June 09, 2022

Ethos Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed Deposits	30.0	30.0	[ICRA]BBB+ (Positive); Migrated from MA- (Positive)
Fund-based/Cash Credit	56.00	56.00	[ICRA]BBB+(Positive); Outstanding
Fund-based/Term loan	3.65	3.65	[ICRA]BBB+(Positive); Outstanding
Non-fund Based	5.35	5.35	[ICRA]A2; Outstanding
Unallocated	5.00	5.00	[ICRA]BBB+(Positive)/[ICRA]A2; Outstanding
Total	**100.0**	**100.0**	

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of Ethos Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Retail
Parent/Group Support	Not Applicable
Consolidation/Standalone	Consolidated

About the company

Incorporated in 1981, KDDL manufactures watch components like dials, hands and precision engineering goods under the brand name, Eigen. The company is a leading supplier of high-quality dials and hands to watch manufacturers in India and Switzerland. KDDL has presence in Switzerland through its subsidiary, Pylania SA, which is involved in the business of manufacturing dials and hands for Swiss watch companies. While Ethos Limited is India's largest chain of luxury watch boutiques. Ethos collection of watches include luxury watches which includes Rolex, Hublot, Panerai, Victorinox, Longines, Oris, Rado etc.

Status of non-cooperation with previous CRA:

CRISIL has migrated the ratings to 'CRISIL FB+ (Stable) ISSUER NOT COOPERATING' on December 31, 2020; on best available information with the credit rating agency.

https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/Ethos_Limited_December_31_2020_RR.html

Any other information: None

Rating history for past three years

S.No.	Instrument	Current Rating (FY2023)				Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Current Rating	FY2022	FY2021	FY2020	
					09-Jun-22	8-Dec-21	8-Dec-20	7-Jan-20	10-May-19
1	Fund-based/Cash Credit	Long-term	56	56	[ICRA]BBB+(Positive);	[ICRA]BBB+(Positive);	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2	Fund-based/Term loan	Long-term	3.65	3.3	[ICRA]BBB+(Positive);	[ICRA]BBB+(Positive);	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3	Non-fund Based	Short-term	5.35	5.35	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2
4	Unallocated	Long-term/Short-term	5	5	[ICRA]BBB+(Positive) /[ICRA]A2	[ICRA]BBB+(Positive) /[ICRA]A2	[ICRA]BBB+(Stable)/ [ICRA]A2	-	-
5	Fixed Deposits	Long-term	30	30	[ICRA]BBB+(Positive);	MA-(Positive)	MA- (Stable)	MA- (Stable)	MA- (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based/Cash Credit	Simple
Fund-based/Term loan	Simple
Non-fund Based	Very Simple
Unallocated	NA
Fixed Deposits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based/Cash Credit	-	NA	-	56.00	[ICRA]BBB+(Positive)
NA	Fund-based/Term loan	FY2021	NA	FY2025	3.65	[ICRA]BBB+(Positive)
NA	Non-fund Based	-	NA	-	5.35	[ICRA]A2
NA	Unallocated	-	NA	-	5.00	[ICRA]BBB+(Positive)/[ICRA]A2
NA	Fixed Deposits	-	NA	-	30.0	[ICRA]BBB+(Positive)

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
KDDL Limited	-	Full Consolidation
Subsidiaries		
Ethos Limited	75.56%	Full Consolidation
Pylania SA	85.00%	Full Consolidation
Kamla International Holdings SA	100.00%	Full Consolidation
Mahen Distribution Limited	98.72%	Full Consolidation
Satva Jewellery and Design Limited	100.00%	Full Consolidation
Cognition Digital LLP	73.55%	Full Consolidation
Kamla Tesio Dials Limited	30.00%	Full Consolidation
Estima AG	95.50%	Full Consolidation

Source: *KDDL Limited annual report FY2021*

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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