

## Market leader in premium, luxury watches retail in India

**About the Company:** Ethos is one of the largest luxury and premium watch retail players in India having 13% share of total retail sales in the premium and luxury segment and a share of 20% in the luxury segment.

- The company has a chain of 50 physical retail stores in 17 cities in India in a multi store format and offers an Omni channel experience to its customers through its website and social media platforms
- Ethos has a sizeable portfolio of premium and luxury watches in India enabling it to retail 50 international premium and luxury watch brands

### Key triggers/Highlights:

- Ethos is the market leader in the premium and luxury watches retail market in India. It has a sizeable portfolio of premium and luxury watches in India enabling it to retail 50 premium and luxury watch brands like Omega, IWC Schaffhausen, Jaeger LeCoultre, Panerai, Bvlgari, H Moser & Cie, Rado, Longines, Baume & Mercier, Oris SA, Corum, Carl F Bucherer, Tissot, Raymond Weil, Louis Moinet and Balmain
- Ethos enjoys a healthy market share of 20% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India
- In addition to the premium and luxury watch retail, it has also forayed into retail of certified pre-owned luxury watches since FY19 and is looking to expand the segment revenues in line with industry growth
- The premium and luxury watch market is expected to grow at a CAGR of 12% in FY20-25E from ₹ 6600 crore to ₹ 11900 crore. The high luxury watch market is expected to grow at 14% CAGR to ₹ 1040 crore in the same period

**What should investors do?** Over the last five years, revenues have grown at a moderate pace of ~11% CAGR in FY17-22 (annualising 9MFY22 sales). The company has clocked in average PAT margins of 2-2.5% (except for 9MFY22 wherein the company reported higher PAT margins of 3.8%). Despite Ethos following an asset light business model, higher capital blockage in inventory (Inventory days: 170+) and lower margins have translated into company reporting single digit RoE (~7-8%). At the upper end of the price band, Ethos is valued at ~95x P/E on annualised FY22E basis. Sustained enhancement in profitable growth and improvement in return ratios would be key monitorables, going ahead.

- We assign **AVOID** rating and await consistency in improvement in profit metrics that the company has exhibited in recent quarters

### Key risk & concerns

- Absence of definitive agreements with brands/suppliers
- High revenue concentration from top three stores
- Inability to renew lease of stores and warehouses

### Key Financial Summary

₹ crore	FY19	FY20	FY21	9MFY22
Net Sales	443.5	457.9	386.6	418.6
EBITDA	56.7	51.6	39.7	45.6
PAT	9.9	-1.3	5.8	16.0
Diluted EPS	4.3	-0.6	2.5	7.0
P/E (x)	204.6	-	349.8	
EV/EBITDA (x)	36.9	40.5	51.7	
Mcap/Sales (x)	4.6	4.4	5.2	
RoCE (%)	15.7	9.7	12.0	
RoE (%)	7.6	-0.9	3.7	

Source: RHP, ICICI Direct Research

ethos | WATCH BOUTIQUES

### IPO Details

#### Issue Details

Issue Opens	18-May-22
Issue Closes	20-May-22
Issue Size	~ ₹ 472 crore
Issue Type	Fresh issue and Offer for sale
Price Band	₹ 836 - ₹ 878
No of shares	~ 0.54 cr
Market Lot	17.0
Face Value	10.0
QIB (%)	50.0
Non-Institutional (%)	15.0
Retail (%)	35.0

### Shareholding pattern (%)

	Pre-offer	Post-offer
Promoter	81.0	61.7
Public	19.0	38.4
Total	100.0	100.0

### Objects of issue

Objects of Issue	₹ crore
Repayment of borrowings	29.9
Funding WC requirements	235.0
Establishing new stores	33.3
Upgradation of ERP	2.0
General corporate purposes	-
<b>Fresh issue</b>	<b>375.0</b>
<b>Offer for sale</b>	<b>97.0</b>

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## Company Background

Ethos is one of the largest luxury and premium watch retail players having 13% share of total retail sales in the premium and luxury segment and a share of 20% when seen in the exclusively luxury segment in FY20. The company delivers a content-led luxury retail experience to its customers through its online and physical presence. In addition to its chain of 50 physical retail stores in 17 cities in India in a multi store format, the company also offers an omni-channel experience to its customers through its website and social media platforms. Ethos has a sizeable portfolio of premium and luxury watches in India enabling it to retail 50 premium and luxury watch brands like Omega, IWC Schaffhausen, Jaeger LeCoultre, Panerai, Bvlgari, H. Moser & Cie, Rado, Longines, Baume & Mercier, Oris SA, Corum, Carl F. Bucherer, Tissot, Raymond Weil, Louis Moinet and Balmain.

The company's first luxury retail watch store was opened in January 2003 in the union territory of Chandigarh by its promoter, KDDL Ltd, (a company which is listed on the BSE and NSE), under the brand name "Ethos". Subsequently, the retail business of the promoter was hived off into the company under the name and style of Kamla Retail Ltd in 2008. The company was renamed Ethos Ltd in 2012, in order to consolidate the business of luxury watch retail under one umbrella for better management and focussed approach.

On the company's website, visitors are assigned highly trained watch consultants, who help the customers to choose from a wide array of choices available. The company provides its customers the ability to shop online or touch and feel their shortlisted watches in the comfort of their homes or at one of its 50 stores. As its offline and online channels are integrated, customers can place orders for the products either offline or online and have the flexibility of buying products at one store and returning at another or browsing the product catalogues and placing orders online with doorstep delivery. Through its website, the company is able to cater to the customers in cities where it does not have any physical presence. The company's omni channel model enables it to add more customers, expanding its reach and providing better watch buying experience to customers.

In addition to its premium and luxury watch retail, the company also undertakes retail of certified pre-owned luxury watches under 'Certified Pre-Owned' (CPO) luxury watch lounge at the National Capital Territory of New Delhi.

Ethos also operates a loyalty programme for its customers. The company's loyalty programme 'Club Echo' is a customer relationship management initiative for providing them a rewarding experience in luxury retail category. Club Echo operates as a dynamic incentive scheme, which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated via Club Echo gives the company access to important information on customers and their buying trends, which further enables it to design appropriate reward and communication strategies leading to greater customer satisfaction.

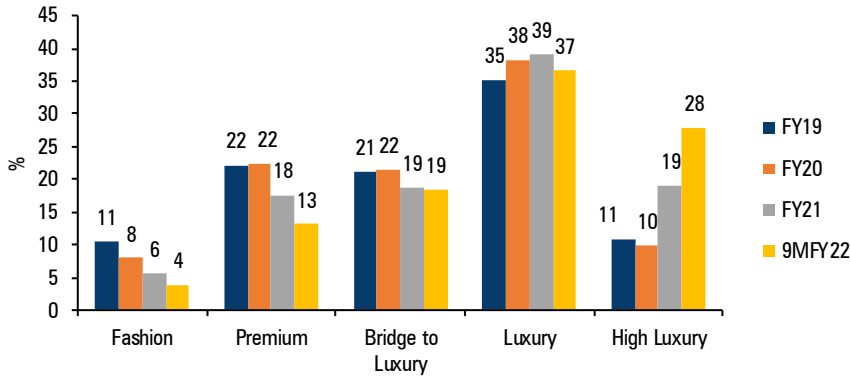
**Exhibit 1: Revenue from Club Echo loyalty programme and repeat purchase trend**

Financial year	Club Echo sales (₹ cr)	Repeat transactions (₹ cr)	Total Billing (₹ cr)	Club Echo %	Repeat share (%) value
	A	B	C	D=A/C	E=B/C
9M FY22	407.7	177.8	487.2	83.7	36.5
FY21	388.9	164.9	448.8	86.7	36.7
FY20	421.6	177.5	524.5	80.4	33.8
FY19	367.5	173.0	512.9	71.6	33.7

Source: Company, ICICI Direct Research

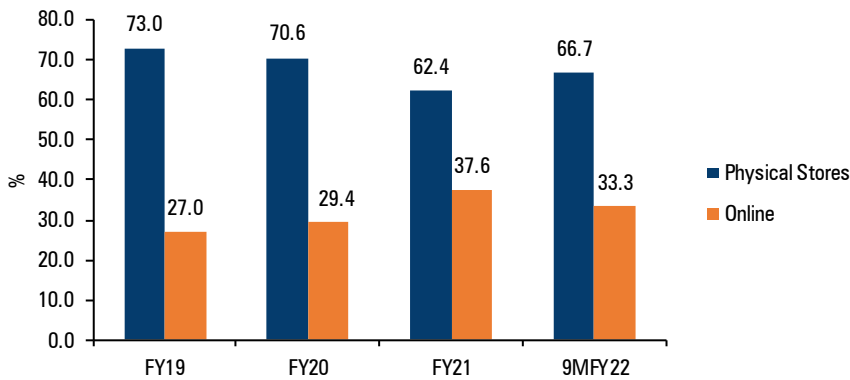
The company sources all of its products directly from third-party brand owners, their subsidiary in India or their authorised dealers. Watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakh and above per watch), luxury watch segment (₹ 2.5-10 lakh per watch), bridge to luxury segment (₹ 1-2.5 lakh per watch), premium segment (₹ 0.25-1 lakh per watch) and fashion and mass segment (up to ₹ 25,000 per watch). The company retails watches in the category of premium, bridge to luxury, luxury and high luxury category.

**Exhibit 2: Product category wise revenue share trend**



Source: RHP, ICICI Direct Research

**Exhibit 3: Channel wise revenue share trend**

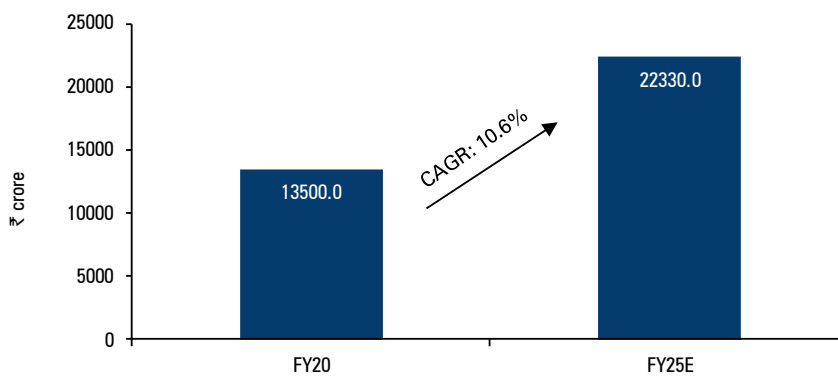


Source: RHP, ICICI Direct Research

## Industry Overview

The watch market in India was valued at ~₹ 13,500 crore in FY20 and is expected to grow at a CAGR of 10.6% to ~ ₹ 22,300 crore by FY25, on back of factors like increased discretionary spend on watches category, opening of more organised channels of purchase like MBOs and online marketplaces & vertical specialists, increased penetration of smartwatches in the mid to premium category, omni-channel market organisation, etc. While sub ₹ 5,000 mass and mid segment of watches account for 30% of the market, fashion segment (₹ 5000-25000) accounts for 21% of the market. The premium, bridge to luxury and luxury segment are collectively estimated to contribute ~49% of the market. While the mass & mid segments account for a large value and volume share in the market, their growth is slow at 5-7%. On the other hand, the fashion & premium segments are growing at a CAGR of ~12%. The luxury segment is growing faster than other segments at a CAGR of 13-14%.

Exhibit 4: Indian watch market



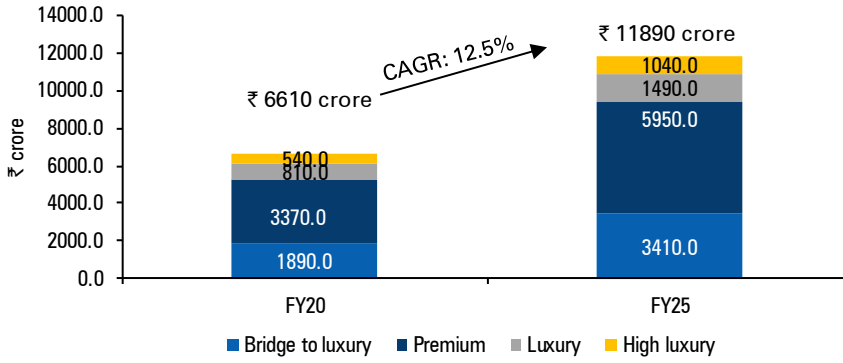
Source: RHP, ICICI Direct Research

Exhibit 5: Segmentation of Indian watch market by price

Category	Price Range (INR)	Key Brands
High Luxury	>10,00,000	ROLEX, GP GIRARD-PERREGAUX, H Moser & Cie., PATEK PHI GENEVE, BOVET 1822
Luxury	2,50,000-10,00,000	OMEGA, ZENITH, PANERAI, BREITLING, CARL F. BUCHERER LUGERNE 1888
Bridge to Luxury	1,00,000 -2,50,000	TITONI, LONGINES, ORIS, RADO, TAG HEUER
Premium	25,000 -1,00,000	TISSOT, SEIKO, MOVADO, RAYMOND WEIL GENEVE, JUNGHANS
Fashion	5,000 -25,000	TITAN RAGA, Fossil, G-SHOCK
Mass	<5,000	PA maximá, SONATA, CASIO

Source: RHP, ICICI Direct Research

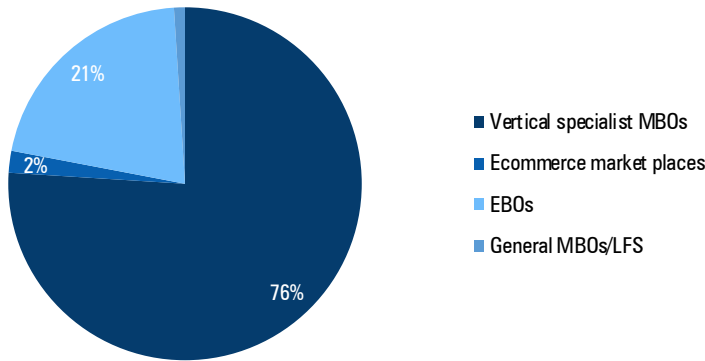
Exhibit 6: Indian premium & luxury watch market- FY20 and FY25P



Source: RHP, ICICI Direct Research

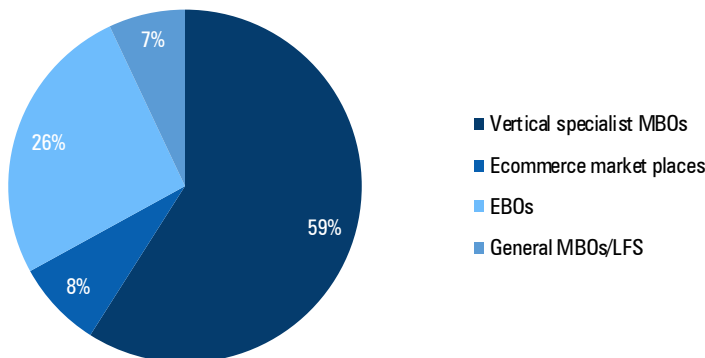
Primarily two routes to market (RTM) exist for luxury and premium brands sold in the country (i) multi brand retail through vertical specialists and (ii) exclusive brand retail outlets. E-commerce and digital outreach are subsumed under both RTMs. Vertical specialist MBO led RTM occupies 58% share of total retail sales of premium and luxury watches in the country whereas EBO led RTM occupies 26% share of this total retail sales. When seen exclusively for luxury segment, vertical specialist MBOs led RTM occupy 76% share of this market (i.e. bridge to luxury & luxury) whereas EBO led RTM occupies 21%. Globally and in India, vertical specialist MBO led retailing is the dominant RTM route for luxury and premium watches given that the MBO route provides cost effective and wider market access for luxury brands. Therefore, vertical specialist MBO is the principle route for luxury brands for volumes and sales whereas EBO route for luxury brands is used by luxury brands to compliment MBOs.

Exhibit 7: Channel share in luxury segment



Source: RHP, ICICI Direct Research

Exhibit 8: Channel share in premium, luxury segment



Source: RHP, ICICI Direct Research

Within the vertical specialist MBO route to market in India, luxury and premium watch retail sales is dominated by national player Ethos and regional/local MBO players like Kapoor Watch and Johnson Watch Company. Ethos has a 13% share of total retail sales in the premium and luxury segment and 20% share when seen in exclusively luxury segment. Within the latter segment where Ethos occupies a 20% share, regional and local players like Kapoor Watch occupy 10% share and Johnson Watch Company occupies 7% share, Zimson occupies 6% share. This makes Ethos the largest retailer in premium & luxury watch retail in the country.

#### Exhibit 9: Market shares of key vertical specialist premium & luxury watch MBOs

Vertical Specialist Premium & Luxury MBOs	Revenue FY20 (₹ Cr)	Share in Luxury Watch Market (%)	Share in Premium, & Luxury Watch Market (%)
Ethos Ltd	457.8	20.0	13.0
Kapoor Watch	242.4	10.0	7.0
Johnson Watch	161.6	7.0	4.0
Zimson	150.5	6.0	4.0
Kamal Watch	111.2	5.0	3.0
Khimani Watch	55.9	2.0	2.0
Helvetica Boutique	35.7	2.0	1.0

Source: RHP, ICICI Direct Research

The share of organised market for premium & luxury watches is expected to increase from 92% in FY20 to 94% by FY25, owing to growth of organised players, led by vertical specialists. The share of organised market for luxury watches is expected to grow from 94% in FY20 to 95% in FY25.

## Key Strategies

### Maintain leadership position in attractive luxury watch market

The watch market in India was valued at ₹ 13,500 crore in FY20 and is expected to grow at a CAGR of 10.6% to reach ₹ 22,300 crore by FY25. The watch industry in India is dominated by the organised sector having 65% share of the overall market, and unorganised market contributing to 35% of the overall market. While the organised watch market in FY20 was estimated at ₹ 8,700 crore, the unorganised market was ~₹ 4,780 crore. The branded players sell through both organised and unorganised channels, especially in the mass-mid and fashion segments. While premium and bridge to luxury sell majority through organised channel, luxury players exclusively through organised market, leading to the organised market contributing to 92% of the market for premium & luxury watches. The company is the largest retailer for luxury watches in India commanding 20% market share of the organised market for luxury watch retail in India. It has a sizeable portfolio of premium and luxury watches in India enabling it to retail 50 premium and luxury watch brands. Ethos intends to maintain its leadership position through combination of expanding its retail footprint and enhancing its online presence as well.

### Leveraging access to luxury customers to expand into other luxury verticals

The company intends to leverage its strength of understanding of the luxury market, customers and products, reputation for authentic, high-end luxury products complemented by consistent customer service to foray into other luxury products in a short to medium term. Through its certified pre-owned (CPO) platform, Ethos has ventured into the sale of pre-owned luxury watches and intends to expand into other luxury category goods such as luggage, eyewear, writing instruments, jewellery among other luxury products. The company has recently entered into an agreement with Rimowa, for retailing their range of luxury luggage and Messika for retailing their range of luxury jewellery in India. The company aims to increase the product offerings in its current brand portfolio of luxury watches and add newer long-term focused brands in other product categories.

### Focus on expansion of physical store network, enhancement of market share

The company intends to continue to focus on sustained growth of its luxury watches business. The strategy for continued growth and market share gain is focused on (a) successfully executing its pipeline of new store projects as well as identifying attractive locations for opening new company-branded stores or mono-brand stores or relocating existing stores and continuing to upgrade its existing stores as and when necessary; (b) growing sales and improving margins in its existing stores and via the online channel through product, merchandising, marketing, training, logistics and technological initiatives; and (c) proactively managing its store portfolio to improve operating margins.

### Growing its certified pre-owned luxury watch retail business

The global CPO luxury watch market was valued at US\$18 billion in CY20. It is expected to grow at a CAGR of 9% from CY19 to CY25, creating an opportunity for brands and retailers to take proactive steps to shape demand. It is expected that by CY25, the global CPO watch market would reach US\$27 billion. The adoption of second-hand luxury watch market is emerging as one the key reasons for the growth and acceptance of luxury watches globally. The global CPO market, which is a complimentary market, over and above the overall global market for premium & luxury watches, was almost 33% the size of the overall premium and luxury watch market globally in CY20. Its size is expected to be 46% of the overall market in CY25. The overall luxury pre-owned market in India was valued at ~₹ 40-50 crore in FY20, which is largely dominated by the unorganised sector contributing almost 80% of the market. The organised sector offering certification on pre-owned luxury watches is at a nascent stage in India. The CPO share in India is currently miniscule and dominated by the company's CPO business. This market, however, presents an

opportunity to grow significantly from the current base, in line with global trends. The company's 50 retail stores across India that act as off-line touch point with customers, allows it to ask customers about trading in an older watch and get store-credit reimbursable on new watches. The company also has a dedicated website for certified pre-owned watches, which acts as a digital touch point. Website visitors can also share details and pictures of their timepieces for evaluation online. This allows the company to capture procurement intent online as well.

### Widening brand portfolio offering for customers

The company has a track record of being brand custodians and not solely being focused on transactional commerce. As part of its continuous efforts to offer the widest assortment of brands to its customer base, the company plans to continue to invest in entering into new brand relationships. It will also continue to nurture the existing brand relationships. The company endeavours to improve sales and, hence, create value for its brand relationships through improved merchandising, refined marketing and new data driven brand specific experiences. Ethos wants to ensure that its platform maintains its position as a go-to premium and luxury watch retail destination for its diverse brand relationships. Many of the world's leading watch brands are not yet present in India. The company intends to partner with them and bring these brands to India. In addition to increasing the brand portfolio, Ethos also intends to enter into and increase its exclusive arrangements for sale and marketing of premium and luxury watch brands in India. Currently, the company has brands like Carl F Bucherer, Raymond Weil, Oris SA, Corum, Parmigiani among others, which are retailed only through the company in the Indian market. With its omni channel model and access to customer data through own website, Ethos believes brands will find it easier to work with a single partner in India and/or give it the distribution rights of the brand thereby creating a wide array of brands that is likely to be a key competitive differentiating factor.



## Key Risk

### Absence of definitive agreements with brands/suppliers

The company's business is dependent on its ability to source products from suppliers. Ethos competes with other watch stores and retailers for access to suppliers that provide it with the necessary quality and quantity of merchandise to operate the business and the company's operations depends on its ability to maintain good relationships with its suppliers. Any deterioration in the company's relationship with its suppliers and the level of support it receives from the suppliers may impact the company's business operations. Ethos' reputation and brand image may be impaired if the company or its brands fail to maintain high ethical, social levels and/or its suppliers become subject to other negative events or adverse publicity. Any of these events could have a material adverse effect on the company's business, financial condition and results of operations.

### Inability to forecast demand, maintain optimum inventory levels

The success of the company's business depends on its ability to anticipate and forecast customer demand and trends. Ethos' inability to forecast could result in either surplus stock, which it may not be able to sell in a timely manner, or at all, or under stocking, which could affect its ability to meet customer demand. An optimal level of inventory is important to the company's business as it allows it to respond to customer demand effectively and to maintain a full range of products at its stores.

### High revenue concentration from top three stores

The sales for the nine-month period ended December 31, 2021 are concentrated in certain Tier I cities in India in a relatively small number of stores. The top three stores are located in National Capital Territory of Delhi and Bengaluru, Karnataka. The total contribution of stores at Chanakyapuri, Select City Walk in National Capital Territory of Delhi and UB City Bengaluru, Karnataka is ~ 34% of total revenues. If sales in these stores are affected, or if any of these locations are affected it may impact the company's results of operations.

### Inability to renew lease of stores, warehouses

The company's stores are operated on properties that are either leased or obtained on a leave and license basis and the company is exposed to the market conditions of the retail rental market. Further, the company's registered office, corporate office and warehouses are also on a lease and leave-and-license basis. Ethos generally enters into lease agreements with initial terms of 11 months to nine years. Certain of these agreements have lock in periods preventing the company and/or the lessors from terminating the agreement within a stipulated period, without forfeiting the security deposit provided. While the company has renewal options for certain of its leases, it typically needs to renegotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement. If Ethos is unable to renew leases for its store on acceptable terms or at all, it may have to close or relocate to other locations, which would eliminate the sales that those stores would have contributed to the company's revenues during the period of closure and also could subject the company to construction, renovation and other costs and risks.

## Financial summary

Exhibit 1: Profit and loss statement					₹ crore
(Year-end March)	FY19	FY20	FY21	9MFY22	
<b>Net Sales</b>	443.5	457.9	386.6	418.6	
Growth (%)		3.2	(15.6)		
Total Raw Material Cost	315.3	329.0	281.7	300.4	
Gross Margins (%)	28.9	28.1	27.1	28.2	
Employee Expenses	33.1	33.2	29.2	30.9	
% to sales	7.5	7.2	7.6	7.4	
Other Expenses	38.4	44.1	36.0	41.8	
% to sales	8.6	9.6	9.3	10.0	
Total Operating Expenditure	386.8	406.3	346.8	373.0	
<b>EBITDA</b>	56.7	51.6	39.7	45.6	
EBITDA Margin	12.8	11.3	10.3	10.9	
Interest	16.1	19.6	17.0	11.9	
Depreciation	25.7	32.8	31.4	22.8	
Other Income	1.6	3.2	16.6	10.8	
Share of JV	-	(0.3)	0.1	-	
PBT	16.5	2.0	8.1	21.6	
Total Tax	6.6	3.3	2.3	5.6	
<b>Profit After Tax</b>	9.9	(1.3)	5.8	16.0	

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement					₹ crore
(Year-end March)	FY19	FY20	FY21	9MFY22	
Profit Before Tax	16.5	2.0	8.1	21.6	
Add: Depreciation	25.7	32.8	31.4	22.8	
Add: Finance Cost	16.1	19.6	17.0	11.9	
Others	-1.5	0.3	-16.2	-9.9	
Net (Increase)/decrease in WC	-50.5	-11.7	26.0	-23.1	
Tax paid	-7.4	-6.1	-2.7	-4.8	
<b>CF from operating activities</b>	<b>-1.2</b>	<b>37.0</b>	<b>63.5</b>	<b>18.6</b>	
(Inc)/dec in Fixed Assets	-13.0	-14.3	-9.6	-7.2	
Others	1.1	-0.3	-0.4	-10.3	
<b>CF from investing activities</b>	<b>-11.9</b>	<b>-14.6</b>	<b>-10.0</b>	<b>-17.6</b>	
Inc / (Dec) in Equity/preference share	29.2	21.0	0.0	26.4	
Inc / (Dec) in Loan	13.8	-1.3	-23.8	34.8	
Others	-29.6	-39.8	-21.2	-19.1	
<b>CF from financing activities</b>	<b>13.3</b>	<b>-20.2</b>	<b>-45.0</b>	<b>42.1</b>	
Net Cash flow	0.28	2.28	8.5	43.1	
Opening Cash	7.3	7.6	9.8	18.3	
<b>Closing Cash</b>	<b>7.6</b>	<b>9.8</b>	<b>18.3</b>	<b>61.4</b>	

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet					₹ crore
(Year-end March)	FY19	FY20	FY21	9MFY22	
Equity Capital	16.9	18.2	18.2	18.8	
Reserve and Surplus	113.5	131.7	137.4	179.3	
Total Shareholders funds	130.4	149.9	155.6	198.1	
Non Controlling interests	-	-	-	-	
Total Debt	77.1	75.7	52.0	86.8	
Non Current Liabilities	72.5	99.5	88.9	93.4	
<b>Source of Funds</b>	<b>280.0</b>	<b>325.1</b>	<b>296.5</b>	<b>378.2</b>	
Net Fixed Assets	21.2	30.6	30.7	35.1	
Capital WIP	4.4	0.7	3.8	0.3	
Intangible assets	1.0	0.8	0.7	0.6	
Right of use assets	67.9	93.4	79.3	81.7	
Investments	1.2	1.8	3.0	13.7	
Inventory	205.6	218.6	197.8	239.6	
Cash	7.6	9.8	18.3	61.4	
Debtors	8.9	9.8	12.2	9.9	
Loans & Advances & Other CA	29.3	37.2	27.1	28.0	
Total Current Assets	251.4	275.5	255.3	338.9	
Creditors	67.6	72.4	72.0	83.9	
Provisions & Other CL	21.4	24.4	23.5	31.9	
Total Current Liabilities	89.0	96.8	95.5	115.8	
Net Current Assets	162.4	178.7	159.8	223.1	
LT L& A, Other Assets	21.9	19.2	19.3	23.7	
Other Assets	0.0	0.0	0.0	0.0	
<b>Application of Funds</b>	<b>280.0</b>	<b>325.1</b>	<b>296.5</b>	<b>378.2</b>	

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios					₹ crore
(Year-end March)	FY19	FY20	FY21	9MFY22	
<b>Per share data (₹)</b>					
Diluted EPS	4.3	-0.6	2.5	7.0	
Cash EPS	15.4	13.7	16.1	16.8	
BV Per Share	56.6	65.0	67.5	85.9	
Cash Per Share	3.8	5.0	9.2	32.6	
<b>Operating Ratios (%)</b>					
EBITDA margins	12.8	11.3	10.3	10.9	
PBT margins	3.7	0.4	2.1	5.2	
Net Profit margins	2.2	-0.3	1.5	3.8	
Inventory days	169.2	174.3	186.7		
Debtor days	7.3	7.8	11.5		
Creditor days	55.6	57.7	68.0		
<b>Return Ratios (%)</b>					
RoE	7.6	-0.9	3.7		
RoCE	15.7	9.7	12.0		
<b>Valuation Ratios (x)</b>					
P/E	204.6	-1,544.6	349.8		
EV / EBITDA	36.9	40.5	51.7		
EV / Sales	4.7	4.6	5.3		
Market Cap / Revenues	4.6	4.4	5.2		
Price to Book Value	15.5	13.5	13.0		
<b>Solvency Ratios</b>					
Debt / Equity	0.6	0.5	0.3		
Debt/EBITDA	1.4	1.5	1.3		
Current Ratio	2.8	2.8	2.7		
Quick Ratio	0.5	0.6	0.6		

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective (>two years)



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