

Growth Story Remains Intact; Maintain BUY
Est. Vs. Actual for Q2FY25: Revenue – **BEAT**; EBITDA – **MISS**; PAT – **MISS**
Changes in Estimates post Q2FY25
FY25E/FY26E – Revenue: 0%/0%; **EBITDA:** -4%/0%; **PAT:** -8%/-2%

Recommendation Rationale

- **Robust Results:** Ethos delivered robust topline growth of 26% YoY in Q2FY25 (22.6% in H1FY25 and 15.5% SSSG), driven by 17% YoY volume growth and an increased share of its exclusive brand portfolio, which now represents 31% in Q2. The management noted challenges during the quarter due to heavy rainfall and the Shraddh period but remains optimistic about Q3, buoyed by the festive and wedding season. Notably, Oct'24 was a record month, with 47% YoY growth, indicating strong momentum heading into the rest of the fiscal year.
- **Encouraging EBITDA growth:** EBITDA grew by 13% YoY, with EBITDA margins at 14.2%, down 166bps YoY due to forex fluctuations (Rs 4.65 Cr) and increased staff and rental costs from new store openings. Adjusting for forex fluctuations, Adj EBITDA grew by 26% YoY to Rs 47 Cr, while Adj EBITDA margins stood at 15.8% YoY.
- **Strong store addition:** The company added 12 stores in H1FY25 taking the total store count to 72. It plans to add 13 more stores in H2FY25 keeping the store opening guidance of 22-23 stores in FY25.
- **The structural story remains strong:** Ethos's promising future is underpinned by the company's robust and consistent performance over the last several quarters. This will be driven by – 1) Continued strong structural demand in the premium and luxury watch space, 2) Rapid store expansion guidance across the watch and lifestyle segment, 3) Foray into the fast-growing CPO segment, 4) Increasing share of high-margin exclusive brands, and 5) Diversification and scaling of another luxury segment – Luggage and Jewellery.

Sector Outlook: Positive
Company Outlook & Guidance: We have cut our FY25/26E EPS estimates and increased our target multiple as the mid/long-term outlook remains positive.

Current Valuation: 45xSep-26 EPS (Earlier Valuation: No change)

Current TP: Rs 3,450/share (Earlier TP: Rs 3,600/share).

Recommendation: We maintain our **BUY** rating on the stock

Financial Performance: Ethos delivered strong topline performance despite a challenging environment, with revenue growth of 26% YoY (22.6% in H1FY25 and 15.5% SSSG), driven by a 17% YoY increase in volume and a higher share of its exclusive brand portfolio. EBITDA grew by 13% YoY, although EBITDA margins declined by 166 bps to 14.2% due to currency fluctuations and increased operational costs related to new store openings in their early stages. Adjusted EBITDA grew by 26% YoY, with an adjusted EBITDA margin of 15.8%. PAT rose to Rs 21 Cr, reflecting a 14% YoY increase, consistent with EBITDA growth.

Lifestyle Division: RIMOWA continues demonstrating strong growth, supported by solid operational metrics such as ROCE and EBITDA. Ethos aims for an 8-10x expansion in its RIMOWA business over the next five years. Additionally, Ethos plans to open its first Messika jewellery store in New Delhi in January 2025, with a target of launching 8-10 stores over the next five years. Management also noted that it is in active discussions with several luxury brands to introduce to the Indian market and anticipates onboarding some of them next year.

Key Financials (Consolidated)

(Rs Cr)	Q2FY25	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	297	8.7	26.3	278	7.1
EBITDA	42	(2.6)	13.1	45	(5.4)
EBITDA Margin (%)	14.2	-165 bps	-166 bps	16.0	-186 bps
Net Profit	21	(6.8)	14.3	23	(8.8)
EPS (Rs)	8.7	(6.8)	9.0	9.5	(8.8)

Source: Company, Axis Research

 (CMP as of 8th November 2024)

CMP (Rs)	2831
Upside /Downside (%)	22%
High/Low (Rs)	3514/1768
Market cap (Cr)	6932
Avg. daily vol. (6m)Shrs'000.	54.78
No. of shares (Cr)	2.4

Shareholding (%)

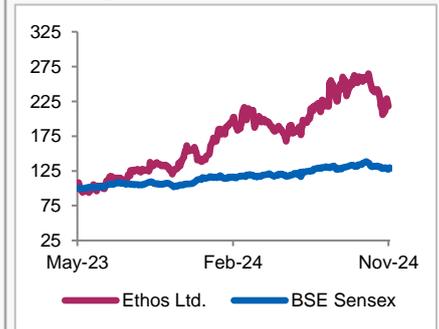
	Mar-24	Jun-24	Sep-24
Promoter	55.7	54.7	51.2
FIIs	11.3	11.2	12.3
MFs / UTI	10.9	11.9	13.7
Banks / FIIs	0.0	0.0	0.0
Others	22.1	22.2	22.8

Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Net Sales	1,245	1,721	2,350
EBIDTA	192	286	389
Net Profit	100	156	220
EPS, Rs	40.8	63.7	89.8
PER, x	69	44	32
EV/EBITDA, x	35	24	17
ROE, %	10	14	16

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	0%	0%
EBITDA	-4%	0%
PAT	-8%	-2%

Relative performance


Source: Ace Equity, Axis Securities

Preeyam Tolia

 Research Analyst
 email: preeyam.tolia@axissecurities.in

Suhanee Shome

 Research Associate
 email: suhanee.shome@axissecurities.in

Valuation & Outlook

- Ethos' promising future is supported by its robust and consistent performance over recent quarters, driven by: 1) Sustained strong demand in the premium and luxury watch market, 2) Expansion into the fast-growing CPO segment, 3) Increasing share of high-margin exclusive brands, 4) Diversification into the growing luxury segments of luggage and jewellery, and 5) Significant potential for margin and ROCE expansion. Given this solid investment thesis, we expect Ethos to achieve a strong revenue CAGR of 33% and PAT growth of 38% over FY24-27E. At the current market price, the company is trading at 44x/32x its FY26/27E EPS. With enhanced visibility in earnings growth and a stronger return profile, the stock presents an attractive opportunity within the Smallcap space. We maintain our BUY rating, valuing the company at 45x Sep-26 EPS, which results in a target price of Rs 3,450 per share, implying an upside of 22% from the current market price. **Key risk – Increase in GST for luxury watches from 18% to 28%.**

Other Concall Key Highlights

- **Favre Leuba:** Favre Leuba saw an encouraging response during the launch in Geneva and has garnered pre-orders of more than 100,000 CHF already. In India, the brand is likely to launch in Jan-25 across 40 stores.
- **Pre-owned watches:** The revenue from pre-owned watches stood at Rs 23 Cr and Rs 43 Cr in H1FY25, marking 33% in H1FY25. It plans to achieve 20% growth for FY25.
- **GST Impact:** A recent media article highlighted a potential GST increase on luxury watches from 18% to 28%. Ethos' management indicated that this change would not have a significant impact on the company. However, they are in discussions with government representatives to present their perspectives on the proposed implementation.

Key Risks to Our Estimates and TP

- Higher volatility in currency exchange rate (CHF/INR),
- Slowdown in the luxury & premium segments.
- Increase in the competitive intensity.
- Increase in GST on luxury watches.

Change in Estimates

	Old Est.		Revised Est.		% Revision	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	1,241	1,715	1,245	1,721	0%	0%
EBITDA	199	286	192	286	-4%	0%
PAT	108	160	100	156	-8%	-2%
EPS	44.1	65.5	40.8	63.7	-8%	-2%

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q2FY24	Q1FY25	Axis Est.	Q2FY25	% Change (YoY)	% Change (QoQ)	Var (%) Axis Sec Est.
Net Sales	235	273	278	297	26.3	8.7	7.1
Gross Profit	73	81	87	90	22.2	10.8	3.5
Gross Margin (%)	31.2	29.6	31.2	30.2	-103 bps	55 bps	-103 bps
Employee Expenses	17	19	20	21	19.8	8.7	1.5
Other Expenses	19	19	22	27	42.2	43.9	23.7
EBITDA	37	43	45	42	13.1	(2.6)	(5.4)
EBITDA Margin (%)	15.8	15.8	16.0	14.2	-166 bps	-165 bps	-186 bps
Oth. Inc	4	6	7	6	43.5	(4.2)	(8.7)
Interest	4	5	5	5	9.8	0.4	(4.4)
Depreciation	13	14	15	15	18.1	4.7	(0.2)
Share of profit from associates	0	(0)		(0)			
PBT	25	31	31	29	14.9	(6.6)	(9.0)
Tax	6	8	8	7	16.8	(6.0)	(9.7)
PAT	19	23	23	21	14.3	(6.8)	(8.8)
EPS	8.0	9.3	9.5	8.7	9.0	(6.8)	(8.8)

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25E	FY26E	FY27E
Net sales	999	1,245	1,721	2,350
Growth, %	26.7	24.7	38.2	36.5
Total income	999	1,245	1,721	2,350
Raw material expenses	(698)	(869)	(1,182)	(1,614)
Employee expenses	(70)	(87)	(119)	(163)
Other Operating expenses	(79)	(97)	(134)	(184)
EBITDA (Core)	152	192	286	389
Growth, %	32.6	26.2	49.1	36.3
Margin, %	15.2	15.4	16.6	16.6
Depreciation	(49)	(63)	(75)	(87)
EBIT	103	129	211	302
Growth, %	29.2	25.0	63.5	43.4
Margin, %	10.3	10.3	12.2	12.9
Interest paid	(16)	(19)	(23)	(28)
Other Income	24	25	22	21
Non-recurring Items	-	-	-	-
Pre-tax profit	111	134	210	295
Tax provided	(28)	(34)	(54)	(76)
Profit after tax	83	100	156	220
Growth, %	38.1	19.8	56.3	40.9
Net Profit (adjusted)	83	100	156	220
Unadj. shares (Cr)	2.4	2.4	2.4	2.4
Wtdavg shares (Cr)	2.4	2.4	2.4	2.4

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E Mar	FY24	FY25E	FY26E	FY27E
Cash & bank	345	339	329	340
Marketable securities at cost	-	-	-	-
Debtors	16	19	27	37
Inventory	440	548	757	1,034
Other current assets	63	63	63	63
Total current assets	864	970	1,177	1,474
Investments	25	25	25	25
Gross fixed assets	278	358	428	498
Less: Depreciation	(40)	(102)	(177)	(265)
Add: Capital WIP	-	-	-	-
Net fixed assets	238	256	251	234
Non-current assets	32	32	32	32
Total assets	1,171	1,294	1,496	1,776
Current liabilities	258	281	327	388
Provisions	2	2	2	2
Total current liabilities	260	284	330	390
Non-current liabilities	26	26	26	26
Total liabilities	287	310	356	416
Paid-up capital	24	24	24	24
Reserves & surplus	859	959	1,115	1,335
Shareholders' equity	884	984	1,140	1,360
Total equity & liabilities	1,171	1,294	1,496	1,776

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar	FY24	FY25E	FY26E	FY27E
Profit Before Tax	111.3	134.2	209.7	295.5
Adjustments for :				
Depreciation and Amortization Expenses	48.7	62.7	74.9	87.2
Write off / loss on sale of property, plant & equipment	0.1			
Interest Paid	16.0	19.2	23.1	27.7
Effect of Exchange rates on the translation of operating cash flows	0.0			
Profit on the deletion of leased assets				
Rent Recession				
Loss / (Profit) on Sale of Assets	(0.6)			
Bad Debts Written Off	-			
Provision for Bad and Doubtful Deb	(1.7)			
Share of profit of joint venture	(0.7)			
Share options lapsed	-			
Unrealized foreign exchange gain	(0.5)			
Rent waiver on lease liabilities	-			
Gain on termination of lease contracts	(0.1)			
Allowance for doubtful debts/(written back)	0.0			
Allowance for doubtful advances/recoverable	-			
Interest received	(18.3)			
Advances/deposits / Bad debts written off	0.4			
Other	(2.5)			
Operating Profit Before Working Capital Changes	152.3	216.1	307.7	410.3
Adjustments for :				
(Increase) in loans	0.1			
(Increase) in other financial assets	(5.1)			
Trade receivables	(9.6)	(3.8)	(7.4)	(9.8)
Other financial assets	7.6			
(Increase) in inventories	(99.8)	(108.4)	(209.3)	(276.8)
Increase in provisions	1.1			
Trade Payables	0.9	23.7	45.7	60.4
Increase / (Decrease) in Non-Current Liabilities	10.2			
Increase / (Decrease) in Current Liabilities	1.0			
(Increase) / Decrease in Non-Current Assets				
(Increase) / Decrease in Current Assets				
Cash Flow Generated from Operations	58.7	127.5	136.7	184.2
Direct taxes paid	(27.9)	(34.3)	(53.7)	(75.6)
A) Net Cash Flow from Operating Activities	30.8	93.1	83.0	108.5
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of PPE and intangible assets	(39.4)	(80.0)	(70.0)	(70.0)
Proceeds on the sale of PPE and intangible assets	7.9			
Purchase of Investments	(1.0)			
Investment in bank deposits (having an original maturity of more than three months)	(83.7)			
Others	(18.4)			
Interest received	11.9			
Net Cash Used in Investing Activities	(122.8)	(80.0)	(70.0)	(70.0)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from the issue of equity share capital (including premium)	175.0			
Proceeds of Long-Term Borrowings (Net)	0.3			
Share issue expenses	(5.4)			
(Repayment) of LONG long-term borrowings	(1.1)			
Proceeds from/of other current borrowings (net)	(0.4)			
repayments of other current borrowings (net)				
Payment of the principal portion of lease liabilities	(28.1)			
proceeds from repayment of current borrowings				
Interest paid on lease liabilities	(15.1)	-	-	-
Interest expense paid	(0.4)	(19.2)	(23.1)	(27.7)
Net Cash Used in Financing Activities	124.7	(19.2)	(23.1)	(27.7)
Net Increase/ (Decrease) in Cash and Cash Equivalents	32.7	(6.1)	(10.1)	10.8
Cash and cash equivalents as of 1st April	27.9	60.6	54.5	44.4
Cash and cash equivalents as of 31st March	60.6	54.5	44.4	55.2

Source: Company, Axis Securities

Ratio Analysis

(%)

Y/E Mar	FY24	FY25E	FY26E	FY27E
Per Share data				
EPS (INR)	34.0	40.8	63.7	89.8
Growth, %	28.1	19.8	56.3	40.9
FDEPS (INR)	34.0	40.8	63.7	89.8
CEPS (INR)	53.9	66.4	94.3	125.4
CFPS (INR)	5.3	20.2	15.4	24.4
Return ratios				
Return on assets (%)	9.7	9.7	12.8	15.1
Return on equity (%)	9.4	10.1	13.7	16.2
Return on capital employed (%)	12.7	12.4	16.4	19.4
Turnover ratios				
Asset turnover (x)	1.8	1.8	2.1	2.3
Sales/Total assets (x)	1.0	1.0	1.2	1.4
Sales/Net FA (x)	4.5	5.0	6.8	9.7
Working capital/Sales (x)	0.3	0.3	0.3	0.3
Receivable days	5.7	5.7	5.7	5.7
Inventory days	160.6	160.6	160.6	160.6
Payable days	41.3	41.4	42.0	42.0
Working capital days	95.3	102.4	110.4	116.0
Liquidity ratios				
Current ratio (x)	3.4	3.4	3.6	3.8
Quick ratio (x)	1.6	1.5	1.3	1.1
Interest cover (x)	6.4	6.7	9.1	10.9
Total debt/Equity (%)	0.2	0.1	0.1	0.1
Valuation				
PER (x)	83.2	69.4	44.4	31.5
PEG (x) - y-o-y growth	3.0	3.5	0.8	0.8
Price/Book (x)	7.8	7.0	6.1	5.1
EV/Net sales (x)	6.7	5.4	3.9	2.9
EV/EBITDA (x)	44.4	35.2	23.6	17.3
EV/EBIT (x)	65.3	52.3	32.0	22.3

Source: Company, Axis Securities

Ethos Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
15-Jan-24	BUY	3,050	Initiating Coverage
15-Feb-24	BUY	3,100	Result Update
14-May-24	BUY	2,700	Result Update
16-Aug-24	BUY	3,600	Result Update
11-Nov-24	BUY	3,450	Result Update

Source: Axis Securities Research

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073 | PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Maneesh Mathew, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.