PICK OF THE WEEK

22nd August, 2026

Ethos Ltd

Sector: Retail

BUY

CMP	Target Price	Upside
2,847	3,135	10%

CMP as on 21st August 2026 | Time horizon: 6-9 Months

Why Ethos Ltd

- Strong Luxury Demand
- Premiumisation & High Ticket Mix
- Strong Expansion Runaway

About the Company

Ethos, established in 2003, is one of India's leading luxury watch retailers, offering a wide portfolio of premium and luxury international brands. Its growth is driven by premiumisation, exclusive brand partnerships, store expansion and the fast-growing CPO segment.

Investment Rational

A. Robust Growth With Healthy SSSG

- Ethos reported 33.3% YoY revenue growth in Q1FY27, with 13.2% SSSG, indicating that growth remains healthy even across the existing store base. The strong performance reflects sustained demand for luxury watches and increasing consumer preference for premium brands.

B. Expansion Into New Markets

- Ethos added eight boutiques during the quarter, taking its network to 103 boutiques across 34 cities. The company entered newer markets such as Agra, Faridabad, Amritsar and Visakhapatnam, while continuing to deepen its presence in existing markets. We believe expansion into emerging luxury markets can provide a meaningful growth runway over the medium term.

C. Premiumisation Remains the Key Structural Driver

- Luxury and high-luxury watches accounted for ~71% of watch sales in Q1FY27, while ASP increased to ~Rs 2.3 Lc. This allows Ethos to grow through a combination of higher ticket sizes, premium mix and store expansion rather than relying only on volume growth.

D. Margin Remains Resilient

- Gross margin improved 75 bps YoY to 29.4%, while EBITDA margin remained broadly stable at 13.3%. Higher employee and other operating expenses associated with rapid store expansion limited margin expansion. As newer stores mature and sales density improves, operating leverage could provide further margin upside.

Outlook & Valuation

- Ethos is well-positioned to sustain strong growth, supported by robust demand for premium and luxury watches, expansion in the CPO segment, a rising contribution from exclusive high-margin brands, and diversification into jewellery and luxury luggage. Continued store expansion and improving scale should provide further operating leverage, supporting margin and ROCE expansion over the medium term. We expect Revenue and PAT CAGR of 29% and 24%, respectively, over FY25–28E, with improving earnings visibility and return ratios making Ethos an attractive play in the luxury retail space.

Valuation: 38x Jun’28E EPS

Analyst Insights

We recommend a **BUY** with a target price of Rs 3,135/share, implying an upside of ~10% from the CMP.

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Financial Summary

	FY26	FY27E	FY28E
Net Sales (Rs Cr)	1,612	2,051	2,684
EBITDA (Rs Cr)	208	264	354
Net Profit (Rs Cr)	98	131	184
EPS (Rs)	36.6	48.8	68.8
PER (x)	77.8	58.3	41.4
EV/EBITDA (x)	35.0	27.6	20.6
ROE (%)	7%	8%	10%
ROCE (%)	10%	10%	13%

Market Data

No. of Shares	2.6 Cr
Market Cap (Rs Cr)	7617
52-week High	3,245
52-week Low	1,921
P/E (x)	72
BSE Code	543532
NSE Code	ETHOSLTD

About Pick of the Week

| Product Objective

The Pick of the Week (POW) is our flagship high-conviction weekly investment recommendation, designed to identify companies that offer an attractive combination of **earnings visibility, strong business fundamentals, reasonable valuations, and identifiable near-to-medium-term catalysts.** The objective is to provide investors with **timely, actionable, and high-conviction investment ideas** that can generate superior risk-adjusted returns while maintaining a disciplined investment approach.

| Why Pick of the Week?

Markets constantly create opportunities through earnings upgrades, valuation mismatches, sector rotation, policy developments, and company-specific catalysts. While hundreds of listed companies compete for investors' attention, only a select few offer the right balance of quality, growth, valuation, and timing.

Our **Pick of the Week** aims to simplify this selection process by identifying those companies where:

- Earnings visibility has materially improved.
- Business fundamentals continue to strengthen.
- Valuations remain attractive relative to growth prospects.
- Multiple positive catalysts are expected over the next few quarters.
- The risk-reward profile appears favourable versus peers and the broader market.

Each recommendation is therefore intended to represent one of our **highest-conviction investment ideas** available at that point in time.

| Investment Horizon

The recommended investment horizon for **Pick of the Week** ideas is **6–9 months**, allowing sufficient time for business fundamentals and identified catalysts to be reflected in stock prices. However, depending on market conditions, earnings announcements, or company-specific developments, some recommendations may achieve their target returns over a shorter period.

| Risk–Return Profile

Pick of the Week recommendations represent our **highest-conviction research ideas** and are selected based on an attractive balance between expected returns and investment risk.

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Ratings	Expected absolute returns over 12 – 18 months
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.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
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Note: Returns stated in the rating scale are our internal benchmark.