

May 29, 2026

## KDDL Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term- Fund-based/ Cash credit	29.00	29.00	[ICRA]A+ (Stable); reaffirmed
Long-term Fund-based/term loan	53.01	53.01	[ICRA]A+ (Stable); reaffirmed
Short-term- Non-fund based	37.00	37.00	[ICRA]A1+; reaffirmed
Fixed deposits	15.00	15.00	[ICRA]A+ (Stable); reaffirmed
Fund-based limits - Others	3.00	13.00	[ICRA]A+ (Stable)/ [ICRA] A1+; reaffirmed
Long-term unallocated	10.00	0.00	-
<b>Total</b>	<b>147.01</b>	<b>147.01</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings reaffirmation reflects ICRA's opinion that KDDL Limited's (KDDL) operational and financial performances will remain healthy, supported by an expanding retail business of watch and improvement in demand conditions in the watch components manufacturing business, in addition to its strong liquidity position. The ratings favourably factor in KDDL's prominent market position in the watch components segment as a leading supplier of watch hands and dials, and established relationships with leading global luxury watch manufacturers. KDDL continues to benefit from its subsidiary Ethos Limited's (Ethos) position as the largest organised luxury watch retailer in the country. Ethos has continued to witness healthy sales traction across its expanding store network with increasing average realisations and healthy same-store-sales growth (around 14% in FY2026). ICRA notes that the watch components segment continues to face volume headwinds owing to muted demand for Swiss watches across key consuming geographies globally. Nevertheless, the impact of subdued export volumes for watch components has been largely mitigated by improved export realisations in FY2026, on the back of INR depreciation. KDDL's consolidated revenue increased by 30% in FY2026 as revenues from both the manufacturing and the retail (Ethos) segments grew in tandem. Further, the company has benefited from sustained traction in the domestic market and robust growth across its other business segments, including precision engineering, bracelets, and ornamental packaging, which have collectively strengthened the revenue stream. Increased cost of imported watches due to INR depreciation, higher marketing spends and front-loaded expenses for manpower and rentals, among others, for new stores launched by Ethos led to a decline in its operating margin, leading to a contraction in the consolidated operating margin to 14.3% in FY2026 from 16.7% in FY2025, though the standalone operating margin of KDDL remained resilient at 21.5% in FY2026 vis-à-vis 22.0% in FY2025. The consolidated net profit declined marginally in FY2026 despite healthy revenue growth, however, the same remained robust at an absolute level. The profitability trajectory will remain a key monitorable, going forward.

The debt coverage metrics of the Group have remained comfortable, supported by healthy earnings and limited dependence on external debt as a large part of its planned expansion, primarily in the retail business, is being funded through internal accruals and sizeable equity infusions by external investors in recent years. KDDL (along with its wholly-owned subsidiary, Mahen Distribution Limited) diluted its stake in Ethos in FY2024 and FY2025, a part of which has been utilised for buyback of shares of KDDL Limited and the remaining portion would be utilised to fund new ventures of the Group in the medium term. ICRA also notes the successful completion of the rights issue of around Rs. 406 crore in Ethos Limited in FY2026. While availability of sizeable free cash and cash equivalents for expansion provides scope for healthy business growth, the quantum of investments and external funding would remain monitorable.

The ratings remain constrained by susceptibility of the watch manufacturing segment to demand volatility in the global market in the luxury and high luxury segments. Additionally, the company is exposed to forex fluctuation risks due to a significant import by Ethos, however, the same is partially mitigated by natural hedge due to export of watch components and a formal hedging policy followed by the Group. Moreover, the business remains working capital intensive, led by high inventory requirements in retail along with moderate inventory holding and receivables for the manufacturing segment. The company

is also exposed to competition from other domestic players and various international brands in the retail business and from other global manufacturers in the manufacturing segment. The Group's ability to sustain healthy revenues and earnings amid competition and the inherent cyclicity in demand would remain important from the credit perspective.

The Stable outlook on the long-term rating reflects ICRA's view that KDDL's revenue growth and operating margin at the consolidated level will remain adequately supported by steady expansion in the store network and traction in retail demand for luxury watches in the Indian market and healthy performance of the new businesses including precision engineering, bracelet and ornamental packaging, partly offset by the muted volumes for exports of watch components. The company is expected to largely rely on existing cash and bank balances and internal accruals to fund the capex plans, supporting the liquidity and debt coverage indicators.

## Key rating drivers and their description

### Credit strengths

**Established market position** – KDDL has a prominent market position in manufacturing watch components as a leading supplier of watch hands and dials, enjoying established relationships with leading luxury watch manufacturers in the world like Swatch, Tag Heuer, Gucci, and Breitling, among others. Further, its subsidiary, Ethos, is the largest organised luxury watch retailing company in the country and the only organised Indian player in the certified pre-owned watch segment and operates from more than 100 stores spread across 32 cities in India (as of May 2026).

**Healthy demand across precision engineering and luxury watch retail segment in India** – At the consolidated level, KDDL's revenues have grown at a healthy rate of around 30% in FY2026. Ethos Limited witnessed a revenue growth of around 29% on a consolidated basis in FY2026. Healthy traction in the luxury and high luxury watches segment along with INR depreciation led to an increase in the average selling prices. The share of revenues from the luxury and high luxury segment has been growing since the past couple of years. The Group's increasing portfolio of exclusive brand sales, coupled with ongoing store network expansion and plans to foray into other luxury jewellery and fashion segments, augur well for its business prospects and are expected to strengthen its market position. Increasing disposable income and improving lifestyle in India are likely to drive demand for products in the premium/luxury segment, as witnessed in the recent past. Also, a healthy demand environment in the precision engineering segment is expected to continue to support the revenue growth, going forward.

**Comfortable financial leverage and debt coverage metrics** – The consolidated gearing remained conservative at 0.3 times as on March 31, 2026. The coverage indicators also remained healthy in the absence of any major external debt, as reflected in the interest coverage and DSCR of 7.3 times and 2.5 times, respectively in FY2026. The debt coverage metrics of the Group are supported by healthy earnings and limited dependence on external debt as a large part of its planned expansion, primarily in the retail business, is being funded through internal accruals and sizeable equity infusions by external investors in recent years. In the absence of any major debt-raising plans, the company's coverage metrics are expected to remain healthy, supported by steady growth and profitability.

### Credit challenges

**Demand vulnerability of watch components** – The watch component manufacturing segment continues to witness demand headwinds due to slowdown in demand for Swiss watches from the key consuming regions. Given the non-discretionary nature of luxury watches, demand for the products is impacted amid a muted macro-economic environment. Nevertheless, the impact of subdued export volumes for watch components was largely mitigated by improved export realisations in FY2026 on the back of INR depreciation. While there has been some improvement in demand in the recent months, a meaningful recovery is expected only over the next couple of quarters.

**High working capital intensity of operations** – The company's working capital intensity remained high, with the net working capital relative to operating income of around 35% in FY2026, and the trend is expected to continue, largely driven by the high inventory level required at the Ethos' stores. The manufacturing segment also has raw material and work-in-progress (WIP) stocking requirements and a moderate receivable period, given the high contribution of exports. As Ethos is expected to expand its footprint across the country, along with increasing high-value and exclusive brand sales, the overall inventory

requirement will remain high. However, the incremental funding requirement for the same will be largely met through unutilised QIP and rights issue proceeds, internal accruals and the reliance on working capital debt will remain limited in the medium term.

**Exposed to forex risks** – In the manufacturing segment, the company is exposed to forex fluctuations as it is a net exporter and is highly dependent on the Swiss market. However, the retailing business is a net importer as a substantial portion (watches) is imported. At the consolidated level, imports are significantly higher than exports, exposing the Group to foreign currency fluctuation risk. However, ICRA notes that KDDL receives periodic price revisions from brands and the Group follows a structured hedging policy to partly cover the forex receivables/payables.

## Environmental and social risks

**Environmental considerations** – The company manufactures watch hands and dials and is involved in retailing of watches through its subsidiary, which are not exposed to material environmental risks. However, episodes of excessive rainfall/flooding in the operating regions may impact the manufacturing operations and footfall at its stores.

**Social considerations** – KDDL has high dependence on human capital as requirements of skilled craftsmen and manpower are critical to its operations. Retaining human capital, maintaining healthy employee relationships and a safe work environment remain essential for disruption-free operations. The retail business remains exposed to changes in consumer behaviour. With a relatively higher requirement of workforce for store operations and manufacturing, the level of wages and associated fixed costs could weigh on the margins, given the nature of work, which requires skilled manpower.

## Liquidity position: Strong

KDDL's liquidity position is strong on account of healthy fund flow from operations (around Rs. 200 crore in FY2026) and moderate cushion available in its working capital limit, which are likely to comfortably meet working capital requirements to support business growth and debt repayments. The retail segment has sizeable drawing power for working capital against which the sanctioned limits are nil at present, which also provides adequate headroom to tie up incremental working capital, if such need arises. The company's free cash levels (at the consolidated level) grew significantly to around Rs. 735 crore on March 31, 2026, supported by accumulation from rights issue proceeds in FY2026 and QIP funds raised earlier for setting up new Ethos stores. This would ensure availability of internal funds for capex (Rs. 140-150 crore incurred annually over the last two fiscals) for strengthening manufacturing infrastructure, store addition and maintenance, supporting the liquidity position. The repayment obligations are modest at Rs. 9.9 crore in FY2027 and Rs. 6.6 crore in FY2028 compared to the internal accruals and free cash available.

## Rating sensitivities

**Positive factors** – The long-term rating could be upgraded if the company demonstrates a steady growth in revenues and earnings of the watch component manufacturing and watch retailing segments, while ramping up the new businesses including precision engineering, leading to revenue and customer base diversification. Maintenance of healthy debt protection metrics and strong liquidity position would also remain imperative for a rating upgrade.

**Negative factors** – Pressure on the ratings could emerge in case of a sustained decline in revenues and earnings on the back of subdued demand for watches and watch components or other factors including reduced competitiveness on account of increased costs, adverse currency fluctuations etc. leading to pressure on its debt metrics. Further, delayed ramp-up of new stores impacting the overall profitability metrics or elongation of the working capital cycle, exerting pressure on liquidity may also warrant ratings downgrade. Sustained weakening in Total Debt/OPBIDTA to more than 1.5 times might also result in ratings downgrade.

## Analytical approach

Analytical approach	Comments
---------------------	----------

<b>Applicable rating methodologies</b>	<a href="#">Corporate Credit Rating Methodology Retail</a>
<b>Parent/Group support</b>	Not Applicable
<b>Consolidation/Standalone</b>	For arriving at the ratings, ICRA has considered the consolidated financials of KDDL. The list of companies consolidated is given in Annexure-III.

## About the company

Incorporated in 1981, KDDL manufactures watch components like dials, hands and bracelets as well as precision engineering goods under the brand name, Eigen. The company is a leading supplier of high-quality dials, hands and bracelets to watch manufacturers in India and Switzerland. KDDL is present in Switzerland through its subsidiaries, Pylania SA and Estima AG, which are involved in trading and manufacturing of dials and hands for Swiss watch companies, respectively. KDDL's subsidiary, Ethos, was incorporated in 2003. The company is engaged in retailing luxury watches in India. It retails various premium and luxury watch brands such as Omega, Jaeger LeCoultre, Panerai, Bvlgari, H. Moser & Cie, Rado, Longines, and Tissot, among others. The company runs more than 100 retail stores across 32 cities in India (as on May 27, 2026), including New Delhi, Mumbai, Bengaluru, Hyderabad, Chennai and Kolkata.

## Key financial indicators (audited)

KDDL Consolidated	FY2024	FY2025	FY2026
<b>Operating income</b>	1,396.5	1,654.1	2,153.4
<b>PAT</b>	136.7	142.2	135.4
<b>OPBDIT/OI</b>	18.7%	16.7%	14.3%
<b>PAT/OI</b>	9.8%	8.6%	6.3%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.4	0.5	0.4
<b>Total debt/OPBDIT (times)</b>	1.0	1.6	1.7
<b>Interest coverage (times)</b>	7.9	6.9	7.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore.

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	FY2027	FY2026		FY2025		FY2024	
			May 29, 2026	Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	29.00	[ICRA]A+ (Stable)	29-MAY-2025	[ICRA]A+ (Stable)	24-MAY-2024	[ICRA]A+ (Stable)	10-AUG-2023	[ICRA]A (Stable)
Long term / short term-others-fund based	Long Term/Short Term	13.00	[ICRA]A+ (Stable)/[ICRA]A1+	29-MAY-2025	[ICRA]A+ (Stable)/[ICRA]A1+	-	-	-	-
Long term-term loan-fund based	Long Term	53.01	[ICRA]A+ (Stable)	29-MAY-2025	[ICRA]A+ (Stable)	24-MAY-2024	[ICRA]A+ (Stable)	10-AUG-2023	[ICRA]A (Stable)
Long term-unallocated	Long Term	0.00	-	29-MAY-2025	[ICRA]A+ (Stable)	24-MAY-2024	[ICRA]A+ (Stable)	10-AUG-2023	[ICRA]A (Stable)
Short term-others-non fund based	Short Term	37.00	[ICRA]A1+	29-MAY-2025	[ICRA]A1+	24-MAY-2024	[ICRA]A1+	10-AUG-2023	[ICRA]A1
Fixed deposit	Long Term	15.00	[ICRA]A+ (Stable)	29-MAY-2025	[ICRA]A+ (Stable)	24-MAY-2024	[ICRA]A+ (Stable)	10-AUG-2023	[ICRA]A (Stable)

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term Loans	Simple
Non-fund Based	Simple
Fixed Deposits	Simple
Unallocated Limits	Not applicable
Fund based limits -others	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 analysing 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 are available on ICRA's website: [Click here](#)

## Annexure II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund -based/Cash Credit	NA	NA	NA	29.00	[ICRA]A+(Stable)
NA	Fund-based/Term loan	2018	NA	FY2027	53.01	[ICRA]A+(Stable)
NA	Non-fund Based	NA	NA	NA	37.00	[ICRA]A1+
NA	Fixed deposits	NA	NA	NA	15.00	[ICRA]A+(Stable)
NA	Fund based limits - others	NA	NA	NA	13.00	[ICRA]A+(Stable)/ [ICRA] A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure III: List of entities considered for consolidated analysis**

<b>Company Name</b>	<b>Ownership</b>	<b>Consolidation Approach</b>
<b>KDDL Limited</b>		Full consolidation
<b>Ethos Limited*</b>	50.12%	Full consolidation
<b>Pylania SA</b>	100.00%	Full consolidation
<b>Kamla International Holdings AG</b>	100.00%	Full consolidation
<b>Mahen Distribution Limited</b>	100.00%	Full consolidation
<b>Kamla Business Services Limited</b>	99.99%	Full consolidation
<b>Cognition Digital LLP</b>	99.99%	Full consolidation
<b>Pasadena Retail Private Limited</b>	50.00%	Equity Method
<b>Ethos Lifestyle Private Limited (Formerly RF Brands Private Limited)</b>	37.62%	Full consolidation
<b>Ficus Trading LLC</b>	100.00%	Full consolidation
<b>Micron Watch Services Private Limited</b>	50.10%	Full consolidation
<b>Artisan Watch Products Private Limited</b>	80.00%	Full consolidation
<b>Estima AG</b>	100.00%	Full consolidation
<b>Favre Leuba GmbH</b>	92.63%	Full consolidation
<b>Silvercity Brands AG</b>	93.10%	Full consolidation

Source: Company, \*Direct and indirect ownership

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545328

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Kinjal Shah**

+91 22 6114 3400

[kinjal.shah@icraindia.com](mailto:kinjal.shah@icraindia.com)

**Sovanlal Biswas**

+91 33 6521 6808

[sovanlal.biswas@icraindia.com](mailto:sovanlal.biswas@icraindia.com)

**Viren Jhunjunwala**

+91 22 6169 3328

[viren.jhunjunwala@icraindia.com](mailto:viren.jhunjunwala@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## 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](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.