Ethos Ltd. (ETHLIM)

CMP: Rs. 2455 | Target: Rs. 3180 (30%) | Target Period: 12 month | BUY

October 29, 2026

Time to Shine - Riding India's luxury watch revolution...

About the company- Ethos is India's largest luxury watch retailer with 85 global brands. It has 102 watch boutiques and 3 lifestyle boutiques across 35 cities in India as of Aug'26

Investment Rationale:

India's luxury watch market poised for strong growth aided by premiumisation and rising affluence: India's consumption landscape is witnessing a structural shift towards premiumisation, supported by rising per capita income and an expanding affluent consumer base. India's per capita GDP is projected to increase from ~USD 2,500 in 2022 to ~USD 5,500 by 2030, supporting higher discretionary spending and greater demand for premium and luxury products. This trend is already visible across high-value consumption categories, with the share of residential launches priced above Rs.1.5cr increasing to 42% in CY25 from 9% in CY20, while luxury car sales have grown at a CAGR of ~8.6% over FY20-26. This trend is also visible in India's luxury segment, which grew at CAGR of 13% over FY20-23 and expected to grow at a CAGR of 13% over FY23-28P. This trend is also supported by strong Swiss watch imports to India which has grown at a CAGR of ~17.2% over CY21-25 to CHF295.5mn. This firms our belief in India's structural growth story of premium & luxury watches.

Exclusive brand additions and retail expansion to drive growth ahead: Ethos is strengthening its position in India's luxury watch market through strong portfolio of exclusive brands and sustained retail expansion. With focus on maintaining leadership position in the luxury watches space, Ethos continued to expand its portfolio showcasing 85 brands in outlets (out of which 64 are exclusive brands). Increase in saliency of exclusive brands to its overall portfolio also helped ASP to increase at CAGR of ~16% over FY21-26. Further Ethos is also scaling its retail network, with a focus on larger-format boutiques that offer immersive consumer experience and helps in better consumer acquisition. It is also expanding into Tier II and III cities to tap rising affluence and growing demand for luxury products beyond metro markets. This would result in fast expansion with store addition expected to grow at CAGR of 19% over FY26-29E vs 15% CAGR growth over FY21-26.

Business model capable of achieving 30%+ earnings CAGR over FY26-29E: Riding on premiumisation strategy and expanding retail footprint, we expect Ethos watches volumes to grow at CAGR of ~23% over FY26-29E to 1.45 lakh watches. Strong volume growth along with steady ASP increase (at 3-4%) will help revenues to grow at a CAGR of ~27% over FY26-29E to Rs.3295.5cr. The company achieves stable gross margins of around 30%. EBIDTA margin expansion would be the play on improving operating leverage with large of number of new stores attaining maturity with scale. Hence, we expect EBIDTA margins to expand by ~170bps over FY26-29E to 14.6%. Strong EBIDTA growth along with deleveraged balance sheet would help PAT to grow at CAGR of 33% over FY26-29E. Strong balance sheet also offers healthy return profile with RoCE/RoIC expected to stand at 16.2%/18.2% in FY29E.

Rating and Target Price: We initiate coverage by recommending Buy on Ethos Ltd. with a price target of Rs.3180 (valuing at 17x its FY29E EV/EBIDTA).

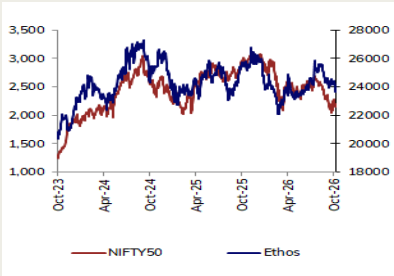
Particulars

Particular	Amount
Market Capitalisation (Rs crore)	6569
Debt (FY26) - Rs crore	347
Cash (FY26) - Rs crore	662
EV (Rs crore)	6255
52-week H/L (Rs)	3246/1919
Equity capital (Rs crore)	26.8
Face value (Rs)	10

Shareholding pattern (%)

Particulars	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	50.6	50.6	50.6	50.6
FII	12.6	10.9	11.3	8.9
DII	21.3	23.6	23.9	25.8
Others	15.6	14.9	14.2	14.8

Price Chart



Key risks

- Depreciation of INR against CHF can impact margins.
- Increase in competitive intensity from established global players.

Research Analyst

Kaustubh Pawaskar
kaustubh.pawaskar@icicisecurities.com

Abhishek Shankar
Abhishek.shankar@icicisecurities.com

Sonal Rajpal
sonal.rajpal@icicisecurities.com

Conviction Pick

ICICI Securities – Retail Equity Research

Key Financial Summary

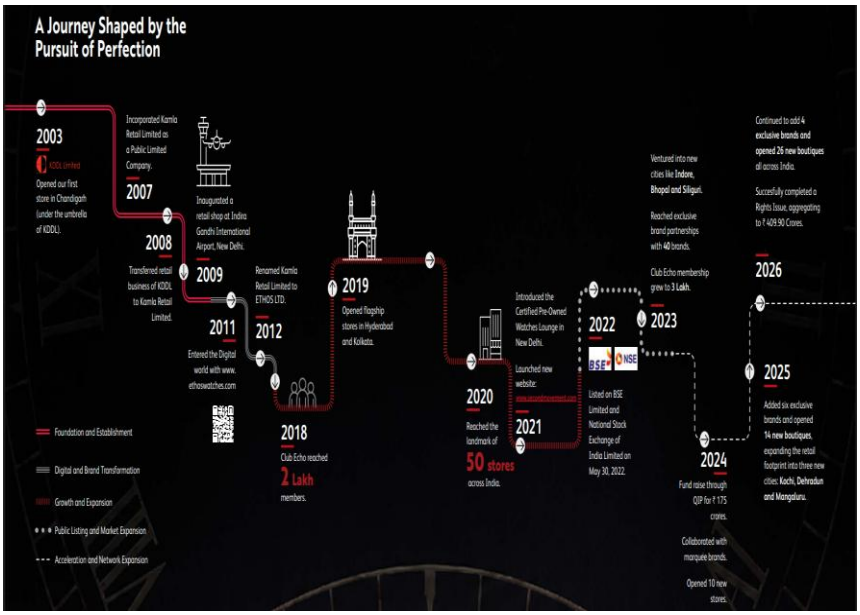
Key Financials (Rs. Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Revenues	999.0	1251.6	1612.2	27.0	2078.9	2604.2	3295.5	27%
EBIDTA	151.7	190.1	207.8	17.0	283.5	371.6	481.9	32%
EBIDTA Margins (%)	15.2	15.2	12.9		13.6	14.3	14.6	
Adjusted PAT	83.3	96.3	97.5	8.2	127.7	173.3	229.2	33%
EPS (Rs.)	31.1	36.0	35.9		47.7	64.8	85.6	
PE (x)	78.9	68.2	67.4		51.5	37.9	28.7	
EV to EBIDTA (x)	42.1	35.0	30.1		22.4	17.2	13.4	
RoIC (%)	20.5	17.3	13.8		14.1	16.2	18.2	
RoCE (%)	18.3	15.7	13.2		11.8	14.1	16.2	

Source: Company, ICICI Direct Research

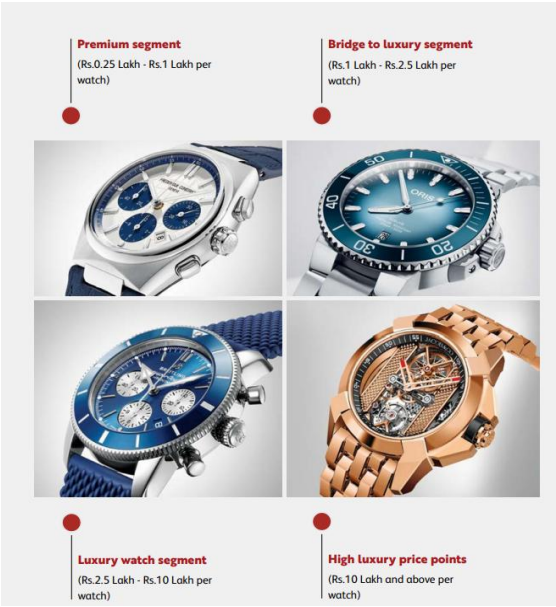
Company Background

Ethos Ltd. (subsidiary of KDDL Ltd.), established in 2003 is India's largest and most prominent luxury watch retailer with ~85 global watch brands including 64 exclusive brand partnerships. The company operates across Luxury Retail (Watches and Lifestyle), Certified Pre-Owned (CPO) and Service, with presence across Tier I, II and III cities in India. Its portfolio spans Premium (Rs.0.25 lakh-Rs.1 lakh), Bridge to luxury (Rs.1 lakh-Rs.2.5 lakh), luxury (Rs.2.5lakh – Rs.10 lakh) and High-luxury (Rs.10 lakh+) price categories, enabling it to cater to a broad range of luxury watch consumers. Though it has presence across various price segments, the company now has majority of its presence in the Rs.2lakh+ price point segment.

Exhibit 1: Ethos' journey over the years



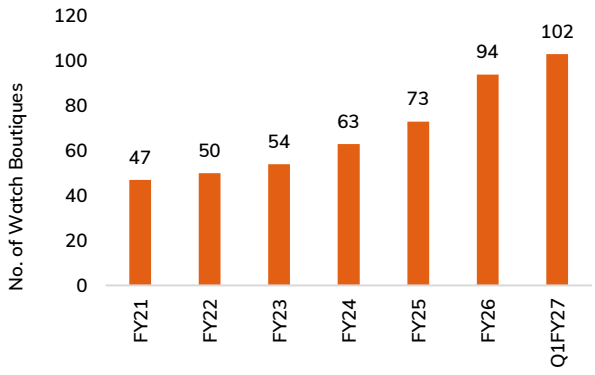
Ethos' presence across price segments

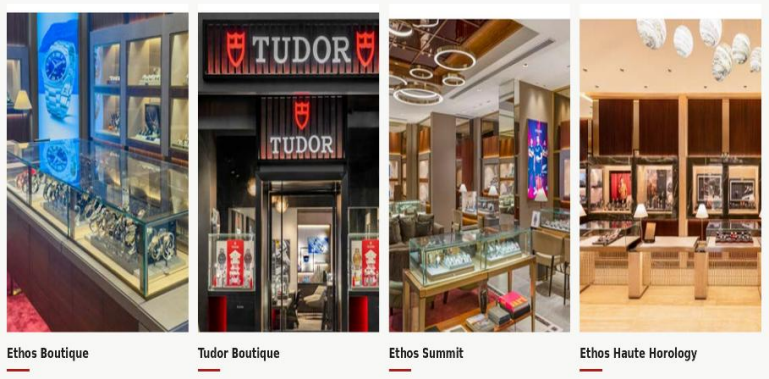


Source: Company, ICICI Direct Research

The company has steadily expanded its retail network through Ethos Boutiques, Ethos Summit, multi-brand boutiques, exclusive brand outlets, Haute Horology and mono-brand boutiques. Its store network has more than doubled over the past 5 years from 47 stores in FY21 to 102 stores as of Q1FY27. The company is also showcasing its products through larger experiential formats, including the 22,000 sq ft City of time, Gurugram, ~8000 sq ft Jaipur boutique and ~6000 sq ft Summit boutique in Kochi and Haute Horology stores. The Haute Horology format focuses on high-end independent watch brands. The company currently has 2 Haute Horology stores, 1 in Gurugram and 1 in Mumbai. Apart from this, City of time, Gurugram, is a 22,000 sq ft luxury watch destination comprising 9 boutiques, 7 exclusive mono-brand boutiques and 2 multi-brand galleries representing more than 50 independent watch brands. This also includes private consultation areas, watching making zone and lounges which enhances the watch buying experience.

Exhibit 2: Ethos store network and store categories





Source: Company, ICICI Direct Research

Ethos also has a Certified Pre-Owned (CPO) luxury watch business which offers authenticated pre-owned watches supported by quality assessment, horological expertise, servicing and an integrated retail-digital ecosystem. Currently, Ethos operates only 1 CPO outlet in Gurugram and plans to expand it to other cities across the country ahead.

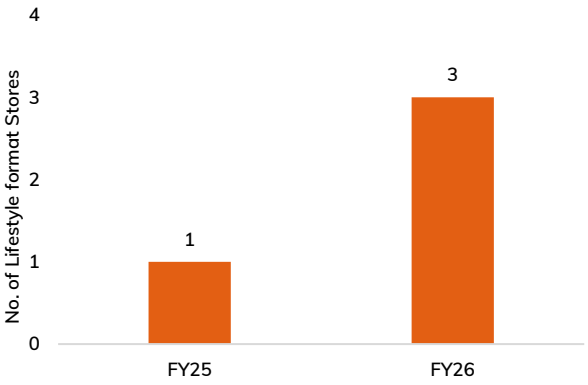
Exhibit 3: Ethos is expanding its presence in the underpenetrated CPO segment



Source: Company, ICICI Direct Research

Lifestyle is an emerging adjacent business comprising Messika and Rimowa, housed under Ethos Lifestyle, thereby extending Ethos' offerings into fine jewellery and luxury luggage. Under lifestyle format, Ethos currently has 3 stores, 2 under Rimowa and 1 under Messika brand.

Exhibit 4: Ethos is scaling up adjacencies business along with its core watch retail business







Source: Company, ICICI Direct Research

Ethos has also expanded its presence in the underpenetrated watch service segment with its servicing outlet in Bengaluru and Gurugram. Under this offering, Ethos provides after sales services, repairs and maintenance for 70+ leading luxury watch brands. Ethos has also incorporated Micron Watch Services Pvt. Ltd., with 50.1% stake, to establish dedicated service centres across select cities.

The company has further strengthened its digital and omnichannel capabilities through its retail network, website and dedicated luxury watch app, with features including AI-enabled comparison, personalised experience and integrated access to CPO timepieces.

Ethos also has a loyalty programme i.e. Club Echo which has over 3.34 lakh registered HNI customers, creating a valuable customer database that enables Ethos to understand purchasing behaviour and tailor its engagement strategies.

Overall Ethos has delivered revenue CAGR of 27% over FY24-26, aided by strong traction in luxury watches, consistent store additions, expansion of its brand portfolio, scaling of CPO business and expansion into lifestyle categories.

Brief profile of promoter and top management

- **Mr. Yashovardhan Saboo (Chairman & Whole Time Director):** He holds an MBA from the Indian Institute of Management, Ahmedabad. He founded KDDL Ltd. in 1983 and has served as its Managing Director since inception. He founded Ethos Limited in 2003, where he currently serves as Chairman and Whole time Director. In 2006, he set up the precision stamping unit EIGEN Engineering in Bengaluru.
- **Mr. Pranav Saboo (CEO & MD):** He has been associated with Ethos since 2015.
- **Mr. Mukul Krishan Khanna (Chief Operating Officer):** He holds an MBA in Marketing from NMIMS Mumbai and an M. Sc in Chemistry from Panjab University Chandigarh, he is certified in Independent Directorship, Digital Marketing & Analytics, and Blockchain for Business. He has been associated with the Company since May 1, 2024, as the Chief Operating Officer.
- **Mr. Munish Gupta (Whole Time Director & Chief Financial Officer):** He is a qualified Chartered Accountant and holds an Executive MBA from Indian Institute of Management Ahmedabad along with a Diploma in IFRS from ACCA. He possesses over 20 years of rich and diverse experience across the construction, hospitality, IT/travel, startup and FMCG sectors. He has been associated with the various companies and gained extensive exposure in finance, business operations, M&A, fund raise and strategic management.

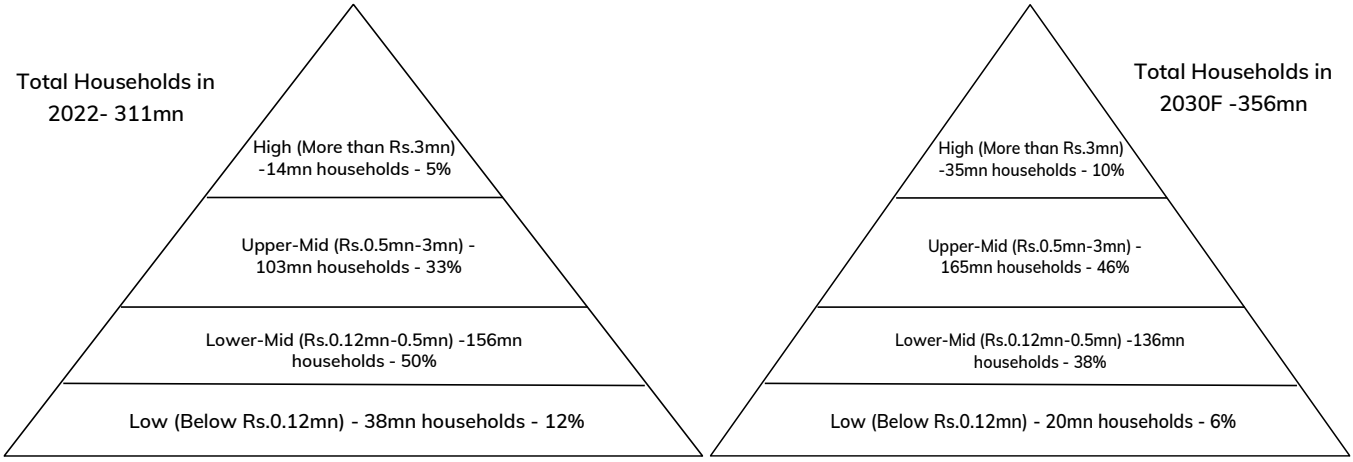
Industry Overview

How is India's premiumisation story shaping up?

India's premiumisation story is gaining traction, supported by rising affluence and a gradual shift in consumer spending towards higher-value products and experiences. The trend is visible across multiple indicators including wealth creation, residential launches and luxury automobile sales suggesting that premiumisation is extending beyond individual consumption categories.

India's consumption is expected to witness significant premiumisation as rising per capita income shifts households towards higher-value products. According to industry reports, the number of Indian households is projected to increase from ~311mn (31.1cr) in CY22 to ~356mn (35.6cr) in CY30F, while the share of upper-middle income households (annual income of Rs.5-30lakhs/annum) is expected to increase to 46% by CY30F from 33% in CY22 and subsequently the share of higher income households is expected to improve to 10% in CY30F from 5% in CY22. With per capita GDP improving from ~USD 2,500 in CY22 to ~USD 5,500 in CY30F, it is expected that premiumisation due to increase in higher income household will drive ~25% growth in consumption over CY22-CY30F.

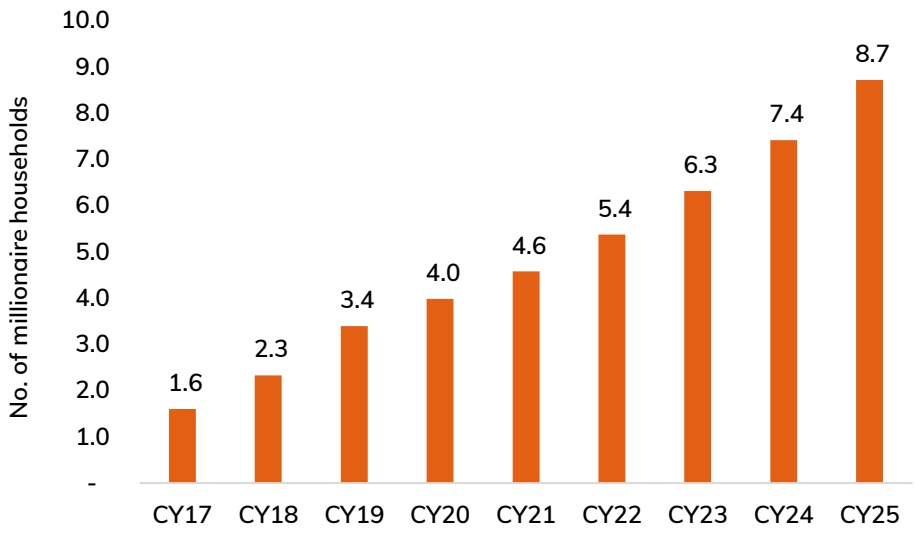
Exhibit 5: Rising Per Capita to drive premiumisation



Source: Bain, ICICI Direct Research

Further, rising affluence is expanding the addressable market for premium and luxury consumption. The number of millionaire households in India increased more than five-fold from 1.6 lakhs in CY17 to 8.7 lakh in CY25. The expansion of this affluent consumer base provides a favourable backdrop for discretionary spending on premium products, including luxury watches, jewellery, fashion and lifestyle experiences.

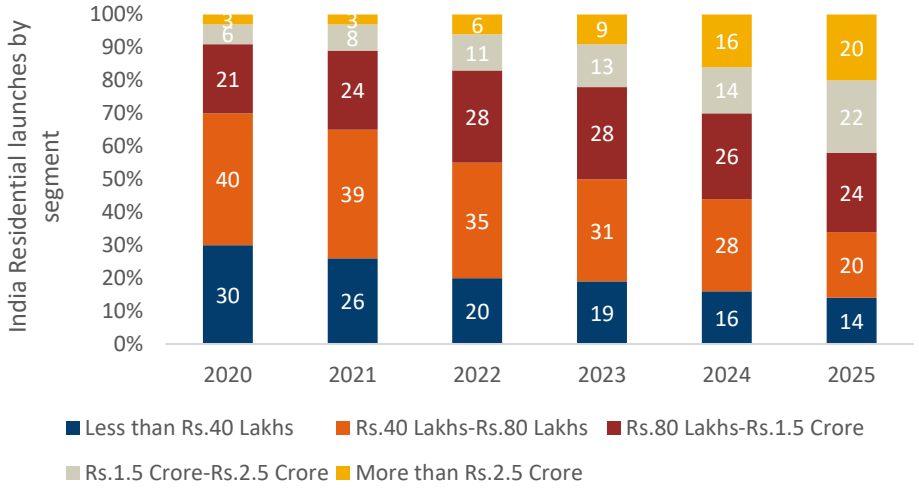
Exhibit 6: India has witnessed sharp rise in millionaire households



Source: Mercedes Benz Hurun India Wealth Report 2025, ICICI Direct Research

The shift towards higher value consumption is also reflected in the residential market. According to industry reports, the share of residential launches priced below Rs.40 lakh declined from 30% CY20 to 14% in CY25, while the share of launches priced at Rs.1.5cr-Rs.2.5cr increased from 6% to 22%. Further, the share of launches priced above Rs.2.5cr rose from 3% to 20% over the same period. This changing composition highlights the increasing prominence of premium and luxury housing in developers' offerings.

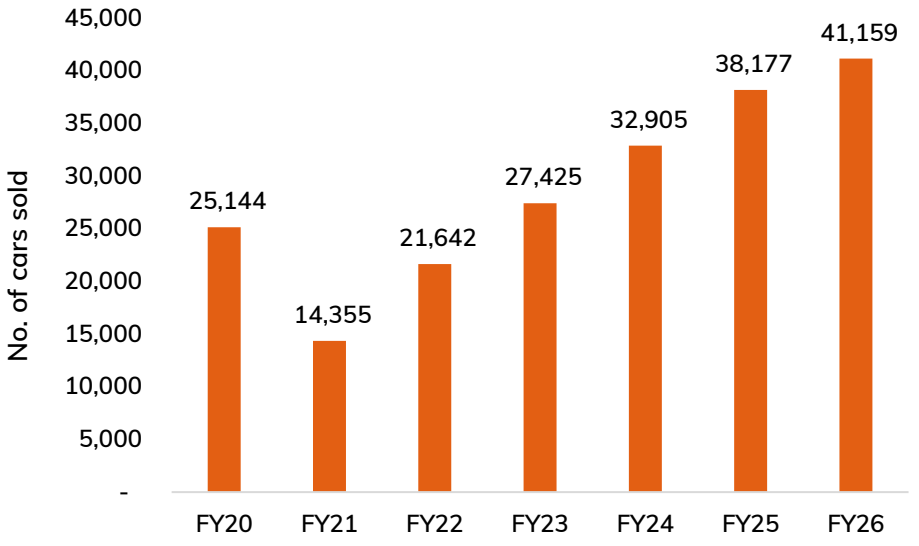
Exhibit 7: Share of luxury homes in launches is increasing rapidly



Source: Anarock, ICICI Direct Research

The luxury automobile market also provides another indicator of rising discretionary spending at the premium end. Luxury car sales in India increased from approximately 25,100 units in FY20 to 41,200 units in FY26, implying a CAGR of around 8.6%. Following the pandemic-led decline in FY21, sales recovered steadily, crossing pre-pandemic levels in FY23 and reaching a new high in FY26. This sustained recovery points to resilient demand for high-value discretionary purchases.

Exhibit 8: Luxury car sales have almost scaled by 2x over the past 5 years



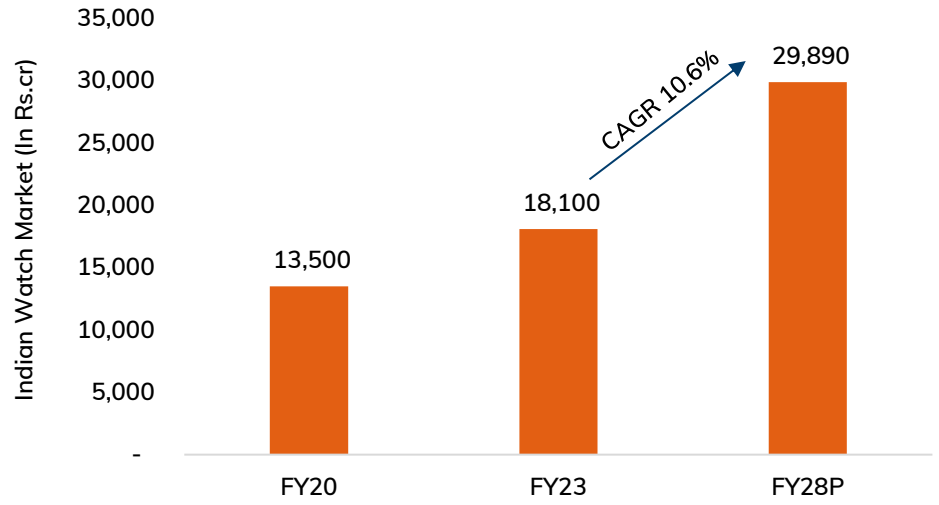
Source: FADA, ICICI Direct Research **Luxury cars considered for above data are Mercedes, BMW and JLR*

Overall, these indicators suggest that India's premiumisation trend is supported by a growing affluent consumer base and a visible shift towards higher-value purchases across categories. For the luxury watch industry, this creates a favourable backdrop, as rising affluence and greater willingness to spend on premium products can expand the addressable market for luxury timepiece.

Structural shift towards premium and luxury watches

India's watch market was valued at ~Rs.18,100cr in FY23, up from Rs,13,500cr in FY20, and is expected to reach Rs.29,890cr by FY28P, implying a CAGR of 10.6% over FY23-28P. However, growth is increasingly skewed towards higher-value segments, indicating a structural shift in consumer preference towards premium and luxury timepieces.

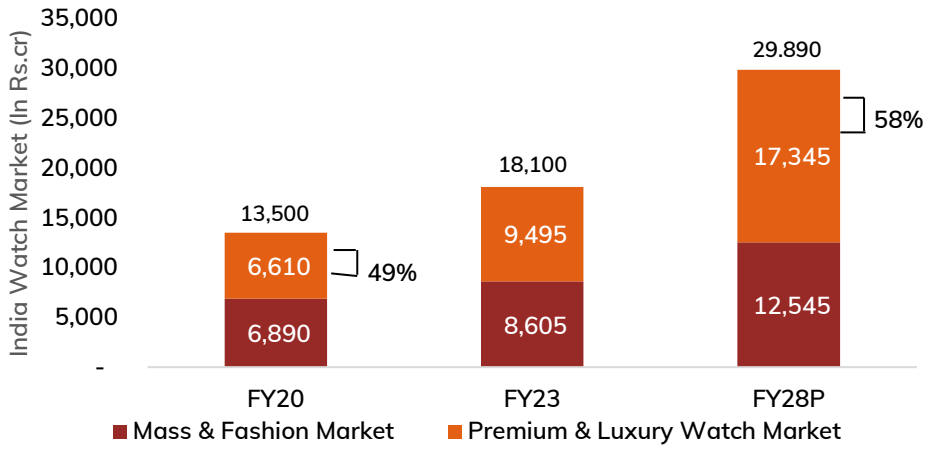
Exhibit 9: Indian Watch Market is expected to grow at CAGR of 10.6% over FY23-28P



Source: Company, ICICI Direct Research

The premium and luxury watch market is expected to grow faster than the overall industry, at CAGR of 12.8% to Rs.17,345cr in FY28P from Rs.9,495cr in FY23. Consequently, its share of the overall watch market is expected to increase to 58% in FY28P from 52% in FY23.

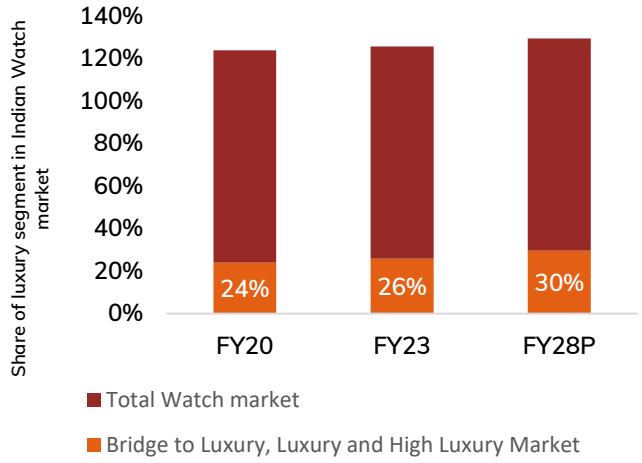
Exhibit 10: Premium & Luxury Watch market share is expected to improve by 600bps

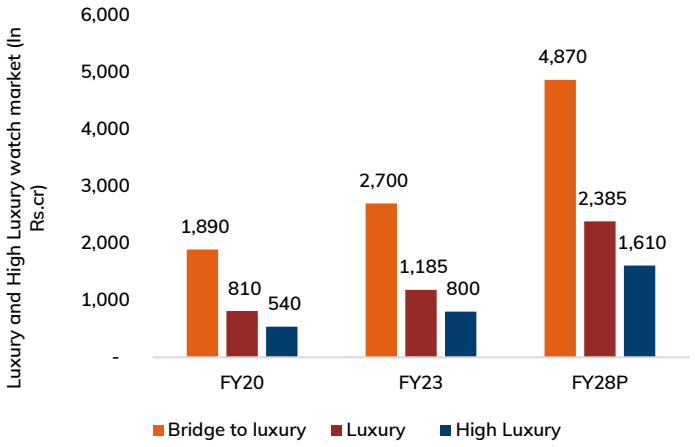


Source: Company, ICICI Direct Research

The shift towards premiumisation is clearly visible at the higher end. The luxury watch market, comprising Bridge to luxury, Luxury and High-Luxury segments, is expected to grow at CAGR of 15% over FY23-28P to Rs.8,865cr from Rs.4,685cr respectively. Its share in the overall watch market is consequently expected to rise to 29.6% in FY28P from 25.9% in FY23. Importantly, Luxury (Rs.2,50,000-Rs.10,00,000) and High-Luxury (Rs.10,00,000 & above) are expected to grow at CAGR of 14%/15% over FY20-28P to Rs.2385cr and Rs.1610cr respectively in FY28P which is higher than the growth rate of Mass, Fashion and Premium watch segments.

Exhibit 11: Luxury watch segment continues to gain share in the Indian watch market





Source: Company, ICICI Direct Research

Thus, while India's overall watch market is growing at a CAGR of 10.6%, the faster growth of Luxury/High Luxury at ~15% points to a sustained premiumisation of the category, with higher-value watches expected to account for an increasing share of industry growth.

Exhibit 12: India's Watch Market segmentation

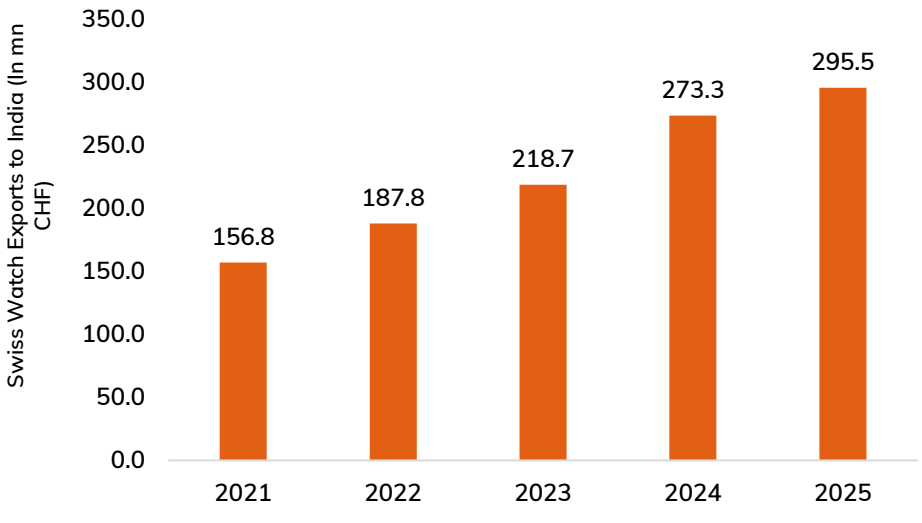
Watch Market Segments	Price Segment (per watch cost)		FY20 Market Size (In Rs.cr)	Share in Overall Indian Watch Market	FY23 Market Size (In Rs.cr)	Share in Overall Indian Watch Market	FY28P Market Size (In Rs.cr)	Share in Overall Indian Watch Market	CAGR (FY20-28P)
Mass	Below 5K		4,050	30%	4,830	27%	6,465	22%	6%
Fashion	Rs.5K-Rs.25K		2,835	21%	3,775	21%	6,080	20%	10%
Premium	Rs.25K-Rs.1L		3,370	25%	4,810	27%	8,480	28%	12%
Bridge to Luxury	Rs.1L-Rs.2.5L	Relevant market segment for Ethos	1,890	14%	2,700	15%	4,870	16%	13%
Luxury	Rs.2.5L-Rs.10L		810	6%	1,185	7%	2,385	8%	14%
High Luxury	Rs.10L & above		540	4%	800	4%	1,610	5%	15%
Indian Watch Market (In Rs.cr)			**13,495**		**18,100**		**29,890**		**10%**

Source: Company, ICICI Direct Research

Swiss Watch exports to India witnessing increasing growth

Swiss watch exports to India have witnessed a strong growth, increasing from CHF 157mn in CY21 to CHF 296mn in CY25, implying a CAGR of ~17%. Cumulative exports during January-August CY26 stood at CHF 233mn, up approximately 32% YoY from CHF 176mn in the same period in CY25, indicating sustained demand for Swiss watches in India.

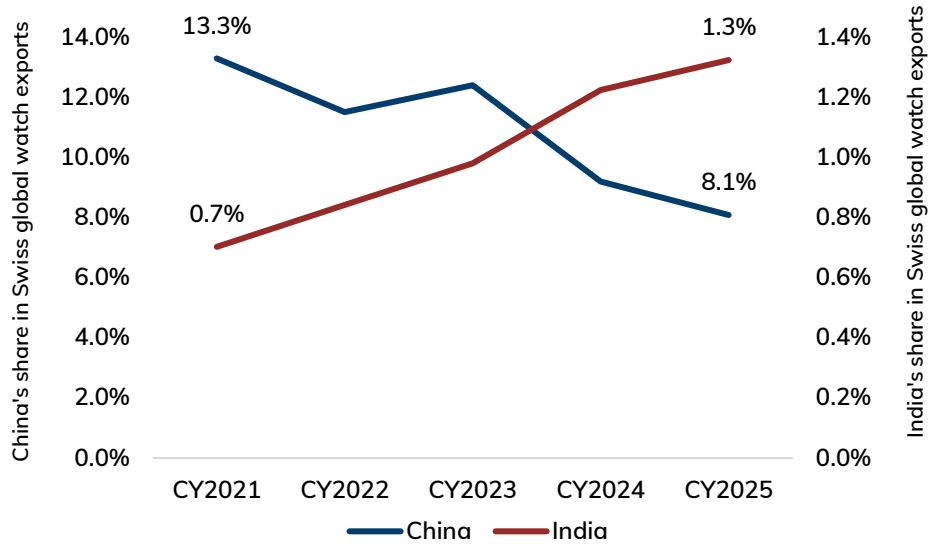
Exhibit 13: Swiss Watch Exports to India continues to scale at fast pace



Source: Federation of the Swiss watch industry, ICICI Direct Research

India's growing importance as a destination for Swiss watches is also reflected in its rising share of global exports. India's share of global Swiss watch exports increased from 0.7% in CY21 to 1.2% in CY25. In contrast, China's share in global Swiss Watch exports fell from 13.3% to 8.1% over the same period. Meanwhile other key markets such as Hong Kong, Singapore, UAE have not witnessed any material growth over the last 5 years.

Exhibit 14: India continues to gain share in global Swiss watch exports



Source: Federation of the Swiss watch industry, ICICI Direct Research

Gen Z's renewed preference for analogue watches: From functionality to self-expression

Gen Z's growing interest in analogue watches reflect a shift in how younger consumers view timepieces from technology-led devices focused on functionality towards fashion accessories that express personal style and individuality. According to reports, constant exposure to smartphones, screens and notifications is encouraging some consumers to seek a distraction free experience.

Analogue watches offer a break from digital overload, while their classic dials, vintage inspired designs and metal bracelets allow consumers to express their personal style. Nostalgia, craftsmanship and the emotional value associated with traditional timepieces further support their appeal.

The preference is also supported by the appeal of analogue watches. They complement casual, streetwear and formal outfits, while offering a straightforward timekeeping experience without frequent charging, software updates or notifications. While the trend does not increasingly imply a rejection of smartwatches but shows the positive trend of shift of consumer preferences towards analogue watches.

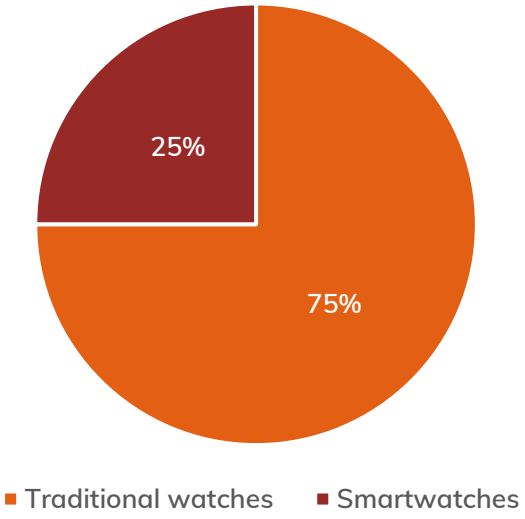
Exhibit 15: What is leading the shift towards analogue watches among Gen Z?

Parameter	Analogue Watches	Smartwatches
Appeal	Style, Uniqueness and timekeeping	Technology, connectivity and digital footprint
Fashion and Self-expression	Diverse range of dials, designs, straps, material and aesthetics	Focused on straps and digital display screen
Digital Distractions	No Notifications and time-out from social media	Constant notifications from social media and in-built apps demand attention
Ease of use	Can read time without scrolling. Mechanical watches require constant wounding to set time	Access to information is only through screens
Battery and Charging	Typically, long battery life: Mechanical watches do not require charging	Needs to be charged periodically
Longevity	Classic designs and craftsmanship are generally considered heritage	Becomes obsolete as software become outdated

Source: Industry reports, ICICI Direct Research

The renewed appeal of traditional analogue timepieces could support the premium and luxury watch market among younger consumers. Brands with unique designs, strong heritage and differentiated retail experiences may be well positioned to benefit from this trend. Smartwatches currently form ~25-26% of the overall Indian Watch market while Analogue watches form ~74-75% of the Indian Watch market. With trend getting shifted more towards the analogue watches, the share of smartwatches is expected to gradually decline ahead.

Exhibit 16: Composition of Indian Watch Market



Source: Company, ICICI Direct Research

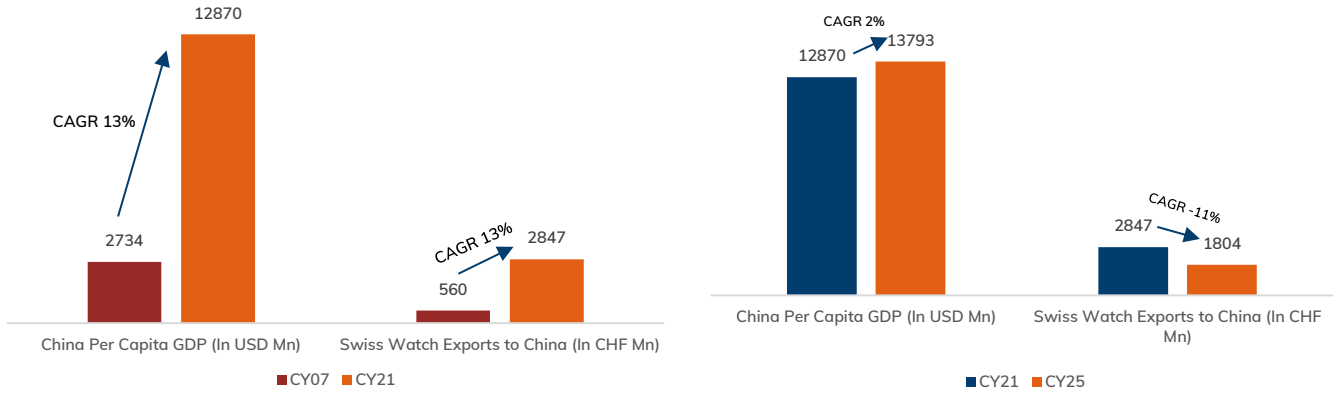
Investment Rationale

Rising affluence to accelerate premiumisation, creating a long-term growth opportunity for Ethos

India is approaching an important inflection point in its discretionary consumption journey, with rising per-capita income expected to expand the addressable market for premium and luxury products. India's per capita GDP stood at USD 2702 in CY25, broadly comparable to China's per capita GDP of USD 2734 in CY07. China's per capita GDP grew at a CAGR of ~12.6% over CY07-21, a period that coincided with a strong expansion in Swiss watch exports to China. Swiss watch exports to China grew at a CAGR of ~13% over the same period, reaching a peak in CY21. Though rise in income is not a primary driver, this data shows how rising purchasing power can coincide with a significant expansion in demand for luxury timepieces.

The subsequent slowdown in China provides an important trend. Over the past 5 years, China per capita GDP has witnessed CAGR of just ~1.4%, while Swiss watch exports to China have witnessed ~8.7% CAGR decline over the same period reflecting weaker demand for luxury goods. Swiss watch industry data also highlights the continued weakness in China, with exports to the country declining sharply in 2024 and 2025. This divergence reinforces the importance of income growth and consumer confidence in shaping demand for discretionary luxury products.

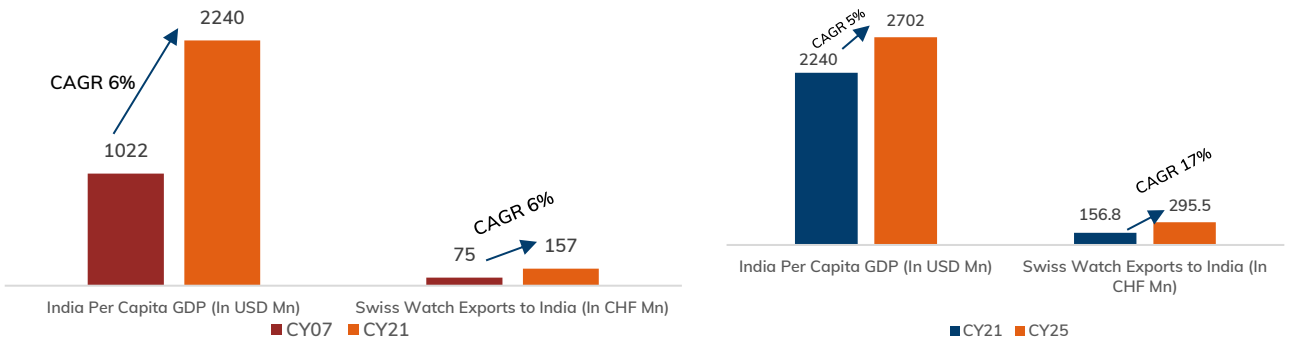
Exhibit 17: China's per Capita GDP vs its demand for Swiss watches



Source: *Industry reports, ICICI Direct Research*

India is now at a comparable per-capita income level to China in 2007, providing a useful reference point for the potential growth runway ahead. India's per capita GDP is projected to increase from ~USD 2,813 in YTD CY26 to ~USD 5,500 by CY30, implying a CAGR of ~9.2%. Sustained growth in purchasing power could expand the affluent consumer base and support a gradual shift towards higher-value consumption. The early signs of this transition are already visible; India's millionaire households increased more than 5x from 1.6 lakhs in CY17 to 8.7 lakhs in CY25, the share of residential launches priced above Rs.1.5cr rose from 9% in CY20 to 42% in CY25, and luxury car sales (Mercedes Benz+ BMW+ JLR) increased from 25,144 units in FY20 to 41,159 units in FY26.

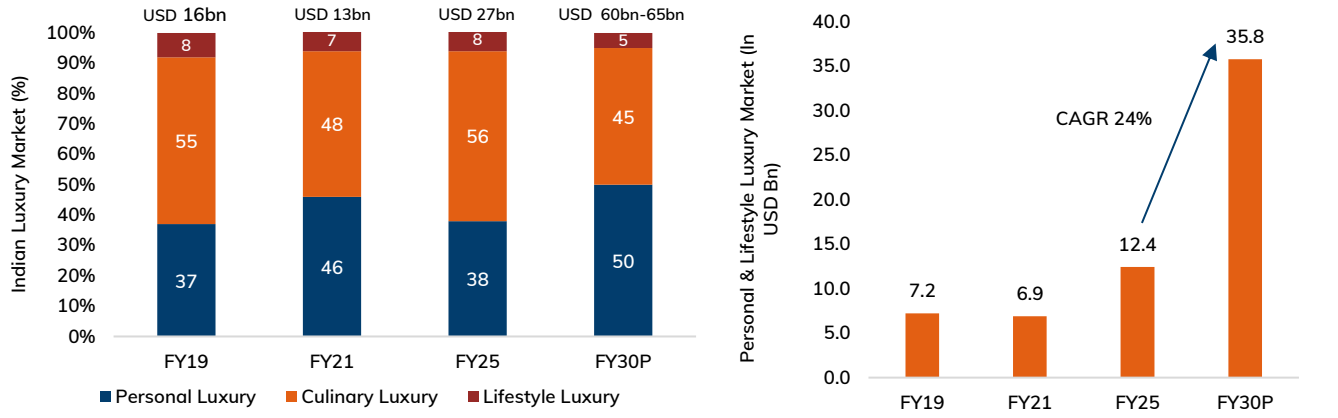
Exhibit 18: India's per Capita GDP vs its demand for Swiss watches



Source: *Industry reports, ICICI Direct Research*

The opportunity extends beyond housing and automobiles to personal and lifestyle luxury. India's luxury market is projected to grow from USD 27bn in FY25 to USD 60-65bn in FY30P, while the combined personal and lifestyle luxury market is expected to expand from USD 12.4bn to USD 35.8bn over the same period implying CAGR of 24%. Personal luxury's share of the overall luxury market is projected to rise from 38% to 50% over FY25-FY30E. These trends suggest that as wealth accumulates, consumption could progressively expand from high value assets towards luxury watches, jewellery and other personal accessories.

Exhibit 19: India's luxury market is expected to expand as wealth rises



Source: Company, ICICI Direct Research

We believe luxury watches are well placed to benefit from the luxury market trends. As incomes rise, consumers may increasingly seek products that combine craftmanship, brand heritage and exclusivity. The Indian premium and luxury watch market is expected grow at 12.8% CAGR from Rs.9495cr in FY23 to Rs.17345cr in FY28E, outpacing the overall watch market's projected CAGR of 10.6% over the same period. Its share is also expected to rise by ~550bps over the same period to 58.5% in FY28E indicating shift towards higher value timepieces.

Exhibit 20: Ethos has a broad premium and luxury portfolio



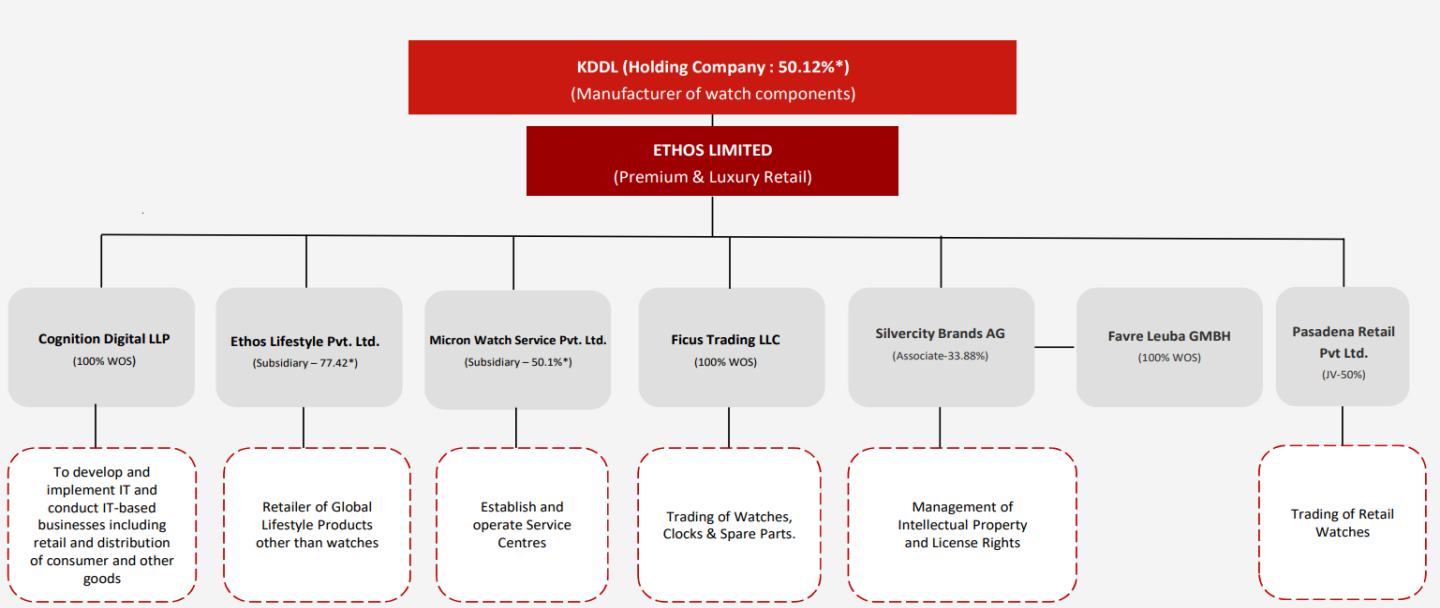
Source: Company, ICICI Direct Research

Ethos is well positioned to capture this opportunity, supported by established presence in India's organised luxury watch retail market, broad international brand portfolio of ~85 brands with 64 exclusive brands. Its presence across premium, bridge to luxury, luxury and high luxury categories enables it to cater to consumers at different stages of their premiumisation journey. As the market expands, Ethos can benefit from both new consumers entering the luxury watch category and existing customers trading up to higher-value timepieces. We believe the combination of rising affluence, faster growth in personal luxury and Ethos' differentiated brand portfolio provides a structural opportunity for sustained growth and potential market share gains over the medium to long term.

Strong parentage with design & technical expertise aided in deepening relationship with global brands

KDDL has operations across India and Switzerland serving leading global customers in the luxury watchmaking and precision engineering sector. KDDL operates its organised luxury watch retail business through its subsidiary Ethos (KDDL owns 50.12% stake). Ethos directly leverages KDDL's decade long manufacturing relationships with Swiss companies to secure highly coveted exclusive retail partnerships in India (e.g., for brands like H. Moser & Cie, Carl F. Bucherer, and Oris). Further KDDL's technical expertise in precision watch components directly supports Ethos high margin Certified Pre-Owned (CPO) business and luxury service centers.

Exhibit 21: Ethos Organisational Structure



Source: Company, ICICI Direct Research

KDDL, through its subsidiary Ethos, played defining role in the turnaround of Favre Leuba post its acquisition in 2023. The brand underwent a massive aesthetic and mechanical restructuring after changing hands at the entity level (acquired from Titan). Working on the design and aesthetic of the brand, KDDL shrunk the watches down to elegant, classic size (37mm-41mm) to bring back to vintage styles. As India's luxury watch retailer, Ethos had access to over 3.3 lakh HNI customers, who walk to their shops to buy brands such as Rolex or Omega. Favre Leuba expanded rapidly across international markets, achieved strong sell-through performance, and continued to strengthen its global footprint through new product introductions and expanded points of sale.

Exhibit 22: Favre Leuba under Titan



Favre Leuba relaunched by Ethos with new brand identity



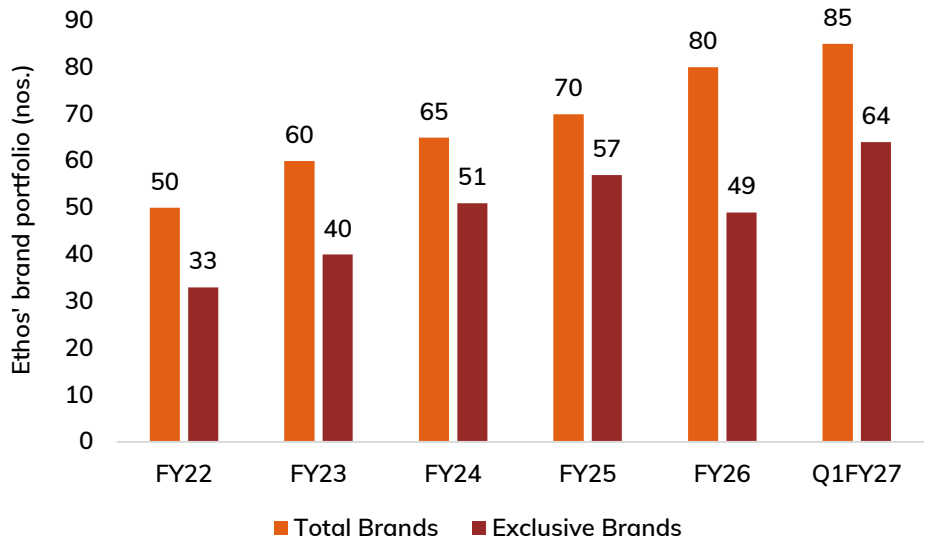


Source: ICICI Direct Research

Exclusive brand portfolio – A key driver of Ethos' portfolio premiumisation

As rising affluence drives greater demand for premium and luxury timepieces, Ethos is positioning itself to capture this opportunity by steadily expanding its portfolio of exclusive, higher value brands. The company's total brand portfolio has increased from 50 in FY22 to 85 as of Q1FY27, while exclusive brands have nearly doubled from 33 to 64. As per our checks, select exclusive brands offer watches priced at Rs.10 lakh-Rs.40 lakh+, significantly above Ethos overall ASP of Rs.2.07 Lakh in FY26. As the company continues to add differentiated luxury and high-luxury brand and scales their contribution to sales, the resulting shift towards higher-value timepieces could drive further portfolio premiumisation and an increase in ASP.

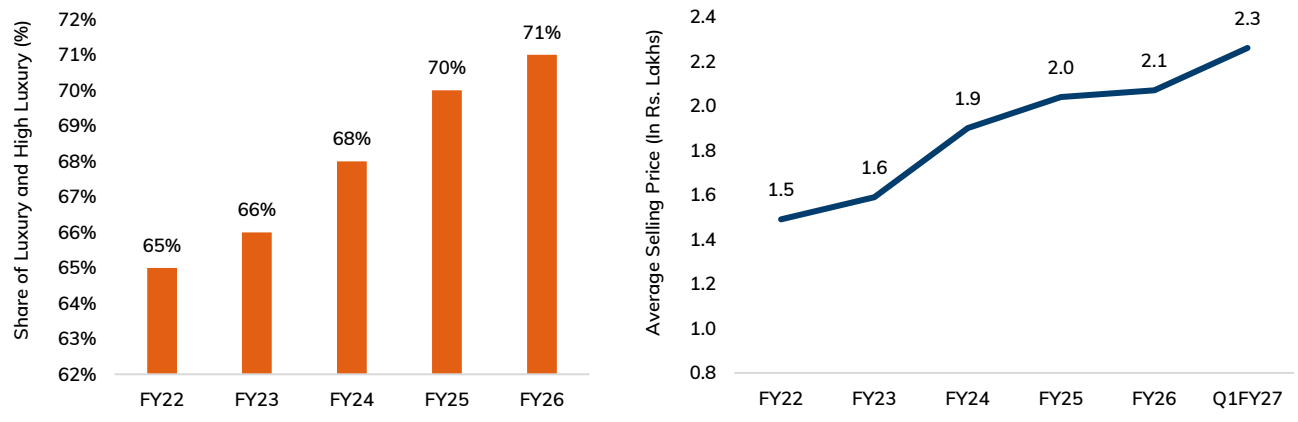
Exhibit 23: Ethos has consistently scaled its exclusive brand portfolio



Source: Company, ICICI Direct Research

The strategy is already reflected in Ethos' revenue mix and ASP. The share of luxury and high-luxury watches in overall sales increased to 71% in FY26 from 65% in FY22, while ASP rose from to Rs.2.07 lakh/watch in FY26 from Rs.1.49 Lakh/watch in FY22. The trend is continuing with Q1FY27 ASP reaching Rs.2.26 Lakh/watch (+6.5% YoY). This indicates that Ethos is already moving towards higher value timepieces, supported by its evolving brand portfolio and consumer preference for premium products.

Exhibit 24: Increasing share of luxury and high luxury watches in portfolio leading rise in average selling price

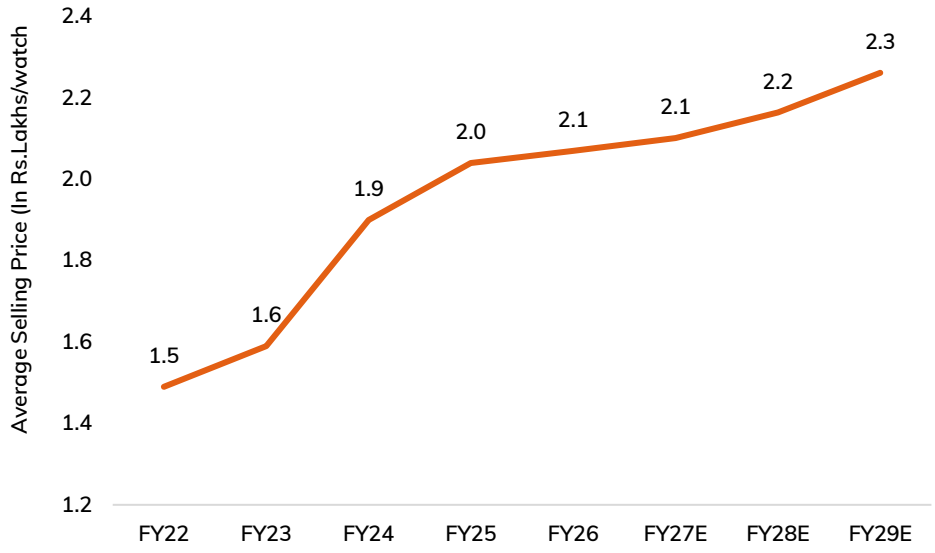


Source: Company, ICICI Direct Research

Going ahead, continued additions of exclusive brands, particularly in the Rs.10 Lakh+ range could further lift the portfolio's ASP as their revenue contribution increases. Even a gradual shift in the product mix towards higher value offerings can supports stronger realisations, while rising purchasing power provides a favourable demand environment.

We expect continued portfolio premiumisation through addition of exclusive brands can scale ASP to Rs.2.3Lakh/watch in FY29E from Rs.2.1 lakh/watch in FY26 implying a CAGR of ~3% over FY26-29E.

Exhibit 25: Ethos' ASP is expected to witness consistent improvement

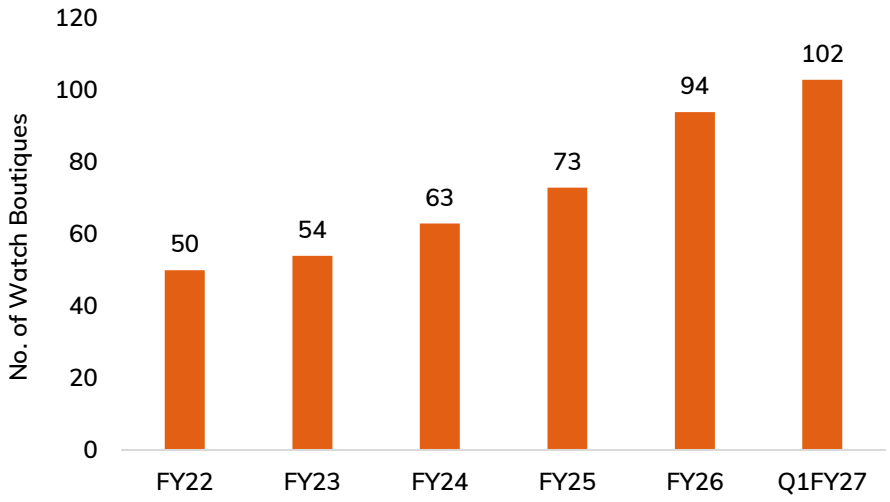


Source: Company, ICICI Direct Research

Store expansion and improving store productivity to drive volume growth

Ethos has accelerated its retail expansion, increasing its network to 94 watch boutiques in FY26 from 50 watch boutiques in FY22. The network has further expanded to 102 watch boutiques across 35 cities as of Aug'26 with entry into 8 new markets such as Ranchi, Jodhpur, Srinagar, Kanpur, Agra, Faridabad, Visakhapatnam and Amritsar. Continued store additions are expanding the company's reach, improve access to luxury timepieces, tap into underpenetrated markets and exposure to new emerging consumption markets.

Exhibit 26: Ethos has scaled its retail network by ~2x over the past 4 years

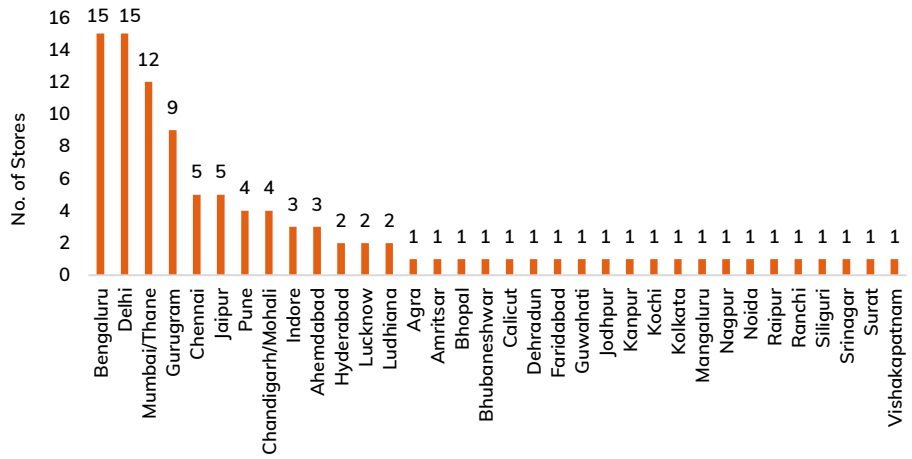


Source: Company, ICICI Direct Research

Alongside, network expansion, Ethos is increasingly focusing on larger, experiential retail formats. The 22,000 sq.ft. City of Time in Gurugram, comprising 9 boutiques and galleries showcasing over 50 independent watch brands, along with its ~8,000 sq.ft. boutique in Jaipur and 6,000 sq.ft. Summit boutique in Kochi reflect Ethos' focused shift towards larger store formats. These formats provide a more immersive shopping experience, enable a wider assortment of luxury timepieces and facilitate greater consumer engagement, supporting sale of higher-value products.

The company is also expanding beyond established metropolitan markets into emerging luxury destinations such as Jodhpur, Ranchi, Srinagar, Kanpur, Agra, Faridabad, Visakhapatnam and Amritsar. Rising Industrialisation, infrastructure development and commercial activity across these markets are creating new pools of wealth among entrepreneurs, business owners and landowners benefitting from urban and industrial development. This coupled with rising purchasing power beyond metros, provides an opportunity for Ethos to tap into an expanding customer base. The opportunity is further supported by the addition of around 39.3mn sq.ft. of proposed and under-construction retail space by CY29 taking India's total retail area available to ~128mn sq.ft. This expansion in organised retail infrastructure should improve access to quality retail locations and support Ethos' future network expansion.

Exhibit 27: Ethos is scaling its network beyond metros

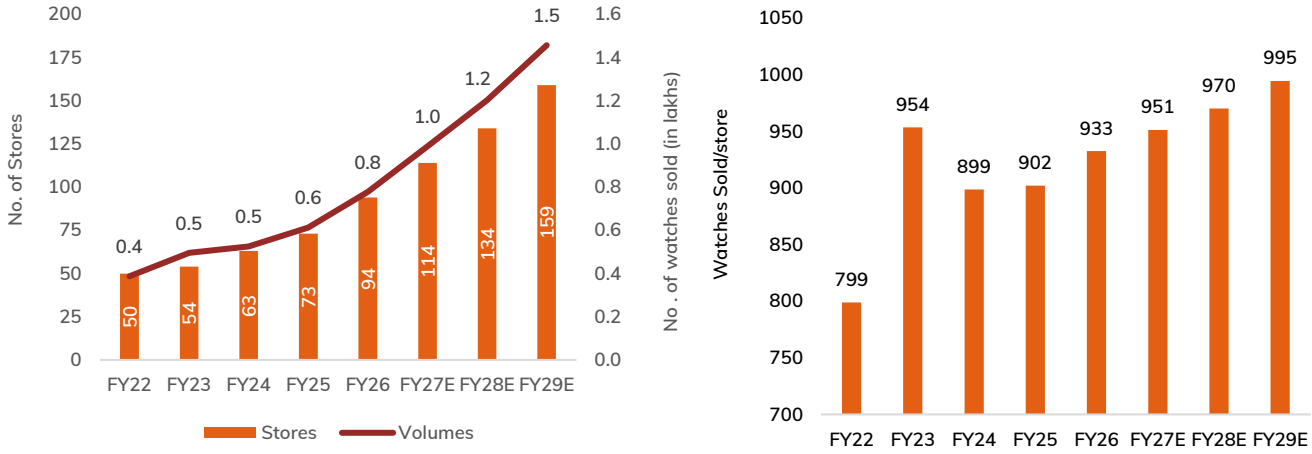


Source: Company, ICICI Direct Research

The aggressive pace of store additions has, however, coincided with a moderation in same store sales growth (SSSG), which declined to 14.2% in FY26 from 30% in FY23. Ethos' watch boutiques have a maturity timeline of less than 12 months. As the newer boutiques mature, we expect store productivity to improve supported by richer product mix, continued additions of exclusive brands and premiumisation towards luxury and high luxury watches. Rising ASPs, alongside the gradual ramp up of recently opened stores, should support a gradual improvement in SSSG over the medium term.

We expect continued store expansion to remain a key driver of volume growth. We expect Ethos to add 20-25 stores annually over FY27E-29E with store network scaling to 159 stores in FY29E from 94 stores in FY26 implying a CAGR of ~19%. This expansion alongside the maturity of newer boutiques, is expected to drive watches volume to scale a CAGR of ~23% to ~1.45 lakh watches in FY29E from ~0.8 lakhs watches sold in FY26. Importantly, watches sold per store is expected to improve to 995 watches sold/store in FY29E from 933 watches sold/store in FY26 as the store network matures, supported by premiumisation and a richer exclusive-brand mix. Thus, while store additions will drive incremental volumes, improving productivity of the network should provide an additional growth lever, with higher ASPs further supporting revenue growth over the medium term.

Exhibit 28: Ethos watch volumes to scale at ~23% CAGR over FY26-29E

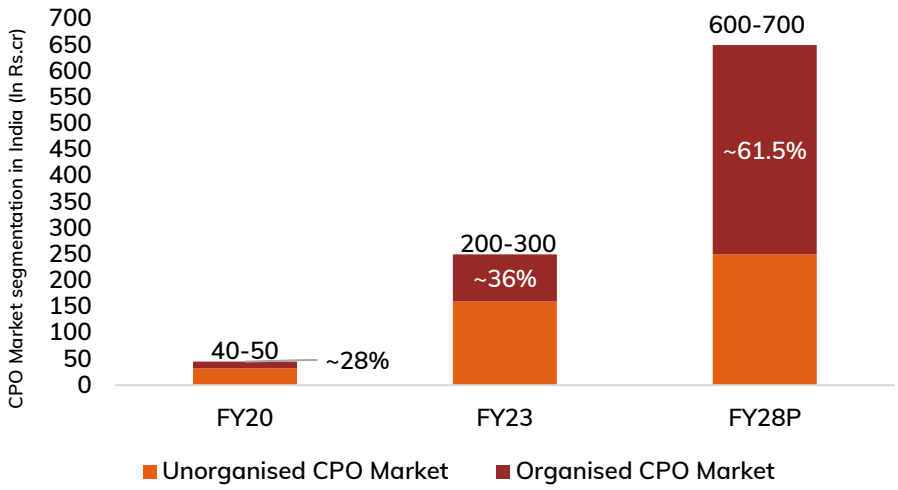


Source: Company, ICICI Direct Research

Early-mover advantage in an underpenetrated CPO market

India's certified pre-owned (CPO) luxury watch market remains at a nascent stage, offering a significant opportunity for organised players to drive formalisation. The overall pre-owned luxury watch market was estimated at Rs.200cr–300cr in FY23, of which the organised CPO segment accounted for Rs.80cr–100cr, with the remainder largely comprising unorganised market. The organised CPO market is projected to reach Rs.350cr–450cr by FY28P, while the broader pre-owned market is estimated at Rs.600–700cr. Given the high value of luxury watches, concerns around authenticity, product condition and fair pricing make trust a key consideration for buyers. As consumers increasingly seek reliable and authenticated channels, the shift from unorganised transactions towards organised platforms could create a sizeable opportunity for established players such as Ethos.

Exhibit 29: India's organised CPO market is rapidly gaining share

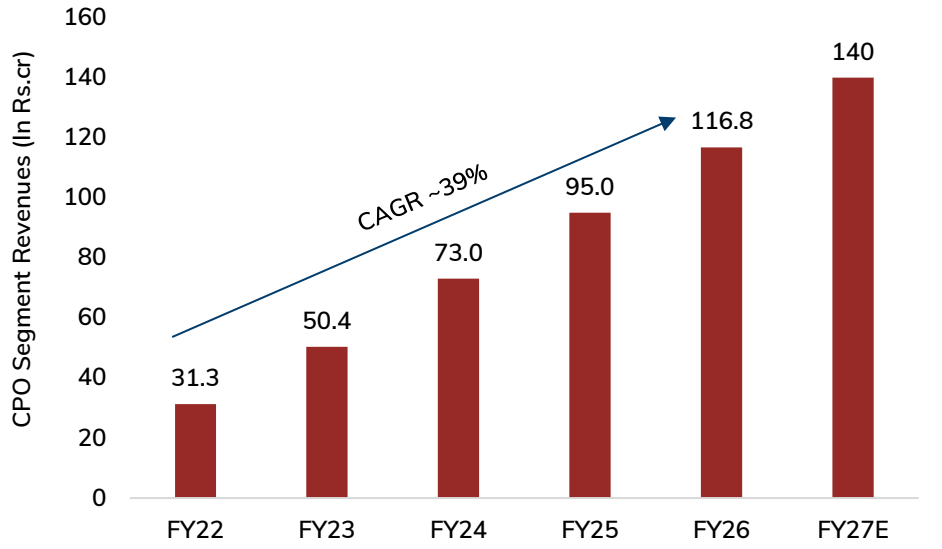


Source: Company, ICICI Direct Research

Ethos is well positioned to capture this opportunity, having entered the CPO market in 2019 through SecondMovement.com, followed by the launch of a dedicated Second Movement Boutique in New Delhi. This early entry has enabled the company to build specialised expertise in sourcing, authentication and dealing in pre-owned luxury watches, while leveraging its established reputation in the luxury watch market. Its existing customer relationships and retail presence further strengthen its ability to build trust among buyers and sellers in a category where credibility is critical. As the market gradually formalises, Ethos' early-mover advantage and established operating capabilities could help it capture a disproportionate share of organised CPO sales.

The business is already scaling, with CPO revenue increasing to Rs.116.8cr in FY26 from Rs.31.3cr in FY22, implying a CAGR of ~39%; with revenue estimated to reach Rs.140cr in FY27E. Going ahead, rising consumer acceptance of authenticated pre-owned watches, greater awareness and the gradual shift towards organised channels should support growth. We believe Ethos' early entry and trusted positioning could place it at an advantage as the market transitions from largely unorganised transactions to organised CPO platforms, making the segment an incremental growth driver alongside new luxury watch sales.

Exhibit 30: CPO segment revenues have witnessed steady CAGR of ~39% over FY22-26



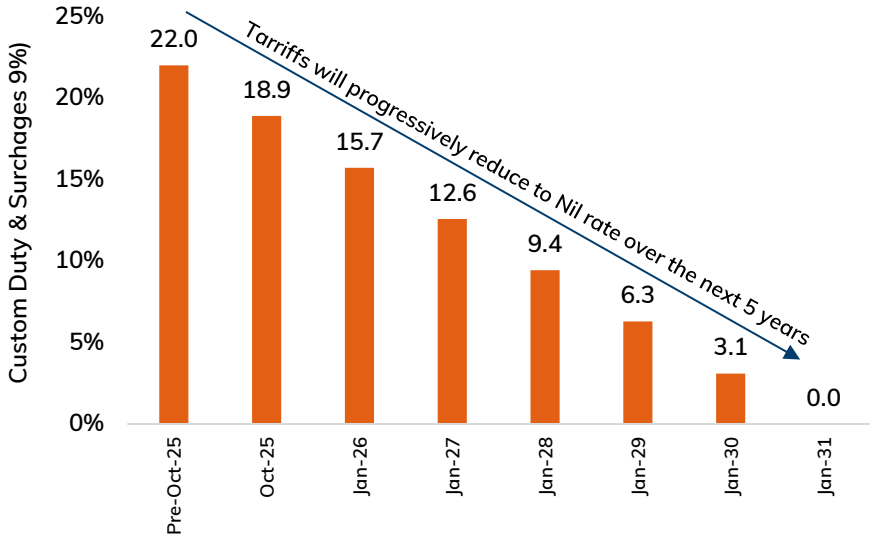
Source: Company, ICICI Direct Research

EFTA and GST 2.0 – Important tailwind for luxury Swiss watch growth in India

The implementation of the India-EFTA Trade and Economic Partnership Agreement (TEPA) from 1st October 2025 provides a direct structural tailwind for India's Swiss luxury watch market. Under the agreement, import duties on eligible Swiss-origin watches (HSN 9101 and 9102) are being progressively reduced from a base rate of 22% (20% custom duty + 2% Social welfare surcharge) to Nil by January 2031. The applicable rate reduced to 18.9% in October 2025 and further to 15.71% from January 2026 with next phase of reduction to 12.57% scheduled for January 2027. This phased reduction can lower the landed cost of eligible Swiss watches, creating scope for improved price competitiveness and potentially stronger customer demand. Given, Ethos' significant exposure to Swiss luxury watch brands, it is well positioned to benefit from this structural improvement in import economics.

Importantly, as luxury watch brands generally do not reduce retail prices in-line with lower import duties, the reduction in landed cost could translate into improved gross margins for retailers such as Ethos. Overall, TEPA offers the potential for both demand growth and margin expansion opportunities for organised retailers such as Ethos.

Exhibit 31: Custom duty to progressive reduce to Nil over the next 5 years



Source: Industry Reports, ICICI Direct Research

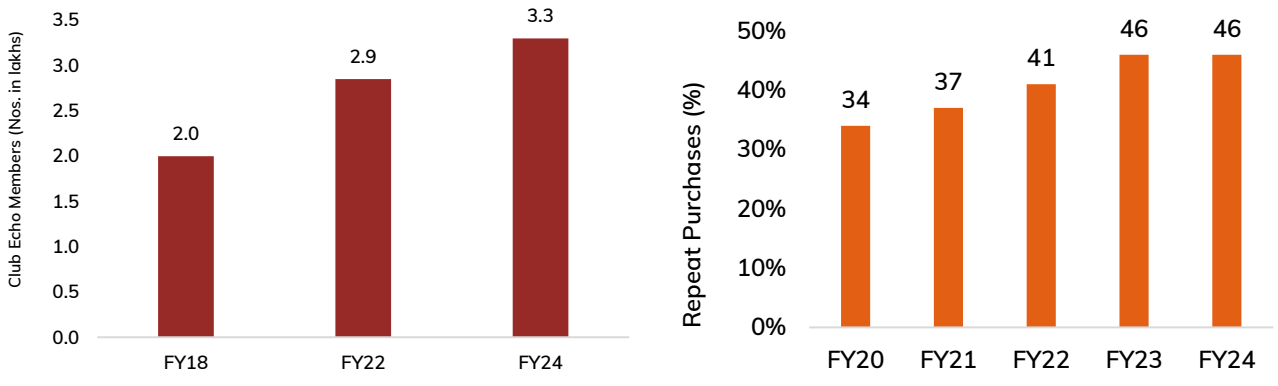
The benefit could extend beyond demand growth to the gradual formalisation of the market. Luxury watches are high-value purchases authenticity, warranty and after-sales services are important considerations. Lower duties on eligible legally imported Swiss watches could narrow the price gap between authorised retail and the grey market thereby improving the competitiveness of the organised retail. While TEPA may not eliminate the illicit trade altogether, a more competitive landed cost, combined brand assurances and after sales support, can strengthen the value proposition of authorised channels.

Further, the new GST reforms introduced in September 2025 provides more tailwinds for the luxury watch sector. There was expectation that luxury watches could be classified alongside luxury and sin goods under the 40% tax slab, instead the watches were retained at the existing 18% tax rate. This avoids a potential increase in tax burden on the high-value watches and supports demand by preserving affordability relative to proposed higher tax scenario. Together with phased reduction of import duties under TEPA, this provides a favourable backdrop for Ethos, supporting demand for authentic Swiss luxury watches through organised retail.

Building customer loyalty to drive higher repeat ratio

In the luxury watch market, where customer relationships and repeat purchases are critical long-term growth. Ethos' Club Echo loyalty programme provides a platform to deepen engagement with affluent consumers and increase their lifetime value. The programme had over 3.34 lakh registered HNI customers in FY24, creating a valuable customer database that enables Ethos to understand purchasing behaviour and tailor its engagement strategies. The repeat-customer metric increased to 46% in FY24 from 34% in FY20 reflecting the programme's potential to support customer retention.

Exhibit 32: Increasing Club Echo membership aiding higher repeat purchases



Source: Company, ICICI Direct Research

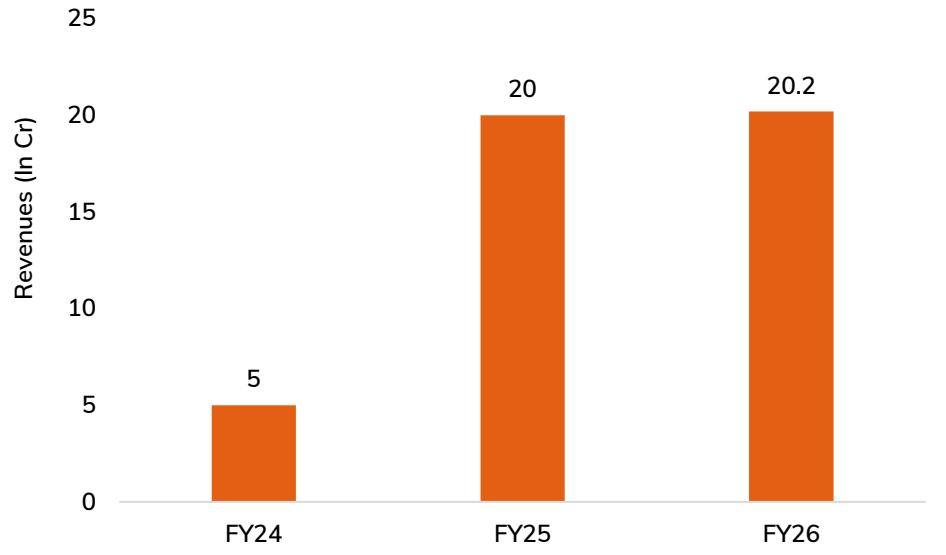
Club Echo leverages customer purchase patterns to design targeted communication, personalised offers and relevant rewards while dedicate customer service capabilities help enhance the overall shopping experience. These initiatives can encourage repeat purchases and upgrades to higher-priced timepieces, particularly as customers' purchasing power increases. Overall, this would help Ethos increase its share of customer wallets and encourage movement towards premium and high-luxury watches.

We believe Club Echo complements Ethos' strategy of expanding its exclusive brand portfolio and premium retail formats by strengthening customer relationships and enabling more targeted engagement. This can support higher value transaction, improve customer retention and increase lifetime value, contributing to sustained premiumisation and revenue growth.

Ethos is scaling beyond watches; Expanding presence in the Lifestyle Segment

Ethos is leveraging its established expertise in luxury retail, relationships with global brands and access to an affluent customer base to expand beyond watches into adjacent luxury categories. The company's Lifestyle portfolio, comprising Messika in fine jewellery and RIMOWA in luxury luggage, provides an opportunity to capture a larger share of customers' discretionary luxury spending while leveraging its existing understanding of premium consumers, brand management and retail operations. FY26 marked an important step in this strategy, with Ethos launching India's first Messika boutique at The Chanakya, New Delhi, and expanding RIMOWA to two boutiques in India. The Lifestyle business has grown by ~4x over the 2 years generating revenue of Rs.20.2cr in FY26, indicating strong traction in the new vertical. Ethos has also reorganised the business under a dedicated subsidiary, Ethos Lifestyle Private Limited, to provide sharper strategic focus and support its expansion. We believe the company's established relationships with luxury consumers, experience in operating premium retail formats and ability to introduce globally renowned brands can help it scale the Lifestyle business over time, diversify its revenue streams and capture a greater share of India's growing luxury consumption opportunity.

Exhibit 33: Lifestyle segment revenues have scaled by ~4x over the past 2 years



Source: Company, ICICI Direct Research

Key Operating Assumptions

Exhibit 34: Key Operating Assumptions

Particulars	FY26	FY27E	FY28E	FY29E
No. of Stores	94	114	134	159
Growth (%)	28.8%	21.3%	17.5%	18.7%
Additions/(Closures)	21	20	20	25
Volumes	77,886	98,948	1,20,336	1,45,725
Growth (%)	26.9%	27.0%	21.6%	21.1%
Average Selling Price (ASP) (In Rs. lakhs)	2.1	2.1	2.2	2.3
Growth (%)	1.5%	1.5%	3.0%	4.5%
Revenues (In Rs.cr)	1,612	2,079	2,604	3,296
Growth (%)	28.8%	28.9%	25.3%	26.5%

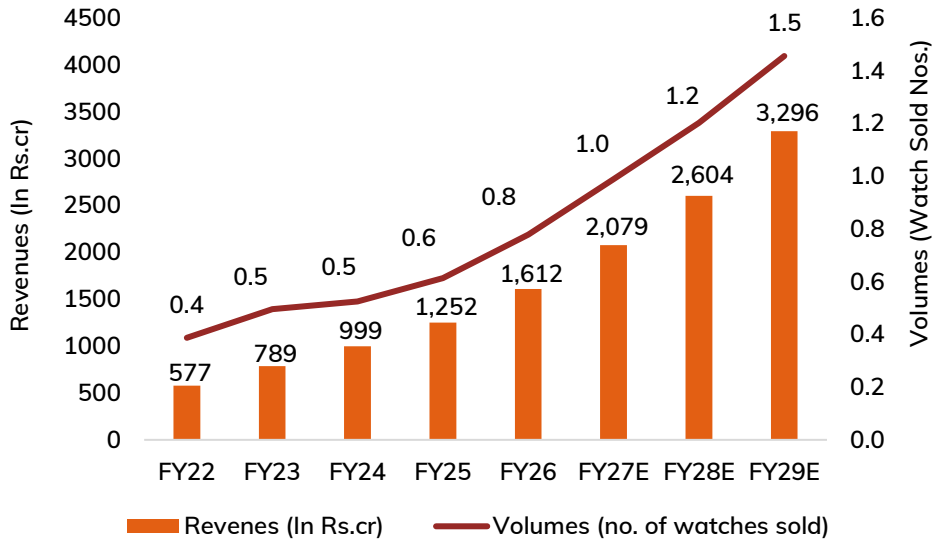
Source: Company, ICICI Direct Research

Key Financial Summary

Revenues to grow at CAGR of 27% over FY26-29E...

Ethos' revenues grew at CAGR of ~27% over FY23-26, driven by volume growth of ~16% and ASP growth of ~9% over the same period. The company has more than doubled its store count to 102 stores as of Q1FY27 from 50 stores in FY23, while consistently expanding its exclusive brand portfolio to 64 brands as of Q1FY27 from 40 brands in FY23. As per our checks, exclusive brands command higher ASP than company's overall blended ASP. Going ahead, we expect Ethos to add ~20-25 stores annually over FY26-29E which will help the company sustain its volume growth trajectory. Newer stores should contribute incremental volumes, while maturing stores are expected to improve sales productivity over time. Additionally, continued additions to the exclusive brand portfolio, alongside rising purchasing power and premiumisation should drive ASP growth. We estimate watch volumes to grow at CAGR of ~23% to 1.45 lakh and ASP to grow at CAGR of ~3% to Rs.2.3 lakhs/watch over FY26-29E translating into a revenue growth CAGR of ~27% over FY26-29E to Rs.3295.5cr.

Exhibit 35: Revenues to grow at 27% CAGR during FY26-29E

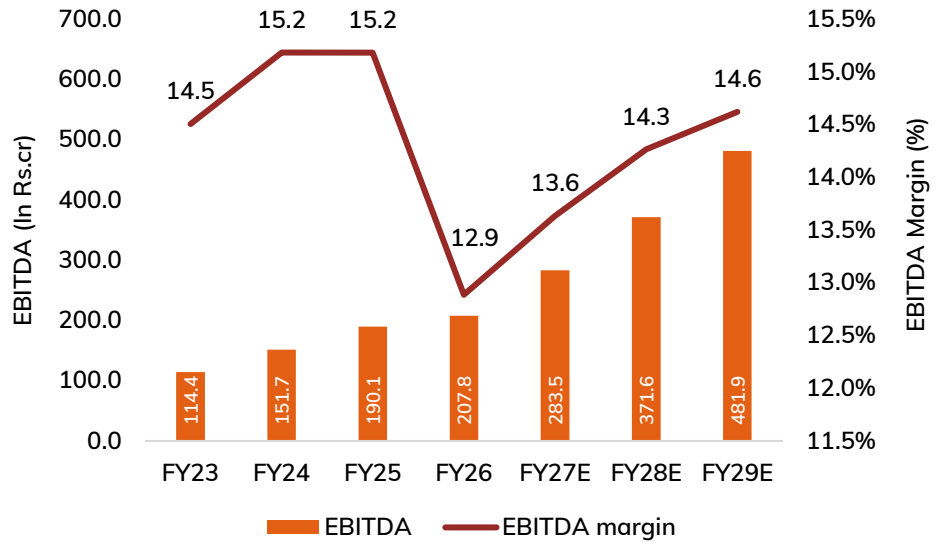


Source: Company, ICICI Direct Research

EBITDA margins to expand by ~170bps over FY26-29E led by improving store productivity...

Ethos maintained EBITDA margins in the range of 14.5-15% during FY23-25 despite consistent store additions. However, margins declined by 230bps YoY to 12.9% in FY26 due to higher number of stores operating below maturity level and sharp depreciation of INR against CHF. We expect improving store productivity, with watches sold per store increasing to 995 per store in FY29E from 933 per store in FY26. Subsequently, we expect revenue/store also improve to Rs.22.5cr in FY29E from Rs.19.3cr in FY26 because of improving volume metrics. Also, Ethos' watch boutiques mature and achieve EBITDA breakeven within 12 months of commencement. In addition, continued premiumisation of the portfolio and higher ASPs should further aid profitability. As a result, we expect Ethos' EBITDA margins to improve by ~170bps over FY26-29E to 14.6% from 12.9% in FY26 with EBITDA growing at CAGR of ~32% over the same period. Our margin expansion estimates assume the CHF/INR exchange rate to remain broadly stable at current levels.

Exhibit 36: EBITDA margins to expand further led by premiumisation

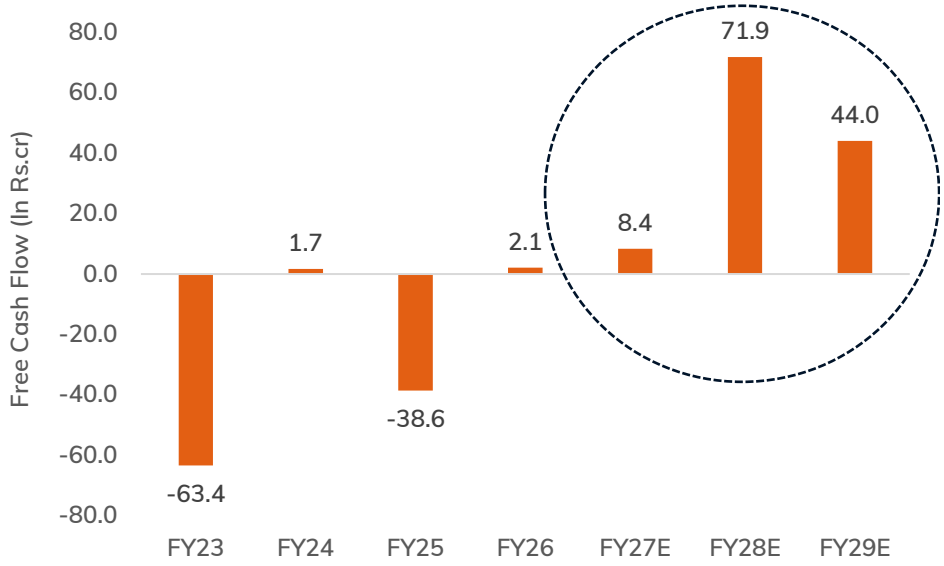


Source: Company, ICICI Direct Research

Positive Free Cash flow despite continued store expansion...

Ethos is expected to generate positive free cash flow despite continued investments in store expansion and inventory. The company typically incurs capex of Rs.1cr per store and requires inventory of Rs.7-10cr per store to support its operations. We expect Ethos to add 20 stores each in FY27E and FY28E, followed by 25 stores in FY29E, translating into cumulative store capex of ~Rs.65cr and incremental inventory requirement of Rs.550cr over FY27E-29E. We expect the company to fund its expansion largely through internal accruals, supported by improving profitability and stronger cash flow. Additionally, Ethos is debt free (excluding lease liabilities). Lower Interest cost will boost its earnings growth. Improved store fundamentals, strong earnings growth and stable working capital will help free cash flow to remain positive in the coming years. Hence, we expect Ethos to generate cumulative Free cash flow of Rs.124cr over FY27E-29E.

Exhibit 37: FCF to remain positive over FY27-29E ...



Source: Company, ICICI Direct Research

Key Risk and Concerns

Currency depreciation remains key risk for Ethos

Ethos has significant exposure to currency volatility as it primarily deals in Swiss watches which are imported from various brands based out of Switzerland. FY26 witnessed rapid depreciation of INR compared to CHF which led to impact on Ethos' EBITDA margins. With global uncertainties sustaining, any further depreciation of INR compared to CHF can further impact the EBITDA margins.

High number of exclusive brands also adds risk of portfolio diversification

The company has consistently scaled its exclusive brand portfolio over the past 4-5 years. This has positively impacted the ASPs and created a differentiated position for Ethos in the luxury watch market. Any change in strategy by global brands leading to loss of exclusive brand partnerships can have impact on the ASP and further impact on the revenues of the company.

Highly sensitive to discretionary demand

Luxury Watch sales are highly sensitive to discretionary demand. Rise in global uncertainties and inflationary pressures can taper consumer demand for discretionary products. Any significant black swan event leading to lower discretionary demand can have significant impact on the revenues of Ethos.

Financial Summary

Exhibit 38: Profit and loss statement Rs. crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total Operating Income	**1612.2**	**2078.9**	**2604.2**	**3295.5**
Growth (%)	28.8	28.9	25.3	26.5
Raw Material Expenses	1145.2	1469.8	1830.7	2300.3
Gross Profit	467.0	609.1	773.4	995.2
Employee Expenses	117.3	138.5	172.7	220.1
Advertisement expenses	40.2	52.0	72.9	98.9
Other Expenditure	101.8	135.1	156.2	194.4
Total Operating Expenditure	**1404.5**	**1795.4**	**2232.6**	**2813.6**
EBITDA	**207.8**	**283.5**	**371.6**	**481.9**
Growth (%)	9.3	36.4	31.1	29.7
Interest	27.2	32.2	35.7	39.9
Depreciation	89.5	110.0	123.6	140.0
Other Income	46.2	31.2	21.9	7.7
PBT	**137.3**	**172.5**	**234.2**	**309.7**
Less Tax	35.2	44.9	60.9	80.5
Adjusted PAT	**102.1**	**127.7**	**173.3**	**229.2**
Growth (%)	4.0	25.1	35.7	32.2
Minority Interest (MI)	-4.6	0.0	0.0	0.0
Adjusted PAT (After MI)	**97.5**	**127.7**	**173.3**	**229.2**
Exceptional Items	-1.4	0.0	0.0	0.0
Reported PAT	**96.1**	**127.7**	**173.3**	**229.2**
Growth (%)	-0.2	32.8	35.7	32.2
EPS (Diluted)	**36.4**	**47.7**	**64.8**	**85.6**

Source: Company, ICICI Direct Research

Exhibit 39: Cash Flow Statement Rs. crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit/(Loss) after taxation	55.9	96.5	151.4	221.4
Add: Depreciation & Amort.	89.5	110.0	123.6	140.0
Other income	46.2	31.2	21.9	7.7
Net Increase in Current Assets	-156.5	-172.4	-185.4	-267.7
less: 'Net Increase in Current Liabilities	-67.5	-17.3	-40.7	-38.1
CF from Operating activities	**102.5**	**82.6**	**152.2**	**139.5**
Investments & Bank bal	-326.0	150.0	160.0	237.5
(Purchase)/Sale of Fixed Assets	-162.7	-169.7	-171.5	-190.7
Investment accounted for equity method	-1.3	-0.2	-1.5	-1.5
Others	-114.8	-16.8	-18.4	-20.3
CF from Investing activities	**-604.9**	**-36.6**	**-31.4**	**25.1**
(Inc)/Dec in Loan	0.2	2.4	2.8	3.0
(Inc)/Dec in lease liabilities	35.4	26.6	38.4	45.6
Change in equity & reserves	403.6	0.0	0.0	0.0
Minority Interest	176.5	0.0	0.0	0.0
Other Non-Current Liabilities	2.2	0.5	0.6	0.6
CF from Financing activities	**617.9**	**29.5**	**41.8**	**49.2**
Net Cash Flow	115.6	75.5	162.5	213.8
Cash and Cash Equivalent	28.5	144.1	219.6	382.1
Cash	**144.1**	**219.6**	**382.1**	**595.9**
Free Cash Flow	**2.1**	**8.4**	**71.9**	**44.0**

Source: Company, ICICI Direct Research

Exhibit 40: Balance Sheet Rs. crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Equity Capital	26.8	26.8	26.8	26.8
Reserve and Surplus	1461.2	1588.8	1762.1	1991.3
Minority Interest (MI)	176.5	176.5	176.5	176.5
Total Shareholders' funds	**1664.4**	**1792.0**	**1965.3**	**2194.5**
Total Debt	25.0	27.4	30.2	33.2
Lease Liabilities	322.2	348.8	387.2	432.9
Long-Term Provisions	5.1	5.6	6.2	6.8
Total Liabilities	**2016.7**	**2173.9**	**2388.9**	**2667.3**
Gross Block - Fixed Assets	636.0	720.2	820.5	941.0
Accumulated Depreciation	142.1	185.5	238.0	302.8
Net Block	493.9	534.7	582.5	638.1
Capital WIP	11.1	30.0	30.0	25.0
Fixed Assets	505.0	564.7	612.5	663.1
Investments	37.7	38.1	39.8	41.5
Other non-Current Assets	165.8	182.4	200.6	220.7
Inventory	695.5	845.5	1005.5	1243.0
Debtors	17.5	22.8	28.5	36.1
Other Current Assets	87.1	100.1	115.1	132.4
Other financial assets	27.0	31.0	35.7	41.0
Cash	144.1	219.6	382.1	595.9
Bank balance	517.6	367.6	207.6	-29.9
Total Current Assets	**1488.7**	**1586.6**	**1774.5**	**2018.6**
Creditors	142.2	157.4	195.7	231.3
Provisions	6.5	7.1	7.8	8.6
Other Current Liabilities	31.8	33.3	35.0	36.7
Total Current Liabilities	180.5	197.8	238.5	276.6
Net Current Assets	1308.2	1388.7	1536.0	1742.0
Application of Funds	**2016.7**	**2173.9**	**2388.9**	**2667.3**

Source: Company, ICICI Direct Research

Exhibit 41: Ratio Analysis Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Diluted EPS	35.9	47.7	64.8	85.6
Cash EPS	71.6	88.8	111.0	138.0
BV per share	556.1	603.8	668.5	754.2
Operating Ratios (%)				
Gross Profit Margins	29.0	29.3	29.7	30.2
OPM	12.9	13.6	14.3	14.6
PAT Margins	6.0	6.1	6.7	7.0
Asset Turnover (x)	2.8	3.1	3.4	3.7
Return Ratios (%)				
RoE	7.4	7.4	9.2	11.0
RoCE	13.2	11.8	14.1	16.2
RoIC	13.8	14.1	16.2	18.2
Valuation Ratios (x)				
P/E	67.4	51.5	37.9	28.7
EV / EBITDA	30.1	22.4	17.2	13.4
Market Cap / Sales	4.1	3.2	2.5	2.0
Solvency Ratios				
Debt / Equity	0.2	0.2	0.2	0.2
Inventory days	157	148	141	138
Debtor days	4	4	4	4
Creditor days	32	32	32	30
WC Days	129	120	113	112

Source: Company, ICICI Direct Research

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Pankaj Pandey | Head – Research | pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Anoop Goyal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122
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