

Growth Story Remains Intact; Maintain BUY

Est. Vs. Actual for Q4FY26: Revenue – **BEAT**; EBITDA – **MISS**; PAT – **INLINE**
Changes in Estimates post Q4FY26

FY27E/FY28E: Revenue: -2%/-3%; EBITDA: -14%/-6%; PAT: -19%/-11%

Recommendation Rationale

- **Strong Revenue Momentum:** Ethos reported robust revenue growth of ~33% YoY in Q4FY26, supported by sustained demand for its luxury portfolio, rising customer engagement, and growing luxury consumption trends in India. Same-store sales growth stood at 14.2%, while average selling price remained healthy at ~Rs 2.1 Lc. The company expanded its footprint with four exclusive brand outlets, including three watch boutiques and one luggage boutique.
- **Margin Pressure:** Gross margin contracted by 170 bps YoY to 29.3%, impacted by sharp CHF/INR movement, with INR depreciating 26% YoY. The forex impact in Q4FY26 stood at ~Rs 18.7 Cr, including creditor restatement and notional forex losses, along with higher cost of goods sold. Margins were further weighed down by higher employee and rental expenses related to aggressive store expansion, with 22 new boutiques added in FY26, including 6 in Q4FY26, which are currently in the early stages of revenue generation.
- **Outlook Remains Strong:** Ethos continues to see strong momentum across its luxury watch and lifestyle portfolio. The onboarding of Messika and the expansion of Rimowa boutiques highlight growing traction in the Lifestyle segment. The company remains focused on investing in premium locations, talent, marketing, and brand building to drive customer experience, profitable growth, and long-term value creation, while reiterating its aspiration of achieving 10x revenue growth over the next decade.

Sector Outlook: Positive

Company Outlook & Guidance: Despite near-term earnings sensitivity to currency movements, the company's structural growth drivers remain intact. **Accordingly, we have maintained our BUY recommendation, while FY27/FY28 earnings estimates have been revised downward to factor in elevated forex volatility.**

Current Valuation: 38xMar'28E EPS (Earlier Valuation: 38xDec'27E EPS)

Current TP: Rs 2,620/share (Earlier TP: Rs 3,020/share).

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

Financial Performance: Ethos delivered strong top-line performance despite a challenging environment, with revenue growth of ~33% YoY, and SSSG stood at 14.2% in Q4FY26. EBITDA grew by 7.9% YoY to Rs 51 Cr, while EBITDA margin declined by 70 bps to 12.4%, due to higher forex fluctuations, manpower cost, and rental expenses. The company's PAT remained flat at Rs 23 Cr YoY, up by 0.1% YoY.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	414	(11.6)	33.0	388	6.8
EBITDA	51	(16.4)	7.9	58	(12.1)
EBITDA Margin (%)	12.4	-70 bps	-289 bps	15.1	-266 bps
Net Profit	23	(29.7)	0.1	23	(2.9)
EPS (Rs)	8.5	(25.5)	(8.4)	9.6	(11.2)

Source: Company, Axis Securities Research

(CMP as of 12th May, 2026)

CMP (Rs)	2,360
Upside /Downside (%)	11%
High/Low (Rs)	3244/1921
Market cap (Cr)	6314
Avg. daily vol. (6m) Shrs'000.	35.9
No. of shares (Cr)	2.6

Shareholding (%)

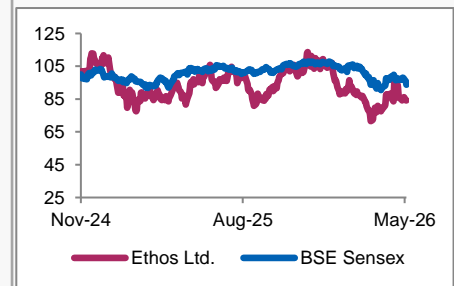
	Sep-25	Dec-25	Mar-26
Promoter	50.6	50.6	50.6
FII's	13.3	12.6	10.9
MFs / UTI	17.9	18.6	20.2
Banks / FI's	0.0	0.0	0.0
Others	18.2	18.2	18.4

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	64	48	34
EV/EBITDA, x	29	23	17
ROE, %	7	8	10

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-2%	-3%
EBITDA	-14%	-6%
PAT	-19%	-11%

Relative Performance


Source: Ace Equity, Axis Securities Research

Results Gallery

[Q3FY26](#)

[Q2FY26](#)

[Q1FY26](#)

[Q4FY25](#)

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Valuation & Outlook

Ethos' promising future is supported by its robust and consistent performance over recent quarters, driven by 1) Sustained strong demand in the premium and luxury watch market, 2) Expansion into the fast-growing CPO segment, 3) Increasing share of high-margin exclusive brands, 4) Diversification into the growing luxury segments of luggage and jewellery, and 5) Significant potential for margin and ROCE expansion. Given this solid investment thesis, we expect Ethos to achieve a strong Revenue CAGR of 29% and PAT CAGR of 24% over FY25–28E. With enhanced visibility in earnings growth and a stronger return profile, the stock presents an attractive opportunity within the small-cap space. **We maintain our BUY rating, valuing the company at 38x Mar'28E EPS, to arrive at a TP of Rs 2,620/share, implying an upside of 11% from the CMP.**

Key Risks to Our Estimates and TP

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

Change in Estimates

	Old Est.		Revised Est.		% Revision	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	2,100	2,761	2,051	2,684	-2%	-3%
EBITDA	305	378	264	354	-14%	-6%
PAT	162	206	131	184	-19%	-11%
EPS	66.2	84.1	48.8	68.8	-26%	-18%

Source: Company, Axis Securities Research

Results Review

(Rs Cr)	Q4FY25	Q3FY26	Axis Est.	Q4FY26	% Change (YoY)	% Change (QoQ)	Var (%) Axis Sec Est.
Net Sales	311	469	388	414	33.0	(11.6)	6.8
Gross Profit	97	136	120	121	25.7	(10.5)	1.0
Gross Margin (%)	31.0	28.9	31.0	29.3	-170 bps	39 bps	-170 bps
Employee Expenses	21	34	27	32	47.8	(6.9)	15.4
Other Expenses	28	40	35	39	39.4	(4.4)	11.5
EBITDA	48	61	58	51	7.9	(16.4)	(12.1)
EBITDA Margin (%)	15.3	13.1	15.1	12.4	-289 bps	-70 bps	-266 bps
Other Inc	6	16	6	13	119.9	(14.5)	109.5
Interest	5	8	8	7	42.0	(2.8)	(7.4)
Depreciation	17	25	25	25	45.6	(0.6)	(1.6)
Share of profit from associates	(1)	(1)		(2)			
PBT	30	44	32	31	2.6	(29.6)	(2.4)
Tax	7	12	8	8	10.2	(29.2)	(1.1)
PAT	23	32	23	23	0.1	(29.7)	(2.9)
EPS	9.3	11.4	9.6	8.5	(8.4)	(25.5)	(11.2)

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	1,252	1,612	2,051	2,684
Growth, %	25.3	28.8	27.2	30.9
Total income	1,252	1,612	2,051	2,684
Raw material expenses	(877)	(1,145)	(1,443)	(1,861)
Employee expenses	(85)	(117)	(151)	(206)
Other Operating Expenses	(100)	(142)	(193)	(263)
EBITDA (Core)	190	208	264	354
Growth, %	25.3	9.3	26.8	34.3
Margin, %	15.2	12.9	12.8	13.2
Depreciation	(63)	(89)	(99)	(109)
EBIT	127	118	164	245
Growth, %	23.3	(6.9)	38.9	49.1
Margin, %	10.2	7.3	8.0	9.1
Interest paid	(19)	(27)	(33)	(39)
Other Income	24	46	44	42
Non-recurring Items	-	-	-	-
Pre-tax profit	130	133	176	247
Tax provided	(34)	(35)	(45)	(63)
Profit after tax	96	98	131	184
Growth, %	15.6	1.7	33.3	41.0
Net Profit (adjusted)	96	98	131	184
Unadj. shares (Cr)	2.4	2.7	2.7	2.7
Wtdavg shares (Cr)	2.4	2.7	2.7	2.7

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Cash & bank	220	662	666	665
Marketable securities at cost	-	-	-	-
Debtors	18	17	22	29
Inventory	593	695	885	1,158
Other current assets	60	114	114	114
Total current assets	891	1,489	1,687	1,966
Investments	36	38	38	38
Gross fixed assets	220	644	714	784
Less: Depreciation	(49)	(138)	(238)	(347)
Add: Capital WIP	-	-	-	-
Net fixed assets	171	505	476	437
Non-current assets	40	148	148	148
Total assets	1,410	2,197	2,367	2,606
Current liabilities	401	679	718	774
Provisions	3	5	5	5
Total current liabilities	404	684	723	779
Non-current liabilities	23	25	25	25
Total liabilities	427	709	748	804
Paid-up capital	24	27	27	27
Reserves & surplus	958	1,461	1,592	1,776
Shareholders' equity	982	1,488	1,619	1,803
Total equity & liabilities	1,410	2,197	2,367	2,606

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Profit Before Tax	130.1	130.9	175.5	247.4
Adjustments for:				
Depreciation and Amortisation Expenses	63.0	89.5	99.2	108.9
Write off / loss on sale of property, plant & equipment	0.8	1.1		
Interest Paid	19.3	26.6	32.7	39.2
Effect of Exchange rates on the translation of operating cash flows	0.1	(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	(0.8)	(3.4)		
Share of profit of the joint venture	1.9	4.6		
Share options lapsed				
Unrealised foreign exchange gain	(0.1)	0.2		
Rent waiver on lease liabilities	(0.4)	(0.1)		
Gain on termination of lease contracts.	(1.1)	(0.7)		
Allowance for doubtful debts/(written back)	0.0	0.9		
Allowance for doubtful advances/recoverable	1.1	0.1		
Interest received	(21.8)	(39.5)		
Advances/deposits / Bad debts written off	0.2	0.4		
Other				
Operating Profit Before Working Capital Changes	192.1	209.1	307.4	395.6
Adjustments for :				
(Increase) in loans	0.2	(0.0)		
(Increase) In other financial assets	(7.3)	(12.4)		
Trade receivables	(2.9)	0.4	(4.8)	(6.9)
Other financial assets	(7.9)	(39.8)		
(Increase) in inventories	(153.0)	(102.8)	(189.2)	(273.0)
Increase in provisions	0.4	4.2		
Trade Payables	(7.3)	54.9	38.7	55.8
Increase / (Decrease) in Non-Current Liabilities	(5.7)	4.1		
Increase / (Decrease) in Current Liabilities	5.8	14.0		
(Increase) / Decrease in Non-Current Assets				
(Increase) / Decrease in Current Assets				
Cash Flow Generated from Operations	14.4	131.5	152.1	171.5
Direct taxes paid	(34.7)	(41.9)	(44.9)	(63.3)
A) Net Cash Flow from Operating Activities	(20.3)	89.6	107.2	108.2
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of PPE and intangible assets	(79.3)	(71.3)	(70.0)	(70.0)
Proceeds from the sale of PPE and intangible assets	6.0	1.0		
Purchase of Investments	(4.7)	-		
Investment in bank deposits (having an original maturity of more than three months)	101.6	(426.3)		
Others				
Interest received	23.1	21.0		
Net Cash Used in Investing Activities	46.6	(475.5)	(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)	(0.0)	(0.1)		
Share issue expenses		(9.1)		
(Repayment) of LONG long-term borrowings				
Proceeds from/of other current borrowings (net)	(4.7)	(1.8)		
repayments of other current borrowings (net)				
Payment of the principal portion of lease liabilities	(33.9)	(45.1)		
proceeds from the repayment of current borrowings				
Interest paid on lease liabilities	(18.2)	(32.1)	-	-
Interest expense paid	(1.5)	(0.7)	(32.7)	(39.2)
Net Cash Used in Financing Activities	(58.4)	501.5	(32.7)	(39.2)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(32.1)	115.6	4.5	(1.0)
Cash and cash equivalents as of 1st April	60.6	28.5	144.1	148.6
Cash and cash equivalents as of 31st March	28.5	144.1	148.6	147.6

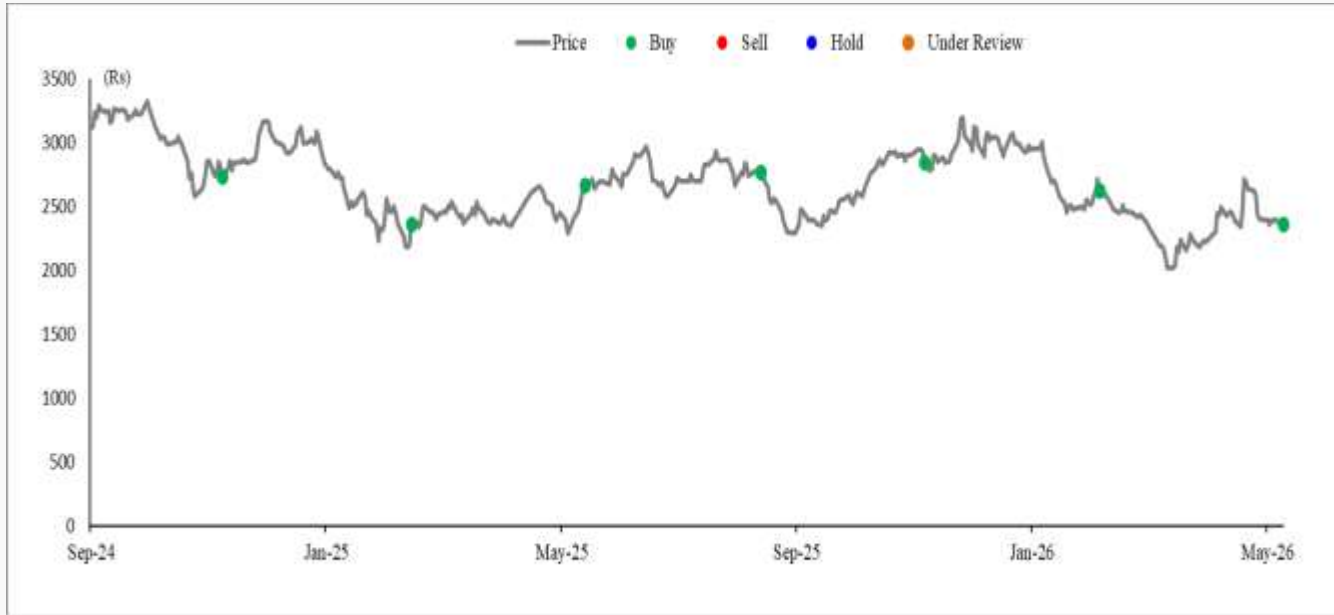
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E Mar	FY25	FY26	FY27E	FY28E
Per Share data				
EPS (Rs)	39.3	36.6	48.8	68.8
Growth, %	15.6	(6.9)	33.3	41.0
FDEPS (Rs)	39.3	36.6	48.8	68.8
CEPS (Rs)	65.1	70.0	85.9	109.5
CFPS (Rs)	(113.8)	183.7	11.5	10.2
Return ratios				
Return on assets (%)	9.0	6.9	7.2	9.0
Return on equity (%)	9.8	6.6	8.1	10.2
Return on capital employed (%)	12.0	9.9	10.3	12.8
Turnover ratios				
Asset turnover (x)	1.8	1.9	2.0	2.2
Sales/Total assets (x)	1.0	0.9	0.9	1.1
Sales/Net FA (x)	6.1	4.8	4.2	5.9
Working capital/Sales (x)	0.2	0.1	0.1	0.2
Receivable days	5.3	4.0	4.0	4.0
Inventory days	172.8	157.5	157.5	157.5
Payable days	30.5	37.0	36.9	37.1
Working capital days	78.5	33.5	54.0	71.7
Liquidity ratios				
Current ratio (x)	2.2	2.2	2.4	2.5
Quick ratio (x)	0.7	1.2	1.1	1.0
Interest cover (x)	6.5	4.3	5.0	6.2
Total debt/Equity (%)	0.3	0.2	0.2	0.2
Valuation				
PER (x)	60.0	64.5	48.4	34.3
PEG (x) YoY growth	3.8	(9.3)	1.5	0.8
Price/Book (x)	5.9	4.2	3.9	3.5
EV/Net sales (x)	4.7	3.7	2.9	2.2
EV/EBITDA (x)	30.8	28.8	22.7	16.9
EV/EBIT (x)	46.0	50.5	36.3	24.4

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

Source: Axis Securities Research

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