

Metro and Metro

September 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	0.08 (Reduced from 3.88)	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	46.70 (Enhanced from 42.90)	CARE BBB+; Stable / CARE A2	Reaffirmed
Short-term bank facilities	11.00	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Metro and Metro factors in its long track record of operations, experience of partners in the footwear business, established clientele, and stable operational performance. The firm's financial risk profile remains comfortable marked by comfortable capital structure and debt service indicators. Ratings also consider pre-payment of term loan by the firm in FY25 (FY refers to April 01 to March 31) and adequate liquidity and no significant capital expenditure plans apart from routine capex. However, ratings continue to remain constrained by customer concentration risk due to dependence on a few key clients, susceptibility of profitability margins to foreign exchange rate volatility, intense competition in the footwear industry, and its constitution as a partnership firm.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) above ₹400 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin on a similar level.
- Change in constitution of the entity from partnership firm to company.
- Diversification in customer base resulting in lower concentration risk.

Negative factors

- Moderation in PBILDT margin below 5% with decrease in TOI below ₹150 crore.
- Deterioration in the financial indicators with an overall gearing of above 1.10x and interest coverage ratio of less than 3x.
- Significant withdrawal of capital by partners.
- Any adverse industry/business specific factors or macroeconomic factors affecting the firm's export market.

Analytical approach: Standalone

Outlook: Stable

"Stable" outlook reflects CARE Ratings Limited (CareEdge Ratings) opinion that Metro and Metro will continue to derive benefit from its long-standing experience of promoters in the industry.

Detailed description of key rating drivers:

Key strengths

Experienced management and long track record of operations

Metro and Metro was formed in 1991 and is currently managed under the partnership of Ajit Nath Kalsi and Meenakshi Kalsi, and their two daughters, who joined the partnership in March 2023. The firm has a long track record of over 30 years. Prior to 1991, partners were engaged in the shoe manufacturing business for over 20 years. This extensive experience in shoe manufacturing has supported the firm's presence in the industry.

Stable operational performance

The firm's operational performance improved by 7.60% in FY25 to ₹246.00 crore (PY: ₹228.63 crore) and profitability margins, as marked by PBILDT margin, improved to 10.46% in FY25 (PY: 6.97%). Growth in FY25 was driven by a slight increase in

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

product prices. The firm benefited from lower euro-denominated procurement costs; however, subsequent strengthening of the euro led to improved realisations, enhancing profitability. The firm achieved operating income of ~₹101 crore in 5MFY26 (5M refers to April 01 to August 31) and is expected to improve during the remaining part of the year. CareEdge Ratings expects the firm to maintain its stable operational performance in the medium term.

Comfortable financial risk profile

The firm's overall gearing improved and stood comfortable at 0.41x as on March 31, 2025 (PY: 0.61x). Its debt profile largely comprises working capital borrowings. The firm has no significant long-term bank debt, except for a Guaranteed Emergency Credit Line (GECL) with an outstanding balance of ₹0.08 crore as on March 31, 2025. The firm prepaid the term loan of ₹8.80 crore in FY25, leading to an improvement in capital structure. Debt coverage indicators also remained comfortable, as reflected by the total debt to gross cash accruals (TD/GCA) and the interest coverage ratio of 1.38x and 15.07x, respectively as on March 31, 2025, (PY: 2.72x and 6.54x, respectively). The improvement was considering higher profitability and reduced debt levels. With no major debt-funded capex, CareEdge Ratings expects the firm to maintain its comfortable financial risk profile in the near-to-medium term.

Key weaknesses

Constitution of the entity being a partnership firm

Metro and Metro's constitution as a partnership firm entails the inherent risk of capital withdrawal by partners in case of personal contingencies and dissolution of the firm upon the death, retirement, or insolvency of partners. Moreover, partnership firms have restricted access to external borrowings, as creditworthiness of partners is a key factor influencing lenders' credit decisions. This financial constraint can limit the firm's ability to meet obligations and invest in growth opportunities, impacting operating efficiency. Notably, partners withdrew capital of ₹4.87 crore in FY25. (PY: ₹4.93 crore).

Customer concentration risk with geographical concentration in Europe

The firm has high customer concentration, with majority sales derived from its top 10 customers, exposing it to risks related to changes in their procurement policies. The firm continues to focus on Europe as its major market, with limited reliance on the US market, which contributed ~5% of TOI in FY25. In FY25, top 10 customers contributed 79.47% of TOI (PY: 88.69% of TOI). This share remained at similar levels in the last 3-4 years. However, the firm's established long-term relationships with its customers support repeat business, partially mitigating customer concentration risk.

Susceptibility to foreign exchange fluctuation risk

The firm's focus on the export market makes its profit margins susceptible to foreign exchange rate fluctuations. Appreciation of the Indian Rupee against foreign currencies can adversely impact profitability. However, with ~30% of raw materials being imported, the firm benefits from a natural hedge. For the remaining exposure, the firm hedges through forward contracts. In FY25, the firm recorded a foreign exchange gain of ₹4.92 crore (PY: ₹3.32 crore).

Competition from organized and unorganized players

The footwear industry is highly competitive due to low entry barriers and minimal capital investment required to establish new facilities. Labour-intensive nature of operations leads to a significant presence of unorganized players. According to the Council for Leather Exports, India is the second-largest global producer of footwear, contributing ~12% of global production. However, Metro and Metro gains a competitive edge by producing footwear for premium international brands using low-cost labour.

Liquidity: Adequate

Liquidity is adequate, marked by cash and cash equivalent balance of ₹42.68 crore as on March 31, 2025, and expected GCA of ₹15-18 crore against negligible repayment obligations in FY26. The firm is not planning any major capital expenditure apart from routine capex. With an efficient operating cycle of 35 days as on March 31, 2025, the average working capital utilisation for 12 months ending July 2025 stood at ~33%, with highest utilisation of ~73% in July 2025. The firm's current and quick ratios stood comfortable at 1.77x and 1.48x, respectively, as on March 31, 2025. Cash flow from operations remained positive at ₹35.48 crore in FY25.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Footwear

Metro and Metro was formed in 1991 as a partnership firm by Dwarka Nath Kalsi and his son Ajit Nath Kalsi. In 2011, following the demise of Dwarka Nath Kalsi, Meenakshi Kalsi, wife of Ajit Nath Kalsi, joined the firm as a partner. In March 2023, the daughters of Meenakshi Kalsi and Ajit Nath Kalsi joined the firm as partners. The firm is engaged in manufacturing leather footwear at its plant in Agra, with an installed capacity of 15 lakh pairs per annum as on June 30, 2025. The firm is primarily engaged in exports, selling footwear to overseas retailers based mainly in Europe.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5MFY26 (UA)
Total operating income	228.63	246.00	101.00
PBILDT	15.94	25.74	NA
PAT	8.87	16.14	NA
Overall gearing (times)	0.61	0.41	NA
Interest coverage (times)	6.54	15.07	NA

A: Audited UA: Unaudited NA: Not available; 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	ISI N	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31-10-2027	0.08	CARE BBB+; Stable
Fund-based - LT/ ST-EPC/PSC	-	-	-	-	38.50	CARE BBB+; Stable / CARE A2
Fund-based - LT/ ST-EPC/PSC	-	-	-	-	3.80	CARE BBB+; Stable / CARE A2
Fund-based - LT/ ST-Standby Line of Credit	-	-	-	-	4.40	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Working Capital Limits	-	-	-	-	11.00	CARE A2

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 2025-2026	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
1	Fund-based - LT/ ST-EPC/PSC	LT/ST	38.50	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (24-Sep-24)	1)CARE BBB+; Stable / CARE A2 (05-Sep-23)	1)CARE BBB+; Stable / CARE A2 (09-Jan-23) 2)CARE BBB+; Stable / CARE A2 (01-Dec-22)
2	Non-fund-based - ST-Working Capital Limits	ST	11.00	CARE A2	-	1)CARE A2 (24-Sep-24)	1)CARE A2 (05-Sep-23)	1)CARE A2 (09-Jan-23) 2)CARE A2 (01-Dec-22)
3	Fund-based - LT/ ST-EPC/PSC	LT/ST	3.80	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (24-Sep-24)	1)CARE BBB+; Stable / CARE A2 (05-Sep-23)	1)CARE BBB+; Stable / CARE A2 (09-Jan-23) 2)CARE BBB+; Stable / CARE A2 (01-Dec-22)
4	Fund-based - LT/ ST-Standby Line of Credit	LT/ST	4.40	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (24-Sep-24)	1)CARE BBB+; Stable / CARE A2 (05-Sep-23)	1)CARE BBB+; Stable / CARE A2 (09-Jan-23) 2)CARE BBB+; Stable / CARE A2 (01-Dec-22)
5	Fund-based - LT-Term Loan	LT	0.08	CARE BBB+; Stable	-	1)CARE BBB+; Stable (24-Sep-24)	1)CARE BBB+; Stable (05-Sep-23)	1)CARE BBB+; Stable (09-Jan-23)

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 - LT-Term Loan	Simple
2	Fund-based - LT/ ST-EPC/PSC	Simple
3	Fund-based - LT/ ST-Standby Line of Credit	Simple
4	Non-fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

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