Dated: 20th October 2025

Metro Brands (METROBRA) - SELL

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1203	**Rs.1075**

Rationale:

- Metro Brands reported 11.2% yoy growth in the topline, but a 3.9% yoy PAT decline due to the impact of new stores.
- Management expects H2 to be better, as there are no major growth headwinds ahead.
- Network expansion should pick up pace, with an acceleration in Walkway, Fila (2HFY26E) and Clarks (August 2026E).
- We expect earnings to grow by 25.2% in FY27E & grow by 20.3% in FY28E.
- We raise our forecasts for store additions, but cut EPS by 2-7%, largely due to higher Ind-AS 116 charges. Maintain SELL.
- Stock is currently trading at valuation of 54.4x P/E FY28E EPS.

Positives:

- Revenues grew 11.2% yoy to Rs650 cr (versus +9.1% in 1Q, ~0.5% beat).
- Management does not foresee any such headwinds in the next couple of quarters.
- Metro added 42/38 gross/net stores during the quarter.
- Sales per sq. ft remained flat yoy at Rs4,300.
- Average realization increased 1.7% yoy to Rs1,525 (KIE estimate).

Negatives:

- Q2FY26 demand was mildly disrupted by prolonged monsoons and deferred purchases post-GST rate cuts.

The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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