

Metro Brands Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	56.00 (Enhanced from 46.00)	CARE AA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to Metro Brands Limited's (MBL or the Company) bank facilities is driven by the extensive experience of promoters and long-standing presence in the footwear industry. MBL benefits from a well-established market position and a broad distribution network across India, contributing to consistent operational performance and a robust financial risk profile marked by ample liquidity and low gearing.

The operating performance of MBL improved in FY25 (FY refers to April 01 to March 31), and 9MFY26, driven by increased demand across segments. The company's total operating income (TOI) increased by 6.40% year-on-year to ₹2,509.65 crore in FY25. FY23 witnessed super-normal growth, with pent-up demand post-COVID increasing sales to ₹2,130 crore from ₹1,344 crore in the previous year, resulting in a higher base for subsequent growth. Growth momentum continued in 9MFY26, with TOI of ₹2,090.62 crore, representing a 12.12% increase compared to corresponding period of the previous year. Between FY23 and FY25, the company added 284 stores, with a further net addition of 82 stores in 9MFY26. By leveraging omni-channel strategies through exclusive brand outlets (EBOs), multi-brand outlets (MBOs), and e-commerce platforms, the company operates with an asset-light structure while maintaining sustained profitability.

The company's first partnership with a global brand was in 2015 with Crocs. Since 2021, the company has expanded its partnerships with global brands such as FitFlop, FILA, Foot Locker, New Era, Clarks and HEYDUDE. EBO presence of Crocs expanded significantly to 219 stores in FY25 from 7 stores in FY16, encouraging several global brands to collaborate with the company to enter the Indian market.

The company launched MetroActiv, a multi-brand retail format focused on the sports and performance segment, bringing together global brands such as Nike, Adidas, Puma, ASICS, Skechers, New Balance, FILA and New Era under one roof. In 9MFY26, the company launched three MetroActiv stores and the website metroactive.com.

The company entered an exclusive agreement with Clarks covering India, Bangladesh, Nepal, Bhutan, Maldives and Sri Lanka. The company is expected to receive the complete supply of Clarks' product range by Q2FY27, following which EBOs for Clarks are expected to be launched from Q3FY27 onwards. Going forward, the company intends to continue expanding into new cities and opening stores in line with demand while maintaining profitability.

Despite these strengths, MBL faces challenges in the competitive and fragmented industry landscape dominated by unorganised players, and aggressive expansion by emerging brands and reliance on unorganised vendors or third parties for manufacturing. The company's ability to adapt to evolving industry dynamics, scale up operations, maintain healthy margins, and uphold a resilient financial risk profile will be crucial determinants of ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total annual sales above ₹3,000 crore on a sustained basis.
- Improvement in PBILDT margin while maintaining return on capital employed (ROCE) above 25% on a sustained basis.

Negative factors

- Decrease in PBILDT margins below 18% on a sustained basis, affected by competition prevalent in the industry.
- Debt-funded acquisition, leading to deterioration in the financial risk profile.

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

Analytical approach: Consolidated

Consolidated approach is considered as the subsidiaries are in similar line of business and have operational linkages with MBL and are operating under common management as given in Annexure 6.

Outlook: Stable

The Stable outlook is based on the expectation that MBL will continue leveraging its strong brand, sustaining healthy operating performance, and maintaining a comfortable capital structure.

Detailed description of key rating drivers:**Key strengths****Well-established market presence, product portfolio and brand recognition**

MBL is the largest brand in India's footwear industry by market capitalisation, with a significant presence in the mid-premium segment. As of FY25, MBL operated 908 stores across 205 cities in India, predominantly under the Company Qwned and Company Operated (COCO) model, with 82 stores added in 9MFY26. The company offers a wide range of footwear and accessories, including formal and casual shoes, sandals, slippers, boots, sneakers, ethnic footwear, belts, wallets, socks, and shoe care products. MBL expanded its presence to 212 cities in 9MFY26 from 134 in FY21, particularly in lower-tier towns through its mid-premium formats such as Metro and Mochi. Crocs expanded to 100 cities in 9MFY26 from 75 in FY21. MBL's strategy focuses on mid-premium and economy formats, which have higher market penetration potential. The company retails its own brands and third-party brands such as Crocs, Fitflop, and Fila. MBL's first global brand partnership was with Crocs in 2015, followed by partnerships with Fitflop, FILA, Foot Locker, New Era, Clarks, and Hey Dude since 2021.

Robust performance bolstered by rising demand and improved profitability

The company reported a 6.40% year-on-year growth in TOI for FY25 and a 9% increase in store numbers. Growth momentum continued in 9MFY26, with TOI of ₹2,090.62 crore, representing a 12.12% increase compared to the corresponding period last year. MBL's sales were predominantly from its own brands at 74%, with third-party brands contributing 26%. The company generates 85% of its revenue from in-store sales, 9% from online channels, and 4% from omni-channel sales. E-commerce sales grew by 20.47% in FY25 and led to investments in a e-commerce-specific warehouse management system. The profit before interest, lease rentals, depreciation and taxation (PBILDT) margins rose to 30.41% in FY25 compared to 29.93% in FY24 supported by stable operating expenses. Margins remained at 30.04% for nine months ending December 31, 2025. 54% of revenue is from premium products with items costing over ₹3,000 resulting in higher gross margins and profitability.

Asset light business model

MBL operates on an asset-light model by outsourcing its manufacturing operations. This enables the company to scale efficiently without high fixed costs and capital expenditure, enhances flexibility, and allows focus on core competencies such as branding and retail operations, contributing to sustained profitability. It procures finished products for its private label brands from local and unorganised vendors in metro cities, with over 250 vendors across India, some vendors have been partners for over 20 years. The company's continuous vendor engagement through its design and merchandising teams ensures a regular flow of new products. The company's in-house design cell ensures product design and raw material quality and helps maintain high standards. These design concepts are exclusive, preventing vendors from selling them to competitors. Despite long-standing relationships with vendors, disruptions or quality issues at third-party facilities could impact MBL's reputation and business. However, the vendors' track record of over 30 years provides confidence in maintaining product quality.

Strong financial risk profile

MBL maintains a robust capital structure with no external long-term debt. Additionally, its reliance on working capital borrowings is nil. As on March 31, 2025, outstanding debt only comprises the present value of lease obligations under Ind-AS 116. Despite that, MBL maintains working capital limits of ₹56 crore, which has nil utilisation in the last 12 months.

Key weaknesses**Highly competitive and fragmented footwear retail space resulting in pricing pressure**

The highly competitive and fragmented nature of the footwear retail space creates pricing pressure for MBL, impacting its operations. Intense competition from national and international organised retailers forces MBL to carefully manage its pricing strategy to remain competitive. This pressure leads to reduced profit margins as the company lowers prices to attract customers. Domestic and international brands such as Steve Madden, Adidas, Reebok, Puma, Hush Puppies, Crocs, Skechers,

Aldo, New Balance, Charles and Keith, and Asics are well-established in the Indian market. Key domestic brands include Bata India, Liberty Shoes, Campus, and Paragon.

In such a competitive environment, MBL continuously innovates and invests in product development to differentiate itself from competitors. This strains resources and increases operating expenses, affecting profitability. Pricing pressure also affects MBL's bargaining power with suppliers and manufacturers. As the company seeks to maintain competitive prices, it negotiates terms with suppliers to secure cost-effective sourcing of materials and products. Failure to do so results in higher production costs, negatively impacting the bottom line.

However, MBL has tie-ups with some brands to sell their products through its Metro and Mochi stores. Long-term licensing agreements with Footlocker, Clarks, and New Era help MBL connect with global brands. MBL launched MetroActiv, a multi-brand retail store, expanding its portfolio in the sports performance segment. It brings together global brands such as Nike, Adidas, Puma, ASICS, Skechers, New Balance, FILA, and New Era under one roof.

Navigating compliance challenges due to BIS Quality Control Orders

The Department for Promotion of Industry and Internal Trade (DPIIT) issues BIS Quality Control Orders for footwear that were mandatory from January 01, 2024. This was deferred till July 31, 2024. Per the final notification, legacy stock as of July 31, 2024, will be allowed to be liquidated till July 31, 2026. In the interim, to facilitate smooth transition to new BIS norms, regulatory authorities allowed purchase of footwear from factories that had applied for BIS certification till July 2024. Consequently, MBL front loaded inventory buying in FY24. Inventory levels normalised in FY25. Import restrictions due to BIS regulations are leading to supply chain disruptions in the global brand portfolio, especially in the sports and athleisure footwear segment (primarily Foot Locker and FILA). As on December 31, 2025, the company operated six Foot Locker stores and two FILA stores, which were operating at ~20–25% below the expected levels due to issues related to the availability of BIS-compliant inventory. According to the management, these challenges are expected to be resolved by Q2FY27.

Liquidity: Strong

MBL maintains a strong liquidity profile supported by consistent and healthy cash accruals. The company has no term debt and maintains free cash and liquid investments totalling ₹785.29 crore (PY: ₹882.38 crore) on March 31, 2025. The company utilises cash from operations to repay its lease liabilities, payment of dividend and investments in capex and mutual funds. Additionally, MBL holds fund-based working capital limits of ₹56 crore, which have nil utilisation for the last 12 months. The company's working capital cycle reduced to 121 days in FY25 from 123 days in FY24, mainly due to decrease in inventory days for the company, which is at 159 days for FY25. In FY24, the company front loaded inventory to ensure smooth operations post BIS implementation, the inventory level have normalised in FY25.

Environment, social, and governance (ESG) risks

Environmental: In FY24-25, MBL significantly scaled its "Project Vatavaran," achieving a landmark milestone by processing 4,364 tons (approximately 10.10 million pairs) of old, discarded footwear (ODF) effectively recycling or co-processing one pair for every new pair sold. Of this waste, 31% was recycled and 69% was diverted to waste-to-energy and co-processing at cement kilns, replacing coal and reducing greenhouse gas emissions in adherence to CPCB norms. The company's solar energy infrastructure at its Bhiwandi warehouses generated 136,077 kWh of renewable energy, further decarbonizing its supply chain operations.

Social: MBL's social initiatives continued to prioritize education and community health. The company implemented digitized smart-class programs and infrastructure upgrades across 8 rural schools, leading to a 20% average increase in student performance. Its English language proficiency program supported 470 underprivileged students, while dedicated scholarships were provided to meritorious youth from tier-2 and tier-3 towns. In healthcare, MBL maintained its focus on early detection of lifestyle diseases and oral cancer within the cobbler community through regular health camps and screenings.

Governance: MBL's governance structure includes over 55% independent directors on its board (six of eleven members). This includes directors with diverse expertise in retail, finance, and technology. The promoter representation on the Board is moderate, with three directors from the promoter family.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Retailing	Distributors

Incorporated in 1977, MBL is one of India's largest specialty footwear retailers, operating in premium and economy categories. As on December 31, 2025, MBL has a nationwide presence with 990 stores across 212 cities in 31 states and union territories, complemented by a rapidly growing online presence. The company offers a diverse range of footwear and accessories, including formal and casual shoes, sandals, slippers, boots, sneakers, ethnic footwear, belts, wallets, socks, and shoe care products. MBL has strengthened its position in the Indian footwear sector through rapid retail expansion, best-in-class store economics, partnerships with global brands, and efficient back-end operations, resulting in healthy financial performance. The company retails its own brands, such as Metro, Mochi, Walkway, Da Vinchi, J. Fontini, and Gen X, and third-party brands such as Crocs, Fitflop, Fila, Clarks, New Era, and Footlocker.

MBL launched MetroActiv, a multi-brand retail outlet, expanding its portfolio in the sports performance segment. In FY25, in-house brands contributed 74% of revenue at multi-brand outlets (MBOs), while third-party brands contributed 26%. Each brand under MBL serves distinct market segments with specific styles and offerings, catering to a wide range of customers.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	2358.67	2509.65	2090.65
PBILDT*	705.90	763.09	629.55
Profit after tax (PAT)	415.47	354.47	298.16
Overall gearing (x)	0.63	0.78	-
Interest coverage (x)	8.95	8.44	7.68

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	56.00	CARE AA; Stable / CARE A1+

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/Non-fund-based-LT/ST	LT/ST	56.00	CARE AA; Stable / CARE A1+	-	1) CARE AA; Stable / CARE A1+ (25-Mar-25) 2) CARE AA; Stable / CARE A1+ (04-Apr-24)	1) CARE AA; Stable / CARE A1+ (07-Apr-23)	-

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/Non-fund-based-LT/ST	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated**

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Metmill Footwear Private Limited	Full	Subsidiary
2.	Metro Athleisure Limited (formerly known as Cravatex Brands Limited)	Full	Subsidiary
3.	M V Shoe Care Private Limited	Proportionate	Joint Venture

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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