DALALBYTES RESEARCH

Metro Brands

One Store, 1,041 Doors

India's 30%-margin footwear retailer:
the Crocs concentration, the SSSG question,
and a 60x multiple that demands execution

NSE: METROBRAND · BSE: 543426

October 9, 2026

Reference: Rs 866, NSE close of October 9, 2026.
Founding story, brand portfolio, expansion engine,
financials, competition, management, valuation vs peers,
risks, and FY2029 scenarios.

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01 BLUNT VERDICT FIRST

72 / 100 : Selective Positive

Metro Brands is India's most profitable organized footwear retailer by the two metrics that matter in retail: margin and return on capital. Thirty percent EBITDA margins for five straight years, 20%+ ROE, 1,041 stores across 222 cities, zero borrowings, Rs 400+ crore of annual profit, and a 70-year family name that turned a single Colaba shoe store into a Rs 23,600 crore company. The model is a rare combination: premium positioning (average selling price Rs 1,450), owned brands (Metro, Mochi, Walkway) plus licensed global names (Crocs, FILA, Foot Locker, FitFlop), and a cluster-expansion engine that added 124 net stores in FY26 funded entirely from internal accruals.

The "Selective" is doing real work. Same-store growth was 1.6% in Q1 FY27, revenue per square foot is falling (Rs 17,300 vs Rs 18,200 a year earlier), and consolidated PAT declined 3.6% in the quarter even as revenue grew 14.7%: the store machine is adding boxes faster than each box is producing. Roughly a quarter of revenue rides on one licensed brand, Crocs, whose agreement can always be renegotiated. And at 59.7x trailing earnings and ~28x EV/EBITDA, the price assumes the machine keeps compounding at 15%+ without a misstep, after a year in which the stock fell a third.

At Rs 866, 33% below the 52-week high, the verdict is: a genuinely high-quality retailer at a price that demands execution, not hope. Back the rollout, watch the same-store number and the Crocs line item.

Rs 866 Reference price NSE close, Oct 9 2026	**Rs 23,608 cr** Market cap	**Rs 2,864 cr** FY26 revenue (+14.2% YoY)	**Rs 416 cr** FY26 PAT (+17.3% YoY)
Rs 615 FY2029 bear	**Rs 1,100** FY2029 base	**Rs 1,640** FY2029 bull	**30.3%** FY26 EBITDA margin 5th straight year ~30%

02 SNAPSHOT: WHAT METRO BRANDS IS

Item	Detail
Founded	1955, single store in Colaba, Mumbai (Malik Tejani); incorporated Jan 1977 as Metro Shoes
Listed	NSE/BSE, Dec 2021; IPO band Rs 485-500
Business	Organized footwear specialty retail: owned brands + licensed global brands via EBOs
Owned brands	Metro, Mochi, Walkway, DaVinchi, Cheemo, J. Fontini, MetroActiv, Shoe Depot
Licensed partners	Crocs (since 2008), FitFlop, FILA, Foot Locker, New Era, Clarks, Skechers, Puma
Scale	1,041 stores, 222 cities (Q1 FY27); e-commerce 12.9% of revenue, +39% in FY26
Economics	EBITDA margin ~30-32% (5 yrs); ASP Rs 1,450; revenue per sq ft Rs 17,300 (falling)
Balance sheet	Zero borrowings; dividend payout ~76%; promoters 71.80% (Jun 2026)

03 FOUNDING STORY: ONE STORE IN COLABA, 1955

Malik Tejani opened a single shoe store in Colaba, Mumbai, in 1955. The company was incorporated in January 1977 as Metro Shoes, and it was under his son Rafique Malik, now 75 and Chairman, that the storefront became a national chain. Rafique's operating model was old-school retail discipline: store managers run like entrepreneurs with decentralised hiring and merchandising, and the company compounded quietly for decades.

> *From a single 1955 Colaba storefront to 1,041 stores in 222 cities: the compounding was retail discipline, repeated for seventy years.*
>
> **DalalBytes**

The generational handoff is the interesting part. Farah Malik Bhanji, a mathematics graduate from the University of Texas at Austin, joined in 2000 and rose to Managing Director; her sister Alisha Malik is President. Farah led the transformation from a single-brand retailer to a multi-brand powerhouse: Mochi EBOs, the Walkway value tier, and global partnerships (Crocs since 2008, Skechers, Clarks). From ~100 stores in 2010 the network grew to 598 by the 2021 listing and past 1,000 in FY26. The December 2021 IPO (Rs 485-500 band) brought the late Rakesh Jhunjhunwala's wife Rekha in as a minority shareholder, a signal that put the stock on every quality investor's screen. The CEO is Nissan Joseph, a professional manager: family-owned, professionally run.

04 THE PORTFOLIO: OWNED BRANDS CARRY MARGIN, LICENSED BRANDS CARRY GROWTH

Owned brands: the margin engine. Metro (premium), Mochi (fashion-forward, first EBO in 2000), Walkway (value tier), DaVinchi (formal leather), plus Cheemo, J. Fontini, MetroActiv, and Shoe Depot. Designed in-house, sourced from 250+ vendors, sold at full margin.

Crocs: the giant in the room. The partnership began in 2008 inside Metro multi-brand outlets, deepened to a non-exclusive retail license in 2015, and was extended in 2024 to give Metro Brands exclusive rights to operate and own Crocs full-price stores across western and southern India, with rights to continue and renew all existing stores in the north and east. Metro now runs 200+ Crocs exclusive stores. One analyst estimate puts Crocs at roughly 25% of Metro's topline: a real concentration in a licensed brand.

Athleisure: the new growth bet. FILA (2 new EBOs in Q4 FY26), Foot Locker (multi-decade licensing agreement, July 2024; first India store in Delhi, October 2024), plus FitFlop, New Era, Clarks, Skechers, and Puma. Motilal Oswal estimated Fila plus Foot Locker at Rs 1,500-2,000 crore of revenue potential over three to five years; Foot Locker stores reportedly generate 1.5-2x the revenue of a Metro store. A 2024 Nykaa Fashion tie-up covers exclusive online sales of premium international brands.

The license risk

BIS certification requirements for imported footwear are a stated headwind to the Foot Locker/MetroActiv rollout. Licenses are not ownership: Crocs, FILA, and Foot Locker agreements can be renegotiated, repriced, or eventually taken back. The 2024 Crocs renewal extended exclusivity, which is the mitigant, but the concentration (roughly a quarter of revenue on one licensed brand) is the line item to monitor.

05 THE EXPANSION ENGINE: CLUSTERS, NOT COVERAGE

Metro's rollout logic is cluster-based: open multiple stores in one geography, share warehousing and logistics, dominate the local catchment, then move to the next cluster. FY26: 147 stores opened, 23 closed, net +124, ending at 1,032 stores in 221 cities; ~2 lakh sq ft of warehousing added. Q1 FY27 slowed to 9 net additions, which analysts flagged, though the company blamed supply-chain pacing.

The economics per box, per Motilal Oswal: average revenue of ~Rs 5,000 per sq ft and average selling price Rs 1,450. That ASP is the positioning statement: Metro is not fighting Relaxo or Campus at the mass end; it is selling premium and fashion footwear to the middle class trading up. E-commerce (including omnichannel) grew 39% in FY26 to 12.9% of revenue, and 53% in Q4 FY26 alone: a genuine second engine.

06 FINANCIALS: THE 30% MARGIN MACHINE

Year	Revenue (cr)	YoY	EBITDA mgn	PAT (cr)
FY22	1,312	+66%	31%	208
FY23	2,071	+58%	32%	354
FY24	2,305	+11%	31%	418
FY25	2,450	+6%	31%	350
FY26	2,797	+14%	31%	400
TTM	2,884	+15%	30%	395

Standalone per screener.in. Company-reported consolidated FY26: revenue Rs 2,864 cr (+14.2%), EBITDA Rs 869 cr (+14.5%, 30.3% margin), PAT Rs 416 cr (+17.3%). Consolidated FY25: revenue Rs 2,507 cr, EBITDA Rs 759 cr, PAT Rs 354 cr.

Five-year sales CAGR ~29%, profit CAGR ~41%. Two things stand out. First, the EBITDA margin is eerily stable at 30-32% across the cycle: a retailer that prices with discipline and runs stores with discipline. Second, FY25 was the stumble (revenue +6%, PAT -16% on soft discretionary demand and input inflation), and FY26 was the recovery (+14% revenue, +17% PAT), supercharged by Q4's wedding/festive season (+20.3%) and a GST cut on footwear below Rs 2,500.

Q1 FY27: the quarter to watch

Consolidated revenue Rs 720 cr (+14.7%), but EBITDA margin slipped 110 bps to 29.8% on higher employee and occupancy costs, and consolidated PAT fell 3.6% to Rs 95 cr. Standalone PAT Rs 91 cr (vs Rs 97 cr). The machine is growing; the per-box economics are, for now, not.

07 UNIT ECONOMICS: PREMIUM PRICING, HEAVY INVENTORY

	FY24	FY25	FY26	Q1 FY27
Revenue (cr, consol.)	~2,270*	2,507	2,864	720
Gross margin	~58%	~57.5%	57.9%	-
EBITDA margin	31%	30.3%	30.3%	29.8%
Revenue per sq ft (Rs)	18,200	-	17,300	-
Same-store growth	-	-	-	1.6%
ROCE	20%	20%	19.6%	-

** FY24 consolidated revenue is approximate; standalone was Rs 2,305 cr. The model is premium, not mass: ASP Rs 1,450 against a category where Relaxo and Campus fight at a few hundred rupees. Gross margin runs ~57-58%, strong for footwear retail, funding the 30% EBITDA margin after rent, staff, and logistics.*

The inventory intensity is the structural cost: 263 inventory days in FY26, a 184-day cash conversion cycle. Thousands of SKUs across sizes, seasons, and brands sitting in 1,041 stores. The company manages it, but the cycle lengthened as the network grew. The productivity metrics are the yellow flag: revenue per square foot fell to Rs 17,300 from Rs 18,200, ROCE slipped to 19.6% from 21.3%, and same-store sales grew 1.6%. The flywheel is adding stores; the stores are, individually, getting slightly less productive. Management's answer: new stores ramp over 18-24 months and clusters mature. The numbers to watch are SSSG and revenue per sq ft, not the store count.

08 BALANCE SHEET, CASH FLOW, CAPITAL ALLOCATION

Fortress balance sheet

Zero borrowings. Rs 675 cr of investments and cash (standalone, FY26) against no interest-bearing debt. The "debt" in reported debt-to-equity ratios is lease liabilities under Ind AS 116 (~Rs 1,570 cr), the accounting shadow of 1,041 store leases, not financial leverage. Interest cover is comfortable.

Cash conversion is real: standalone free cash flow was Rs 470 cr (FY24), Rs 600 cr (FY25), and Rs 337 cr (FY26); CFO-to-operating-profit ran 70-109% across those years. The FY26 dip in FCF came from the working-capital build of the store rollout, the cost of growth, not a leak.

Capital allocation is shareholder-friendly and boring in the best way: dividend payout of ~76%, a final dividend for FY26 with record date September 4, 2026, and no large acquisitions or vanity projects. The 2026 ESOS (54.5 lakh options) is the dilution to watch, modest against 27.26 crore shares outstanding. Promoter holding is 71.80% (June 2026), essentially unchanged for years: the Malik family has not sold into the listing or the rally.

09 COMPETITION: THE PREMIUM CORNER IS DEFENSIBLE, THE FLANKS ARE BUSY

Bata India: the legacy rival (Rs 3,553 cr sales, ~Rs 7,900 cr mcap, ~500 stores) is struggling: -48% in a year, net margins ~3.8%, deep brand but losing share. Metro is the premium-fashion retailer gaining it.

Value end: Relaxo (Rs 2,753 cr sales, P/E ~39) and Campus Activewear (Rs 1,816 cr sales, P/E ~39, near-zero debt) fight on price and volume with thinner margins. Red Tape (P/E ~26) and Khadim's/Liberty fight in the mid-market. Metro's ASP of Rs 1,450 sits above the mass bloodbath and below luxury.

The flanking threats: (a) athleisure, where Nike/Adidas/Puma sell direct and Foot Locker is Metro's own licensed answer; (b) quick commerce and marketplaces compressing discovery; (c) the unorganized sector in Tier 3/4 towns, exactly where Metro is now expanding, a deliberate land-grab with execution risk. The licensed-brand strategy is the differentiator and the vulnerability: no other Indian retailer has Crocs at this

scale, but the Crocs agreement is a license, not ownership.

10 STRENGTHS

- **30%+ EBITDA margins sustained for five years:** the best unit economics in Indian footwear retail.
- **20%+ ROE and ROCE with zero borrowings:** growth funded from internal accruals.
- **1,041 stores, 222 cities, plus 39%-growing e-commerce:** genuine omnichannel scale.
- **Premium positioning (ASP Rs 1,450)** in a trading-up category; owned brands carry the margin.
- **Licensed-brand portfolio (Crocs, FILA, Foot Locker)** no domestic competitor can replicate quickly.
- **Promoter holding 71.80% with no selling since listing;** Jhunjhunwala family as minority shareholder; ~76% dividend payout.

11 WEAKNESSES AND RISKS

- **Same-store growth of 1.6%** and falling revenue per sq ft: the network is growing faster than the per-store engine.
- **Q1 FY27 PAT declined 3.6%** on 14.7% revenue growth: margin compression from expansion costs is real and current.
- **Crocs concentration:** roughly 25% of revenue (analyst estimate) rides on a licensed brand.
- **Valuation:** 59.7x trailing P/E, ~28x EV/EBITDA, 11.7x book. The price assumes flawless compounding.
- **Inventory intensity:** 263 inventory days, 184-day cash conversion cycle; the rollout lengthens it.
- **BIS certification** on imported footwear is a stated headwind to the Foot Locker/MetroActiv expansion.
- **Discretionary demand:** FY25 showed what a soft consumer does to this P&L (revenue +6%, PAT -16%).
- **ESOS 2026** (54.5 lakh options) is modest dilution but dilution all the same.

12 MANAGEMENT AND GOVERNANCE

Rafique Malik (Chairman, 75) built the chain from one store over five decades; his net worth is concentrated in the stock. Farah Malik Bhanji (MD, re-appointed effective April 2027) professionalized it from 2000 onward. CEO Nissan Joseph runs operations as a professional manager. The structure is family-owned, professionally run, the best version of the Indian promoter model.

Governance is clean on the public record: no auditor exits, no SEBI actions, no related-party red flags found. One board change in 2026: independent director Arvind Kumar Singhal ceased August 10, 2026; Sonny Iqbal joined as additional independent director August 5, 2026. Promoter holding steady at 71.80% with no pledging disclosed.

13 VALUATION VS PEERS

At Rs 866 (Oct 9, 2026): TTM P/E 59.7x, P/S ~8.2x, EV/EBITDA ~28x (lease-adjusted EV ~Rs 24,500 cr).

Company	P/E	P/S	Mcap (cr)	EBITDA mgn
Metro Brands	59.7x	~8.2x	23,608	~30%
Bata India	~54.6x	~2.2x	~7,977	~21%
Relaxo	~39.0x	~2.6x	~7,222	mid-teens
Campus	~38.9x	~3.5x	~5,990	mid-teens
Red Tape	~25.8x	-	~6,346	-

Metro is the most expensive name in Indian footwear on every multiple, and by a wide margin on sales (8.2x vs 2.2-3.5x). The premium is earned on margins (30% vs low-20s/mid-teens) and returns (20%+ ROE vs Bata's ~8.5%), but it leaves no room for the SSSG slowdown to persist. A brokerage cut the target to Rs 1,034 after Q1 FY27, still valuing it at 52.6x FY28E earnings: even the street's bull case is a high multiple.

14 FY2029 SCENARIOS (INR)

Built off FY26 consolidated revenue of Rs 2,864 cr; 27.26 cr shares; net lease-adjusted debt ~Rs 900 cr; assumptions explicit.

	Bear: Rs 615	Base: Rs 1,100	Bull: Rs 1,640
Revenue CAGR FY26-29	9%	14%	19%
FY29 revenue	Rs 3,709 cr	Rs 4,243 cr	Rs 4,827 cr
EBITDA margin	28%	30.5%	31.5%
Exit EV/EBITDA	17x	24x	30x

Bear: SSSG stays weak, rollout slows on BIS/supply constraints; occupancy and staff costs keep compressing margins; de-rating toward Bata-like retail multiples. **Base:** rollout continues, SSSG recovers to mid-single digits, e-commerce scales; operating leverage returns as clusters mature; modest multiple compression from ~28x. **Bull:** FILA and Foot Locker hit the Rs 1,500-2,000 cr potential, e-commerce compounds; mix toward owned and licensed premium; growth multiple sustained. Base-case FY29 implies ~Rs 33 EPS, so Rs 1,100 is ~33x FY29E earnings: still a premium multiple, but one the business can grow into if the store engine re-accelerates. The street's Rs 1,034 target sits just under the base case on a nearer horizon.

15 WHY IT MATTERS

Metro Brands is the proof that Indian retail can be a compounder, not just a footprint story. It took a 1955 single store, layered owned brands for margin and licensed global brands for growth, and built the only 30%-margin, zero-debt footwear retailer in the country, all while the family kept 72% of the equity and paid out three-quarters of profits as dividends. The question for the next three years is not whether India buys more premium footwear, it will, but whether Metro's per-store engine can re-accelerate: 1.6% same-store growth at 60x earnings is the tension this report is priced on. At 72/100 Selective Positive, the verdict is: own the rollout, but demand the SSSG number every quarter, because at this price the stores have to earn their keep.

16 SOURCES

Company press releases (NSE archives, Aug 4 2026 Q1 FY27; May 20 2026 Q4/FY26); screener.in financials and shareholding (standalone, accessed Oct 9 2026); FY26 annual report (BSE); CRISIL ESG rating (Oct 2026); CARE credit rating updates. The Hindu BusinessLine (Crocs extension, Apr 2024); indiaretailing.com and indianretailer.com (Foot Locker, Jul 2024); apparelresources.com. Motilal Oswal via indiaretailing (Fila/Foot Locker potential, ASP, revenue per sq ft); whalesbook (FY26 results, Q1 FY27 margin analysis, brokerage target). Finnhub, tickertape, sharescart, kalkinemedia (market data, Oct 2026); univest (peer comparison); arihantcapital (peer table); smart-investing (P/S benchmarks); moneyworks4me and companiesmarketcap (Bata). Wikipedia (history, brand portfolio); Forbes (Rafique Malik, Mar 2026); radiancenews/mpositive (Farah Malik Bhanji). Full citations with URLs and dates in the research memos filed with this report.