Initiating Coverage

Choice
Institutional Equities

Ethos Ltd.
(ETHOSLTD IN)

Riding India's Luxury Consumption Wave

September 23, 2026

institutional.equities@choiceindia.com

Ethos Ltd.

September 23, 2026 | CMP: INR 2,613 | Target Price: INR 3,050

Choice Institutional Equities

ADD

Expected Share Price Return: 17% I Dividend Yield: 0.0% I Expected Total Return: 17%

Initiating Coverage | Sector: Retail

ethos | WATCH BOUTIQUES

Company Description

Ethos Ltd., promoted by KDDL, established in 2003, is one of India's leading luxury and premium watch retailers, with **103 boutiques across 34 cities**. Its portfolio comprises over **85 luxury watch and lifestyle brands, including 64 exclusive brands**, giving the company a differentiated position in the organised luxury watch market. Beyond watches, Ethos has built a presence in the **Certified Pre-owned segment**, with capabilities across sourcing, authentication, refurbishment and resale of pre-owned luxury watches. The company is also expanding into adjacent luxury categories through **RIMOWA and Messika**, providing additional growth avenues beyond its core watch retail business.

Company Information

BB Code	ETHOSLTD IN
ISIN	INE04TZ01018
Face Value (INR)	10
52 Week High (INR)	3,245
52 Week Low (INR)	1,919
Mkt Cap (INR Bn)	71.2
Mkt Cap (USD Bn)	0.7
Shares Out. (Mn)	26.8
Free Float (%)	49.4
FY28E EPS (INR)	66.8

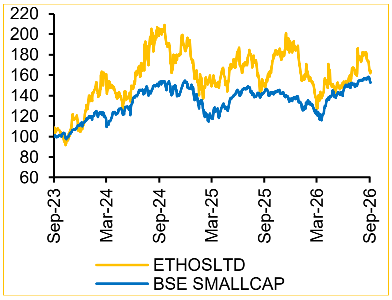
Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoters	50.58	50.58	50.58
FIIs	11.33	10.89	12.59
DIIs	23.91	23.59	21.25
Public	14.18	14.93	15.57

Relative Performance (%)

YTD	1Y	6M	3M
BSE SMALLCAP	48.7	25.4	5.2
ETHOSLTD	7.8	21.6	9.0

Rebased Price Performance (%)



Bull / Bear Case

Key Insights from Management Meet

Preeyam Tolia
Email: preeyam.tolia@choiceindia.com
Ph.: +91 22 6707 9987

Brand Exclusivity and Premiumisation: Strengthening the Luxury Retail Moat

Ethos has built a differentiated position in India's organised luxury watch market through **scale, exclusive brand relationships and premiumisation**, with **103 stores and over 85 brands, including 64 exclusive brands (Favre Leuba, Jacob & Co, Bell & Ross, Bovet, Corum, H. Moser & Cie etc.) as on June-26**. The portfolio continues to premiumise, with **ASP rising from INR 149,000 in FY22 to INR 226,000 in Q1FY27** as luxury and high luxury mix increased from **65% to 71%**. Exclusive brands account for around **30% of total sales** and offer higher margin, strengthening both differentiation and profitability. **Certified Pre Owned (CPO) watches adds another layer of moat** through sourcing, authentication, refurbishment and specialised watchmaking capabilities in a largely unorganised market. Ethos is also extending its portfolio to other luxury categories, including **luggage and jewellery**, creating optionality beyond watches.

Growth Runway: Store Expansion, Premiumisation and New City Penetration

Ethos has a **long runway for store expansion**, with the network expected to increase from **103 stores to 169 by FY29E**, while management targets **~200 stores over the next 3 to 4 years**. We expect store additions to remain a key growth driver, supported by larger formats, better locations and broader brand assortments, which should improve store productivity. Rising ASPs and premiumisation should support **~13% SSSG through FY29E**. The company is also expanding into **underpenetrated Tier 2 and Tier 3 cities**, where increasing luxury consumption and limited organised retail presence provide further growth opportunities.

Network Expansion to Drive Growth and Margin Expansion

Ethos is transitioning from a **SSSG led growth model towards a more balanced growth strategy driven by network expansion, healthy SSSG and premiumisation**. SSSG moderated to **~14.2% in FY26 and 13.2% in Q1FY27**, from ~17% in FY25, as the company accelerated store additions. With management targeting **~200 stores over the next 3 to 4 years** and aspiring to deliver **10x revenue by FY32 under its Road to 10x strategy (2022-2032)**, we see a long runway for network led growth. We estimate **~13% SSSG and ~22% store count CAGR through FY29E**, supporting **~26% revenue CAGR**. As the newer stores mature, front ended expansion costs should normalise, while **operating leverage, cost discipline, stable CHF/INR and calibrated price increases** should support margin expansion, with EBITDA margin increasing from **12.9% in FY26 to 14.4% by FY29E**.

Valuation and View: Ethos offers a strong medium to long term growth opportunity, driven by **store expansion, premiumisation and increasing contribution from exclusive brands**. The company is also **expanding into other luxury categories, including luggage and jewellery**, providing optionality beyond watches. **Store additions, healthy SSSG and operating leverage** should support **Revenue, EBITDA and PAT CAGR of 26%, 30% and 33%, respectively, over FY26 to FY29E. We initiate coverage with an 'ADD' rating and a TP of INR 3,050**, valuing the stock at **40x Sep-28 EPS**, implying **17% upside** from the current level.

Upside Triggers: (a) **Faster store rollout and higher store productivity**, with Ethos reaching the targeted ~200-store network ahead of expectation and newer stores scaling up faster than estimated; (b) **Sustained premiumisation and higher ASPs**, supported by increasing luxury and high luxury mix, deeper wallet share and higher contribution from exclusive brands; and (c) **Faster scaling up of CPO and luxury lifestyle categories**, particularly RIMOWA and Messika, along with addition of new marquee luxury brands, creating incremental growth beyond the core watch business.

Key Risks: (a) Increasing competition from direct brand entry and new luxury retailers; (b) slower store rollout or weaker productivity in new stores, particularly in Tier 2 and Tier 3 cities, due to location availability and longer ramp up periods; **(c) SSSG moderation and slower premiumisation; and (d) currency depreciation and rising operating costs**, which could limit EBITDA margin expansion.

Key Financials

INR Bn	FY26	FY27E	FY28E	FY29E
Net Sales	**16.1**	**20.8**	**26.0**	**31.9**
YoY Growth (%)	28.8	28.9	25.1	22.8
EBIDTA	**2.1**	**2.8**	**3.7**	**4.6**
EBITDA Margin (%)	**12.9**	**13.3**	**14.1**	**14.4**
YoY Growth (%)	9.3	33.2	32.7	24.9
PAT	**1.0**	**1.3**	**1.8**	**2.3**
YoY Growth (%)	-0.2	39.4	33.3	27.8
EPS, Rs	**35.9**	**50.1**	**66.8**	**85.3**
PER, x	72.4	52.9	39.7	31.1
EV/EBIDTA, x	32.5	24.5	18.5	14.7
ROE, %	7.3	7.7	9.5	10.9
Debt/Equity	0.2	0.2	0.2	0.2

Source: Ethos, Choice Institutional Equities

Report Structure

Our recent 'Initiating Coverage' reports

Must Read Series_Travel 3.0_Greater Value Capture is Beyond Bookings_Thematic

Unimech Aerospace & Manufacturing_Initiating Coverage

Varun Beverages Ltd_Initiating Coverage

United Breweries_Initiating Coverage

Bajaj Consumer_Initiating Coverage

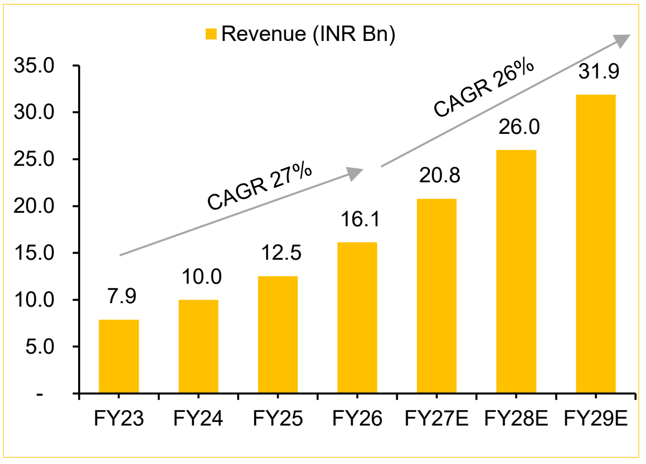
CCL Products_Initiating Coverage

Convex_Choices_Equity Strategy and High-Conviction Ideas_Quarterly_Q1FY27

If you are unable to access, please mail institutional.equities@choiceindia.com

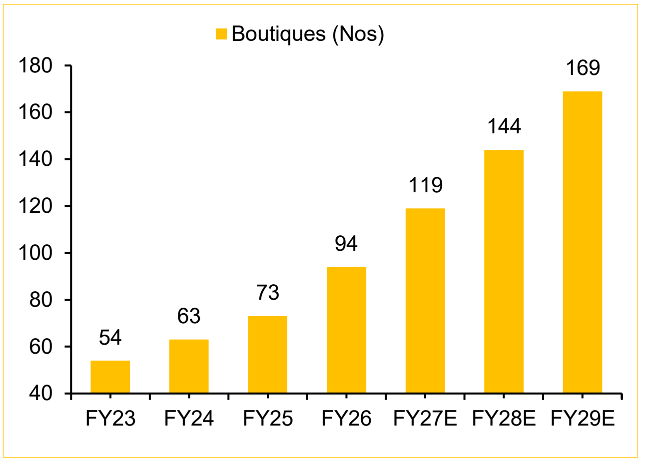
Investment Thesis in Charts

Revenue growth to be driven by network expansion and sustained growth in ASP



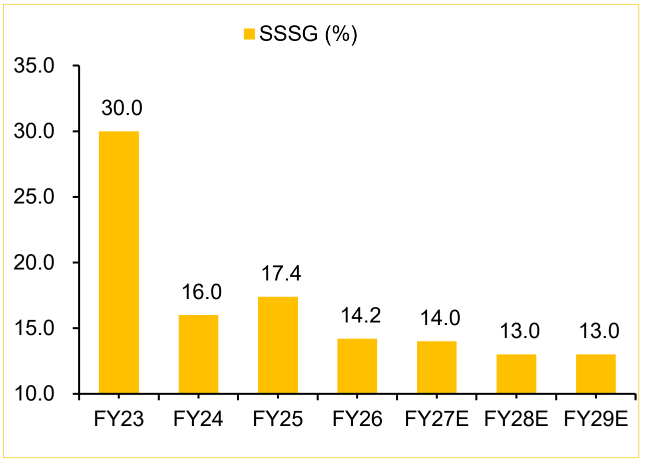
Source: Ethos, Choice Institutional Equities

New cities, deeper penetration and exclusive brands to drive network expansion



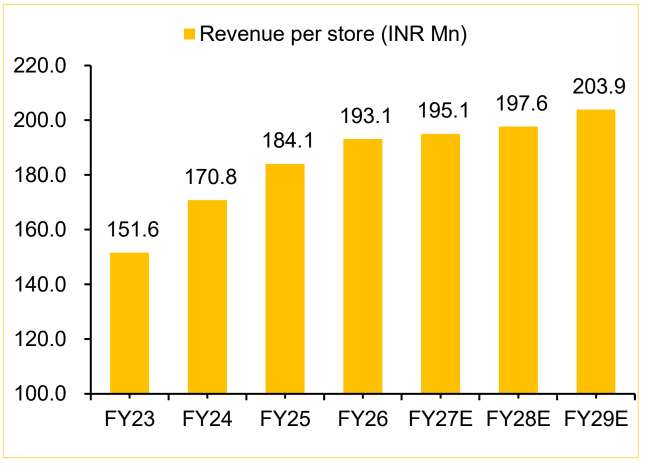
Source: Ethos, Choice Institutional Equities

SSSG is likely to stabilise at current levels, with growth increasingly driven by store additions, premiumisation and new city penetration



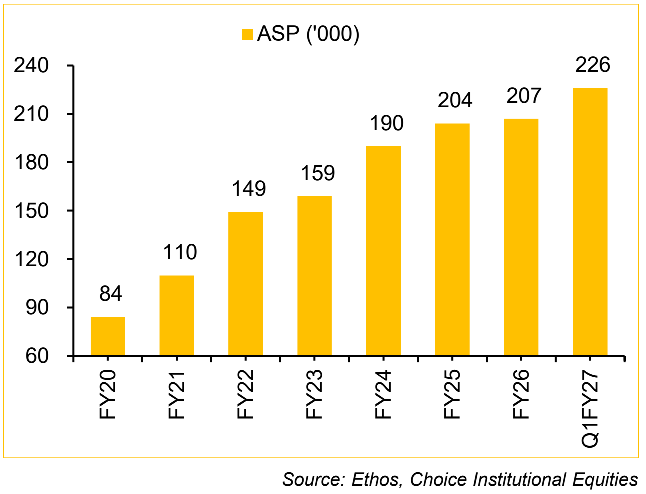
Source: Ethos, Choice Institutional Equities

Despite moderation in SSSG, revenue per store increased, driven by higher ASP, premiumisation and a rising luxury and high luxury mix



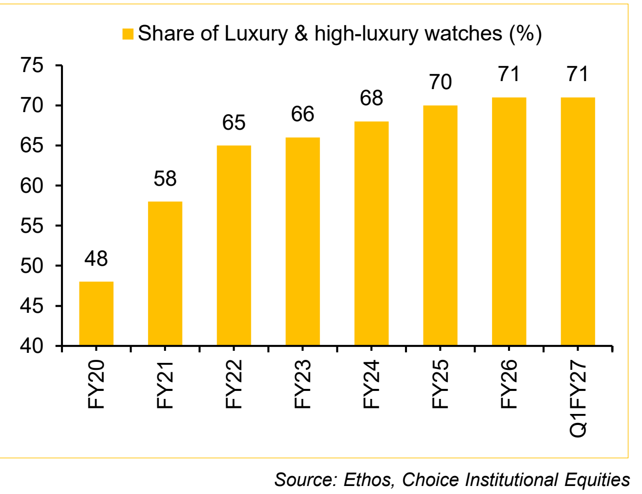
Source: Ethos, Choice Institutional Equities

Rising of luxury mix drove ASP for Ethos



Source: Ethos, Choice Institutional Equities

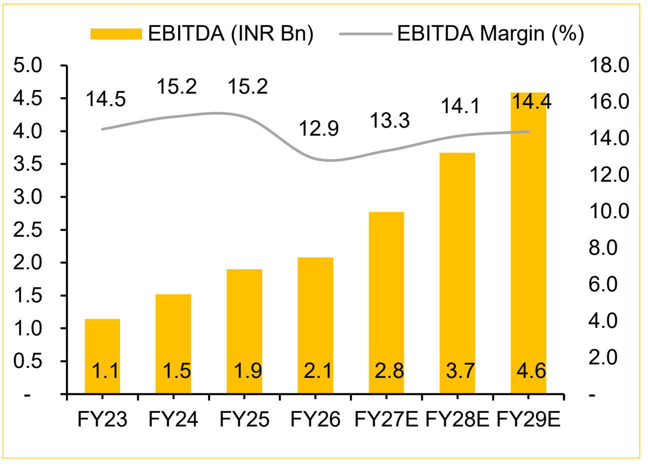
Increased focus on higher priced luxury watches, exclusive brands drove premiumisation



Source: Ethos, Choice Institutional Equities

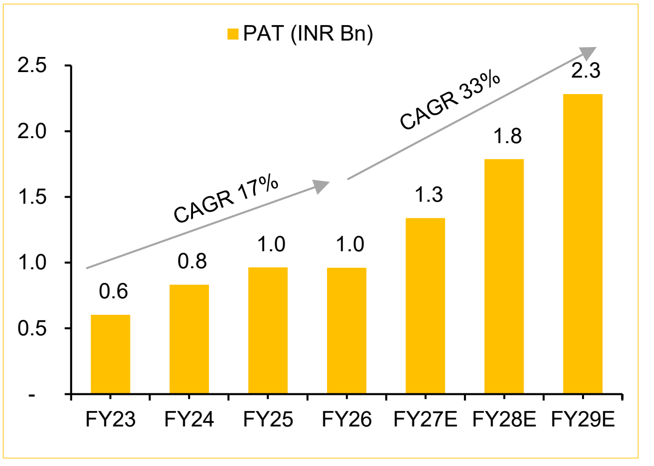
Investment Thesis in Charts

Rapid store expansion and INR depreciation weighed on margin, while store maturity and operating leverage should drive recovery



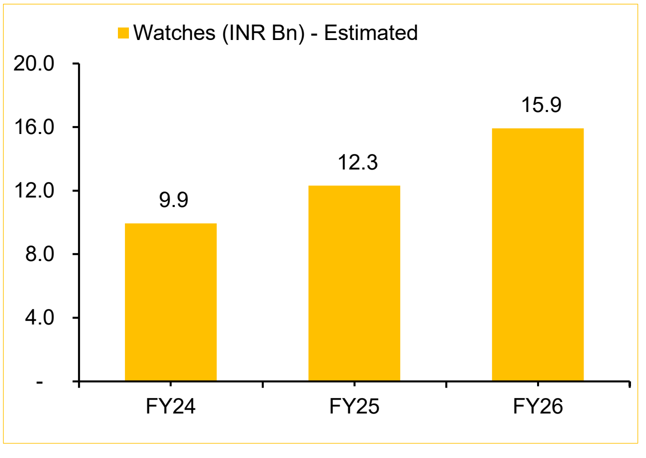
Source: Ethos, Choice Institutional Equities

PAT expected to expand 33% CAGR over FY26-29E



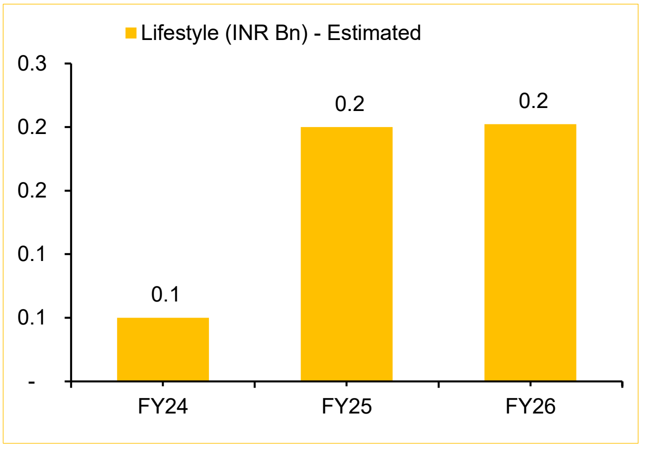
Source: Ethos, Choice Institutional Equities

Watches remain the core revenue driver for Ethos



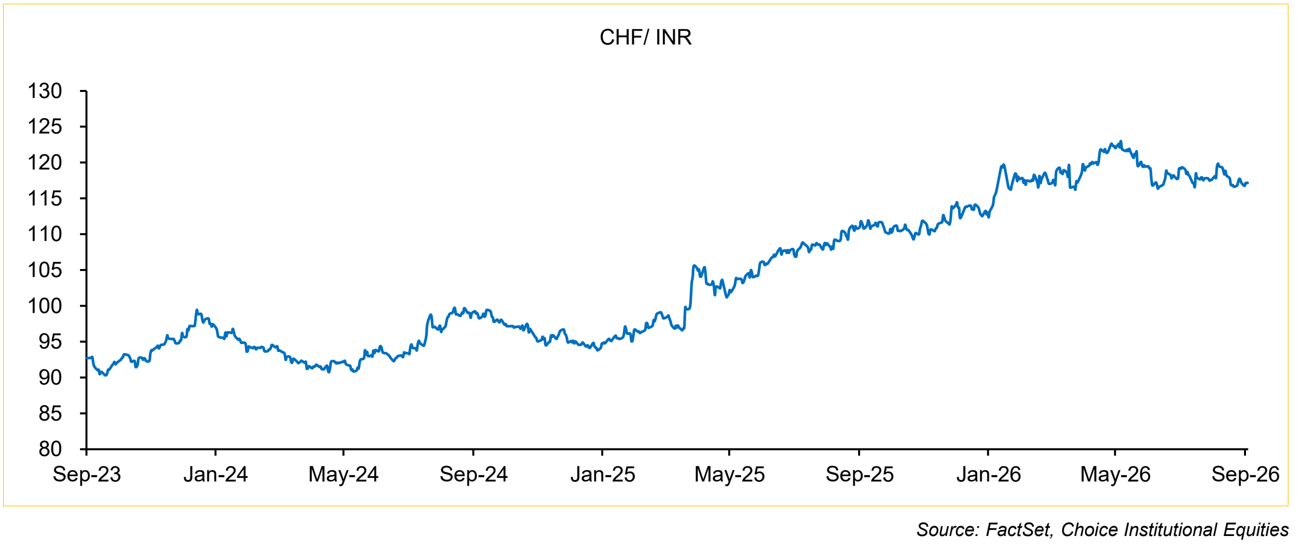
Source: Ethos, Choice Institutional Equities

Lifestyle expansion opens large growth opportunities beyond Watches



Source: Ethos, Choice Institutional Equities

Recent CHF/INR correction, combined with forward hedging and calibrated price increases, should provide some protection to margins going forward



Source: FactSet, Choice Institutional Equities

2.1 Brand Exclusivity and Premiumisation: Strengthening the Luxury Retail Moat

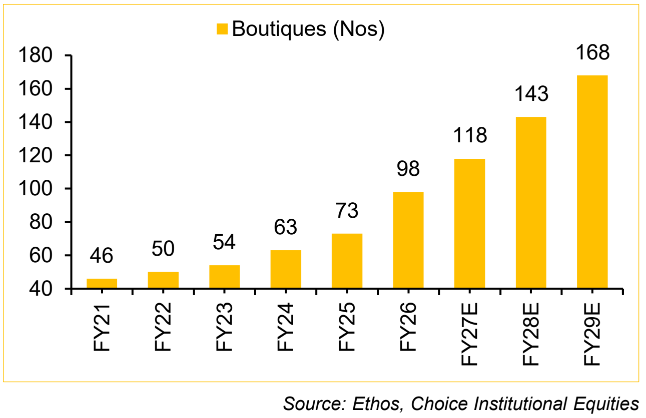
Ethos has built a differentiated position in India's organised luxury watch market through **scale, exclusive brand relationships and premiumisation**, with **103 stores and over 85 brands, including 64 exclusive brands (Favre Leuba, Jacob & Co, Bell & Ross, Bovet, Corum, H. Moser & Cie etc.) as on June-26**. The portfolio continues to premiumise, with **ASP rising from INR 149,000 in FY22 to INR 226,000 in Q1FY27** as luxury and high luxury mix increased from **65% to 71%**. Exclusive brands account for around **30% of total sales** and offer higher margin, strengthening both differentiation and profitability. **Certified Pre Owned (CPO) watches adds another layer of moat** through sourcing, authentication, refurbishment and specialised watchmaking capabilities in a largely unorganised market. Ethos is also extending its portfolio to other luxury categories, including **luggage and jewellery**, creating optionality beyond watches.

2.1.1 Leadership Built on Brand Exclusivity and Premiumisation

Exclusive brands command higher gross margin of ~35% to 40% versus ~20% for non exclusive brands

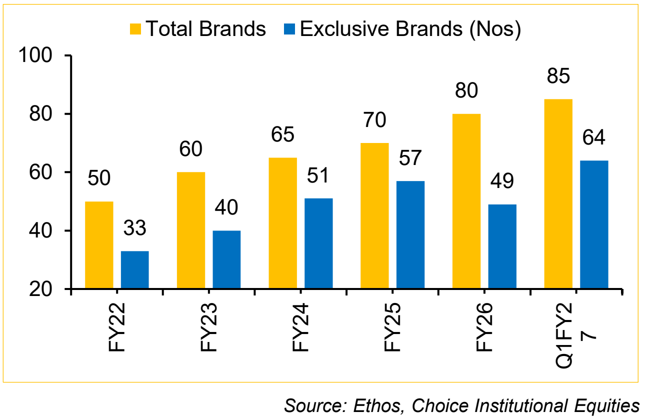
- **Largest organised player:** Ethos has established itself as **India's leading organised luxury watch retailer (MS ~20% in luxury watch segment)**, with a pan-India network of **103 boutiques across 34 cities.**
- **Brand portfolio:** Ethos's key differentiation lies in its **long-standing relationships with global luxury watch brands**, supported by over **85 brands, including 64 exclusive brands**, which are difficult to replicate. Exclusive brands contribute **~30% of sales** and command **higher gross margin of ~35% to 40% versus ~20% for non exclusive brands**, making exclusivity a key driver of differentiation and profitability.
- **Premiumisation is driving a structural improvement in revenue quality:** Ethos has steadily moved towards higher value watches, with **ASP increasing, from INR 149,000 in FY22 to INR 207,000 in FY26 and INR 226,000 in Q1 FY27**. Over the same period, the **luxury and high luxury mix increased from 65% to 71% of watch sales**, highlighting a sustained shift towards higher price points rather than growth being driven purely by volumes.

New cities, deeper penetration and exclusive brands to drive network expansion



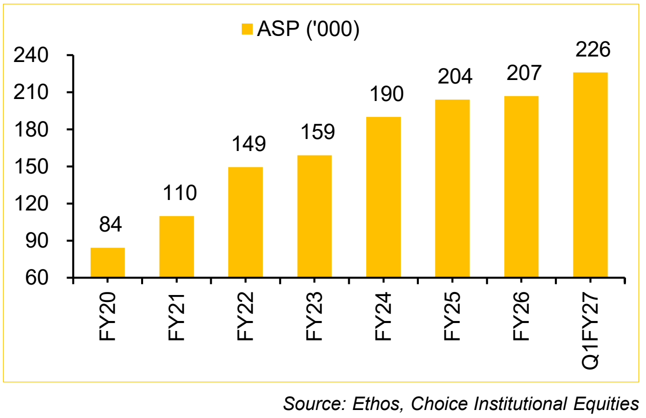
Source: Ethos, Choice Institutional Equities

Expanding exclusive portfolio to strengthen Ethos's competitive moat



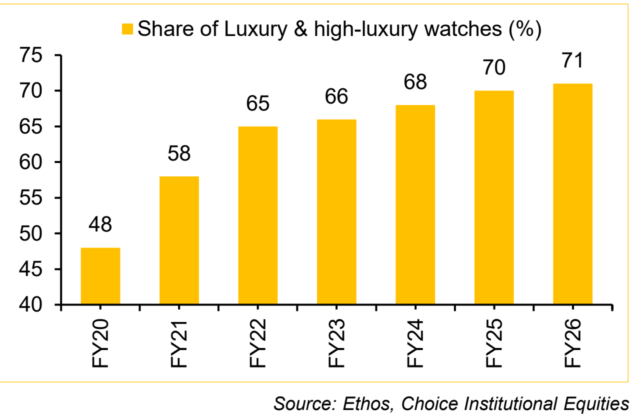
Source: Ethos, Choice Institutional Equities

Rising of luxury mix drove ASP for Ethos



Source: Ethos, Choice Institutional Equities

Increased focus on higher priced luxury watches, exclusive brands drove premiumisation



Source: Ethos, Choice Institutional Equities

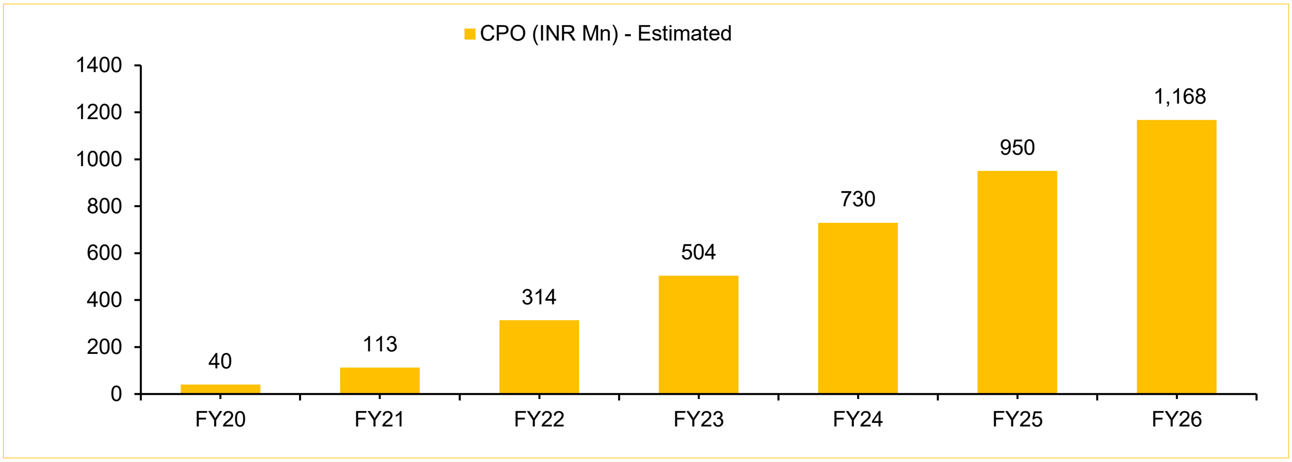
2.1 Brand Exclusivity and Premiumisation: Strengthening the Luxury Retail Moat

2.1.2 Second Growth Engine: CPO — Building a First-Mover Advantage

Low luxury-watch penetration + low CPO penetration = significant long-term runway

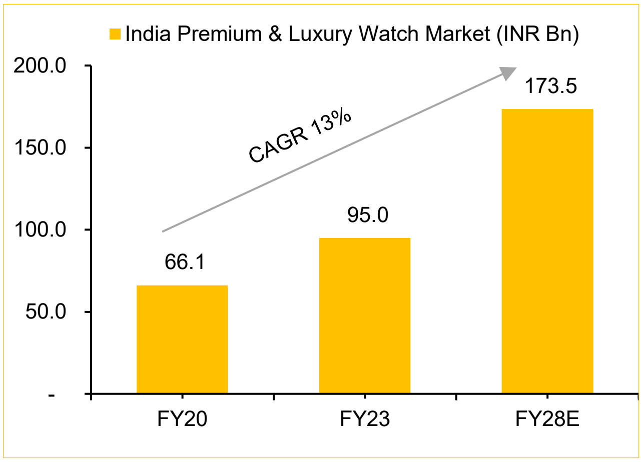
- **First-mover advantage:** Ethos entered into the **certified pre-owned watch market in 2019**, establishing an early organised platform through **secondmovement.com** and a dedicated CPO boutique in New Delhi. The early entry has enabled Ethos to build capabilities in sourcing, authentication and refurbishment, creating an advantage which would take a new entrant significant time to replicate.
- **Skilled watchmakers are the key entry barrier:** CPO refurbishment is highly specialised and requires **trained watchmakers and technical expertise**, making talent availability a constraint more important than demand. Ethos has invested in building this capability through **in-house training and overseas exposure for specialists**, creating a specialised skill base which strengthens its competitive position and limits the pace at which new players can scale up in CPO.
- **CPO Market perspective**:
  - India pre-owned luxury watch market is ~60-70% unorganised
  - CPO lowers the entry price into luxury watches makes luxury watches accessible to the aspirational consumer.
  - Expands the addressable customer base, rather than only shifting existing buyers from new to used.
  - India remains underpenetrated: Luxury watches were only 26% of the overall watch market in FY23 as compared to 61% in China and 58% globally.

CPO segment creates a new growth avenue through affordable access to luxury watches

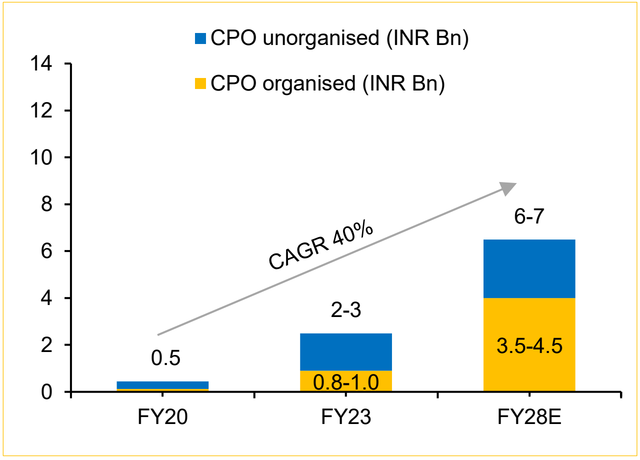


Source: Ethos, Choice Institutional Equities

Size of overall premium & luxury watch market and CPO luxury watch market in India



Source: Ethos QIP, Choice Institutional Equities



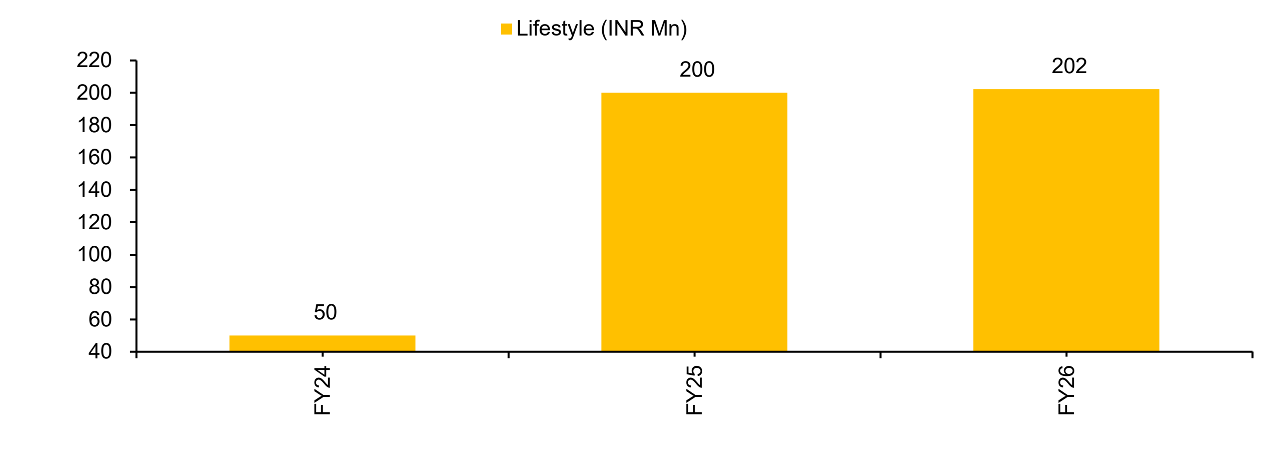
Source: Ethos QIP, Choice Institutional Equities

2.1 Brand Exclusivity and Premiumisation: Strengthening the Luxury Retail Moat

2.1.3 Category Extensions: Relationship Capital Expands Beyond Watches

- **Luxury lifestyle expansion leverages Ethos' existing relationship capital:** Ethos has extended its luxury retail platform beyond watches through **exclusive partnerships with RIMOWA in luxury luggage (2 stores) and Messika in jewellery (1 store)**. The management sees these partnerships as additional growth vectors which can leverage its existing luxury retail capabilities, customer relationships and national distribution network
- **Customer and brand ecosystem creates cross-selling potential:** Ethos already has a large HNI customer database and a loyalty ecosystem built around Club ECHO. Management has highlighted that its customer data and long standing brand relationships are important competitive assets, while the addition of jewellery and luggage allows the company to address a broader share of luxury consumption among the same affluent customer base.
- **Ethos' Lifestyle business provides long term growth optionality:** The Lifestyle business remains at a nascent stage, with **FY26 revenue of INR 202 Mn (1% of sales)** and a limited contribution to consolidated earnings. We view **Messika and RIMOWA as early proof points of Ethos' relationship capital and execution capabilities**, with potential to become incremental growth drivers over the medium term.

Lifestyle expansion opens large growth opportunities beyond watches



Source: Ethos, Choice Institutional Equities

Ethos, at present, has three lifestyle stores: Messika (2) and RIMOWA (1)

Source: Ethos, Choice Institutional Equities

2.2 Growth Runway: Store Expansion, Premiumisation and New City Penetration

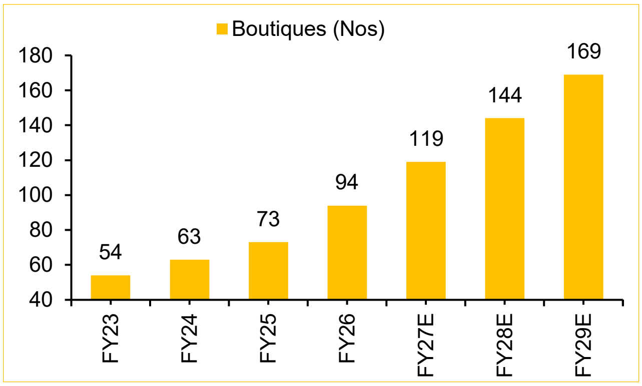
Ethos has a **long runway for store expansion**, with the network expected to increase from **103 stores to 169 by FY29E**, while management targets **~200 stores over the next 3 to 4 years**. We expect store additions to remain a key growth driver, supported by larger formats, better locations and broader brand assortments, which should improve store productivity. Rising ASPs and premiumisation should support **~13% SSSG through FY29E**. The company is also expanding into **underpenetrated Tier 2 and Tier 3 cities**, where increasing luxury consumption and limited organised retail presence provide further growth opportunities.

2.2.1 Scaling the Network Through Larger, Higher Productivity Stores

New stores typically reach EBITDA break even in first year itself

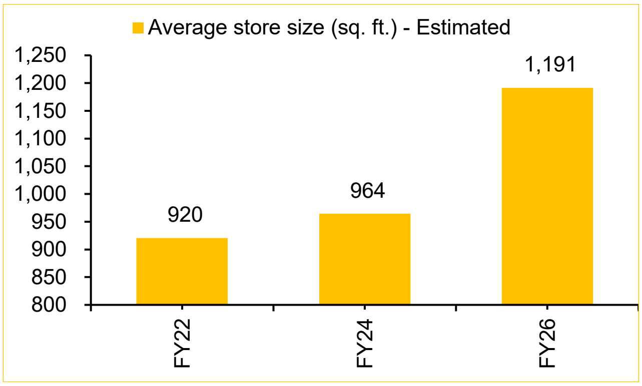
- **Long runway:** Ethos is expected to scale from **103 stores as on June-26 (94 stores in FY26) to 169 by FY29E**, implying around **24 net additions annually**, with expansion increasingly focussed on larger formats and premium locations.
- **Large format stores gaining traction:** Average store size has increased from **920 sq. ft. in FY22 to 1,100 sq. ft. in FY26** enabling deeper brand assortments and a more premium customer experience.
- **Ethos' experience in Bhopal highlights the importance of store format and brand assortment.** The earlier **380 to 400 sq ft store was not viable for a multi brand format**, prompting Ethos to re enter Bhopal in FY23 with a **larger 800 to 1,000 sq ft store and a stronger brand portfolio**, which subsequently performed significantly better.
- Larger store formats and rising ASPs should support sustained double digit SSSG. We estimate **~13% SSSG through FY29E**

New Cities, Deeper Penetration and Exclusive Brands to Drive Network Expansion



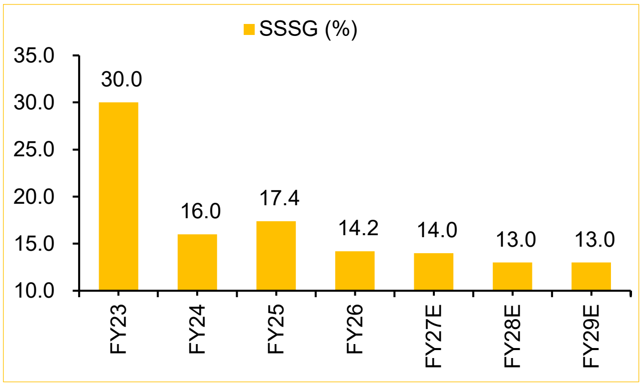
Source: Ethos, Choice Institutional Equities

Larger Stores Enable Wider Assortment and Higher Revenue per Store



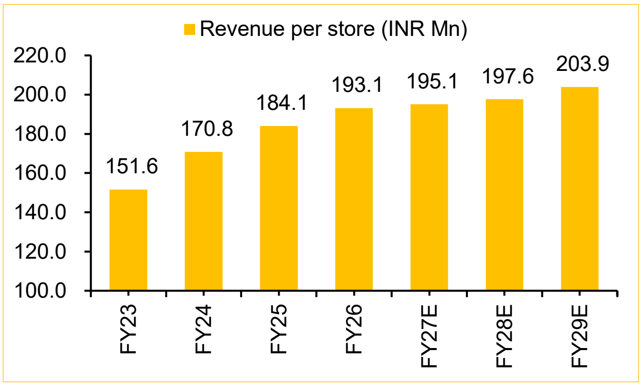
Source: Ethos, Choice Institutional Equities

SSSG Stabilises as Growth Shifts to Store Expansion



Source: Ethos, Choice Institutional Equities

Revenue per Store Rises on Higher ASP and Premiumisation



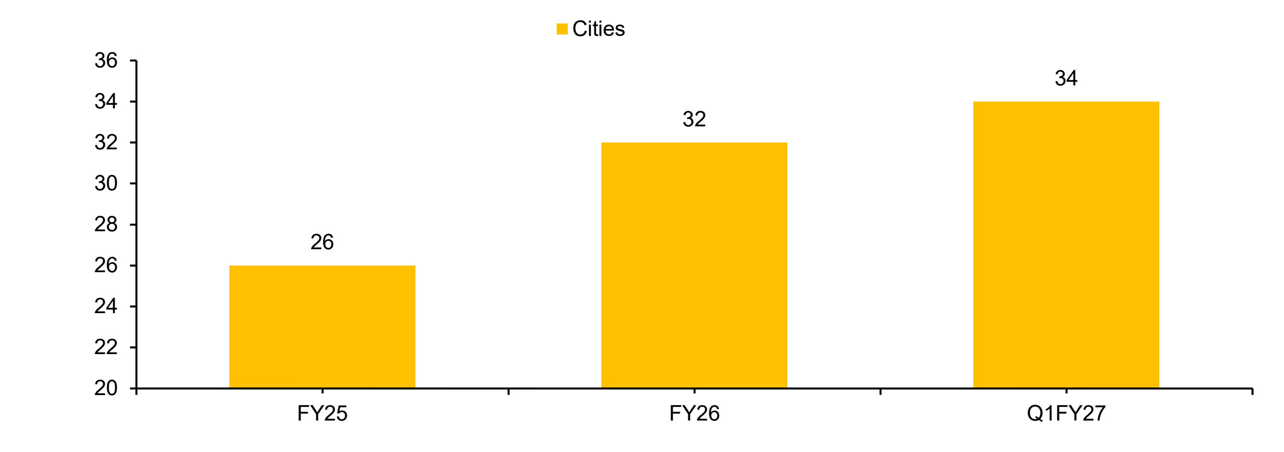
Source: Ethos, Choice Institutional Equities

2.2 Growth Runway: Store Expansion, Premiumisation and New City Penetration

2.2.2 Beyond Metros: Expanding into Underpenetrated Luxury Markets

- **First-mover advantage:** Ethos is expanding beyond metros. In recent years it has expanded in **Agra, Kanpur, Jodhpur, Srinagar, Faridabad, Ranchi, Dehradun, Siliguri, Guwahati, Bhubaneswar and Calicut**, strengthening its pan-India footprint and gaining first mover advantage in underpenetrated luxury watch markets
- The management is witnessing demand across **entry, middle and high price points** in new cities, while luxury brands are increasingly seeking representation in new geographies. New additions, such as **Jacob & Co., Bovet and Bell & Ross,** are also seeing growing interest in Tier 2 cities, supporting the runway for further expansion.

New city penetration provides long term growth runway



Source: Ethos, Choice Institutional Equities

Rising affluence and retail infrastructure unlock growth beyond metros

Rapid growth in India's UHNWI population to support luxury consumption

India's UHNWI population (net worth USD 30Mn+) grew 63.4% over the five years to 2026, from just over 12,000 to 19,877 individuals, making India the world's sixth-largest UHNWI market

Luxury demand is increasingly visible in smaller cities

Tier 2 and Tier 3 cities are becoming meaningful contributors to luxury consumption, with **over 50% of Tata CLiQ Luxury sales** originating from these markets and Luxepolis' contribution rising from **42% to 52%** in one year. Redseer estimates that **~55% of new luxury shoppers** now reside in Tier 2 and Tier 3 cities, highlighting both customer expansion and premiumisation.

Retail infrastructure is catching up

Increasing premium mall supply is improving the addressable opportunity for organised luxury retailers. Tier 2 and Tier 3 cities are expected to account for **40% to 45% of new mall developments;** cities, such as **Lucknow, Indore, Jaipur, Surat and Coimbatore** seeing new retail infrastructure, supporting Ethos' strategy of expanding into emerging luxury markets.

Source: Knight Frank, The Wealth Report 2026, Redseer, Choice Institutional Equities

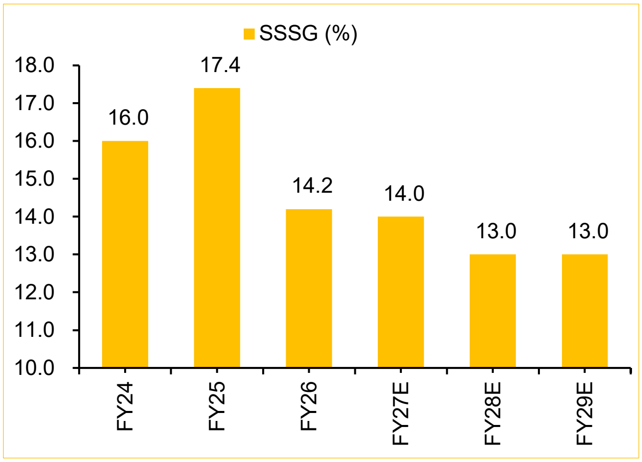
2.3 Network Expansion to Drive Growth and Margin Expansion

Ethos is transitioning from a **SSSG led growth model towards a more balanced growth strategy driven by network expansion, healthy SSSG and premiumisation**. SSSG moderated to **~14.2% in FY26 and 13.2% in Q1FY27**, from ~17% in FY25, as the company accelerated store additions. With management targeting **~200 stores over the next 3 to 4 years** and aspiring to deliver **10x revenue by FY32 under its Road to 10x strategy (2022-2032)**, we see a long runway for network led growth. We estimate **~13% SSSG and ~22% store count CAGR through FY29E**, supporting **~26% revenue CAGR**. As the newer stores mature, front ended expansion costs should normalise, while **operating leverage, cost discipline, stable CHF/INR and calibrated price increases** should support margin expansion, with EBITDA margin increasing from **12.9% in FY26 to 14.4% by FY29E**.

2.3.1 Store Expansion to Offset SSSG Normalisation

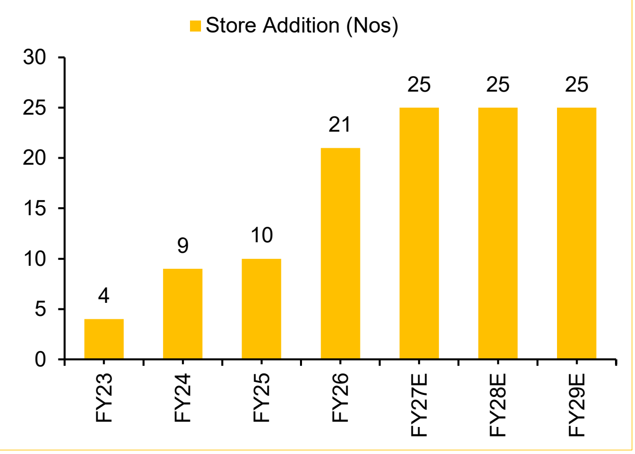
- **SSSG has moderated as Ethos has rapidly expanded its network, but remains healthy at double digit levels.** SSSG declined from 30% in FY23 to ~14% in FY26 and 13.2% in Q1FY27, as Ethos accelerated store additions, adding 21 stores in FY26 versus 10 stores in FY25 and 9 stores in FY24. Ethos remains focused on reaching **~200 stores over the next 3 to 4 years** and targeting **10x revenue growth from 2022-2032** implying a **~25% to 26% revenue CAGR**.
- **We expect store additions to remain the key growth driver.** We estimate ~13% SSSG through FY29E, with stores expected to increase from 94 in FY26 to 169 by FY29E, implying 22% store count CAGR. **Expansion into new cities, premiumisation and store maturation** should support 26% revenue CAGR, making network expansion the key growth driver rather than a recovery in SSSG.

SSSG to stabilise as growth shifts to store expansion



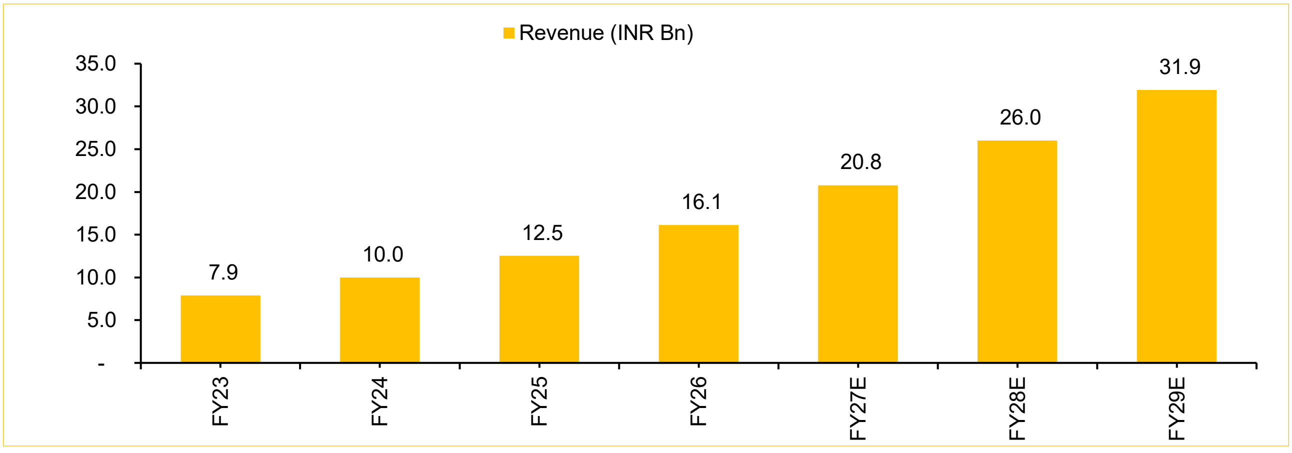
Source: Ethos, Choice Institutional Equities

Rapid store expansion temporarily Weighs on SSSG and margin



Source: Ethos, Choice Institutional Equities

Revenue growth to be driven by network expansion and sustained growth in ASP



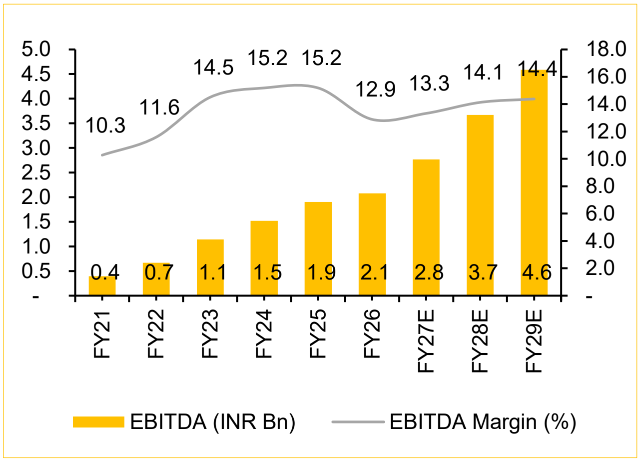
Source: Ethos, Choice Institutional Equities

2.3 Network Expansion to Drive Growth and Margin Expansion

2.3.2 Operating Leverage and stable CHF/INR to Drive Gradual Margin Expansion

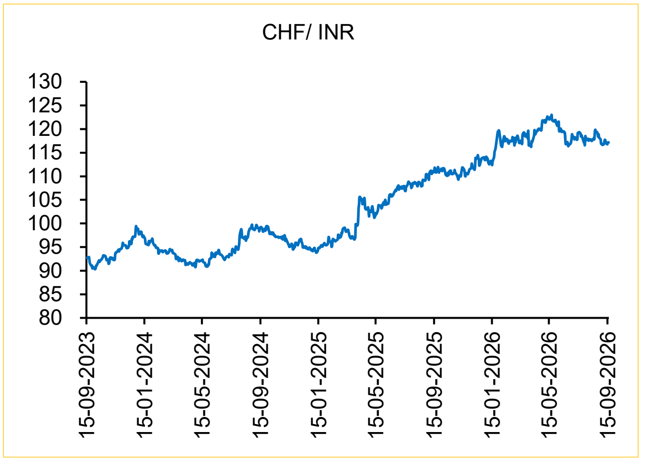
- EBITDA margin was under pressure in FY26 as Ethos invested ahead of new store openings, including employee hiring and training cost, while INR depreciation against CHF has impacted margin. This pressure was largely front-ended, with the benefit of new stores expected to accrue as they mature.
- **Margin expansion is increasingly a function of operating leverage rather than gross margin expansion.** Ethos is already close to its optimal gross margin and, therefore, does not expect significant further expansion at the gross margin level. Instead, profitability should improve as newer stores mature, with operating leverage. Stringent cost controls, stable CHF/INR and **3% to 4% price increases** should provide additional support. We therefore expect EBITDA margin to improve gradually from 12.9% in FY26 to 14.4 in FY29E.

Rapid store expansion and INR depreciation weighed on margin, while store maturity and operating leverage should drive recovery



Source: Ethos, Choice Institutional Equities

Recent CHF/INR correction, combined with forward hedging and calibrated price increases, should provide some protection to margins going forward



Source: FactSet, Choice Institutional Equities

3.1 Risk to our Investment Thesis

Currency Exposure: CHF exposure remains a key margin risk for Ethos. FY26 highlighted the sensitivity of gross and EBITDA margin to CHF/INR movements, and further INR depreciation could delay the expected margin recovery and limit operating leverage.

Mall Supply Constraint: Nearly all new boutiques are inside malls. Ethos does not control the pace at which quality mall space is delivered, and a slowdown there caps store additions regardless of demand or capital availability.

Brand-Relationship Concentration: Ethos's competitive moat is closely linked to its exclusive brand relationships. The loss of a marquee exclusive tie-up, either due to a brand changing its India strategy or a competitor winning the relationship, could weaken Ethos's portfolio differentiation and take time to rebuild.

Discretionary Demand Sensitivity: Luxury watches are highly discretionary purchases and demand is closely linked to consumer confidence and HNI spending. A slowdown in affluent consumer spending could lead to lower store footfalls, delayed purchases and weaker same store sales growth.

Competition Intensity
Increased competition intensity from existing luxury watch retailers, potential entry of global players, such as Watches of Switzerland, and direct expansion by international brands in India. A well-funded entrant securing exclusive brand relationships could challenge Ethos's portfolio differentiation, premium store locations and customer base, thereby pressurising its competitive moat.

3.2 Key Investor Questions Answered

1. Why can Ethos sustain strong revenue growth despite moderating SSSG?

A. Because growth is increasingly shifting towards network expansion rather than relying only on existing stores. Ethos is expanding into Tier 2 and Tier 3 cities, while also increasing store density in existing markets. We estimate SSSG to be around 13%, with store count increasing from **94 in FY26 to 164 by FY29E**. This combination of steady SSSG and rapid network expansion supports our **~26% revenue CAGR**.

2. A majority of the revenue still watches; how much of a moat can a brand portfolio really provide?

A. Moat does not depend on diversification beyond watches, but on the **difficulty of replicating Ethos's luxury watch business**. Its portfolio of exclusive brand relationships, built over two decades, provides differentiation in assortment, customer access and brand relationships. Importantly, our investment thesis does not assume a diversification-led re-rating; **the core watch business alone supports our growth assumptions**.

3. Why in FY26 reported EBITDA margin fell to 12.9% from 15.2% in FY25 when revenue grew 29%?

A. Two factors weighed on margin in FY26: CHF/INR depreciation increased the rupee cost of imported inventory, while rapid boutique additions increased rental and employee cost ahead of store maturity. With unit volumes and the store network continuing to grow, we view margin pressure as **largely transient, with store maturity and operating leverage supporting a gradual recovery ahead**.

4. Is the store-count growth story just extrapolation, or is there real headroom?

A. Ethos targets **200 stores over the next 3 to 4 years**, supported by the **underpenetrated organised luxury watch market and limited presence outside metros**. The company has significant headroom in **Tier 2 and Tier 3 cities**. Importantly, **SSSG has remained around 14% despite rapid store expansion**, indicating that network growth has not yet materially saturated demand.

5. If ASP growth is slowing to ~1% a year, doesn't that cap the whole growth story?

A. ASP growth moderated in FY26, while **Q1FY27 ASP grew 6% to INR 226,000**, indicating **continued premiumisation** across the premium and luxury watch segment. Going ahead, **revenue growth will be increasingly driven by store expansion and volume growth**, reducing reliance on further ASP increases.

6. Can premiumisation continue to support growth if ASP growth moderates?

A. Yes, as premiumisation is not dependent only on higher ASPs. The luxury and high luxury mix has increased from **58% in FY21 to 71% in FY26**, while Q1FY27 ASP grew 6% to **INR 226,000**. Going ahead, we expect volume growth, a sustained luxury mix and increasing contribution from exclusive brands to support growth, while reducing dependence on aggressive ASP increases.

6. How can the India Switzerland FTA accelerate luxury watch penetration in India and benefit Ethos?

A. India had **20% customs duty plus 3% cess, implying an effective duty of 23%** on Swiss watches. Under the India Switzerland FTA, the duty is scheduled to decline to **0% over seven years**, with annual reductions. The first tranche was implemented on **1 October 2025**, followed by the second tranche on **1 January 2026**, resulting in an estimated **~6% reduction in duty already**. The remaining five tranches are scheduled annually from 1 January. **Lower import duties should improve the price competitiveness of Swiss luxury watches in India**, potentially supporting higher consumer demand and faster market penetration. It could also make India more attractive for global luxury watch brands that currently have limited or no presence in the country.

7. How can Ethos defend its market position as competition intensifies from established players and direct brand entry?

A. Ethos' key defence lies in its scale, exclusive brand relationships, huge customer database, pan India network and specialised luxury retail capabilities. Its **85 plus brands, including 64 exclusive brands**, provide a differentiated assortment that is difficult to replicate. The company's established relationships with global brands, trained personnel and after sales capabilities further strengthen its positioning. **Expansion into Tier 2 and Tier 3 cities and new lifestyle categories** provides additional growth levers. Competition from Titan and direct brand entry remains a key monitorable, particularly in metros and the premium segment but not a major threat.

3.3 Key Insights from Management Meet

Ethos targets 20–25 store additions in FY27, with an ambition to double the store network to ~200 stores over the next 3–4 years

Capex of ~INR 5–6 crore per store, including inventory and fixtures, with the actual investment varying depending on the store format and location. Management targets EBITDA break-even within the first year of operations

CPO: Reported revenue of ~INR 1.1 Bn in FY26, up ~20% YoY. Given the largely unorganised nature of the CPO market, management sees significant long-term growth headroom.

Ethos targets annual price increases of 3–4%, in consultation with its brand partners

With accelerated expansion costs (FY26) already entering the P&L, management expects margins to improve as CHF/INR stabilises.

- **Road to 10x:** Management reiterated its ambition to grow revenue 10x over the next decade (2022–2032), with the foundation now in place to support the next phase of expansion.

- **Store Addition:** Ethos targets **20–25 store additions in FY27**, with an ambition to **double the store network to ~200 stores over the next 3–4 years**. Store expansion will **not be restricted to malls**, with new stores expected across **high-street locations as well as a combination of mono-brand boutiques and other formats**.

- New stores typically achieve EBITDA breakeven within the first 12 months and pay back the initial investment in around three years. However, the payback period can extend modestly in certain cases due to a slower ramp up in mall footfalls, delayed customer traction or other store specific factors.

- **New-store ramp-up remains encouraging:** Management indicated that new boutiques are **performing broadly in line with expectations**, with **Tier-2 stores taking relatively longer to mature but benefiting from a lower cost base**.

- **Shift towards volume-led growth:** Management is **not pursuing ASP expansion as the primary growth driver**, with incremental growth increasingly expected to come from higher volumes. The **Tier-2/3 expansion strategy is focused on the INR 1.5–4 lakh price band**, which management believes offers better market fit in these geographies. While **ultra-luxury (INR 50 lakh–INR +1 crore)** will remain an important segment, expansion will be more calibrated, with high-value watches supplied through the broader network rather than stocked across smaller stores. In addition, Ethos is developing a **new retail format targeting the INR 25,000–2 lakh price segment (Hour Studio Concept)**, which could further broaden its addressable market and support volume growth.

- **Store-level Capex: Capex of ~INR 5–6 crore per store**, including **inventory and fixtures**, with the actual investment varying depending on the **store format and location**. Management **targets EBITDA break-even within the first year of operations**

- **Certified Pre-Owned (CPO) gaining scale with attractive economics:** Reported revenue of **~INR 1.1 Bn in FY26, up ~20% YoY**. Given the **largely unorganised nature of the CPO market**, management sees significant long-term growth headroom. While CPO carries **lower gross margins than new watches** due to its relatively more commodity-like nature, its **better working-capital characteristics and higher ROCE potential** make it an attractive complementary growth opportunity for Ethos.

- **Pricing and Demand Resilience:** Ethos targets **annual price increases of 3–4%**, in consultation with its brand partners. Management indicated that **moderate price hikes have had limited impact on demand**, supported by the made-to-order and customer-specific nature of luxury watches. Even as cost inflation is passed through to consumers, **no meaningful volume impact has been observed from luxury price increases**. However, management noted that a **broader macro-driven slowdown in global demand** could lead to inventory corrections and lower stocking/purchases.

- **EBITDA Margin:** With accelerated expansion costs (FY26) already entering the P&L, management expects margins to improve as **CHF/INR stabilises**. However, Ethos continues to prioritise **network expansion, brand relationships, merchandising capabilities and talent**, with management expecting these investments to generate stronger benefits as **stores mature**.

3.4 SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Largest organised luxury-watch retailer in India, ~20% share of the luxury segment	High CHF-linked cost base with limited natural hedge	Tier-2/3 luxury demand still under-penetrated	Sustained INR weakness against the CHF
64 exclusive brand relationships built over two decades.	Still ~90% dependent on a single category (watches)	CPO market almost entirely unorganised today	Global watch retailers and brands entering India directly
KDDL long relationship with swiss client give added advantage	Newer categories (jewellery, luggage) unproven at scale	Adjacent categories (jewellery, luggage) leveraging the same HNI base	Scarcity of trained watchmakers constraining CPO scale-up

Source: Ethos, Choice Institutional Equities

Ethos Distinct Strengths Vs Competitors

Ethos' key competitive strengths lie in its position as the **largest organised luxury-watch retailer in India**, with **~20% share of the luxury segment**, **64 exclusive brand relationships built over two decades**, and the strategic advantage of being part of the **KDDL group**, a leading watch-component manufacturer with **long-standing relationships with Swiss watchmakers**.

Ethos Distinct Weakness Vs Competition

Ethos remains exposed to CHF-linked costs with limited natural hedge, making earnings sensitive to sharp currency movements. The business is also ~90% dependent on watches, leaving growth and profitability closely linked to the luxury-watch market. Additionally, newer categories such as jewellery and luggage remain in the investment phase and are yet to demonstrate meaningful scale or profitability, creating execution risk as Ethos diversifies beyond its core watch franchise.

Ethos Distinct Opportunities Vs Competition

Ethos' long-term growth opportunity is supported by the **under-penetration of luxury watches in Tier-2/3 cities**, where rising affluence and increasing demand provide significant headroom for store-led expansion. The **CPO market remains largely unorganised**, creating an opportunity for Ethos to leverage its pan-India retail network, authentication and refurbishment capabilities to formalise the category. Ethos can also leverage its **existing HNI customer base and luxury retail infrastructure** to scale adjacent categories such as **jewellery and luggage**, providing additional growth avenues beyond watches.

Ethos Distinct Threats Vs Competitors

Ethos faces rising **currency risk from sustained INR weakness against the CHF**, which could pressure gross margins given its imported inventory exposure. The increasing presence of **global luxury-watch retailers and brands in India** could intensify competition for customers and exclusive brand relationships. In addition, the **scarcity of trained watchmakers and specialised service personnel** could constrain the scalability of Ethos' CPO business and limit its ability to capture the full opportunity in the largely unorganised pre-owned watch market.

3.5 Michael Porter's Five Forces Analysis

Competitive Forces

Threat of New Entrants

Moderate

Brand relationships take years to build; global names such as Watches of Switzerland could enter directly, but replicating 64 exclusive tie-ups is slow

Bargaining Power of Buyers

Low to Moderate

HNI and affluent buyers are relatively price-insensitive by category standards; the Club Echo loyalty programme (4.5 lakh members) and a high repeat-purchase rate suggest real switching costs.

Threat of Substitutes

Low

Smartwatches compete at the low end Ethos has deliberately exited; little substitution risk remains in the luxury and high-luxury segment where Ethos now concentrates.

Bargaining Power on Suppliers

High

Global brands such as Rolex, Patek Philippe and Omega hold real leverage over any single retailer – Ethos' scale and HNI database are its main counterweight

Industry Rivalry

Moderate

Regional multi-brand players (Kapoor Watch, Johnson Watch) compete Ethos. However, national scale and exclusive brands remain Ethos' main differentiators. However HNI's and affluent buyers are global shoppers where they can purchase watches directly from Switzerland, Dubai or Singapore

Source: Ethos, Choice Institutional Equities

Ethos' competitive moat is underpinned by long-standing relationships with global luxury-watch brands, with brand relationships often taking years to build and requiring strong service quality, dependability and execution. While global players such as Watches of Switzerland could potentially enter India directly, replicating Ethos' 64 exclusive brand relationships, accumulated over decades, and its established retail and service infrastructure remains a formidable challenge, providing a meaningful barrier to entry.

Supplier bargaining power remains **relatively high**, as global luxury-watch brands such as **Rolex, Patek Philippe and Omega** hold significant leverage over individual retailers given the scarcity and desirability of their brands. Ethos' key counterweights are its **scale, established HNI customer base, pan-India retail reach and long-standing brand relationships**, which make it an important retail partner for global watchmakers and help strengthen its negotiating position.

Competition intensity remains **moderate**, with regional multi-brand players such as **Kapoor Watch and Johnson Watch** are competing. However. Ethos' **national scale, exclusive brand relationships and differentiated luxury portfolio** remain key competitive advantages. However, affluent and HNI customers are increasingly **global shoppers**, with the ability to purchase luxury watches directly from **Switzerland, Dubai or Singapore**, creating an additional layer of competition beyond the domestic retail market.

Buyer bargaining power remains **relatively low**, as HNI and affluent customers are generally less price-sensitive in the luxury-watch category. Ethos' **Club Echo loyalty programme (4.5 lakh members)** and high **repeat purchase rate** further strengthen customer stickiness, indicating meaningful switching costs and a strong ability to retain its high-value customer base.

Substitute risk remains **relatively low** in Ethos' core luxury and high-luxury segment, as **smartwatches primarily compete at the lower end of the market**, a segment Ethos has deliberately exited. With Ethos increasingly focused on premium and high-luxury watches, substitution from smartwatches remains limited, supporting the resilience of its core category.

3.6 View & Valuation Rationale

Ethos is Trading at the Lowest P/E Multiple with Higher Earnings Visibility among Larger Peers

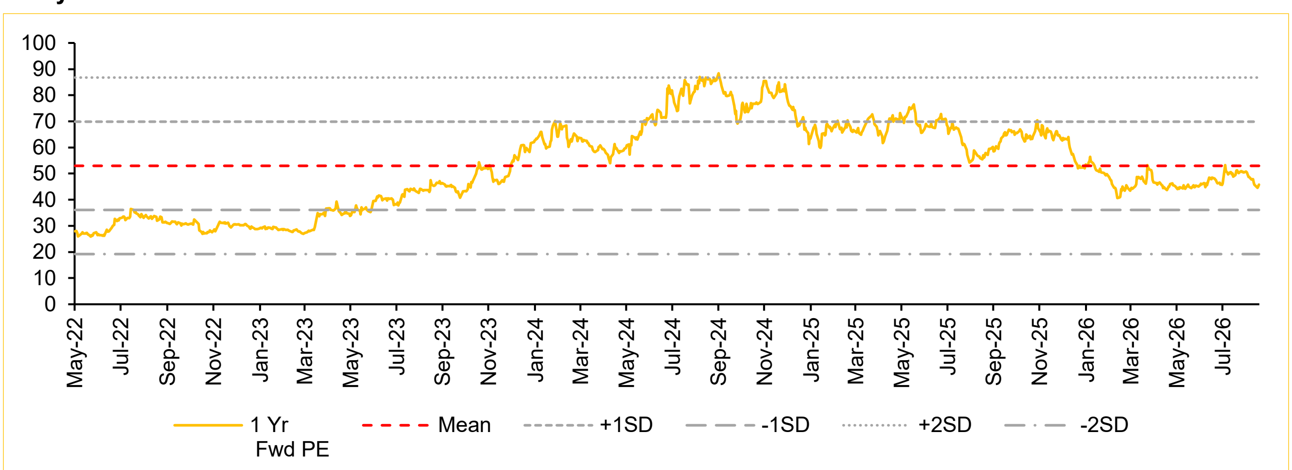
Company	CMP	Mcap	Revenue (CAGR) %		EBITDA (CAGR) %		EBITDA Margin (%)		PAT (CAGR) %		ROE (%)			P/E			PEG
	(INR)	(INR Bn)	(FY23-26)	(FY26-29E)	(FY23-26)	(FY26-29E)	FY26	FY29E	(FY23-26)	(FY26-29E)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY26
Ethos	2,613	69	26.9	25.6	22.0	30.2	12.9	14.4	16.8	33.4	8	9	11	52	39	30	2.2
Timex*	704	71	27.8	29.1	44.2	35.2	14.3	16.4	16.9	40.8	51	41	35	61	45	34	2.3
Titan*	4,910	4,359	29.2	15.0	19.6	19.9	9.5	10.8	15.7	22.3	31	28	27	66	56	47	3.7
Trent*	2,774	1,478	34.5	19.1	49.8	21.0	18.7	19.6	63.5	22.8	24	24	23	68	55	46	3.8
Shoppers Stop*	395	43	7.8	10.2	2.3	11.4	14.8	15.2	NA	NA	14	17	17	68	43	34	NA
Mean														**63**	**48**	**38**	-
Median														**66**	**45**	**34**	-

Source: FactSet, Ethos, Choice Institutional Equities; (*) Not under our coverage, estimates taken from FactSet

Ethos offers an attractive medium to long term investment opportunity in India's luxury retail market.

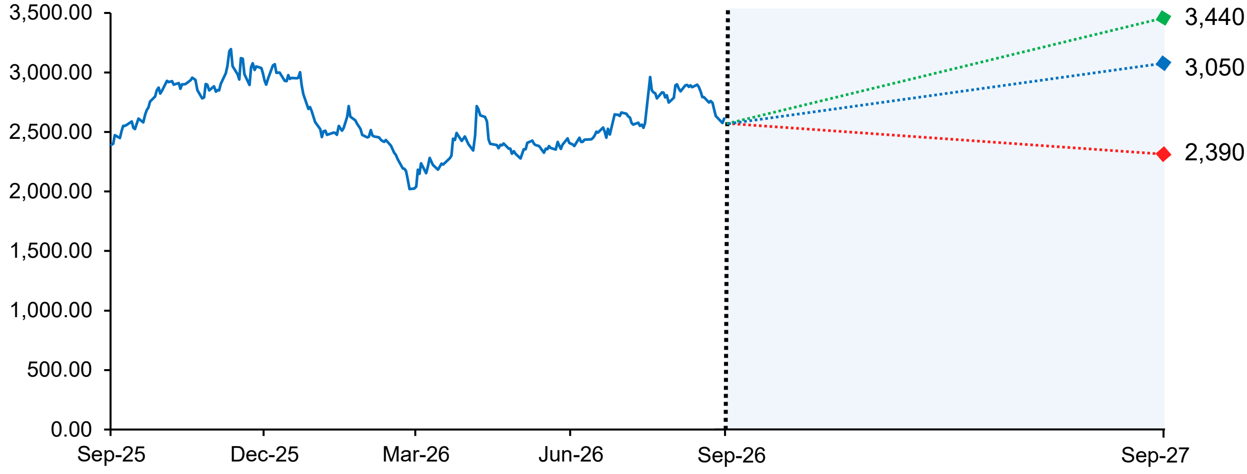
- **A differentiated luxury watch portfolio**, supported by **103 boutiques, 85 plus brands and 64 exclusive brands**, with long standing brand relationships creating a strong competitive moat.
- **Sustained network expansion**, with stores expected to increase from **94 in FY26 to 169 by FY29E**, driven by new city penetration, particularly Tier 2 and Tier 3 cities, and deeper presence in existing markets.
- **Continued premiumisation**, with **ASP increasing from INR 149,000 in FY22 to INR 226,000 in Q1FY27** and luxury and high luxury mix rising from **65% to 71%**, supporting revenue growth and store productivity.
- **Operating leverage as the store network matures**, with SSSG expected at ~13% and store count growing at ~22% CAGR, supporting **~26% revenue CAGR and EBITDA margin expansion from 12.9% in FY26 to 14.4% by FY29E**.
- **Multiple growth opportunities beyond core watch retail**, with **CPO, RIMOWA and Messika** providing additional avenues, while a broader exclusive brand portfolio can further strengthen differentiation and profitability.
- We estimate Revenue/EBITDA/PAT CAGR of ~26%/~30%/~33% over FY26 to FY29E. **We initiate coverage with an 'ADD' rating and a TP of INR 3,050 valuing the stock at 40x Sep-28E EPS**, implying ~17% upside from the current level.

One year forward PE Band chart



Source: Bloomberg, Ethos, Choice Institutional Equities

3.7 Bull and Bear Case Scenarios



INR 3,440
32% Upside

BULL Assumptions

- Ethos to witnessed revenue CAGR of **27%** over FY26–FY29E (SSSG growth of 14%; store addition CAGR 22%)
- EBITDA CAGR of **32%** over FY26–FY29E (EBITDA Margin 14.2% - 14.7%)
- PAT CAGR of **37%** over FY26–FY29E
- Target PE multiple of 42x Sep-28 EPS

INR 3,050
17% Upside

BASE Assumptions

- Ethos to witnessed revenue CAGR of **26%** over FY26–FY29E (SSSG growth of 13%; store addition CAGR 22%)
- EBITDA CAGR of **30%** over FY26–FY29E (EBITDA Margin 13.3% - 14.4%)
- PAT CAGR of **33%** over FY26–FY29E
- Target PE multiple of 40x Sep-28 EPS

INR 2,390
10% Downside

BEAR Assumptions

- Ethos to witnessed revenue CAGR of **22%** over FY26–FY29E (SSSG growth of 12%; store addition CAGR 21%)
- EBITDA CAGR of **24%** over FY26–FY29E (EBITDA Margin 13.3% - 13.5%)
- PAT CAGR of **24%** over FY26–FY29E
- Target PE multiple of 38x Sep-28 EPS

4.1 Financials & Ratios

Income Statement (INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Net Sales	**16,122**	**20,774**	**25,990**	**31,908**
Gross Profit	**4,670**	**6,116**	**7,813**	**9,641**
EBITDA	**2,078**	**2,769**	**3,673**	**4,589**
Depreciation	(895)	(1,146)	(1,422)	(1,622)
EBIT	**1,183**	**1,623**	**2,251**	**2,967**
Interest paid	(272)	(311)	(373)	(448)
Other Income	462	499	524	550
Non-recurring Items	(182)	-	-	-
PBT	**1,309**	**1,811**	**2,401**	**3,069**
Tax	(347)	(471)	(615)	(786)
Others (Minorities, Associates)	-	-	-	-
Net Profit	**961**	**1,340**	**1,786**	**2,283**
EPS	35.9	50.1	66.8	85.3

Key Ratios

Particulars	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)				
Revenue	28.8	28.9	25.1	22.8
EBITDA	9.3	33.2	32.7	24.9
EBIT	(6.9)	37.2	38.7	31.8
PAT	(0.2)	39.4	33.3	27.8
Margin (%)				
Gross Margin	29.0	29.4	30.1	30.2
EBITDA Margin	12.9	13.3	14.1	14.4
PAT Margin	6.0	6.4	6.9	7.2
Profitability (%)				
ROE	7.3	7.7	9.5	10.9
ROCE	6.5	8.3	10.6	12.6
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	7.5	7.1	6.9
Quick Ratio (x)	4.4	3.4	2.9	2.6
Interest Cover (x)	4.3	5.2	6.0	6.6
Total Debt/Equity (%)	0.2	0.2	0.2	0.2
Valuation				
PER (x)	72.8	53.2	39.9	31.2
EV/EBITDA (x)	32.7	24.7	18.6	14.7
EV/EBIT (x)	57.4	42.1	30.3	22.8

Source: Ethos, Choice Institutional Equities

Balance Sheet (INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Cash & Cash Equivalents	6,616	6,205	6,317	6,877
Debtors	175	225	282	346
Inventory	6,955	8,962	11,211	13,765
Loans & Advances	1	1	1	1
Other Current Assets	1,140	1,140	1,140	1,140
Total Current Assets	**14,887**	**16,533**	**18,951**	**22,128**
Investments	358	358	358	358
Gross Fixed Assets	6,387	7,637	8,887	10,137
Less: Depreciation	(1,448)	(2,593)	(4,015)	(5,637)
Add: Capital WIP	111	111	111	111
Net fixed Assets	**5,050**	**5,155**	**4,983**	**4,611**
Non Current Assets	1,677	1,677	1,677	1,677
Total Assets	**21,972**	**23,722**	**25,969**	**28,774**
Current Liabilities	1,804	2,214	2,674	3,197
Provisions	-	-	-	-
Total Current Liabilities	1,804	2,214	2,674	3,197
Non Current Liabilities	3,524	3,524	3,524	3,524
Total liabilities	**5,328**	**5,738**	**6,199**	**6,721**
Paid-up Capital	268	268	268	268
Reserves & Surplus	14,612	15,951	17,738	20,021
Shareholders' Equity	**16,644**	**17,984**	**19,770**	**22,053**
Total Equity & Liabilities	**21,972**	**23,722**	**25,969**	**28,774**

Cash Flow (INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Cash Flow from Operations	897	1,149	1,735	2,258
Cash Flow from Investing	(4,755)	(1,250)	(1,250)	(1,250)
Cash Flow from Financing	5,015	(311)	(373)	(448)

DuPont Analysis

Particulars	FY26	FY27E	FY28E	FY29E
Tax Burden	73%	74%	74%	74%
Interest Burden	111%	112%	107%	103%
EBIT Margin	7%	8%	9%	9%
Asset Turnover	0.9	0.9	1.0	1.2
Equity Multiplier	1.4	1.3	1.3	1.3
ROE (%)	**7.3**	**7.7**	**9.5**	**10.9**

Source: Ethos, Choice Institutional Equities

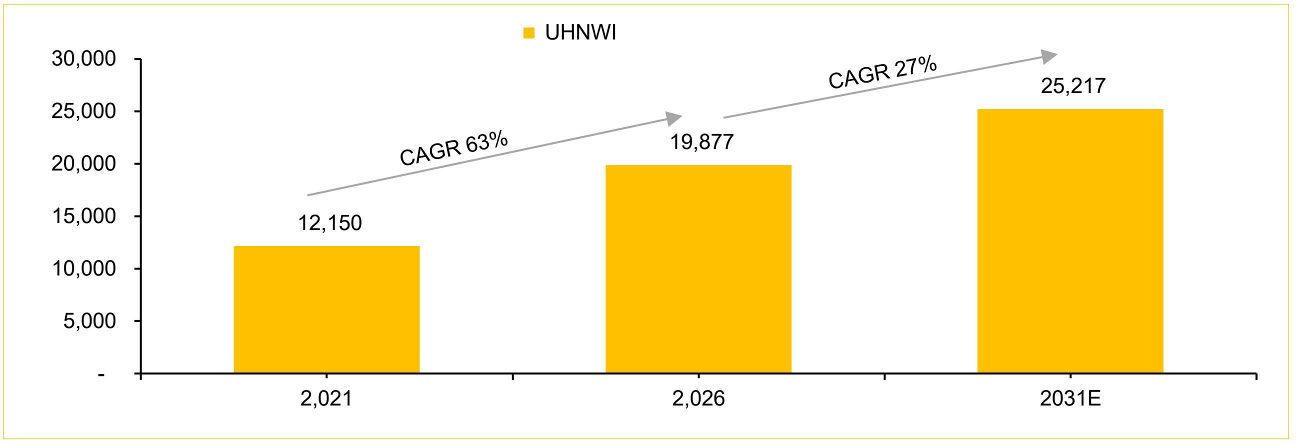
Choice
Institutional Equities

5.1 Industry Overview: India Luxury Watch Market

5.1.1 India's Wealth and Luxury Backdrop

- **India's affluent population is expanding rapidly, supporting long term luxury consumption.** According to Knight Frank, The Wealth Report 2026, India's UHNWI population, with net worth above USD 30 Mn, grew **63.4% over the past five years to 19,877 in 2026**, making India the **sixth largest UHNWI market globally**. The population is expected to rise another **27% to 25,217 by 2031**, while the billionaire population is projected to increase **51% from 207 to 313**, providing a favourable backdrop for luxury consumption.

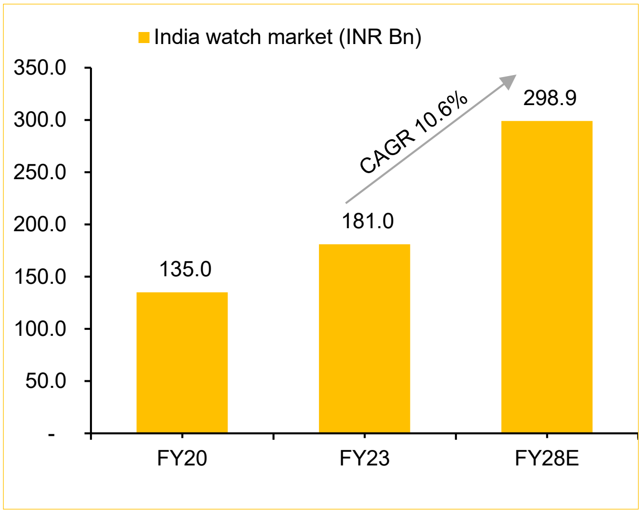
Rapid growth in India's UHNWI population to support luxury consumption



Source: Knight Frank, Choice Institutional Equities

5.1.2 Indian Watch Market: Premium and Luxury Segments are Growing Faster

- India's overall watch market was estimated at INR 181 Bn in FY23, up from INR 135 Bn in FY2020, and is projected to reach INR 298.9 Bn by FY2028 at 10.6% CAGR. Within this market, Premium, Bridge to Luxury, Luxury and High Luxury segments are expected to grow faster than the Mass and Mid segment.



Particulars (INR Bn)	FY20	FY23	FY28E	CAGR
High Luxury, above INR 10 lakh	5	8	16	15.0%
Luxury, INR 2.5 lakh to INR 10 lakh	8	12	24	15.0%
Bridge to Luxury, INR 1 lakh to INR 2.5 lakh	19	27	49	12.5%
Premium, INR 25,000 to INR 1 lakh	34	48	85	12.0%
Fashion, INR 5,000 to INR 25,000	28	38	61	10.0%
Mass and Mid, below INR 5,000	41	48	65	6.0%
Total Market	**135**	**181**	**299**	**10.6%**

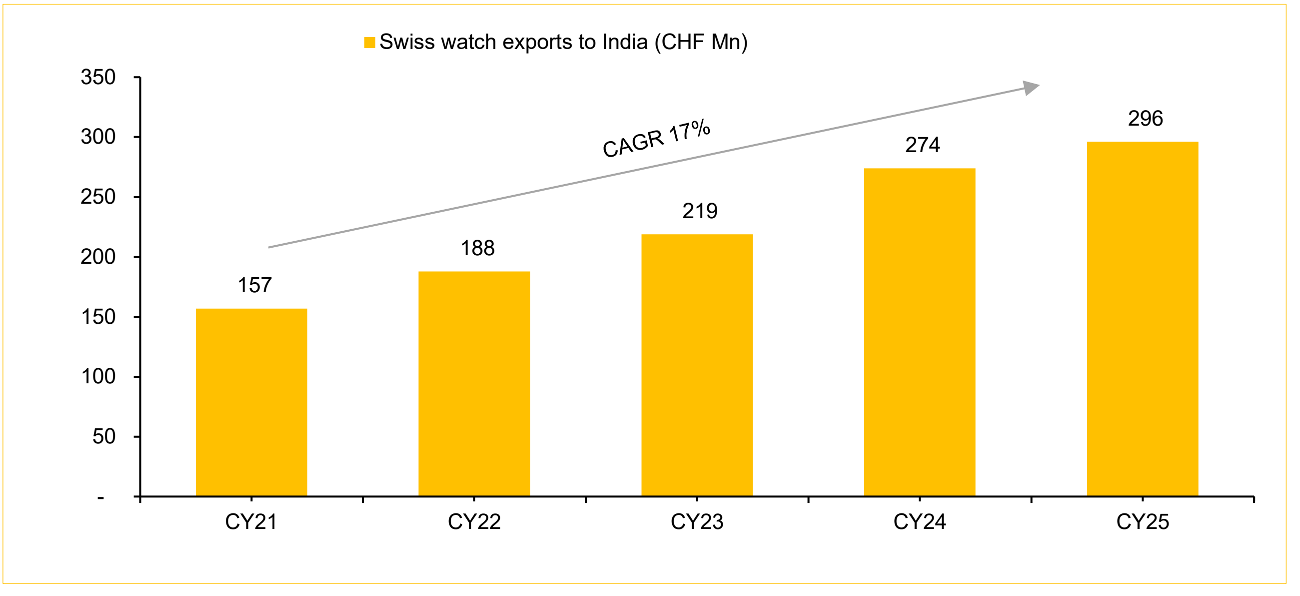
Source: Ethos QIP, Choice Institutional Equities

5.1 Industry Overview: India Luxury Watch Market

5.1.3 Swiss Watch Imports: External Validation of Demand

- **India is emerging as the fastest growing export market for Swiss watches.** As per Federation of Swiss Watch Industry data. Swiss watch exports to India grew **17% YoY over CY21 to CY25**, compared with **3% global growth**, and increased a further **~32% in H1CY26**. India consequently moved from the **21st to the 13th largest Swiss watch export market** in just over a year.
- **Lower import duties could further support luxury watch penetration.** Under the India Switzerland trade agreement, import duty on Swiss watches is being phased down from **22% to 0% over seven years**, providing a structural tailwind through lower retail prices.

India is emerging as the fastest growing export market for Swiss watches.



Source: Federation of Swiss Watch Industry, Choice Institutional Equities

5.1.4 India Remains Underpenetrated in Luxury Watches

- **India's luxury watch penetration remains significantly below global and China levels.** Luxury watches accounted for **~26% of India's overall watch market in FY23**, compared with **58% globally and 61% in China**, highlighting the **long term penetration opportunity** as incomes and affluent consumer pools expand.

India has the long term penetration opportunity as incomes and affluent consumer pools expand

Metric	Global	India	China
Total Watch Retail	USD 71.1 Bn	USD 2.3 Bn	USD 17.8 Bn
Luxury Watch Market	USD 41.4 Bn	USD 0.6 Bn	USD 10.9 Bn
Luxury Watch share of Total Watch Retail	58%	26%	61%

Source: Ethos QIP, Choice Institutional Equities

5.1 Industry Overview: India Luxury Watch Market

5.1.5 Organised Retail Dominates Premium and Luxury Watches

- **Organised channels accounted for 93%** of India's Premium and Luxury watch market in FY23.
- Within the Luxury segment, **Vertical Specialist MBOs such as Ethos accounted for 77% of retail sales**, while EBOs accounted for 20%.

Route to Market	Premium and Luxury FY23	Luxury FY23
Vertical Specialist MBO	61%	77%
EBO	25%	20%
Other channels	14%	3%

Source: Ethos QIP, Choice Institutional Equities

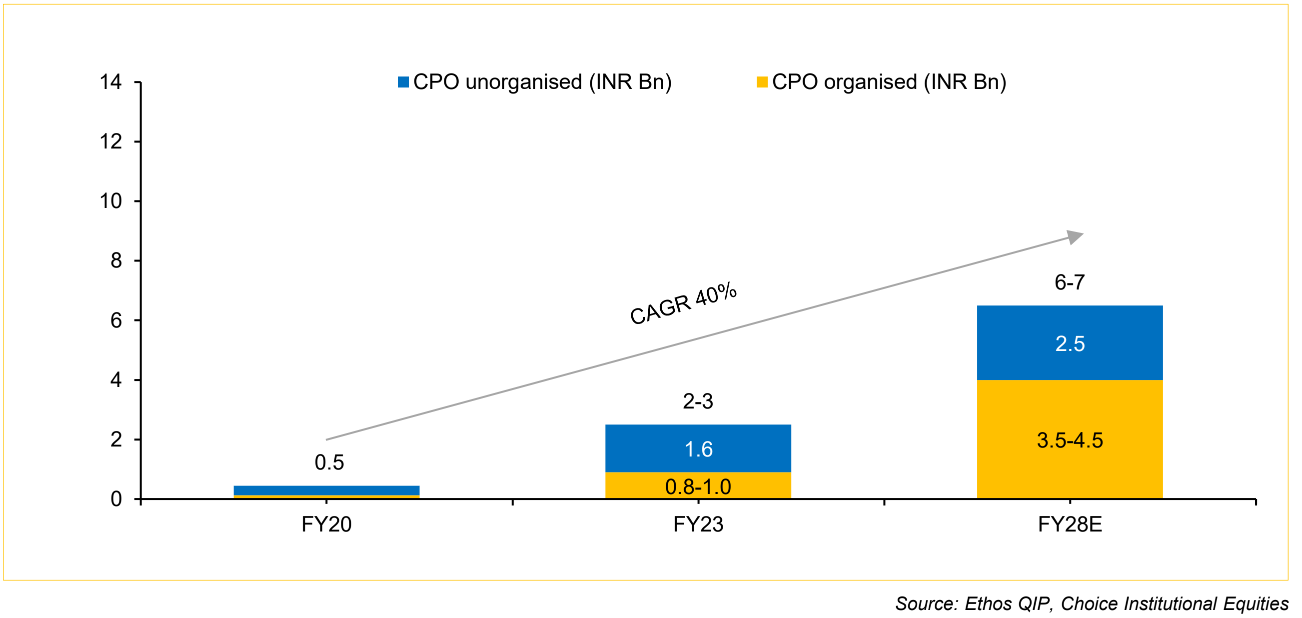
Ethos dominates the overall premium and luxury watch market in India

Vertical Specialist	Luxury Market Share (%)*	Premium and Luxury Market Share (%)*
Ethos	21%	13%
Kapoor Watch	12%	8%
Zimson	7%	4%
Kamal Watch	7%	4%
Johnson Watch	4%	2%
Helvetica Boutique	1%	1%
Khimani Watch	0.03%	0.02%

Source: Ethos QIP, (*) MS based on FY22 revenue; Choice Institutional Equities

5.1.6 Certified Pre-Owned (CPO) Watch Market is Nascent in India with Significant Headroom

- **India's CPO luxury watch market remains at an early stage but offers significant growth potential.** The organised CPO market was **INR 0.10 to 0.15 Bn in FY20**, versus **INR 66.1 Bn** for the overall Premium and Luxury watch market. By FY23, CPO reached **INR 0.80 to 1.0 Bn** and is expected to reach **INR 6 to 7 Bn by FY28**, indicating strong growth from a small base
- CPO lowers the entry price into luxury watches makes luxury watches accessible to the aspirational consumer. Expands the addressable customer base, rather than only shifting existing buyers from new to used.



Source: Ethos QIP, Choice Institutional Equities

6.1 Company Overview

Ethos Ltd promoted by KDDL, established in 2003, is one of India's leading luxury and premium watch retailers, with **103 boutiques across 34 cities**. Its portfolio comprises **85 plus luxury watch and lifestyle brands, including 64 exclusive brands**, giving the company a differentiated position in the organised luxury watch market. Beyond watches, Ethos has built a presence in the **Certified Pre Owned segment**, with capabilities across sourcing, authentication, refurbishment and resale of pre owned luxury watches. The company is also expanding into adjacent luxury categories through **RIMOWA and Messika**, providing additional growth avenues beyond its core watch retail business.

Key Milestones

2003

Opened first store in Chandigarh (under the umbrella of KDDL)

2007

Incorporated Kamla Retail Ltd. As a public limited company

2008

Transferred retail business of KDDL to Kamla Retail Ltd

2009 - 2012

Inaugurated retail shop at IGIA, New Delhi

Launched: www.ethoswatches.com

Renamed Kamla Retail to Ethos Ltd.

2018 - 2019

Club Echo reached 2 Lakh members

Opened flagship store in Hyderabad and Kolkota

2020-2021

Reached 50 stores across India

Launched CPO watch lounge in New Delhi

Launched www.secondmovement.com

2022

IPO

2023

Reached exclusive brand partnership with 40 brands

Club Echo reached 3 Lakh members

Launched RIMOWA

2024-2025

QIP fund raise of INR 1.75 Bn

Added six exclusive brands

Opened 14 new boutiques

Launched Messika

2026

Successfully completed Rights issue of INR 4.9 Bn

Crossed 100 stores milestone

6.2 Business Model

Brand Relationships

- Long standing relationships with leading global luxury watch brands
- 85 plus luxury watch and lifestyle brands, including 64 exclusive brands
- Exclusive brand relationships create differentiation and support higher margins
- Portfolio includes luxury, high luxury, premium and lifestyle brands

Revenue streams

Core Watch Retail

- Ethos Boutique: small format; upto INR 5 lakh watches
- Ethos Summit: Metro & Tier 1; INR 1 to 20 lakh watches
- Ethos Haute Horology: Premium; upto INR 1 Cr watches

Driver

- Luxury and high luxury watches remain the dominant revenue contributor at 71%
- Rising ASP and premiumisation driving revenue growth

CPO and Adjacent Businesses

- Certified Pre Owned watches through Second Movement
- Lifestyle expansion through RIMOWA and Messika

Cost Structure

- Inventory is the largest component of working capital; CHF linked sourcing creates currency sensitivity
- Store expansion leads to higher front ended costs before new stores mature
- Operating leverage expected as stores mature and revenue scales

Channels

Retail

- 103 boutiques across 34 cities as of August 2026

Digital

- Ethoswatches.com provides nationwide reach
- Second Movement platform for CPO watches

Strategic Opportunities

- **Network expansion:** Large runway through new cities (Tier 2 and 3 cities) and deeper penetration in existing markets
- **Exclusive brands:** Management aims to increase exclusive brand contribution, strengthening portfolio differentiation
- **CPO:** Growing adoption of pre owned luxury watches provides an incremental growth opportunity
- **Lifestyle:** RIMOWA and Messika provide optionality beyond core watch retail

6.3 About the Management

Name	Designation	Qualification	Experience
 **Mr. Yashovardhan Saboo**	**Chairman & Whole Time Director**	**PGDM IIM Ahmedabad**	Mr. Yashovardhan Saboo is the promoter of KDDL Limited (Parent company) and has vast experience in the manufacturing and retail industry.
 **Mr. Pranav Shankar Saboo**	**CEO & MD**	**B. Sc Management**	Mr. Pranav Saboo has been associated with Ethos since 2015 and is also the founder of Dream Digital Technology Limited, a multi-faceted digital marketing company. He was later appointed as the CEO of Ethos in 2018.
 **Mr. Mukul Krishan Khanna**	**COO**	**MBA**	Mr. Mukul Khanna has been associated with Ethos since 2024. He has +20 years of experience across consumer durables and E-commerce
 **Mr. Munish Gupta**	**CFO**	**CA**	Mr. Munish Gupta was appointed as CFO in May 2026. He has over 20 years experience across the construction, hospitality, IT/travel, startup and FMCG sectors.

Institutional Research Team			
Utsav Verma, CFA	Head of Institutional Research, India Equity Strategy and SMIDs	utsav.verma@choiceindia.com	+91 22 6707 9440
Purvi Mundhra	Economist	purvi.mundhra@choiceindia.com	+91 22 6707 9241
Ambrish Shah	Analyst - Power	ambrish.shah@choiceindia.com	+91 22 6707 9251
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Bhavik Shah, CFA	Analyst – Metals & Mining	bhavik.shah@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9827
Karan Kamdar	Analyst – Consumer Discretionary, SMIDs	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Preeyam Tolia	Analyst – FMCG & Retail	preeyam.tolia@choiceindia.com	+91 22 6707 9987
Subhash Gate	Analyst – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Vijiya Rao	Analyst – AMC & Insurance	vijiya.rao@choiceindia.com	+91 22 6707 9531
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9930
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Pankti Karania	Associate – Energy	pankti.karania@choiceindia.com	+91 22 6707 9251
Prakhar Tibrewala	Associate – SMIDs	prakhar.tibrewala@choiceindia.com	+91 22 6707 9433
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9535
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

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**

Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH000000222) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email- Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.

Email- ig@choiceindia.com

The Company uses artificial intelligence tools as part of its research process, including data analysis and content generation. Notwithstanding the foregoing, all analysis, views, and recommendations are independently formulated and duly reviewed by qualified research analysts prior to issuance.

General Disclaimer:

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

Disclaimers in respect of Jurisdiction:

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

Disclosure on Ownership and Material Conflicts of Interest:

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

Disclosure on Receipt of Compensation:

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. www. https://choiceindia.com/research-listing

PREEYAM HIMANSHU TOLIA

Digitally signed by PREEYAM HIMANSHU TOLIA
DN: c=IN, st=Maharashtra,
2.5.4.20=e145f5d7742ee3757637cc3acce346d14c7c01cbcf3b742939ddc66251335779,
postalCode=401303, street=SO Himanshu Tolia Building No 3 Flat No 304 Shree Shashwat Avenue A4 Global City Near Agarwal Lifestyle Virar West Virar West,
pseudonym=5729d6486ea04768b58ce5daf537661b, title=9770,
serialNumber=2b2aab7cf3913e865a6708229de80ec21ada0218c6e38e7fbb3ee7a17e6b41f1,
o=Personal, cn=PREEYAM HIMANSHU TOLIA
Date: 2026.09.23 06:55:43 +05'30'