



METRO BRANDS LIMITED

IPO NOTE

ISSUE KEY HIGHLIGHTS

PRICE*:	Rs.485– Rs.500	ISSUE OPENS:	10 th Dec 2021
ISSUE SIZE:	Rs.1368 crores	ISSUE CLOSE:	14 th Dec 2021

Particulars	No of Shares @ Higher Band (Cr)	No of Shares @ Lower Band (Cr)	%age	Higher band Amount (`Cr)	Lower band Amount (`Cr)
QIB	1.37	1.38	50%	683.75	667.66
NIB	0.41	0.41	15%	205.13	200.30
Retail	0.96	0.96	35%	478.63	467.37
Total Issue	2.74	2.75	100%	1,367.51	1,335.33

Issue Details:

Industry	Footwear				
Promoters:	Rafique A. Malik, Farah Malik Bhanji, Alisha Rafique Malik, Rafique Malik Family Trust, Aziza Malik Family Trust				
Capital Structure:					
Fresh Issue (@Higher Band)					Rs. 295 Cr
Offer for Sale (@Higher Band)					Rs. 1073 Cr
Total Issue as % of total capital (Post-Issue) (@Higher Band)					10.07%
Post Issue No. of Shares @ Higher Band (Cr.)					27.2
Post Issue Market Cap @ Higher Band (Rs. Cr.)					13,575
Face Value					5
Issue Route	Book Build Issue				
Bid Lot (Shares)					30
Lead Managers	Axis Capital, Ambit Pvt Ltd, DAM Capital, Equirus Capital, ICICI Securities, Motilal Oswal Investment				
Registered Office	Mumbai				
Registrar	Link Intime India Pvt. Ltd.				
Listing	BSE and NSE				
Key Investment Details for Retail Investors: (UPI or ASBA)					
Min No. of Shares application					30
Amount on the Min. Application (Rs.)					₹15,000

An Indicative timetable post issue closing:

Particulars	On or about
Finalization of Basis of Allotment	17-Dec-2021
Refunds/un-blocking of ASBA Accounts	20-Dec-2021
Credit of Equity Shares to DP Ac	21-Dec-2021
Trading Commences	22-Dec-2021

Shareholding %:

Particulars	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

Objects of the Offer:

Objects	Amt (Rs.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	[.]

Business Overview:

- **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 Vinchi 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*:

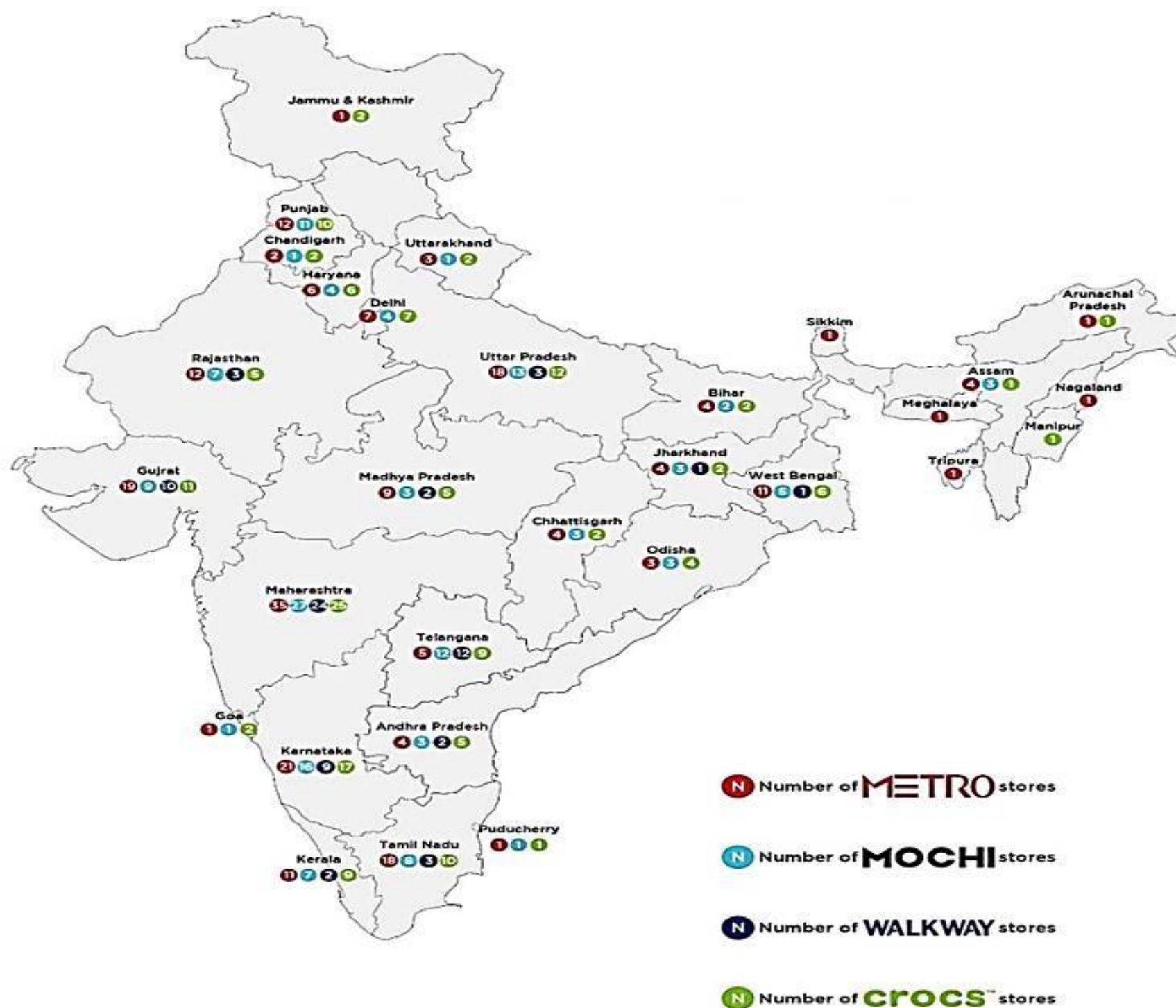
Particulars	As at Sep’ 30,		As at Mar’ 31,		
	2021(06)	2020(06)	2021(12)	2020(12)	2019(12)
Equity Share Capital	132.77	132.77	132.77	132.77	132.77
Reserves	707.27	597.37	694.80	674.52	517.10
Net worth as stated	840.04	730.14	827.57	807.29	649.87
Revenue from Operations	456.00	176.54	800.06	1285.16	1217.07
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%	2589.00%

Source: RHP *Restated Consolidated, ^ not annualised.

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 Malik 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

Product Distribution / Geographical Reach:



Revenue from Operations:

Customer Verticals	6 months ended Sep'30,				Year Ended March 31,					
	2021		2020		2021		2020		2019#	
	Consolidated		Standalone		Consolidated		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	455.7	99.93%	176.19	99.80%	799.01	99.87%	1,280.68	99.65%	1,216.57	99.96%
Other Operating Revenues	0.3	0.07%	0.36	0.20%	1.04	0.13%	4.49	0.35%	0.5	0.04%
- Shoe Repair Income	0.19		0.07		0.33		0.47		0.5	
- Sale of Service (Commission & Expense Recoveries)	0.11		0.29		0.71		4.02		0	
Total Revenue from Operations	456	100.00%	176.54	100.00%	800.06	100.00%	1,285.16	100.00%	1,217.07	100.00%

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	118.8	18.54%

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

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