

August 8, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,135		1,195	
Sales (Rs. m)	28,002	32,498	28,599	33,336
% Chng.	(2.1)	(2.5)		
EBITDA (Rs. m)	8,306	9,593	8,560	9,951
% Chng.	(3.0)	(3.6)		
EPS (Rs.)	14.4	16.1	14.7	16.9
% Chng.	(1.9)	(4.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	23,567	25,073	28,002	32,498
EBITDA (Rs. m)	6,996	7,599	8,306	9,593
Margin (%)	29.7	30.3	29.7	29.5
PAT (Rs. m)	4,126	3,533	3,931	4,381
EPS (Rs.)	15.2	13.0	14.4	16.1
Gr. (%)	13.4	(14.5)	11.3	11.4
DPS (Rs.)	4.2	19.7	6.5	7.5
Yield (%)	0.4	1.8	0.6	0.7
RoE (%)	24.2	19.8	21.8	21.7
RoCE (%)	27.6	28.1	29.9	30.5
EV/Sales (x)	12.3	11.6	10.3	8.8
EV/EBITDA (x)	41.3	38.4	34.7	29.8
PE (x)	72.2	84.4	75.8	68.0
P/BV (x)	16.0	17.4	15.7	14.0

Key Data METB.BO | METROBRA IN

52-W High / Low	Rs.1,412 / Rs.890
Sensex / Nifty	79,858 / 24,363
Market Cap	Rs.298bn/ \$ 3,401m
Shares Outstanding	272m
3M Avg. Daily Value	Rs.135.08m

Shareholding Pattern (%)

Promoter's	71.87
Foreign	3.66
Domestic Institution	7.38
Public & Others	17.09
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.1)	(10.6)	(17.2)
Relative	(1.6)	(12.8)	(18.2)

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Demand outlook foggy, valuations limit upside

Quick Pointers:

- Medium term revenue guidance at 15%-18% CAGR with mid teen PAT margin
- Preponement of EID impacted revenue by 2-3%

We cut FY26/FY27 EPS estimates by 1.9%/4.5% driven by 1) Higher store additions in a subdued demand environment, to likely increase overheads in the near term. We estimate margin contraction of 64bps/14bps in FY26/FY27 and 2) Weak store economics, driven by lower throughput/store amidst continued muted consumer sentiment. However, we believe operating parameters may improve in medium term only, led by 1) Stable store-level economics, aided by expansion into Tier-2 and Tier-3 cities. 2) Normalization of BIS-related issues in near term and 3) Peaked-out losses in FILA, with an expected break even by FY27 and scale-up in Foot Locker from 2H26.

We estimate 11.3% EPS CAGR over FY25-FY27, which gives us DCF based target price of Rs1135 (Rs1195 earlier). The stock currently trades at 68x FY27 EPS which limits near term upside in the stock. We retain HOLD

Consol Revenues Consol Revenues grew by 9.1% YoY to Rs6.2bn. Gross margins contracted by 15bps YoY to 59.3%. EBITDA grew by 7.5% YoY to Rs1.94bn (PLe:Rs1.96bn). Margins contracted by 45bps YoY to 30.9%. (PLe:31%). Adj PAT increased by 7.4% YoY to Rs985mn (PLe: 878mn). Sales/ft came at Rs4350 v/s Rs4500/4750 in Q1FY25/Q4FY25. Volumes up 3.9% YoY

Concall highlights: 1) Q1FY26 saw a 9.1% YoY growth led by increase in wedding-related footfalls and consistent execution across channels. 2) preponement of Eid to March (2-3% impact on revenue growth), an early onset of monsoons, and ongoing global geopolitical tensions had some minor challenges in 1Q. 3) In 1Q Metro Brands signed a long-term strategic partnership with Clarks, becoming its exclusive licensee and distributor across India, Bangladesh, Nepal, Bhutan, Maldives, and Sri Lanka, Clarks will be launched in Q3FY26 4) Company is preparing to launch three new Foot Locker stores ahead of the festive season in Q3FY26, though management remains cautious due to supply chain concerns after BIS implementation 5) Metro plans to open new exclusive brand outlets for FILA in the 2HFY26. 6) Fila's repositioning is progressing as planned, supported by a clear merchandise assortment and pricing strategy. 7) E-commerce revenue grew by 44.8% YoY to Rs840mn, now contributes 13.7% towards overall revenue 8) Management guided for 15%-18% revenue CAGR over medium to long term with PAT margin to be maintained in mid-teens 9) Long term SSG target maintained at mid-high single digit 10) FILA expects to break even by FY27 10) Only footwear ASP came at Rs2700 with 3-4% growth in 1Q

Exhibit 1: Consol revenue up by 9.1% YoY, margins down by 44.6ps YoY

Y/e March (Rs mn)	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	% Var.	4QFY25	FY26E	FY25	YoY gr. (%)
Net Sales	6,282	5,761	9.1	6,337	(0.9)	6,428	28,002	25,074	11.7
Gross Profit	3,727	3,427	8.8	3,739	(0.3)	3,694	16,157	14,465	11.7
% of NS	59.3	59.5	(15.5)	59.0	0.3	57.5	57.7	57.7	0.0
Other Expenses	1,788	1,623	10.2	1,774	0.8	1,722	7,851	6,891	13.9
% of NS	28.5	28.2	29.1	28.0	0.5	26.8	28.0	27.5	0.6
EBITDA	1,939	1,804	7.5	1,964	(1.3)	1,972	8,306	7,574	9.7
Margins %	30.9	31.3	(44.6)	31.0	(0.1)	30.7	29.7	30.2	(54.5)
Depreciation	688	600	14.7	715	(3.7)	701	2,922	2,580	13.2
Interest	237	208	14.0	254	(6.8)	244	1,069	905	18.2
Other Income	286	234	22.3	220	29.9	231	996	930	7.1
PBT	1,300	1,230	5.7	1,215	6.9	1,258	5,311	5,019	5.8
Tax	320	309	3.7	310	3.3	309	1,381	1,491	(7.4)
Tax rate %	24.6	25.1	(0.5)	25.5	(0.9)	24.5	26.0	29.7	(3.7)
Share of JV/Associates	9	2	330.0			4	37	18	99.7
Non-controlling Interest	3	5	(46.3)	28		6	36	39	(7.0)
Adjusted PAT	985	917	7.4	878	12.2	948	3,931	3,508	12.1

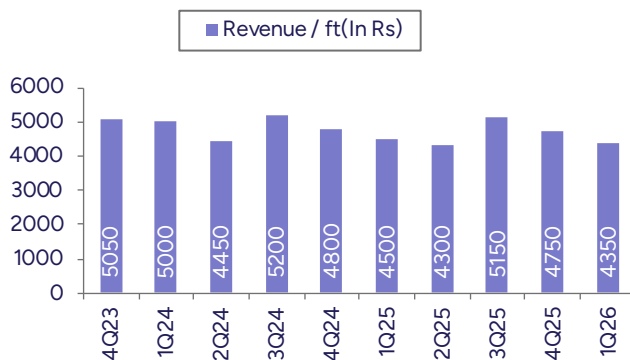
Source: Company, PL

Exhibit 2: >3000 share up 200bps YoY

Product Pricing wise Sales Mix (Rs)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
>3,000	44%	49%	48%	49%	50%	54%	53%	54%	50%	56%
1,501-3,000	42%	39%	38%	38%	37%	35%	34%	34%	37%	33%
501-1,500	10%	8%	10%	9%	9%	6%	8%	8%	9%	6%
<500	4%	4%	4%	4%	4%	5%	5%	4%	4%	5%
Own Brands Contribution										
Own Brands	74%	70%	70%	72%	73%	73%	72%	72%	74%	72%
Third Party	26%	30%	30%	28%	27%	27%	28%	28%	26%	28%

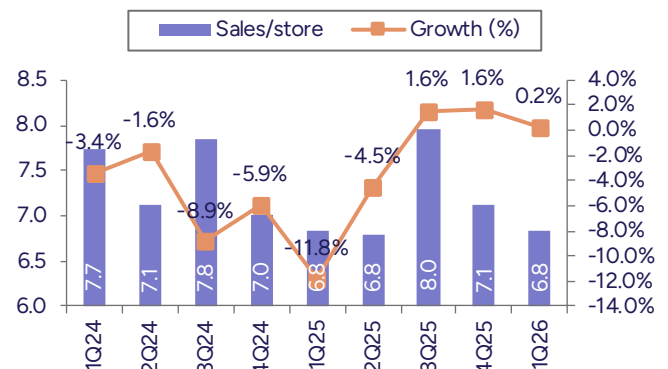
Source: Company, PL

Exhibit 3: Revenue/sq.ft declines 3.3% YoY



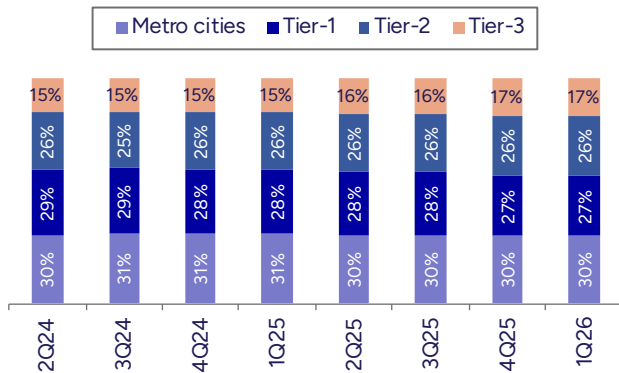
Source: Company, PL

Exhibit 4: Sales/store up 0.2% YoY



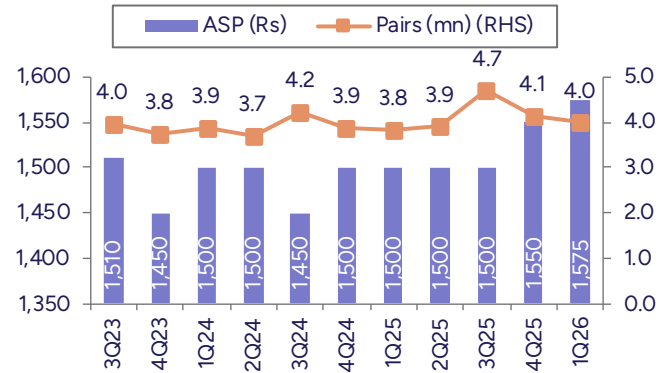
Source: Company, PL

Exhibit 5: Saliency of metro cities stable at 30-31%



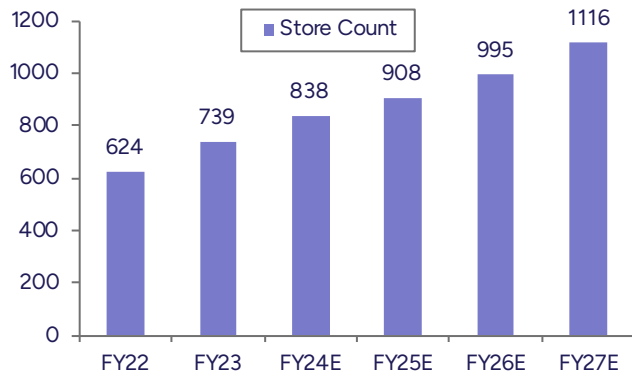
Source: Company, PL

Exhibit 6: ASP at Rs1575 with 4.0mn pairs sold in 1Q26



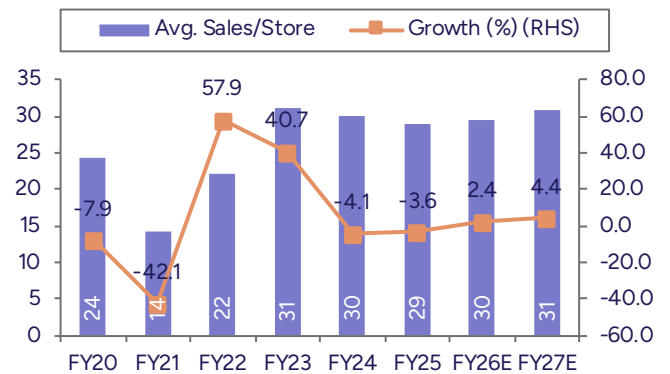
Source: Company, PL

Exhibit 7: ~208 stores to be added till FY27



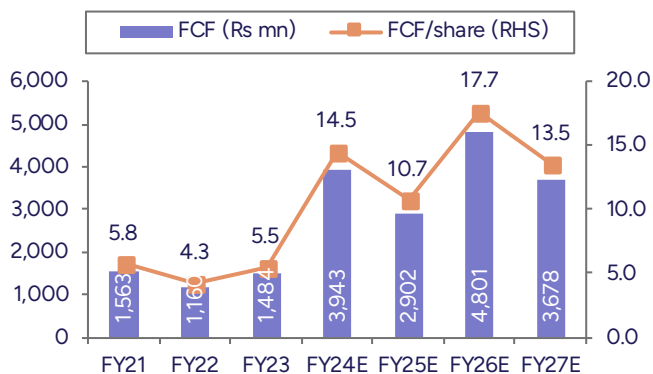
Source: Company, PL

Exhibit 8: Sales/store to increase by ~10% over FY25-27



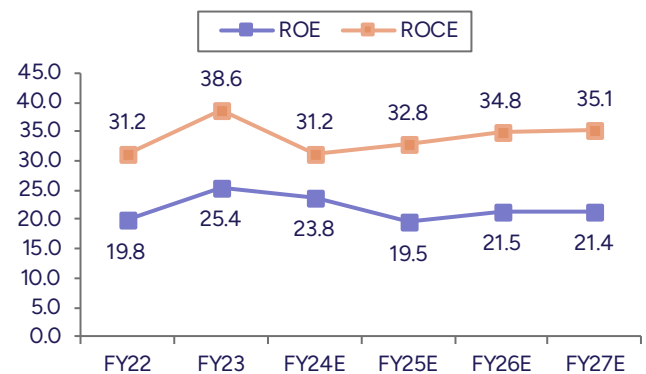
Source: Company, PL

Exhibit 9: FCF shows healthy growth over long term



Source: Company, PL

Exhibit 10: ROE & ROCE to stabilize at healthy levels



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	23,567	25,073	28,002	32,498
YoY gr. (%)	10.8	6.4	11.7	16.1
Cost of Goods Sold	9,875	10,609	11,845	13,682
Gross Profit	13,692	14,465	16,157	18,816
Margin (%)	58.1	57.7	57.7	57.9
Employee Cost	2,280	2,427	2,862	3,420
Other Expenses	4,417	4,439	4,988	5,803
EBITDA	6,996	7,599	8,306	9,593
YoY gr. (%)	3.0	8.6	9.3	15.5
Margin (%)	29.7	30.3	29.7	29.5
Depreciation and Amortization	2,291	2,580	2,922	3,450
EBIT	4,705	5,019	5,384	6,143
Margin (%)	20.0	20.0	19.2	18.9
Net Interest	789	925	1,069	1,257
Other Income	708	930	996	1,033
Profit Before Tax	4,624	5,024	5,311	5,919
Margin (%)	19.6	20.0	19.0	18.2
Total Tax	499	1,491	1,381	1,539
Effective tax rate (%)	10.8	29.7	26.0	26.0
Profit after tax	4,125	3,533	3,930	4,380
Minority interest	30	33	36	39
Share Profit from Associate	30	33	37	40
Adjusted PAT	4,126	3,533	3,931	4,381
YoY gr. (%)	13.5	(14.4)	11.3	11.4
Margin (%)	17.5	14.1	14.0	13.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,126	3,533	3,931	4,381
YoY gr. (%)	14.8	(14.4)	11.3	11.4
Margin (%)	17.5	14.1	14.0	13.5
Other Comprehensive Income	12	-	-	-
Total Comprehensive Income	4,138	3,533	3,931	4,381
Equity Shares O/s (m)	272	272	272	272
EPS (Rs)	15.2	13.0	14.4	16.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	6,761	7,631	8,472	9,608
Tangibles	5,331	6,109	6,919	8,024
Intangibles	1,429	1,522	1,553	1,584
Acc: Dep / Amortization	2,050	2,699	3,433	4,286
Tangibles	1,829	2,402	3,059	3,832
Intangibles	221	297	374	454
Net fixed assets	4,711	4,932	5,039	5,322
Tangibles	3,502	3,707	3,861	4,192
Intangibles	1,209	1,226	1,178	1,130
Capital Work In Progress	93	94	193	216
Goodwill	409	409	409	409
Non-Current Investments	1,268	1,138	1,297	1,470
Net Deferred tax assets	359	340	340	340
Other Non-Current Assets	9,766	10,748	11,364	12,497
Current Assets				
Investments	7,994	5,356	8,681	10,724
Inventories	7,102	6,369	7,568	8,783
Trade receivables	757	912	1,151	1,336
Cash & Bank Balance	479	948	1,520	1,872
Other Current Assets	432	293	514	596
Total Assets	33,526	33,345	38,433	44,097
Equity				
Equity Share Capital	1,360	1,361	1,361	1,361
Other Equity	17,279	15,730	17,616	19,961
Total Networth	18,638	17,091	18,977	21,322
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	7	8	14	21
Other non current liabilities	9,526	10,545	12,539	14,739
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,570	2,258	3,104	3,516
Other current liabilities	2,488	3,154	3,404	3,987
Total Equity & Liabilities	33,526	33,345	38,433	44,097

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,624	5,024	5,311	5,919
Add. Depreciation	2,291	2,580	2,922	3,450
Add. Interest	789	925	1,069	1,257
Less Financial Other Income	708	930	996	1,033
Add. Other	917	873	1,782	1,946
Op. profit before WC changes	8,621	9,402	11,084	12,573
Net Changes-WC	(133)	(581)	989	(544)
Direct tax	(530)	(1,494)	(1,275)	(1,420)
Net cash from Op. activities	7,957	7,327	10,798	10,608
Capital expenditures	(4,038)	(3,792)	(3,791)	(4,920)
Interest / Dividend Income	-	-	-	-
Others	(2,020)	2,944	(3,323)	(2,044)
Net Cash from Invst. activities	(6,058)	(848)	(7,114)	(6,964)
Issue of share cap. / premium	189	282	(279)	1
Debt changes	(15)	-	-	-
Dividend paid	(1,154)	(5,362)	(1,765)	(2,036)
Interest paid	(789)	(925)	(1,069)	(1,257)
Others	30	(5)	-	-
Net cash from Fin. activities	(1,739)	(6,010)	(3,113)	(3,293)
Net change in cash	161	469	571	352
Free Cash Flow	3,920	3,535	7,007	5,688

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	15.2	13.0	14.4	16.1
CEPS	23.6	22.5	25.2	28.8
BVPS	68.5	62.8	69.7	78.3
FCF	14.4	13.0	25.7	20.9
DPS	4.2	19.7	6.5	7.5
Return Ratio(%)				
RoCE	27.6	28.1	29.9	30.5
ROIC	18.8	18.6	19.1	19.5
RoE	24.2	19.8	21.8	21.7
Balance Sheet				
Net Debt : Equity (x)	(0.5)	(0.4)	(0.5)	(0.6)
Net Working Capital (Days)	82	73	73	74
Valuation(x)				
PER	72.2	84.4	75.8	68.0
P/B	16.0	17.4	15.7	14.0
P/CEPS	46.4	48.8	43.5	38.1
EV/EBITDA	41.3	38.4	34.7	29.8
EV/Sales	12.3	11.6	10.3	8.8
Dividend Yield (%)	0.4	1.8	0.6	0.7

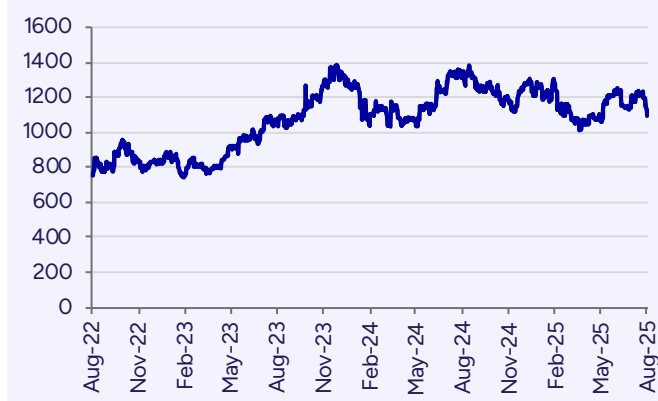
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	5,855	7,031	6,428	6,282
YoY gr. (%)	5.4	10.6	10.3	9.1
Raw Material Expenses	2,633	2,908	2,734	2,555
Gross Profit	3,222	4,123	3,694	3,727
Margin (%)	55.0	58.6	57.5	59.3
EBITDA	1,548	2,250	1,972	1,939
YoY gr. (%)	(0.4)	13.1	24.3	7.5
Margin (%)	26.4	32.0	30.7	30.9
Depreciation / Depletion	624	655	701	688
EBIT	924	1,595	1,271	1,251
Margin (%)	15.8	22.7	19.8	19.9
Net Interest	218	235	244	237
Other Income	234	232	231	286
Profit before Tax	939	1,593	1,258	1,300
Margin (%)	16.0	22.7	19.6	20.7
Total Tax	225	649	309	320
Effective tax rate (%)	23.9	40.7	24.5	24.6
Profit after Tax	715	944	949	979
Minority interest	22	5	6	3
Share Profit from Associates	5	7	4	9
Adjusted PAT	698	946	947	985
YoY gr. (%)	4.6	(3.3)	(38.9)	7.4
Margin (%)	11.9	13.5	14.7	15.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	698	946	947	985
YoY gr. (%)	4.6	(3.3)	(38.9)	7.4
Margin (%)	11.9	13.5	14.7	15.7
Other Comprehensive Income	(2)	(1)	-	1
Total Comprehensive Income	696	945	947	986
Avg. Shares O/s (m)	136	136	136	137
EPS (Rs)	2.6	3.5	3.5	3.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Hold	1,195	1,167
2	23-May-25	Hold	1,195	1,211
3	09-Apr-25	Hold	1,162	1,046
4	17-Jan-25	Hold	1,177	1,199
5	08-Jan-25	Hold	1,208	1,251
6	24-Oct-24	Hold	1,208	1,165
7	07-Oct-24	Hold	1,268	1,255
8	26-Sep-24	Hold	1,268	1,253
9	12-Aug-24	UR	-	1,311

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,248	2,402
2	Avenue Supermarts	Hold	3,994	4,281
3	Britannia Industries	BUY	6,223	5,403
4	Colgate Palmolive	Hold	2,453	2,376
5	Dabur India	Hold	524	529
6	Emami	Accumulate	683	601
7	Hindustan Unilever	Accumulate	2,686	2,521
8	ITC	BUY	530	416
9	Jubilant FoodWorks	Hold	689	688
10	Kansai Nerolac Paints	Accumulate	277	244
11	Marico	Accumulate	743	723
12	Metro Brands	Hold	1,195	1,167
13	Mold-tek Packaging	Accumulate	805	761
14	Nestle India	Hold	2,392	2,322
15	Pidilite Industries	BUY	3,427	3,051
16	Restaurant Brands Asia	Accumulate	87	81
17	Titan Company	BUY	3,901	3,416
18	Westlife Foodworld	Hold	745	772

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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