

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY AND IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES.  
NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION DIRECTLY OR INDIRECTLY OUTSIDE INDIA.

# METRO BRANDS LIMITED

Metro Brands Limited ("Company" or "Issuer") was originally incorporated as "Metro Shoes Private Limited", a private limited company under the Companies Act, 1956 on January 19, 1977, at Mumbai, Maharashtra. The name of our Company was subsequently changed to "Metro Shoes Limited" on May 18, 1992 upon conversion into a deemed public company. Thereafter, our Company was converted into a private limited company and the name was changed to "Metro Shoes Private Limited" with effect from October 16, 2002. Subsequently, the name of our Company was again changed to "Metro Shoes Limited" pursuant to a special resolution passed by the shareholders of our Company on March 21, 2007. A fresh certificate of incorporation consequent to change of name was issued by the RoC on May 14, 2007. Thereafter, the name of our Company was further changed to "Metro Brands Limited" pursuant to a special resolution passed by the shareholders of our Company on August 3, 2018. A fresh certificate of incorporation pursuant to change of name was issued by the RoC on September 6, 2018. For further details in relation to change in name and Registered Office of our Company, see "History and Certain Corporate Matters" on page 181 of the Red Herring Prospectus dated December 2, 2021 ("RHP").

**Registered and Corporate Office:** 401, Zillion, 4th Floor, LBS Marg & CST Road Junction, Kurla (West), Mumbai- 400 070, Maharashtra, India; **Tel:** + (91) 22 2654 7700; **Contact Person:** Tarannum Yasinhusein Bhanpurwala, Company Secretary and Compliance Officer; **Tel:** + (91) 22 2654 7700; **E-mail:** investor.relations@metrobrands.com; **Website:** www.metrobrands.com; **Corporate Identity Number:** U19200MH1977PLC019449

## OUR PROMOTERS: RAFIQUE A. MALIK, FARAH MALIK BHANJI, ALISHA RAFIQUE MALIK, RAFIQUE MALIK FAMILY TRUST AND AZIZA MALIK FAMILY TRUST

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,950 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 21,450,100 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS COMPRISING UP TO 13,015,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE PROMOTER SELLING SHAREHOLDERS, UP TO 8,427,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE PROMOTER GROUP SELLING SHAREHOLDERS AND UP TO 8,100 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE OTHER SELLING SHAREHOLDER (TOGETHER THE "OFFER FOR SALE"). THE OFFER WOULD CONSTITUTE [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

OUR COMPANY HAS, IN CONSULTATION WITH THE BRLMS, UNDERTAKEN A PRIVATE PLACEMENT OF 73,136 EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING TO ₹ 32.91 MILLION. ACCORDINGLY, THE FRESH ISSUE SIZE, AS WAS STATED IN THE DRAFT RED HERRING PROSPECTUS, WAS REDUCED FROM UP TO ₹ 2,500 MILLION TO UP TO ₹ 2,467.09 MILLION. THEREAFTER, OUR COMPANY HAS INCREASED THE FRESH ISSUE SIZE TO UP TO ₹ 2,950 MILLION, IN ACCORDANCE WITH, AND SUBJECT TO, THE PROVISIONS OF THE SEBI ICDR REGULATIONS. FURTHER, OUR COMPANY HAS INTIMATED THE SHAREHOLDERS WHO WERE ALLOTTED EQUITY SHARES PURSUANT TO THE PRE-IPO PLACEMENT, OF THERE BEING NO GUARANTEE THAT THE OFFER OR LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES, WILL BE SUCCESSFULLY CONSUMMATED.

**QIB PORTION: NOT MORE THAN 50% OF THE OFFER**  
**RETAIL PORTION: NOT LESS THAN 35% OF THE OFFER**  
**NON-INSTITUTIONAL PORTION: NOT LESS THAN 15% OF THE OFFER**

**PRICE BAND: ₹485 TO ₹500 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH.**  
**THE FLOOR PRICE IS 97 TIMES THE FACE VALUE OF THE EQUITY SHARES AND**  
**THE CAP PRICE IS 100 TIMES THE FACE VALUE OF THE EQUITY SHARES.**  
**BIDS CAN BE MADE FOR A MINIMUM OF 30 EQUITY SHARES AND**  
**IN MULTIPLES OF 30 EQUITY SHARES THEREAFTER.**

### Risks to Investors

- Our revenue from operations and restated profit after tax for the period / year for Fiscal 2021 was ₹ 8,000.57 million and ₹ 646.19 million, respectively and for the six months ended September 30, 2021 was ₹ 4,560.02 million and ₹ 430.74 million, respectively and our market capitalization to revenue from operations (Fiscal 2021) multiple is 16.60 times and our price to earnings ratio (based on Fiscal 2021 restated profit / (loss) after tax for the period / year) is 205.76 at the upper end of the price band as compared to NIFTY 50 Price/Earnings ratio of 24.01 as on December 2, 2021. The Offer Price of the Equity Shares is proposed to be determined on the basis of assessment of market demand for the Equity Shares offered through a book-building process, and certain quantitative and qualitative factors as set out in the section titled "Basis for Offer Price" on page 113 of the RHP and the Offer Price, multiples and ratios may not be indicative of the market price of the Company on listing or thereafter.
- The cumulative cost of the total number of stores opened/operated by our Company across regions may not be indicative of the market capitalization of our Company after the Offer as the basis are independent of each other.
- The 6 BRLMs associated with the Offer have handled 58 public issues in the past 3 years, out of which 35 issues closed below the offer price on the listing date.
- Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹ Nil to ₹ 14.16 per Equity Share and Offer Price at upper end of the Price Band is ₹ 500 per Equity Share.
- Weighted Average Return on Net Worth for Fiscals 2021, 2020, 2019 is 14.38 %.
- The weighted average cost of acquisition of all Equity Shares transacted in the last three years and one year from the date of RHP is as given below:

Period	Weighted Average Cost of Acquisition (in ₹)*	Upper end of the Price band (₹500) is 'X' times the weighted Average cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)@
Last 1 year	383.96	1.30	300-610
Last 3 years	290.06	1.72	18.06-610

\* Weighted average cost of acquisition has been calculated by adjusting for split of equity shares.  
 @ acquisition price range has been presented excluding the Nil cost of acquisition for equity shares acquired through gift.

### BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 5 each and the Price Band is 97 times the face value at the lower end of the Price Band and 100 times the face value at the higher end of the Price Band. Bidders should read the below mentioned information along with "Our Business", "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 153, 29, 211 and 282, of the RHP, respectively, to have an informed view before making an investment decision.

**Qualitative Factors:** We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

1. One of India's largest pan India footwear retailers with a brand appeal among aspirational consumer segments in the fast-growing footwear retail industry; 2. Wide range of brands and products catering to all occasions across age groups and market segments resulting in strong customer loyalty; 3. Efficient operating model through deep vendor engagements and TOC based supply chain; 4. Asset light business with an efficient operating model leading to sustained profitable growth; 5. Presence across multiple formats and channels; 6. Platform of choice for third party brands looking to expand in India; 7. Strong promoter background and an experienced and entrepreneurial management team with a proven track record and a high degree of employee ownership; and 8. Strong track record of growth, profitability and financial discipline. For further details, see "Our Business – Competitive Strengths" on page 155 of the RHP.

**Quantitative Factors:** Certain information presented below, relating to our Company, is derived from the Restated Consolidated Financial Information. For further details, see "Financial Information" on page 211 of the RHP.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings Per Share ("EPS") at face value of ₹ 5, as adjusted for changes in capital:  
 As derived from the Restated Consolidated Financial Information:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
September 30, 2021*	1.62	1.62	
September 30, 2020*	(1.62)	(1.62)	
Financial Year 2021	2.43	2.43	3
Financial Year 2020	6.05	6.05	2
Financial Year 2019	5.75	5.75	1
<b>Weighted Average</b>	<b>4.19</b>	<b>4.19</b>	

\*Not annualised

Notes: Basic EPS = Net Profit after tax, as restated, attributable to equity shareholders

Weighted average number of equity shares outstanding during the period

Diluted EPS = Restated consolidated net profit after tax for the year / period

Weighted average number of diluted equity shares and potential equity shares outstanding during the period

Notes: (1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights. (2) The figures disclosed above are based on the Restated Consolidated Financial Information of our Company. (3) The face value of each Equity Share is ₹ 5 each. (4) Basic and diluted earnings / (loss) per equity share: Basic and diluted earnings / (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). (5) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Consolidated Financial Information as appearing in "Financial Information" on page 211 of the RHP.

2. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 485 to ₹ 500 per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on Basic EPS for September 30, 2021*	299.38	308.64
Based on Diluted EPS for September 30, 2021*	299.38	308.64
Based on Basic EPS for Financial Year 2021	199.59	205.76
Based on Diluted EPS for Financial Year 2021	199.59	205.76

\*un-annualised EPS

FOR FURTHER DETAILS, SEE "BASIS FOR OFFER PRICE" BEGINNING ON PAGE 113 OF THE RHP.

### Industry P/E ratio

	P/E Ratio
Highest	118.81
Lowest	NA
Industry Composite	NA

Notes:

(1) The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see "Comparison of Accounting Ratios with Listed Industry Peers" on page 115 of the RHP.

(2) The industry P/E ratio mentioned above is as on financial year ended March 31, 2021.

(3) Since P/E Ratio of one of the peers cannot be calculated, hence lowest and industry composite P/E ratio cannot be derived.

### 3. Average Return on Net Worth ("RoNW")

As derived from the Restated Consolidated Financial Information of our Company:

Particulars	RoNW %	Weight
September 30, 2021*	4.94	
September 30, 2020*	(5.40)	
Financial Year 2021	8.24	3
Financial Year 2020	19.41	2
Financial Year 2019	22.75	1
<b>Weighted Average</b>	<b>14.38</b>	

\*Not annualised

Notes: Return on Net Worth (%) = Net profit after tax, as restated, attributable to the owners of the company

Net-worth, as restated during the period (Equity attributable to the owners of the company)

- Net Worth means the aggregate value of the paid-up share capital, securities premium, general reserve, capital reserve, employee stock options outstanding reserve, and retained earnings (including other comprehensive income) attributable to owners of the company as restated.

- The figures disclosed above are based on the Restated Consolidated Financial Information of our Company

For details in relation to the reconciliation of return on restated net worth, see "Other Financial Information - Reconciliation of non-GAAP measures - Reconciliation of restated net worth and return on restated net worth" on page 279 of the RHP.

### 4. Net Asset Value per Equity Share

Particulars	Net Asset Value per Equity Share (₹)
As on September 30, 2021	31.64
After the Offer	
At Cap Price	41.93
At Floor Price	41.90
Offer Price	[●]

Notes: Net Asset Value per share = Net Asset Value (Net-worth), as restated

Number of equity shares outstanding during the period

For details in relation to the reconciliation of return on restated net worth, see "Other Financial Information - Reconciliation of non-GAAP measures - Reconciliation of net asset value per equity share" on page 279 of the RHP. The calculation includes Pre-IPO placement done on November 3, 2021

### 5. Comparison of Accounting Ratios with Listed Industry Peers

Name of the company	Total income (₹ in million)	Face value per equity share (₹)	Closing price on November 16, 2021 (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV (₹ per share)
Metro Brands Limited	8,785.38	5.00	-	-	2.43	2.43	8.24	31.17
Bata India Limited	18,025.65	5.00	2,201.35	N.A.	(6.95)	(6.95)	(5.08)	136.79
Relaxo Footwears Limited	23,819.20	1.00	1,392.50	118.81	11.74	11.72	18.54	63.29

Source for Industry Peer information included above:

i. Closing NSE price of these equity shares as on November 16, 2021 obtained from NSE website. ii. All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual results of the company for the year ended March 31, 2021.

iii. All the financial information for Metro Brands Limited mentioned above is on a consolidated basis from the Restated Consolidated Financial Information for the year ended March 31, 2021.

The Offer Price is [●] times of the face value of the Equity Shares. The Offer Price of ₹ [●] has been determined by our Company and Promoter Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. The trading price of Equity Shares could decline due to factors mentioned in "Risk Factors" on page 29 of the RHP and you may lose all or part of your investments.

**BID/ OFFER  
PROGRAMME**

**BID/OFFER OPENS ON : FRIDAY, DECEMBER 10, 2021\***

**BID/OFFER CLOSURES ON : TUESDAY, DECEMBER 14, 2021#**

\*Our Company and the Promoter Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date i.e. Thursday, December 09, 2021

#UPI Mandate end time and date shall be at 12:00 pm on Wednesday, December 15, 2021.

Continued on next page...