

GPHG Exhibition Reinforces India's Luxury Watch Opportunity

Ethos Ltd hosted an exhibition showcasing some of the world's finest timepieces nominated by the Grand Prix d'Horlogerie de Genève (GPHG) Academy, in the presence of Mr. Raymond Loretan, President, GPHG Foundation. The event was followed by an interaction with the management, which outlined its long-term growth strategy and expansion plans. The discussions reinforced Ethos' confidence in the structural growth opportunity for luxury watches and accessories in India.

India is gaining increasing relevance on the global luxury map, with international watch brands stepping up their focus on the country. This is reflected in India's improving position in global Swiss watch exports, moving to 14th in CY26TD from 20th in CY25. Against this backdrop, Ethos remains focused on expanding its retail footprint, widening its addressable market and scaling its lifestyle and manufacturing businesses.

Key Takeaways

- **Management Remains Confident of a 10x Growth Opportunity:** Ethos remains committed to 10x revenue growth over the next 10 years and expects to potentially achieve the target 1–2 years ahead of schedule. Management expects FY27 to be its fastest-growing year, supported by a growing luxury market and improving retail infrastructure.
- **Boutique Expansion Provides Significant Headroom for Growth:** Ethos plans to expand its boutique network from ~100 stores currently to ~300 stores over the next 5–6 years. With key constraints around talent, training and premium retail locations largely addressed, the company is well placed to accelerate expansion and improve store productivity.
- **New Formats to Broaden the Addressable Market:** Ethos is expanding beyond its traditional luxury watch positioning through differentiated retail formats. The upcoming Hour Studio format will target the relatively larger Rs 25,000–200,000 price segment, thereby opening access to a broader customer base. At the other end of the spectrum, Ethos Haute Horology will focus on watches priced above Rs 5 Mn, strengthening its presence in the ultra-luxury segment. Ethos is also strengthening its after-sales network to support the expanding luxury watch base.
- **Favre Leuba Gaining Traction; Manufacturing Capacity to Scale Up:** Favre Leuba has seen encouraging initial traction, with production reaching ~3,000 watches vs. the initial plan of ~1,800 units. Production is targeted at ~8,000 units this year, with capacity expected to double over the next two years, supported by a healthy product pipeline.
- **Lifestyle Portfolio Gaining Momentum:** Rimowa and Messika have delivered better-than-expected traction. Ethos plans to open its third Rimowa boutique in October and launch its e-commerce channel, while evaluating additional global lifestyle brands.

Valuation and Recommendation:

Ethos has largely addressed the key operational bottlenecks that had constrained its pace of expansion, particularly around talent, frontline training and access to premium retail locations. With these investments now in place, we expect the company to gradually benefit from a larger store network and improving productivity. The combination of rapid boutique expansion, a widening product and price portfolio, scaling of Favre Leuba, growth in pre-owned watches and increasing traction in luxury lifestyle provides multiple avenues for sustained growth. The company's strong cash position further reduces the funding constraints associated with this expansion. **Hence, we maintain our BUY rating, valuing the company at 38x Jun'28E EPS, to arrive at a TP of Rs 3,360/share, implying an upside of 33% from the CMP.**

 (CMP as of 1st October 2026)

CMP (Rs)	2525
Upside /Downside (%)	33%
High/Low (Rs)	3244/1921
Market cap (Cr)	6795
Avg. daily vol.(6m)Shrs '000.	66
No. of shares (Cr)	2.6

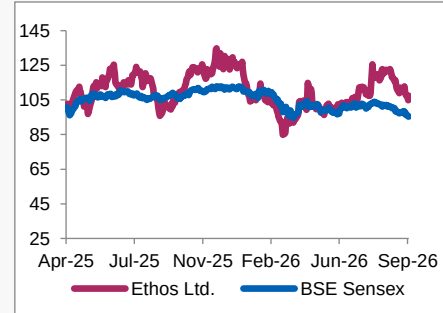
Shareholding (%)

	Dec-25	Mar-26	Jun-26
Promoter	50.6	50.6	50.6
FII's	12.6	10.9	11.3
MFs / UTI	18.6	20.2	20.3
FIs/ Banks	0.0	0.0	0.0
Others	18.2	18.4	17.8

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	1,612	2,051	2,684
EBITDA	208	264	354
Net Profit	98	131	184
EPS, Rs	36.6	48.8	68.8
PER, x	81	61	43
EV/EBITDA, x	37	29	21
ROE, %	7	8	10

Relative Performance



Source: Ace Equity, Axis Securities Research

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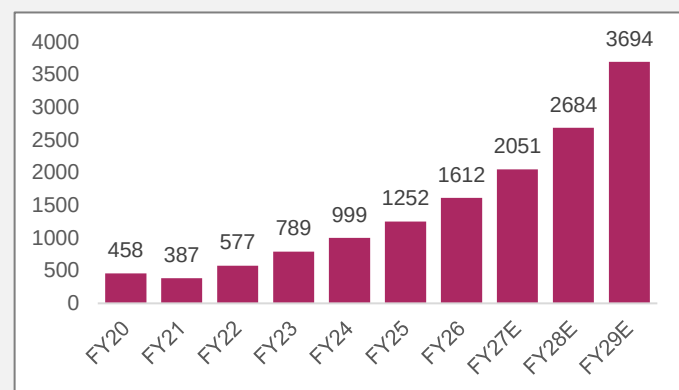
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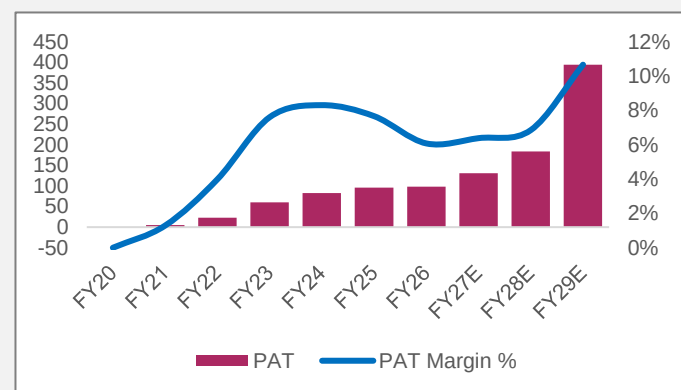
Key Charts

Exhibit 1: Revenue (Cr)



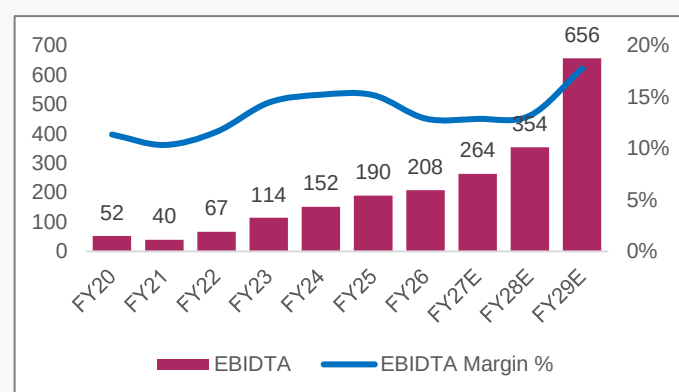
Source: Company, Axis Securities Research

Exhibit 2: PAT (Cr) & PAT Margins %



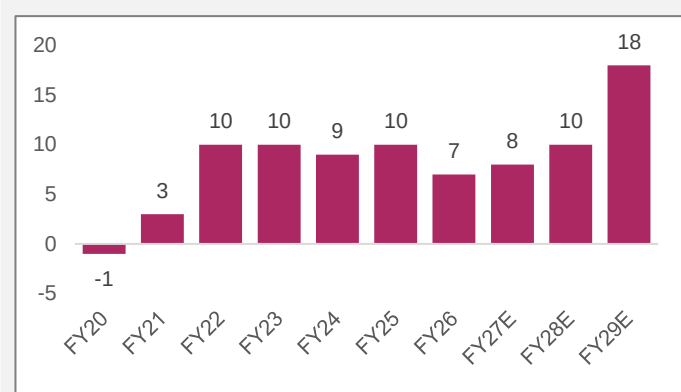
Source: Company, Axis Securities Research

Exhibit 3: EBITDA (Cr) & EBITDA Margins %



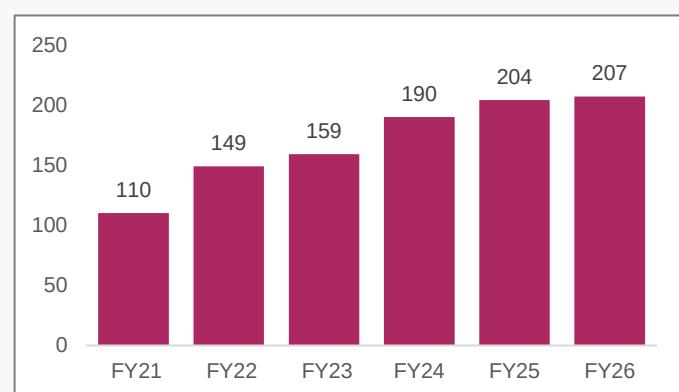
Source: Company, Axis Securities Research

Exhibit 4: ROCE%



Source: Company, Axis Securities Research

Exhibit 3: Average Selling Price (Inr'000)



Source: Company, Axis Securities Research

Financials

Profit & Loss

(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Net sales	1,612	2,051	2,684	3,694
Growth, %	28.8	27.2	30.9	37.6
Total income	1,612	2,051	2,684	3,694
Raw material expenses	(1,145)	(1,443)	(1,861)	(2,401)
Employee expenses	(117)	(151)	(206)	(280)
Other Operating Expenses	(142)	(193)	(263)	(357)
EBITDA (Core)	208	264	354	656
Growth, %	9.3	26.8	34.3	85.3
Margin, %	12.9	12.8	13.2	17.8
Depreciation	(89)	(99)	(109)	(119)
EBIT	118	164	245	537
Growth, %	(6.9)	38.9	49.1	119.3
Margin, %	7.3	8.0	9.1	14.5
Interest paid	(27)	(33)	(39)	(47)
Other Income	46	44	42	40
Non-recurring Items	-	-	-	-
Pre-tax profit	133	176	247	530
Tax provided	(35)	(45)	(63)	(136)
Profit after tax	98	131	184	394
Growth, %	1.7	33.3	41.0	114.1
Net Profit (adjusted)	98	131	184	394
Unadj. shares (Cr)	2.7	2.7	2.7	2.7
Wtdavg shares (Cr)	2.7	2.7	2.7	2.7

Sources: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Cash & bank	662	666	665	750
Marketable securities at cost	-	-	-	-
Debtors	17	22	29	40
Inventory	695	885	1,158	1,594
Other current assets	114	114	114	114
Total current assets	1,489	1,687	1,966	2,498
Investments	38	38	38	38
Gross fixed assets	644	714	784	854
Less: Depreciation	(138)	(238)	(347)	(465)
Add: Capital WIP	-	-	-	-
Net fixed assets	505	476	437	388
Non-current assets	148	148	148	148
Total assets	2,197	2,366	2,606	3,090
Current liabilities	679	718	774	863
Provisions	5	5	5	5
Total current liabilities	684	723	779	868
Non-current liabilities	25	25	25	25
Total liabilities	709	748	804	893
Paid-up capital	27	27	27	27
Reserves & surplus	1,461	1,592	1,776	2,170
Shareholders' equity	1,488	1,619	1,803	2,197
Total equity & liabilities	2,197	2,367	2,606	3,090

Sources: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Profit Before Tax	130.9	175.5	247.4	529.7
Adjustments for:				
Depreciation and Amortisation Expenses	89.5	99.2	108.9	118.7
Write-off/loss on sale of property, plant & equipment	1.1			
Interest Paid	26.6	32.7	39.2	47.0
Effect of Exchange rates on the translation of operating cash flows	(1.3)			
Profit on the deletion of leased assets				
Rent Recession				
Loss / (Profit) on Sale of Assets				
Bad Debts Written Off				
Provision for Bad and Doubtful Debts	(3.4)			
Share of profit of the joint venture	4.6			
Share options lapsed				
Unrealised foreign exchange gain	0.2			
Rent waiver on lease liabilities	(0.1)			
Gain on termination of lease contracts.	(0.7)			
Allowance for doubtful debts/(written back)	0.9			
Allowance for doubtful advances/recoverable	0.1			
Interest received	(39.5)			
Advances/deposits / Bad debts written off	0.4			
Other				
Operating Profit Before Working Capital Changes	209.1	307.4	395.6	695.4
Adjustments for :				
(Increase) in loans	(0.0)			
(Increase) In other financial assets	(12.4)			
Trade receivables	0.4	(4.8)	(6.9)	(11.0)
Other financial assets	(39.8)			
(Increase) in inventories	(102.8)	(189.2)	(273.0)	(435.8)
Increase in provisions	4.2			
Trade Payables	54.9	38.7	55.8	89.1
Increase / (Decrease) in Non-Current Liabilities	4.1			
Increase / (Decrease) in Current Liabilities	14.0			
(Increase) / Decrease in Non-Current Assets				
(Increase) / Decrease in Current Assets				
Cash Flow Generated from Operations	131.5	152.1	171.5	337.7
Direct taxes paid	(41.9)	(44.9)	(63.3)	(135.6)
A) Net Cash Flow from Operating Activities	89.6	107.2	108.2	202.1
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of PPE and intangible assets	(71.3)	(70.0)	(70.0)	(70.0)
Proceeds from the sale of PPE and intangible assets	1.0			
Purchase of Investments	-			
Investment in bank deposits (having an original maturity of more than three months)	(426.3)			
Others				
Interest received	21.0			
Net Cash Used in Investing Activities	(475.5)	(70.0)	(70.0)	(70.0)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from the issue of equity share capital (including premium)	590.5			
Proceeds of Long-Term Borrowings (Net)	(0.1)			
Share issue expenses	(9.1)			
(Repayment) of LONG long-term borrowings				
Proceeds from/of other current borrowings (net)	(1.8)			
Repayments of other current borrowings (net)				
Payment of the principal portion of lease liabilities	(45.1)			
Proceeds from the repayment of current borrowings				
Interest paid on lease liabilities	(32.1)	-	-	-
Interest expense paid	(0.7)	(32.7)	(39.2)	(47.0)
Net Cash Used in Financing Activities	501.5	(32.7)	(39.2)	(47.0)
Net Increase/ (Decrease) in Cash and Cash Equivalents	115.6	4.5	(1.0)	85.1
Cash and cash equivalents as of 1st April	28.5	144.1	148.6	147.6
Cash and cash equivalents as of 31st March	144.1	148.6	147.6	232.7

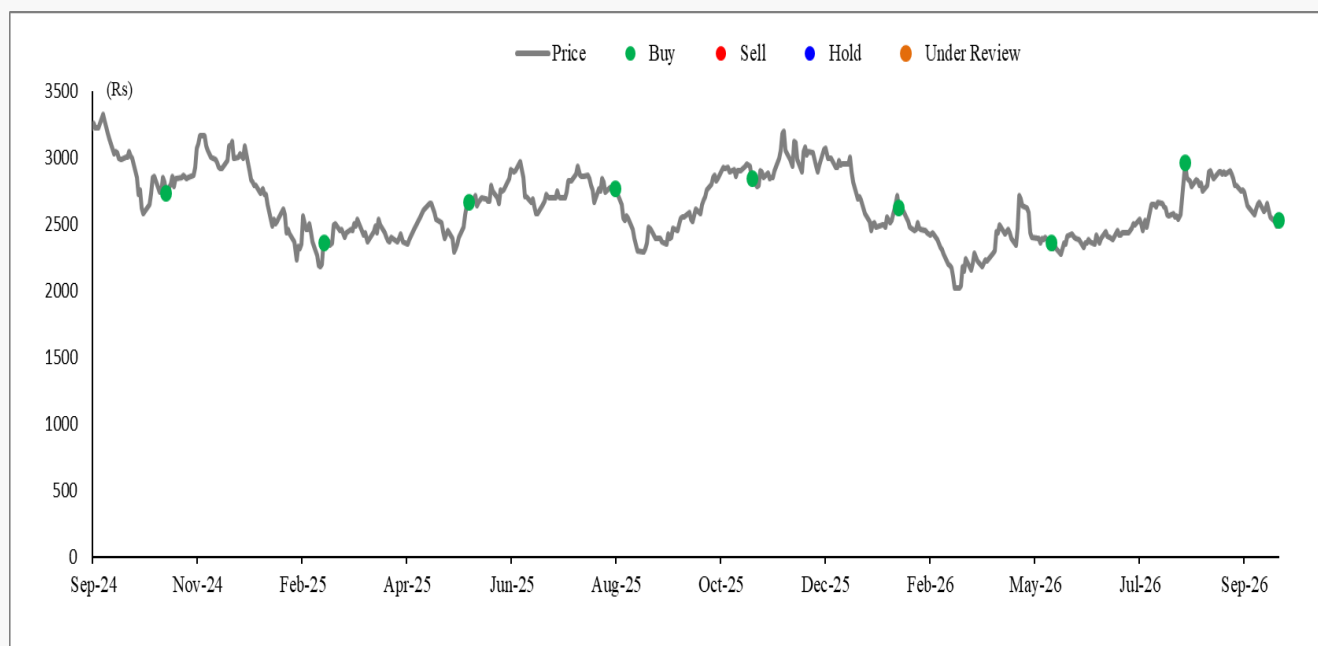
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Per Share data				
EPS (Rs)	36.6	48.8	68.8	147.3
Growth, %	(6.9)	33.3	41.0	114.1
FDEPS (Rs)	36.6	48.8	68.8	147.3
CEPS (Rs)	70.0	85.9	109.5	191.6
CFPS (Rs)	183.7	11.5	10.2	43.2
Return ratios				
Return on assets (%)	6.9	7.2	9.0	15.5
Return on equity (%)	6.6	8.1	10.2	17.9
Return on capital employed (%)	9.9	10.3	12.8	21.7
Turnover ratios				
Asset turnover (x)	1.9	2.0	2.2	2.6
Sales/Total assets (x)	0.9	0.9	1.1	1.3
Sales/Net FA (x)	4.8	4.2	5.9	9.0
Working capital/Sales (x)	0.1	0.1	0.2	0.2
Receivable days	4.0	4.0	4.0	4.0
Inventory days	157.5	157.5	157.5	157.5
Payable days	37.0	36.9	37.1	39.1
Working capital days	33.5	54.0	71.7	87.4
Liquidity ratios				
Current ratio (x)	2.2	2.4	2.5	2.9
Quick ratio (x)	1.2	1.1	1.0	1.0
Interest cover (x)	4.3	5.0	6.2	11.4
Total debt/Equity (%)	0.2	0.2	0.2	0.1
Valuation				
PER (x)	69.0	51.7	36.7	17.1
PEG (x) YoY growth	(10.0)	1.6	0.9	0.2
Price/Book (x)	4.5	4.2	3.7	3.1
EV/Net sales (x)	4.0	3.1	2.4	1.7
EV/EBITDA (x)	30.9	24.3	18.1	9.7
EV/EBIT (x)	54.2	39.0	26.2	11.8

Source: Company, Axis Securities Research

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
17-Feb-25	BUY	3,070	Result Update
16-May-25	BUY	3,150	Result Update
18-Aug-25	BUY	3,090	Result Update
10-Nov-25	BUY	3,170	Result Update
09-Feb-26	BUY	3,020	Result Update
13-May-26	BUY	2,620	Result Update
04-Aug-26	BUY	3,360	Result Update
01-Oct-26	BUY	3,360	Company Update

Source: Axis Securities Research

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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 a valuation and recommendation.
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NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

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