL)	✓	✓	✓	✓		✓		✓	
Mirza International Ltd	✓	✓	✓	✓	✓	✓		✓	
Metro Brands Ltd	✓	✓	✓	✓	✓	✓	✓	✓	✓
Khadim India Ltd	✓	✓	✓	✓	✓	✓		✓	✓
Liberty Shoes Ltd	✓	✓	✓						
Campus Activewear Pvt. Ltd.	✓	✓	✓						

Financials for Fiscal 2021

Players	12 Months ended March 2021			
	Operating Revenue (₹ Billion)	Revenue Growth FY21 vs FY20	PAT (₹ Billion)	Net Profit Margin
Bata India Ltd	17.07	(41)%	(0.90)%	(5.0)%
Metro Brands Ltd	23.59	(1)%	2.92	12.2%
Khadim India Ltd	NA	NA	NA	NA
Mirza International	10.50	(17)%	0.08	0.8%
Relaxo Footwear Ltd	8.00	(34)%	0.65	8.1%
Paragon Group	6.26	(19)%	(0.33)	(5.3)%
Liberty Shoes Ltd	4.58	(30)%	0.005	0.1%
Campus Group	7.18	(2.2)%	0.55	7.6%

Retail Sales for Key Players (Fiscal 2021)

Player	Total Domestic Revenue	Domestic Retail Sales	% of Total Domestic Sales
Largely retail based model			
Bata India Ltd	17.0	~15-16	~90.0%
Metro Brands Ltd	8.0	12.1	100.0%
Khadim India Ltd	6.3	3.0	47.3%
Mirza International	6.7	6.7	100.0%
Largely distribution /wholesale based model			
Relaxo Footwear Ltd	22.4	NA	7-8%
Paragon Group(PPPPL)	16.3	NA	-
Liberty Shoes Ltd	4.6	NA	-
Campus Activewear Pvt Ltd	7.1	NA	-

Financials for Fiscal 2021

	Op. Revenue ₹ billion	3 Yr Op Revenue CAGR	Op. Margin (%)	Op. Income COGS Margin (%)	Volume sales (mn pair of Footwear)	Net Profit Margin (%)	ROE (%)	ROCE (%)	Gearing ratio (Times)	Working Capital Days	ICR (Times)	ASP per pair of Footwear
Bata India	17.1	(13.4)%	9.9%	50.9%	31.97	(5.2)%	(4.9)%	(0.5)%	0.0	(29.5)	2.2	534.7
Relaxo Footwear	23.6	6.4%	21.3%	57.2%	190.7	12.4%	21.1%	29.1%	0.0	30.7	26.2	123.5
Mirza International	10.5	2.6%	11.3%	43.9%	NA	0.8%	1.3%	5.8%	0.2	126.8	2.9	NA
Metro Brands	8.0	(9.9)%	22.1%	55.0%	5.9	8.1%	7.7%	15.7%	0.0	(14.8)	5.6	1,328
Khadim India	6.3	6.1%	0.5%	28.8%	NA	(5.3)%	(15.2)%	(5.5)%	0.5	16.4	0.9	423
Liberty Shoes	4.6	(5.8)%	11.2%	53.3%	NA	0.05%	0.2%	7.9%	0.9	55.4	3.6	NA
Campus Activewear Pvt Ltd	7.1	20.3%	16.4%	47.0%	NA	3.8%	17.2%	42.4%	0.4	9.2	7.0	NA

Net Profit Margin (%) for Key Players

Players	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Largely retail based model							
Bata India Ltd	(5.0)%	10.8%	11.2%	8.4%	6.4%	9.0%	8.6%
Metro Brands Ltd	8.1%	12.5%	13.1%	13.0%	10.8%	10.8%	11.2%
Khadim India Ltd	(5.3)%	(4.0)%	2.6%	4.6%	5.0%	4.6%	(4.9)%
Mirza International Ltd	0.8%	3.6%	4.1%	8.0%	7.5%	8.4%	3.0%
Largely distribution /wholesale based model							
Relaxo Footwear Ltd	12.2%	9.4%	7.6%	8.2%	7.4%	7.0%	6.7%
Paragon Group (PPPPL)	NA	3.2%	1.8%	3.0%	4.7%	4.3%	1.4%
Liberty Shoes Ltd	0.1%	1.7%	1.1%	1.2%	1.3%	2.2%	2.0%
Campus Activewear	3.8%	9.5%	8.7%	1.8%	NA	NA	NA

Footwear brands of major players in the industry

Metro Brands Ltd	Bata India Ltd	Relaxo Footwear Ltd	Khadim India Ltd	Liberty Shoes Ltd	Paragon Group	Mirza International Ltd
Owned Brands						
<ul style="list-style-type: none"> Metro Shoes Mochi Walkway Gen X Princess Signature Davinci J Fontini Biofoot Activ Haute Diva Pro 	<ul style="list-style-type: none"> Bata Mocassino Ambassador Bata Comfit Marie Claire Bubblegummers Power North Start Naturalizer Sundrops Weinbrenners 	<ul style="list-style-type: none"> Bahamas FLITE Sparx Schoolmate Elena and Casualz 	<ul style="list-style-type: none"> Khadim's British Walkers Lazard Turk Cleo Sharon Softouch Adrianna Banito 	<ul style="list-style-type: none"> Coolers Force 10 Healers Senorita Fortune Gliders Windsor Adventures of Lucy & Luke Perfect A-Ha Leap 7X 	<ul style="list-style-type: none"> Paragon Max Vertex Stimulus Solea Paralite Arcade Casual Dolly Dolly flat Flat Lite P-Toes Escoute Fender Rubber based School Shoes Slickers Solea Plus Sonar Vertex Plus Walkie Meriva 	<ul style="list-style-type: none"> Redtape Redtape Athleisure Bond Street Mode Oaktrak Yezdi
Other Third party Brands						
<ul style="list-style-type: none"> Crocs Clarks Buckaroo Fitflop iD Sparks Skechers Language Florsheim Kittens 	<ul style="list-style-type: none"> Scholl Hush Puppies 					

COMPETITION

Metro Brands face competition from organised as well as unorganised footwear retailers in India, and compete with different retailers for different aspects of their business. Their key competitors include **Bata India Limited** and **Relaxo Footwear Limited**.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2021)

Name of the Bank	Consolidated / Standalone	Face Value	Closing Price [^] (₹)	Total Income FY 2021 (₹ Cr)	EPS (Basic)	NAV	P/E	RoNW (%)
Metro Brands Limited	Consolidated	5	[•]	878.54	2.43	31.17	[•]	8.24%
Peer Group								
Bata India Ltd	Consolidated	5	2,201.35	1,802.57	(6.95)	136.79	NA	(5.08)%
Relaxo Footwears Limited	Consolidated	1	1,392.50	2,381.92	11.74	63.29	118.81	18.54%

Source:RHP; [^]Closing price as on November 16, 2021 obtained from NSE website

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Metro Brands Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at www.sebi.gov.in, on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com as well as on the websites of the BRLMs, Axis Capital Limited at www.axiscapital.co.in. Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

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