kotak neo

Dated: 26th August 2026

Metro Brands (METROBRA) - ADD

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 921	**Rs. 1000**

Rationale:

- Post recent stock correction, we upgrade Metro Brands to an ADD (from REDUCE).
- This is with unchanged earnings and a revised FV of Rs1,000 (Rs1,050 earlier).
- Our positive thesis is premised upon a more favorable formal industry backdrop (following the GST rate cut).
- Also, a potential acceleration in the S&A segment as regulatory hurdles (imports impacted by BIS) ease.
- There is an attractive long-term potential of the value format ‘Walkway’.
- After the recent correction, Metro Brands trades at 49X one-year forward.
- We maintain estimates (we have not yet factored in Clarks EBOs in our forecasts) and revise FV to Rs1,000 (44X September 2028E versus 46X earlier).

Positives:

- Listed footwear players have seen some growth improvement post-GST cut.
- We expect Metro to continue on its mid-to-high teen revenue growth trajectory.
- Normalizing footwear imports is a lead indicator for Metro’s S&A acceleration.
- Value format ‘Walkway’ could be a meaningful long-term driver.
- Valuations are more palatable now.

Negatives:

- Delayed scale-up of Fila, Foot Locker and Metroactiv is largely linked to BIS-related constraints.

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

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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.

SUBSCRIBE – We advise investor to subscribe to the IPO.

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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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