

May 15, 2025

**RESULT REPORT Q4 FY25** | Sector: Retail

# Ethos Ltd

**Continues to deliver consistent growth; maintain BUY!**

## Result Synopsis

Ethos Ltd registered another quarter of consistent growth wherein revenue grew by 23%YoY to Rs3.11Bn, which was backed by healthy volume growth due to new store openings and strong SSSG. ASP also improved owing to price hikes and enhanced contribution of luxury & high luxury watches. For FY25, revenue increased by 25%YoY wherein ASP improved by 7%YoY, implying a strong volume growth of ~16-17%YoY. Share of luxury & high luxury improved to 70% Vs 68% in FY24. Company reported SSSG of 17.4%YoY in FY25 as compared to 16% in FY24. During the year company opened 14-new stores, taking the overall store count to 73nos (~16%YoY growth). Revenue from CPO segment increased by 32%YoY. EBITDA margins during Q4FY25 came in at 15.3%, a 105bps expansion as against Q4FY24. On annual basis, margins remained at 15.2%YoY on account of initial costs associated with new store addition & higher employee cost. Net profit increased by 16%YoY to Rs963Mn for FY25. During the year loss from JVs stood at Rs19Mn Vs profit of Rs70Mn in FY24. Billings for Q4FY25, increased by 23%YoY to Rs3.61Bn wherein online billings constituted 38% & registered a growth of 50%YoY. For FY25, total billings grew by 25%YoY to Rs14.57Bn & online billings (37%), reported a growth of 37%YoY.

Inventory as on March'25 was elevated at Rs5.93Bn (35% higher Vs FY24); largely on account of new store addition & inventory bought-in for new stores wherein the opening was postponed. Consequently, working capital cycle expanded and dented the cash generation.

## Management Guidance

Company is planning to expand their store network from 73 to 100 in FY26 (~37%YoY growth). Also, management reiterated their long-term goal of growing their revenue tenfold over the next decade.

## Our View

We believe ETHOS will continue to register healthy growth in coming years, which should be driven by better volumes coupled with improvement in ASP led by annual price hikes from brands and increase in contribution from luxury & high luxury segment. Growth will also be driven by robust store additions planned for FY26 (8 new boutiques added in Q1FY26), and we also expect better ramp-up from the stores which were opened in past 1-1.5 years, which should boost the SSSG. Incrementally, with ramp-up of new stores, we expect gradual improvement in operating margins of ~80bps over coming 2-years. Overall, we expect Revenue/EBITDA/PAT growth of 23%/27%/30% over FY25-FY27E. The stock trades at P/E(x) of 41x on FY27E EPS of Rs66.6. Given the expected strong growth momentum, we continue to value the company at P/E(x) of 60x on FY27E EPS and retain our BUY rating on the stock with target price of Rs4,011.

## Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	3,113	3,131	3,207	(0.6)	(2.9)	Broadly in-line with estimates.
EBITDA	476	470	475	1.4	0.3	
EBITDA Margin (%)	15.3	15.0	14.8	2.0	3.3	
Adjusted PAT	228	240	230	(5.0)	(0.9)	

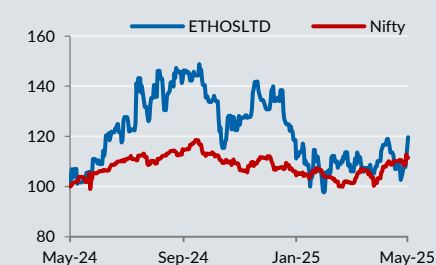
Source: Company, YES Sec

Reco	: <b>BUY</b>
CMP	: Rs 2,765
Target Price	: Rs 4,011
Potential Return	: +45.1%

## Stock data (as on May 15, 2025)

Nifty	25,076
52 Week h/l (Rs)	3,525 / 2,000
Market cap (Rs/USD mn)	66,824 / 781
Outstanding Shares (mn)	24
6m Avg t/o (Rs mn):	106
Div yield (%):	-
Bloomberg code:	ETHOSLTD IN
NSE code:	ETHOSLTD

## Stock performance



	1M	3M	1Y
Absolute return	4.7%	13.2%	12.0%

## Shareholding pattern (As of Mar'25 end)

Promoter	50.6%
FII+DII	30.4%
Others	19.0%

## Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	4,011	4,011

## Δ in earnings estimates

	FY25	FY26E	FY27E
EPS (New)	40.1	51.8	66.6
EPS (Old)	-	51.7	66.9
% change	-	0.2%	-0.4%

## Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	12,516	15,974	19,085
YoY Growth	25.3	27.6	19.5
EBITDA	1,901	2,524	3,052
EBITDA (%)	15.2	15.8	16.0
PAT	963	1,269	1,631
YoY Growth	15.6	31.7	28.6
ROE	9.8	11.4	12.8
EPS	40.1	51.8	66.6
P/E	61.9	53.4	41.5
BV/Share	401.2	453.0	519.7
P/BV	6.2	6.1	5.3

## UDIT GAJIWALA

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## Result Highlights

- Revenue stood at Rs3.11Bn (Vs our est of Rs3.13Bn), an impressive growth of 23%YoY. (2-year CAGR stood at 22%). For FY25, topline grew by 25%YoY to Rs12.52Bn.
- Operating margins improved to 15.3% Vs 14.2% in Q4FY24 (Vs our est of 15%). EBITDA stood at Rs476Mn, a growth of 32%YoY. For FY25, operating margins came in at 15.2%.
- Net profit stood at Rs228Mn, a growth of 8%YoY. Net profit growth was lower due to higher finance cost lead by rapid store expansion. PAT for the year stood at Rs963Mn, a growth of 16%YoY.
- As on March'25, inventory has gone up materially which has led to expansion in working capital on account of new store addition and some element of pre-buying.
- Owing to higher inventory; CFO came in at (-Rs20.4Bn) for FY25.

## Exhibit 2: Quarterly Snapshot:

Rs mn	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% yoy	% qoq	FY24	FY25	% yoy
Revenue	2,812	2,525	2,732	2,971	3,699	3,113	23.3	(15.8)	9,990	12,516	25.3
Expenditure	2,367	2,165	2,300	2,550	3,129	2,637	21.8	(15.7)	8,473	10,615	25.3
- RM	1,975	1,789	1,923	2,075	2,621	2,147	20.0	(18.1)	6,984	8,767	25.5
- Staff Cost	163	194	190	207	244	213	9.9	(12.4)	704	853	21.3
- Other cost	229	183	187	268	264	276	51.2	4.6	785	995	26.7
Operating Profit	445	360	433	422	570	476	32.3	(16.5)	1,517	1,901	25.3
OPM(%)	15.8	14.2	15.8	14.2	15.4	15.3	105 bps	-12 bps	15.2	15.2	0 bps
Other Income	62	84	64	61	58	60	(28.4)	4.9	236	243	3.0
Depreciation	125	127	143	150	168	169	33.0	1.1	487	630	29.5
Interest	40	40	45	46	52	52	28.5	0.6	160	194	21.4
Share of Ass.	1	1	(2)	(1)	(3)	(14)	-	-	7	(19)	-
PBT	344	277	307	286	406	302	8.8	(25.7)	1,113	1,301	16.8
Tax	89	67	79	74	111	74	10.1	(33.6)	280	338	20.5
PAT	255	210	228	212	295	228	8.3	(22.7)	833	963	15.6

Source: Company, YES Sec

## Exhibit 3: Operating Metrics:

	Q1 FY24	H1 FY24	9M FY24	FY24	Q1 FY25	H1 FY25	9M FY25	FY25	y/y (%)
ASP (Rs)	174,953	187,468	186,533	189,844	220,520	215,952	207,513	204,000	9.4
Share of Luxury & High Luxury watch	67%	68%	68%	68%	73%	72%	71%	70%	200 bps

Source: Company, YES Sec

## Exhibit 4: Operational Numbers:

	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% yoy	% qoq	FY24	FY25	% yoy
Total Billings (Rs mn)	3,280	2,940	3,181	3,459	4,310	3,615	23.0	(16.1)	11,637	14,565	25.2
Online Billings (Rs mn)	951	914	978	1,109	1,464	1,370	49.9	(6.4)	3,586	4,921	37.2
Online Billings(%)	29%	31%	31%	32%	34%	38%	681 bps	393 bps	31%	34%	297 bps
Stores (Nos.)	60	60	63	68	73	73	21.7	-	60	73	21.7
Cities (Nos.)	23	24	26	26	26	26	8.3	-	24	26	8.3

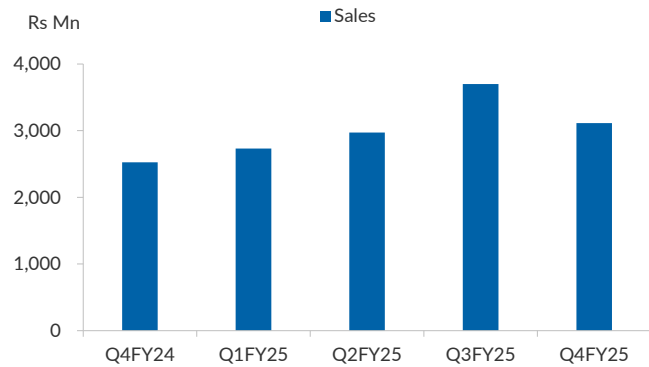
Source: Company, YES Sec

## KEY CON-CALL HIGHLIGHTS

- Management reiterated their long term guidance to grow revenue 10x in 10 years.
- For FY25, volume increased by 15.5%YoY and ASP improved by 7.4%YoY. Exclusive brands contribute to 30%+ of sales.
- Pre-owned segment grew by 30%YoY.
- Company opened 14 new boutiques in FY25 Vs start of the year guidance of 20+ to reach a total count of 73. Delays in store openings were due to pause of construction activities in North due to pollution. In YTD FY26, company has added 8 new boutiques including the launch of the 1st Messika boutique. Company plans to have a total of 100+ boutiques by the end of FY26.
- "City of Time" was launched in Gurgaon, one of the fastest growing markets in India, spanning over 22,000sft featuring 5 exclusive brand boutiques and 2 multi-brand boutiques with over 50 luxury brands. The same is still in beta phase and marketing is expected to start in the next week.
- WC days increased as inventory had come in despite delay in store openings plus some advance payments to secure products, and the same is expected to normalize going ahead.
- Ethos will soon launch the 2nd Rimowa boutique in New Delhi. The area for the 3rd is already decided.
- Rimowa currently has a total billings of Rs200-240Mn in the year.
- Favre Leuba is present across 45+ stores in India.
- ~40% of total sales is from repeat customers.
- Company enjoys a 35-40% market share in the luxury watch segment.
- Ethos has established a wholly-owned subsidiary named "Ficus Trading LLC" to explore and establish a presence in the Dubai market for the sale of watches.
- Company has implemented forward contracts for INR-CHF to cover 50% of the exposure for the company.
- Benefits of India-Swiss FTA expected to come in by year end. Company has made agreements to share net gain or losses from the same with brands

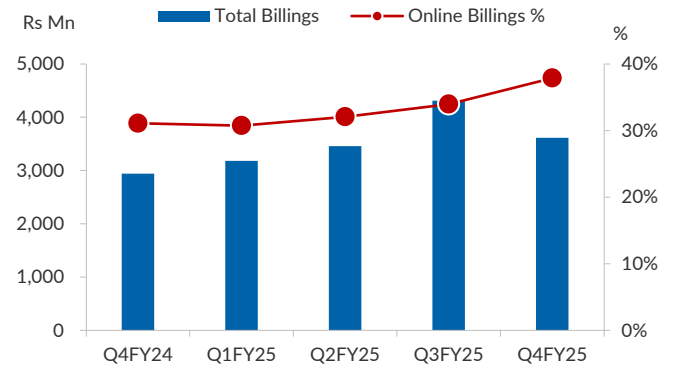
## QUARTERLY TRENDS

**Exhibit 5: Revenue increased by 23%YoY...**



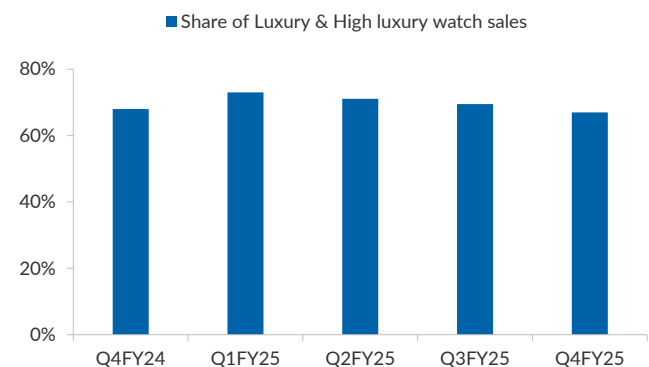
Source: Company, YES Sec

**Exhibit 6: Online billings stood at 38% of total...**



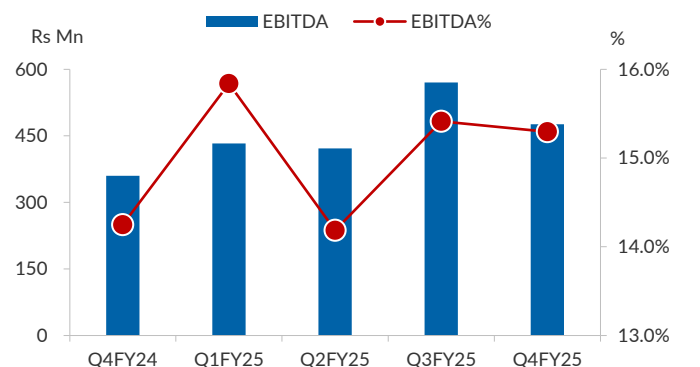
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**Exhibit 7: Luxury & High Luxury constituted 67% sales...**



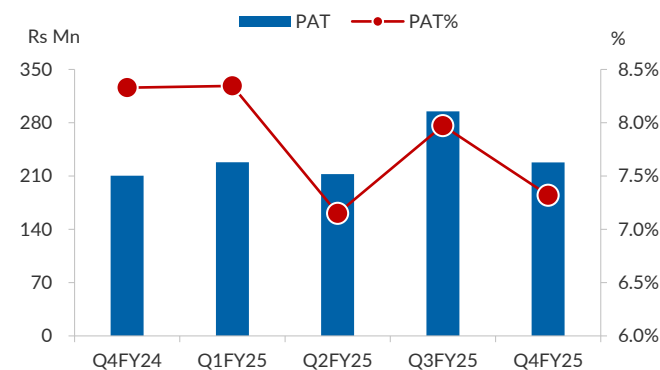
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**Exhibit 8: EBITDA margin was 15.3%...**



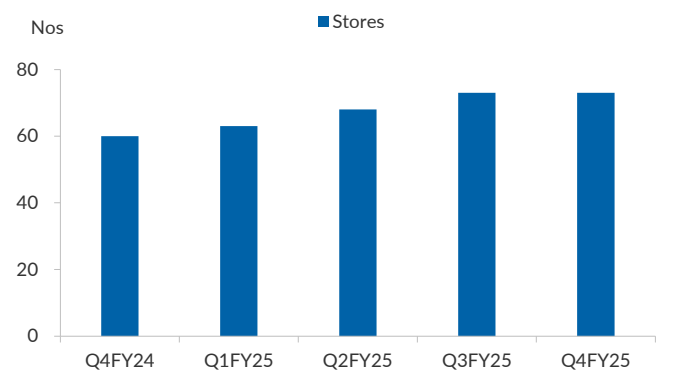
Source: Company, YES Sec

**Exhibit 9: PAT came in at Rs228Mn...**



Source: Company, YES Sec

**Exhibit 10: Ethos expanded presence to 73 stores...**



Source: Company, YES Sec

## FINANCIALS

**Exhibit 11: Income Statement**

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	7,885	9,990	12,516	15,974	19,085
Growth (%)	36.6%	26.7%	25.3%	27.6%	19.5%
EBITDA	1,144	1,517	1,901	2,524	3,052
EBITDA margin (%)	14.5%	15.2%	15.2%	15.8%	16.0%
Growth (%)	71.0%	32.6%	25.3%	32.8%	20.9%
Depreciation	346	487	630	767	829
Other income	146	236	243	300	400
EBIT	943	1,267	1,514	2,057	2,623
EBIT margin (%)	12.0%	12.7%	12.1%	12.9%	13.7%
Interest	142	160	194	347	428
PBT	807	1,113	1,301	1,691	2,175
Tax	204	280	338	423	544
Net profit	603	833	963	1,269	1,631
Net profit margin (%)	7.6%	8.3%	7.7%	7.9%	8.5%
EPS	25.8	33.9	40.1	51.8	66.6
Growth (%)	158.0%	38.1%	15.6%	31.7%	28.6%

Source: Company, YES Sec

**Exhibit 12: Balance Sheet**

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	233	245	245	245	245
Reserves	6,081	8,595	9,577	10,846	12,477
Total Shareholders' Funds	6,315	8,840	9,822	11,090	12,721
<b>Liabilities</b>					
Lease Liabilities	1,127	1,383	2,868	6,082	7,072
Trade Payables	966	960	888	1,133	1,353
Others	389	523	519	635	740
<b>Total Equity and Liabilities</b>	<b>8,796</b>	<b>11,706</b>	<b>14,096</b>	<b>18,941</b>	<b>21,887</b>
<b>Non-Current Assets</b>					
PPE	528	632	978	988	980
CWIP	40	70	306	306	306
Right of Use	1,035	1,254	2,605	4,034	4,221
Other Non-Current	808	1,109	1,303	1,303	1,303
<b>Current Assets</b>					
Inventories	3,399	4,397	5,927	7,564	9,037
Trade Receivables	62	156	183	233	278
Cash	2,286	3,455	2,200	3,753	4,854
Others	638	633	596	760	908
<b>Total Assets</b>	<b>8,796</b>	<b>11,706</b>	<b>14,096</b>	<b>18,941</b>	<b>21,887</b>

Source: Company, YES Sec

## Exhibit 13: Cash Flow

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	807	1,113	1,300	1,691	2,175
Depreciation & Amortization	346	487	630	767	829
Finance cost	140	160	193	347	428
(Incr)/Decr in Working Capital	(970)	(936)	(1,777)	156	(682)
Taxes	(203)	(279)	(347)	(423)	(544)
Cash from ops.	(21)	308	(204)	2,539	2,206
(Incr)/ Decr in PP&E	(566)	(394)	(793)	(207)	(207)
Cash Flow from Investing	(2,562)	(1,228)	466	(207)	(207)
(Decr)/Incr in Borrowings	(514)	(13)	(47)	0	0
Payment of Lease	(355)	(433)	(521)	(772)	(891)
Cash Flow from Financing	2,486	1,247	(584)	(779)	(897)
Incr/(Decr) in cash	(98)	327	(322)	1,553	1,101
Cash and cash equivalents at beginning of year	377	279	606	2,200	3,753
Cash and cash equivalents at end of year	279	606	284	3,753	4,854

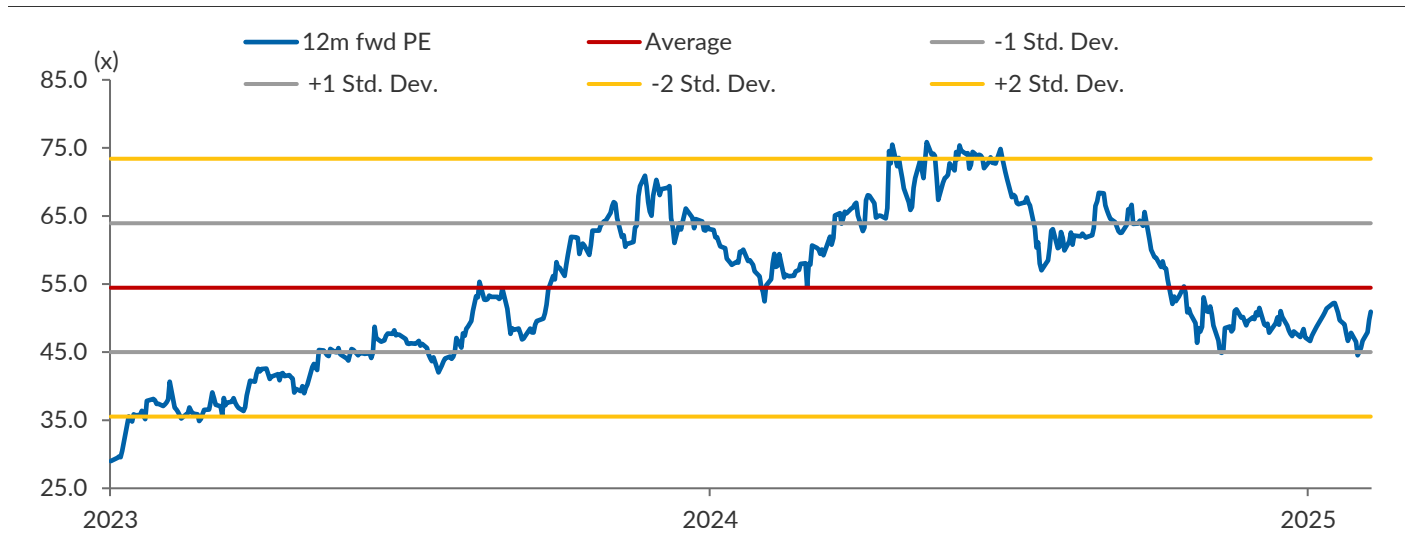
Source: Company, YES Sec

## Exhibit 14: Ratios

Key Ratios	FY23	FY24	FY25	FY26E	FY27E
<b>Growth Matrix (%)</b>					
Revenue growth	36.6%	26.7%	25.3%	27.6%	19.5%
EBITDA growth	71.0%	32.6%	25.3%	32.8%	20.9%
EBIT growth	95.8%	34.2%	19.5%	35.9%	27.5%
PAT growth	158.0%	38.1%	15.6%	31.7%	28.6%
<b>Profitability ratios (%)</b>					
EBITDA margin	14.5%	15.2%	15.2%	15.8%	16.0%
EBIT margin	12.0%	12.7%	12.1%	12.9%	13.7%
PAT margin	7.6%	8.3%	7.7%	7.9%	8.5%
RoCE	12.9%	12.7%	12.3%	12.6%	14.0%
RoE	9.5%	9.4%	9.8%	11.4%	12.8%
<b>Per share values</b>					
EPS	25.8	33.9	40.1	51.8	66.6
CEPS	40.7	53.9	65.1	83.2	100.5
BVPS	270.6	361.1	401.2	453.0	519.7
<b>Valuation ratios (x)</b>					
P/E	37.3	76.4	61.9	53.4	41.5
P/CEPS	23.6	48.0	38.2	33.3	27.5
P/B	3.5	7.2	6.2	6.1	5.3
EV/EBITDA	17.7	39.5	30.9	25.3	20.6
<b>Leverage ratios (x)</b>					
Debt/ Equity	0.0	0.0	0.0	0.0	0.0
Net debt/Equity	(0.3)	(0.4)	(0.2)	(0.3)	(0.4)
Net debt/EBITDA	(1.9)	(2.2)	(1.1)	(1.5)	(1.6)
Int coverage	6.7	7.9	7.8	5.9	6.1
<b>NWC days</b>					
Receivables	3	6	5	5	5
Inventory	228	230	247	247	247
Payables	65	50	37	37	37

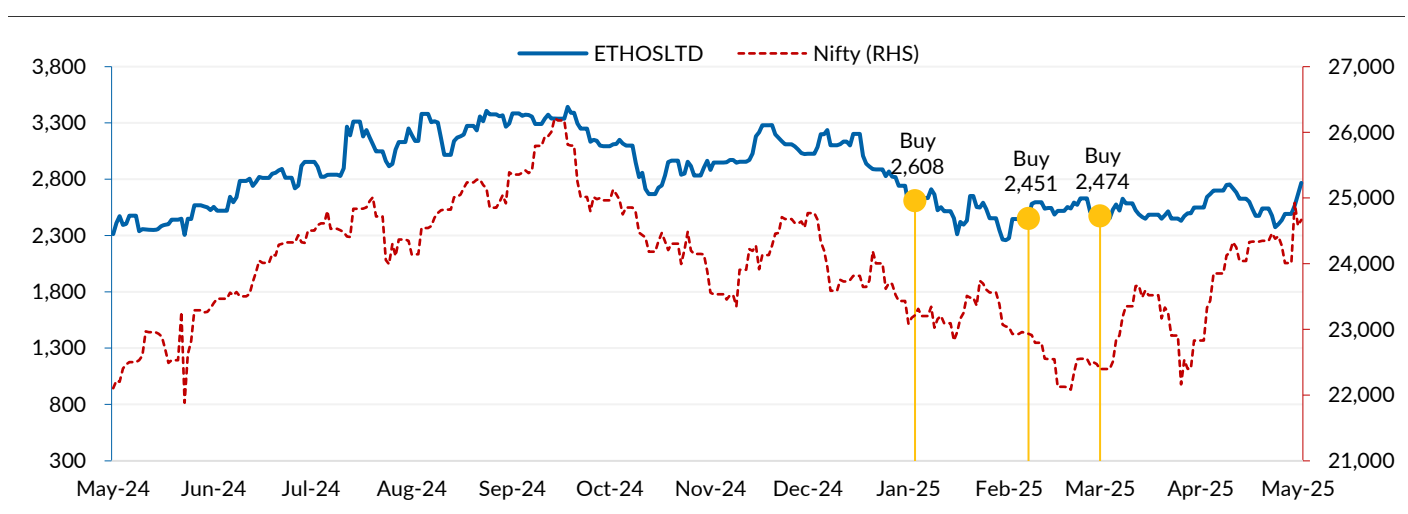
Source: Company, YES Sec

**Exhibit 15: 1-year forward P/E (x) chart**



Source: YES Sec

## Recommendation Tracker



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Analyst signature

Analyst signature

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