Choice Institutional Equities

Ethos Ltd: Maintain Growth Momentum

November 17, 2026 | CMP: INR 2,707 | Target Price: INR 3,150

Expected Share Price Return: 16% I Dividend Yield: 0.0% I Potential Upside: 16%

ADD

Sector View: Positive

Q2FY27 Result Update

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

Company Info	
BB Code	ETHOSLTD IN
Face Value (INR)	10.0
52-week High/Low (INR)	3,244 / 2,832
Mkt Cap (Bn)	INR 75.8 / USD 0.8
Shares o/s (Mn)	26.8
3M Avg. Daily Volume	51,040

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	21.0	20.8	0.9	26.3	26.0	1.3
EBITDA	2.8	2.8	(0.1)	3.7	3.7	1.9
EBITDAM%	13.2	13.3	(1)bps	14.2	14.1	1 bps
PAT	1.4	1.3	1.6	1.8	1.8	2.2
EPS (INR)	51.0	50.2	1.6	69.0	67.5	2.2

Actual vs CIE Estimates

INR Mn	Q2FY27A	CIE Est.	Dev.%
Revenue	4,989	4,792	4.1
EBITDA	605	635	(4.7)
EBITDAM %	6.8	7.7	(89)bps
PAT	294	300	(2.3)

Key Financials

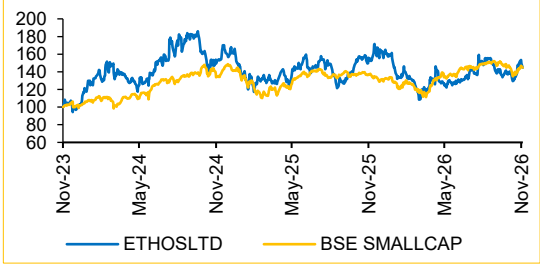
INR Bn	FY26	FY27E	FY28E	FY29E
Net Sales	16.1	21.0	26.3	32.4
Growth (%)	28.8	30.0	25.5	23.1
EBITDA	2.1	2.8	3.7	4.8
EBITDA Margin (%)	12.9	13.2	14.2	14.7
Growth (%)	9.3	33.1	35.3	27.2
PAT	1.0	1.4	1.8	2.4
Growth (%)	-0.2	41.8	35.5	28.8
EPS, Rs	35.9	51.0	69.0	88.9
PER, x	73.9	53.1	39.2	30.4
EV/EBIDTA, x	33.2	24.9	18.4	14.4
ROE, %	7.3	7.9	9.8	11.3

Shareholding Pattern (%)

	Sep-26	Jun-26	Mar-26
Promoters	50.58	50.58	50.58
FIIs	8.85	11.33	10.89
DIIs	25.80	23.91	23.59
Public	14.77	14.18	14.93

Relative Performance (%)

YTD	12M	6M	3M
BSE SMALLCAP	26.8	5.5	(3.3)
ETHOS	(6.6)	16.2	(6.9)



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Maintain Growth Momentum: Ethos maintained its **strong growth momentum in Q2FY27**, driven by healthy **SSSG of 15.3% in H1FY27** and rapid store expansion, with **12 net store addition in H1FY27**, taking the store count to **106**. Reported EBITDA margin declined **63 bps YoY to 12.1%**, primarily due to higher employee cost and a **one-time expenditure of INR 45 Mn towards the GPHG Exhibition**. However, **adjusting for the one-time expenditure, adjusted EBITDA margin improved 20 bps YoY to 13.0%**, broadly in line with our estimate.

New Growth Initiatives: **(1) Hour Studio:** Ethos has launched the **Hour Studio retail format**, targeting the **INR 10,000–2 lakh watch segment**, thereby expanding its addressable market and catering to a wider customer base. The company plans to **open its first physical Hour Studio boutique in FY27**. **(2) Lifestyle:** Opened its third exclusive Rimowa boutique in Bengaluru, further strengthening its presence in the luxury lifestyle segment. **(3) Expansion of Brand Portfolio:** The watch brand portfolio expanded to 100 brands (85 in Q1FY27), including 72 exclusive brands (64 in Q1FY27), strengthening its product offering and differentiated positioning.

Valuation: We have **marginally increased our estimate** to account for better-than expected top line performance and remain constructive on Ethos' **medium-to long-term growth prospects**, driven by continued **store expansion, premiumisation through rising contribution from exclusive brands**. The company's foray into adjacent luxury categories, including **luggage and jewellery**, further enhances its growth opportunities beyond watches. Additionally, the **depreciation of the Swiss franc against the Indian rupee (CHF/INR down ~8% since May 2026)**, along with the reduction in import duties under the India-EFTA agreement, is expected to support **gross margin improvement from the FY28 onwards**.

Going forward, **store additions, healthy SSSG and operating leverage** are expected to drive **Revenue, EBITDA and PAT CAGRs of 26%, 31% and 35%**, respectively, over FY26–FY29E. We maintain our **'ADD' rating** with a revised **target price of INR 3,150** (earlier INR 3,050), valuing the stock at **40x Sep-28E EPS**, implying an **upside potential of 16%** from the current market price.

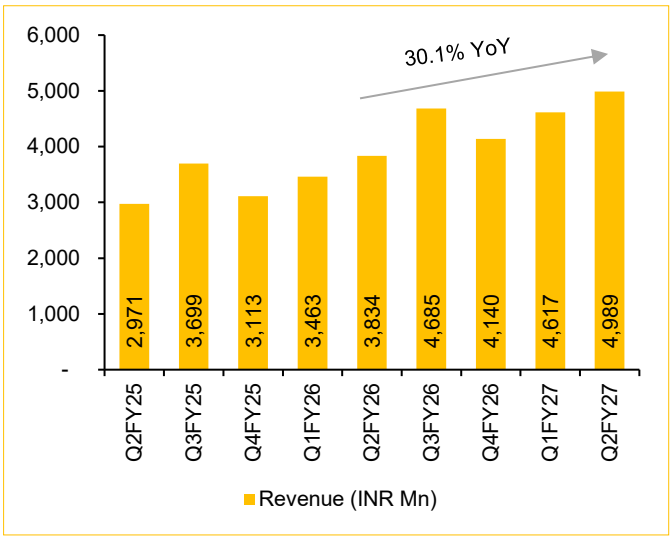
Q2FY27 result: Maintain Growth Momentum

- **Revenue** grew 30.1% YoY and 8.1% QoQ to INR 4,989 Mn (vs. CIE estimates of INR 4,792 Mn), beating estimate by 4.1% led by healthy SSSG, store addition and premiumisation
- **Reported EBITDA** grew 23.7% YoY to INR 605 Mn (vs. CIE estimate of INR 635 Mn), EBITDA margin contracted 63 bps YoY and 120 bps QoQ to 12.1% (vs. CIE estimate of 13.2%) impacted by onetime INR-45 Mn expense towards GPHG Exhibition. Adj. EBITDA margin improved 27 bps YoY to 13%
- **PAT** grew 23.4% YoY and 2.4% QoQ to INR 294 Mn (vs. CIE estimate of INR 300 Mn)

Ethos Ltd.	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenues	**4,989**	**3,834**	**30.1**	**4,617**	**8.1**
COGS	3,533	2,724	29.7	3,262	8.3
Gross Profit	**1,456**	**1,110**	**31.2**	**1,355**	**7.4**
Employee Cost	412	282	46.1	370	11.2
Other Expenses	440	340	29.5	370	18.8
EBITDA	**605**	**489**	**23.7**	**615**	**(1.7)**
Depreciation	266	210	26.7	261	1.9
EBIT	**339**	**279**	**21.4**	**354**	(4.2)
Other Income	125	116	8.3	133	(6.1)
Interest Cost	74	65	13.5	80	(7.3)
EO Items/share of profit	4	(12)	-	(16)	-
PBT	**394**	**317**	**24.2**	**391**	**0.7**
Tax	100.5	79.5	26.5	104.7	(4.0)
PAT	**294**	**238**	**23.4**	**287**	**2.4**
EPS (INR)	10.8	8.5	23.4	10.5	2.4

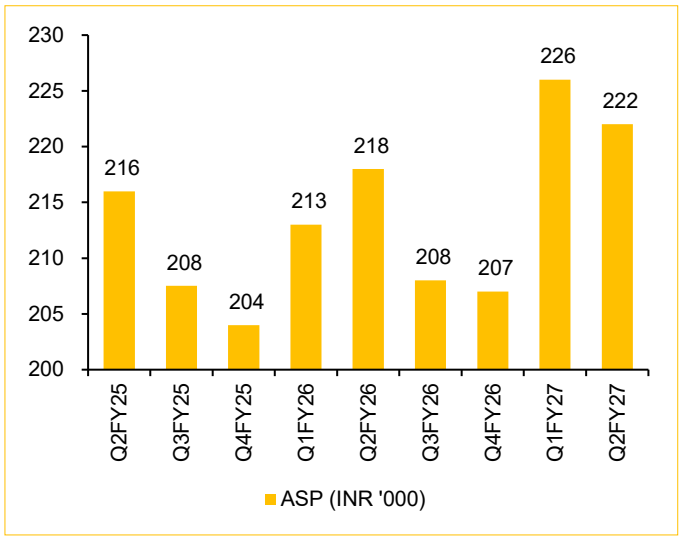
Source: Ethos, Choice Institutional Equities

Sustained revenue growth of +30% driven by healthy SSSG, store addition and premiumisation



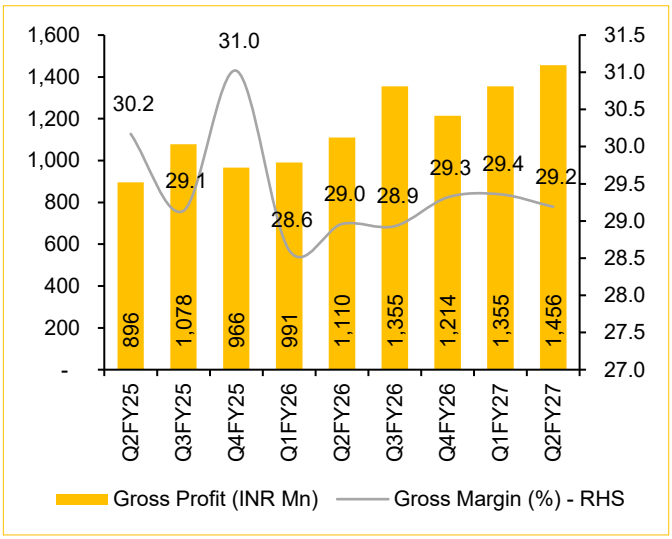
Source: Ethos, Choice Institutional Equities

ASP continues to remain healthy



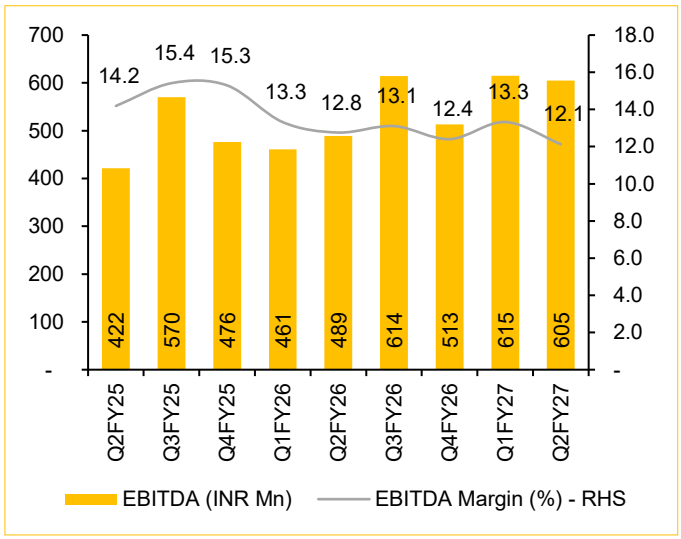
Source: Ethos, Choice Institutional Equities

Gross margin grew 20 bps on YoY basis



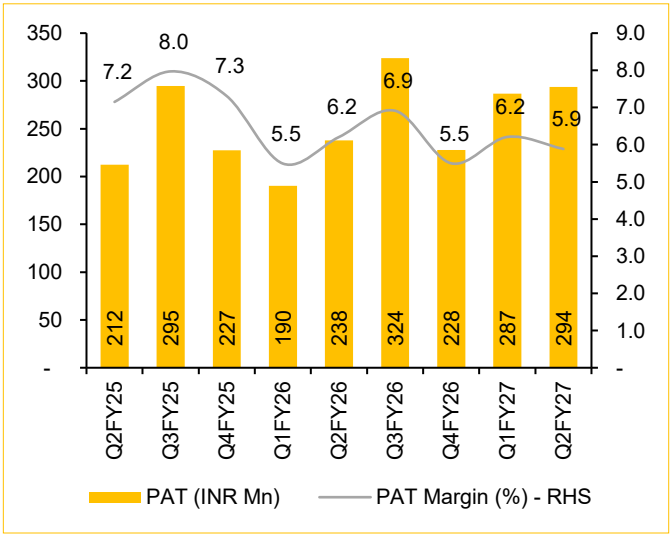
Source: Ethos, Choice Institutional Equities

Higher employee cost & one-off GPHG expenses impact EBITDA margin



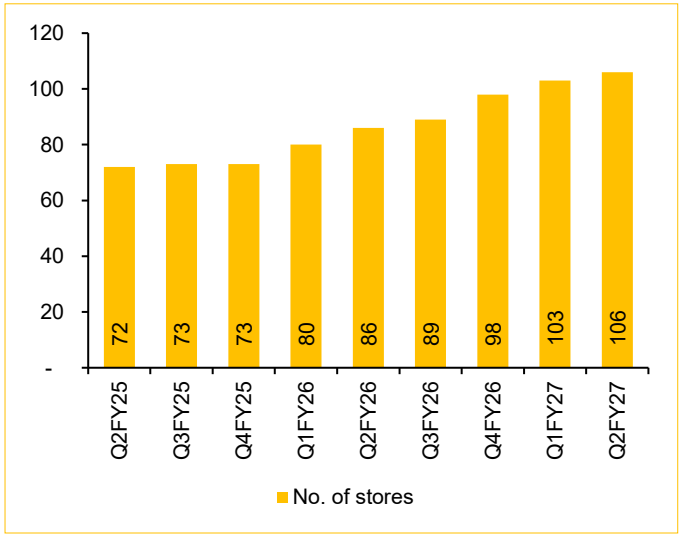
Source: Ethos, Choice Institutional Equities

PAT grew 23% YoY



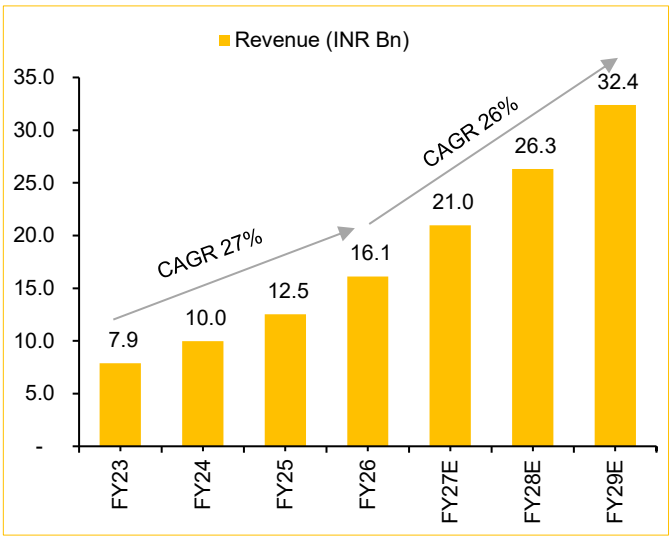
Source: Ethos, Choice Institutional Equities

Store expansion remains strong



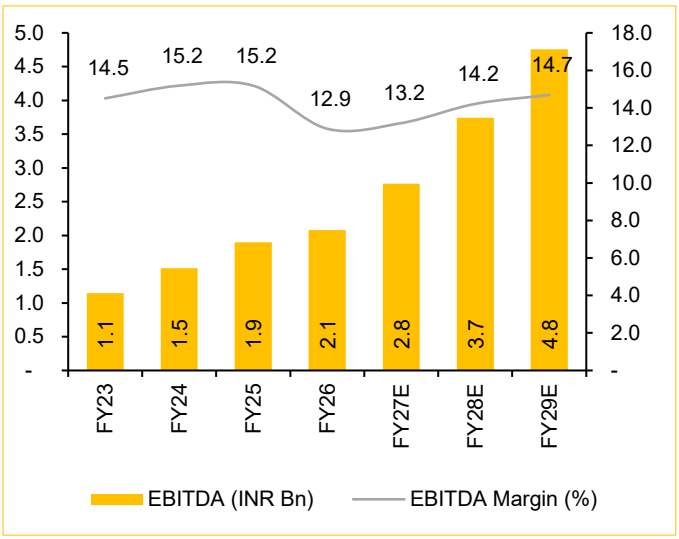
Source: Ethos, Choice Institutional Equities

Rev. momentum to continue on back of store expansion, premiumisation & healthy SSSG



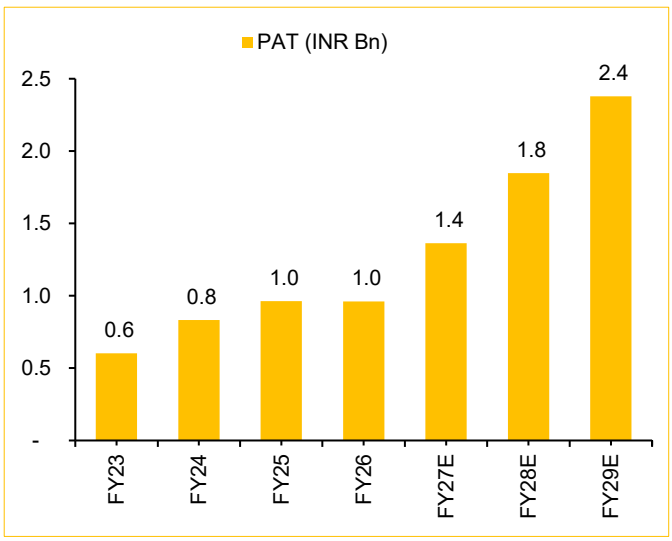
Source: Ethos, Choice Institutional Equities

EBITDA likely to expand at 30% CAGR over FY26-29E



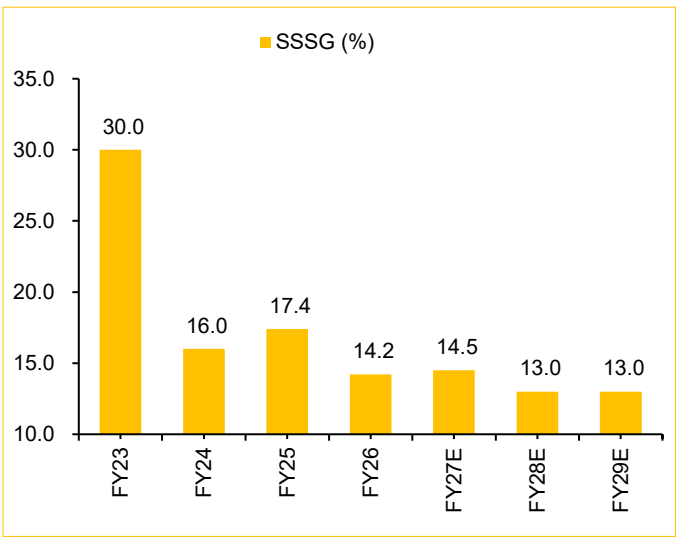
Source: Ethos, Choice Institutional Equities

PAT anticipated to rise 33% CAGR over FY26-29E



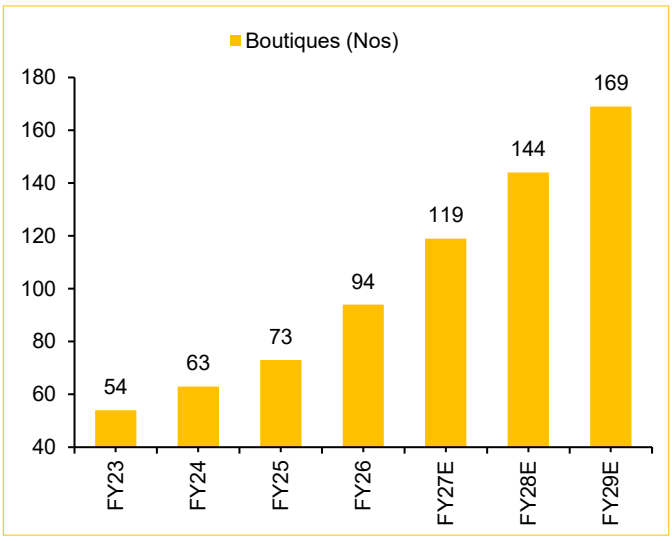
Source: Ethos, Choice Institutional Equities

SSSG expected to witness sustained double-digit growth



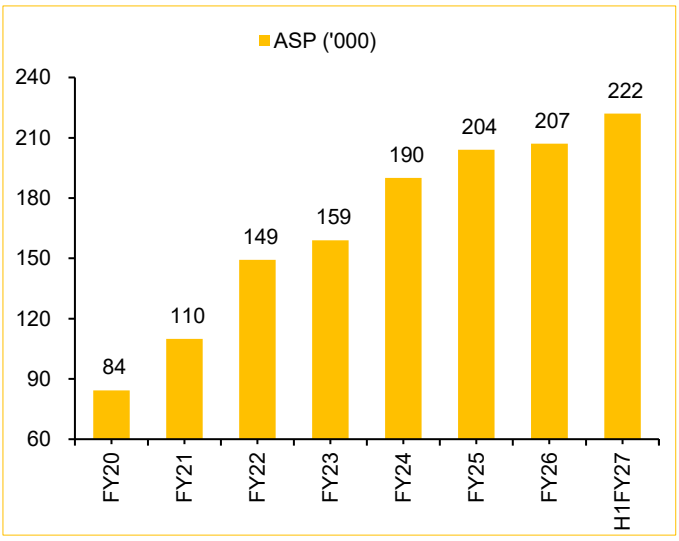
Source: Ethos, Choice Institutional Equities

Return ratios on a steady uptrend



Source: Ethos, Choice Institutional Equities

Return ratios on a steady uptrend



Source: Ethos, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Net Sales	**16,122**	**20,964**	**26,318**	**32,395**
Gross Profit	**4,670**	**6,191**	**7,999**	**9,954**
EBITDA	**2,078**	**2,765**	**3,741**	**4,758**
Depreciation	(895)	(1,094)	(1,392)	(1,644)
EBIT	**1,183**	**1,671**	**2,350**	**3,114**
Interest paid	(272)	(313)	(376)	(451)
Other Income	462	485	509	534
Non-recurring Items	(182)	-	-	-
PBT	**1,309**	**1,843**	**2,483**	**3,198**
Tax	(347)	(479)	(636)	(819)
Others (Minorities, Associates)	-	-	-	-
Net Profit	**961**	**1,364**	**1,847**	**2,379**
EPS	35.9	51.0	69.0	88.9

Key Ratios

Particulars	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)				
Revenue	28.8	30.0	25.5	23.1
EBITDA	9.3	33.1	35.3	27.2
EBIT	(6.9)	41.2	40.6	32.5
PAT	(0.2)	41.8	35.5	28.8
Margin (%)				
Gross Margin	29.0	29.5	30.4	30.7
EBITDA Margin	12.9	13.2	14.2	14.7
PAT Margin	6.0	6.5	7.0	7.3
Profitability (%)				
ROE	7.3	7.9	9.8	11.3
ROCE	6.5	8.6	11.0	13.1
Turnover ratios				
Receivable Days	4.0	4.0	4.0	4.0
Inventory Days	157.5	157.5	157.5	157.5
Payable Days	32.2	32.2	32.2	32.2
Working Capital Days	129.2	129.2	129.2	129.2
Liquidity ratios				
Current Ratio (x)	8.3	7.7	7.2	7.0
Quick Ratio (x)	4.4	3.7	3.0	2.7
Interest Cover (x)	4.3	5.3	6.3	6.9
Total Debt/Equity (%)	0.2	0.2	0.2	0.2
Valuation				
PER (x)	73.9	53.1	39.2	30.4
EV/EBITDA (x)	33.2	24.9	18.4	14.4
EV/EBIT (x)	58.3	41.2	29.3	22.0

Source: Ethos, Choice Institutional Equities

Balance Sheet (INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Cash & Cash Equivalents	6,616	6,812	6,713	7,142
Debtors	175	227	286	352
Inventory	6,955	9,043	11,353	13,974
Loans & Advances	1	1	1	1
Other Current Assets	1,140	1,140	1,140	1,140
Total Current Assets	**14,887**	**17,224**	**19,492**	**22,609**
Investments	358	358	358	358
Gross Fixed Assets	6,387	6,934	8,377	9,820
Less: Depreciation	(1,448)	(2,542)	(3,933)	(5,577)
Add: Capital WIP	111	111	111	111
Net fixed Assets	**5,050**	**4,504**	**4,555**	**4,354**
Non-current Assets	1,677	1,677	1,677	1,677
Total Assets	**21,972**	**23,763**	**26,082**	**28,997**
Current Liabilities	1,804	2,231	2,703	3,239
Provisions	-	-	-	-
Total Current Liabilities	1,804	2,231	2,703	3,239
Non Current Liabilities	3,524	3,524	3,524	3,524
Total liabilities	**5,328**	**5,755**	**6,227**	**6,764**
Paid-up Capital	268	268	268	268
Reserves & Surplus	14,612	15,975	17,823	20,202
Shareholders' Equity	**16,644**	**18,007**	**19,855**	**22,234**
Total Equity & Liabilities	**21,972**	**23,763**	**26,082**	**28,997**

Cash Flow (INR Mn)

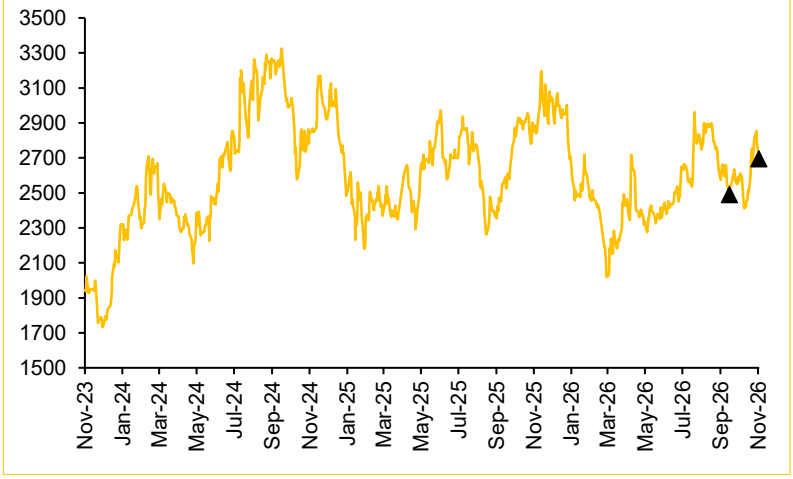
Particulars	FY26	FY27E	FY28E	FY29E
Cash Flow from Operations	897	1,056	1,719	2,322
Cash Flow from Investing	(4,755)	(547)	(1,443)	(1,443)
Cash Flow from Financing	5,015	(313)	(376)	(451)

DuPont Analysis

Particulars	FY26	FY27E	FY28E	FY29E
Tax Burden	73%	74%	74%	74%
Interest Burden	111%	110%	106%	103%
EBIT Margin	7%	8%	9%	10%
Asset Turnover	0.9	0.9	1.1	1.2
Equity Multiplier	1.4	1.3	1.3	1.3
ROE (%)	**7.3**	**7.9**	**9.8**	**11.3**

Source: Ethos, Choice Institutional Equities

Historical Price Chart: Ethos



Date	Rating	Target Price
September 23, 2026	ADD	3,050
November 17, 2026	BUY	3,150

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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