Placement Document
Not for circulation
Strictly confidential
Serial number: _____

ETHOS LIMITED

Our Company was originally incorporated as '*Kamla Retail Limited*' under the provisions of Companies Act, 1956, at Parwanoo, Himachal Pradesh, pursuant to the certificate of incorporation dated November 5, 2007, issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company was granted certificate for commencement of business on November 16, 2007, by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to '*Ethos Limited*' pursuant to a special resolution passed by the Shareholders of our Company on March 2, 2012, and a fresh certificate of incorporation consequent upon change of name was issued by Registrar of Companies, Himachal Pradesh on March 5, 2012. For further details see "*General Information*" on page 276.

Registered Office: Plot No. 3, Sector- III, Parwanoo – 173 220, Himachal Pradesh, India; **Telephone**: + (91) 179 2232 462/233 402
Corporate Office: Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160 009, India; **Telephone**: + (91) 172 2548 223/24
Contact Person: Anil Kumar, Company Secretary and Compliance Officer; **Telephone**: + (91) 97806 87553; **E-mail**: anil.dhiman@ethoswatches.com;
Website: www.ethoswatches.com;
Corporate Identity Number: L52300HP2007PLC030800

Our Company is issuing 11,31,210 Equity Shares of face value ₹10 each ("**Equity Shares**") at a price of ₹1,547.00 per Equity Share (the "**Issue Price**"), including a premium of ₹1,537.00 per Equity Share, aggregating to ₹17,499.82 lakhs (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 29.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED ("THE PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED ("THE COMPANIES ACT")

The Equity Shares of the Company are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with **NSE**, the "**Stock Exchanges**". The closing price of the outstanding Equity Shares on BSE and NSE as on November 2, 2023, was ₹ 1,692.95 and ₹ 1,691.90 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue have been received by our Company from each of BSE and NSE on October 31, 2023. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 41, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

A copy of the Preliminary Placement Document dated October 31, 2023 (which includes disclosures prescribed under Form PAS-4 *(as defined hereafter)*) was delivered to the Stock Exchanges and a copy of this Placement Document dated November 3, 2023 (which also include disclosures prescribed under Form PAS-4) have been delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the RoC, within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs *(as defined hereinafter)*. This Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document and this Placement Document and the Confirmation of Allocation Note *(each as defined hereinafter)*. For further details, see "*Issue Procedure*" on page 225. The distribution of the Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in compliance with Regulation S ("**Regulation S**") under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales are made. See "*Selling Restrictions*" on page 241 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 249 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on the websites of our Company or our Subsidiaries (as defined hereinafter), as applicable or any website directly or indirectly linked to such websites or the website of the Lead Manager or its affiliates does not constitute nor should form part of this Placement Document and Bidders should not rely on such information contained in, or available through, any such websites for investment in this Issue.

THIS PLACEMENT DOCUMENT IS DATED NOVEMBER 3, 2023

LEAD MANAGER
ICICI Securities Limited

CONTENTS

NOTICE TO INVESTORS 1
REPRESENTATIONS BY INVESTORS 4
OFFSHORE DERIVATIVE INSTRUMENTS 10
DISCLAIMER CLAUSE OF THE STOCK EXCHANGES 11
PRESENTATION OF FINANCIAL AND OTHER INFORMATION 12
INDUSTRY AND MARKET DATA 15
FORWARD-LOOKING STATEMENTS 16
ENFORCEMENT OF CIVIL LIABILITIES 18
EXCHANGE RATES INFORMATION 19
DEFINITIONS AND ABBREVIATIONS 21
SUMMARY OF THE ISSUE 29
SUMMARY OF THE BUSINESS 31
SELECTED FINANCIAL INFORMATION 33
RELATED PARTY TRANSATIONS 40
RISK FACTORS 41
MARKET PRICE INFORMATION 70
USE OF PROCEEDS 75
CAPITALISATION STATEMENT 81
CAPITAL STRUCTURE 82
DIVIDEND 88
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 89
INDUSTRY OVERVIEW 127
OUR BUSINESS 183
ORGANIZATIONAL STRUCTURE 205
BOARD OF DIRECTORS AND SENIOR MANAGEMENT 207
SHAREHOLDING PATTERN OF OUR COMPANY 218
ISSUE PROCEDURE 225
PLACEMENT AND LOCK-UP 239
SELLING RESTRICTIONS 241
TRANSFER RESTRICTIONS 249
THE SECURITIES MARKET OF INDIA 251
DESCRIPTION OF THE EQUITY SHARES 255
TAXATION 259
STATUTORY AUDITORS 270
LEGAL PROCEEDINGS 271
GENERAL INFORMATION 276
FINANCIAL STATEMENTS 278
PROPOSED ALLOTTEES IN THE ISSUE 279
DECLARATION 280

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, our Subsidiaries, our Joint Venture and the Equity Shares, which is material in the context of the Issue. The statements contained in this Placement Document relating to our Company, our Subsidiaries, our Joint Venture and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, our Subsidiaries, our Joint Venture and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company, our Subsidiaries and our Joint Venture. There are no other facts in relation to our Company, our Subsidiaries, our Joint Venture and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Company, our Subsidiaries, our Joint Venture nor the Lead Manager have any obligation to update such information to a later date.

The information contained in this Placement Document has been provided by our Company and from other sources identified herein. ICICI Securities Limited (the "**Lead Manager**") has made reasonable enquiries but have not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Manager nor any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager and/or any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries, our Joint Venture and the Equity Shares or its distribution. Each person receiving this Placement Document acknowledges that such person has not relied either on the Lead Manager or on any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiaries, our Joint Venture and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to this Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, unless so registered, and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in, and in compliance with, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 241 and 249, respectively.

The information contained in this Placement Document have been provided by our Company and from other

sources identified herein. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Lead Manager or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Lead Manager that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, our Joint Venture, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company and the Lead Manager are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Our Company and the Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document. The information on our Company's website, *viz.*, www.ethoswatches.com, any website directly or indirectly linked to the website of our Company or to the website of the Lead Manager or any of their respective affiliates or agents, does not constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of

the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 241 and 249, respectively. Any information about our Company available on any website of the Stock Exchanges, our Company or the Lead Manager, other than this Placement Document, shall not constitute a part of this Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section is to the Bidders in this Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 241 and 249, respectively, and have represented, warranted and acknowledged to and agreed to our Company and the Lead Manager, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company, our Subsidiaries and our Joint Venture which is not set forth in this Placement Document;

- You are a "qualified institutional buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including

the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, please see the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions*" on page 241 and 249, respectively;

- You are aware that this Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Placement Document has been filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy and press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules;

- The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges for record purposes only and the Preliminary Placement Document and this Placement Document have been displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You are aware that, our Company, the Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Lead Manager. The Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Lead Manager may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Manager have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information relating to our Company, our Subsidiaries and our Joint Venture, which is not set forth in this Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable

laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared or to be declared;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company, Subsidiaries, Joint Venture, our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our perspective present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Neither our Company nor the Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of such Equity Shares shall be at the discretion of our Company, in consultation with the Lead Manager;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Lead Manager;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have made, or have been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out in *"Selling Restrictions"* and *"Transfer Restrictions"* on pages 241 and 249, respectively;

- You have been provided a serially numbered copy of this Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 41;

- In making your investment decision, you have (i) relied on your own examination of our Company, our Subsidiaries, our Joint Venture, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of our Company, our Subsidiaries, our Joint Venture and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, our Subsidiaries, our Joint Venture and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or

otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under section 2(69) of the Companies Act and regulation 2(oo) of the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoters', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue

shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

(a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that in relation to the Issue (i) in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay;

- You are aware and understand that the Lead Manager has entered into a Placement Agreement with our Company whereby the Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and that neither the Lead Manager nor any person acting on its behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Lead Manager or our Company or any other person, and the Lead Manager or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Lead Manager and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 241 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" beginning on page 241;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Transfer Restrictions*" on page 249 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Transfer Restrictions*" beginning on page 249;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. For more information, see "*Transfer Restriction*" and "*Selling Restrictions*" on pages 249 and 241;

- You are outside the United States, and you are purchasing the Equity Shares in an "offshore transaction" as defined in, and in compliance with, Regulation S of the U.S. Securities Act and in compliance with laws of all jurisdictions applicable to you;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the Lead Manager and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that the Preliminary Placement Document did not, and this Placement Document does not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Lead Manager;

- You represent that you are not an affiliate of our Company or the Lead Manager or a person acting on behalf of such affiliate. However, affiliates of the Lead Manager, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 10;

- Our Company, the Lead Manager and their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Lead Manager; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**SEBI FPI Regulations**"), an Eligible FPI including the affiliates of the Lead Manager, which is registered as a category I FPIs may issue, subscribe to or otherwise deal in offshore derivate instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. An FPI will collect the regulatory fee of USD 1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of offshore derivative instrument issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified from the SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including without limitation any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post Issue Equity Share capital on a fully diluted basis ("**Investment Restrictions**"). The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the Investment Restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these Investment Restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with Consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Lead Manager and does not constitute any obligations of or claims on the Lead Manager.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Bidders are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document have been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

2. warrant that the Equity Shares to be issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'bidder(s)', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, and references to 'our Company', 'Company', 'the Company' and the 'Issuer', are to Ethos Limited on a standalone basis and references to 'we', 'us' or 'the Group' are to Ethos Limited together with its Subsidiaries and Joint Venture on a consolidated basis, unless the context otherwise indicates or implies or unless otherwise specified.

Currency and units of presentation

In this Placement Document all references to:

1. '₹', 'INR', 'Rs.', 'Indian Rupees' or 'Rupees' are to the legal currency of Republic of India,
2. 'US$', 'USD', '$' or 'U.S. dollars' are to the United States Dollar, the official currency of the United States of America
3. "CHF", is to the Swiss Franc, the official currency of Switzerland;
4. "GBP", or "£" are to the British Pound Sterling, the official currency of United Kingdom;
5. "EUR", or "€" or "Euro" are to the Euro, the official currency of European Union; and
6. "SGD" is to the Singapore Dollar, the official currency of Singapore.

All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, all references to page numbers in this Placement Document are to the page numbers of this Placement Document.

All the numbers in this Placement Document have been presented in lakhs, unless stated otherwise. The amounts derived from financial statements included herein are presented in ₹ lakhs.

Financial data and other information

Our Company publishes its financial statements in Indian Rupees in lakhs. The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', "Fiscal" or "Fiscal Year" or "FY", are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Placement Document

1. audited consolidated financial statements of our Company, its Subsidiary and its Joint Venture as at and for the financial year ended March 31, 2021 prepared in accordance with Indian Accounting Standards ("**Ind AS**") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**Ind AS Rules**") and Section 133 of the Companies Act, 2013 read with the presentation requirements of Division II of Schedule III to the Companies Act, 2013 and which comprises the consolidated balance sheet as at March 31, 2021, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information (the "**Fiscal 2021 Audited Consolidated Financial Statements**");

2. audited consolidated financial statements of our Company, its Subsidiary and its Joint Venture as at and for the financial year ended March 31, 2022 prepared in accordance with Ind AS notified under the Ind AS Rules

and Section 133 of the Companies Act, 2013 read with the presentation requirements of Division II of Schedule III to the Companies Act, 2013 and which comprises the consolidated balance sheet as at March 31, 2022, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information (the "**Fiscal 2022 Audited Consolidated Financial Statements**");

3. audited consolidated financial statements of our Company, its Subsidiaries and its Joint Venture as at and for the financial year ended March 31, 2023 prepared in accordance with Ind AS notified under the Ind AS Rules and Section 133 of the Companies Act, 2013 read with the presentation requirements of Division II of Schedule III to the Companies Act, 2013 and which comprises the consolidated balance sheet as at March 31, 2023, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information (the "**Fiscal 2023 Audited Consolidated Financial Statements**", and collectively, together with the Fiscal 2022 Audited Consolidated Financial Statements and the Fiscal 2021 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); and

4. The special purpose interim unaudited condensed consolidated financial statements of our Company, its Subsidiaries and its Joint Venture, comprising of the condensed consolidated balance sheet as at June 30, 2023, the condensed consolidated statements of profit and loss including other comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the three month period ended June 30, 2023, and condensed notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and which have been subject to a limited review by our Auditors in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial. Information Performed by the Independent Auditor of the Entity" (the "**Special Purpose Interim Unaudited Condensed Consolidated Financial Statements**").

Our Company prepares its annual financial statements in accordance with Ind AS, Companies Act, 2013 and other applicable statutory and/or regulatory requirements. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Placement Document should accordingly be limited. Also see, "*Risk Factors – Differences exist between Ind AS and other accounting principles, such as IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition*" on page 66.

Figures in this Placement Document, except for the information in the section "*Industry Overview*" have been presented in lakhs or in whole numbers where the numbers have been too small to present in lakhs unless stated otherwise. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources or presented in figures other than ₹ lakhs. Our Audited Consolidated Financial Statements and the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements are prepared in lakhs and have been presented in this Placement Document in lakhs for presentation purposes. In this Placement Document, references to "lakh" represents "1,00,000" and to "crore" represents "1,00,00,000". Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative

figures. Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Placement Document is derived from the Audited Consolidated Financial Statements and Special Purpose Interim Unaudited Condensed Consolidated Financial Statements, as applicable. For details, please see the section titled "*Financial Statements*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations*" on page 278 and 89, respectively.

Non-GAAP Measures

We have included certain non-GAAP measures and certain other statistical information such as Gross Margin, EBIT, EBITDA, Net Profit Ratio, ROE, ROCE, Debt Equity Ratio, Interest Coverage Ratio, Current Ratio etc. (together, "**Non-GAAP Measures**" and each, a "**Non-GAAP Measure**") are presented in this Placement Document are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. We compute and disclose such Non-GAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the refractory businesses, many of which provide such Non-GAAP Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to measures and statistical information of similar nomenclature that may be computed and presented by other companies. These Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP.

In addition, these non GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. The presentation of these Non-GAAP Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Placement Document. Bidders should read this information in conjunction with the financial statements included in "*Financial Statements*" on pages 278, respectively.

Our Statutory Auditors have provided no assurance on the working capital estimates, projections or any prospective financial information in this Prospectus and have performed no service with respect to it, please refer to "*Use of Proceeds*" on page 75.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The statistical information included in this Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory / government publications and websites, more particularly described in "*Industry Overview*" on page 127.

Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been obtained from the report titled "*Industry Report on Premium and Luxury Watch Retail in India*" (the "**Industry Report**") dated October 18, 2023, which is a report commissioned and paid for by our Company and prepared by Technopak Advisors Private Limited pursuant to an engagement letter dated October 3, 2023, in connection with the Issue.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Placement Document has been derived from a third-party industry report, exclusively commissioned and paid for by us. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate*." on page 59.

Further, references to product categories and segments in the "*Industry Overview*" on page 127 are in accordance with the presentation, analysis and categorisation in the Industry Reports and not based on the criteria set out in Ind AS 108, Operating Segments.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the Industry Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'will likely result', 'is likely', 'are likely', 'believe', 'expect', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Certain important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others include:

- Our ability to maintain good relationship with our suppliers/vendors;
- Inability to identify customer demands accurately and maintain an optimal level of inventory in our stores;
- Inability to promptly identify and respond to changing customer preferences or evolving trends;
- Inability to effectively manage or expand our retail network and operations or pursue our growth strategy;
- The premises of all our offices, stores and warehouses are leased/ sub-leased;
- Loss of one or more third-party brands, or a reduction in demand for their products adversely impacting the business, results of operations, financial condition and cash flows; and

Inability to obtain, renew or maintain certain statutory and regulatory permits and approvals required to operate our business.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 41, 89, 127 and 183, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct.

Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither we nor the Lead Manager nor any of their affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company, our Subsidiaries and our Joint Venture could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Majority of our Directors, Key Managerial Personnel and Senior Management named herein are residents of India and the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India. India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Civil Procedure Code, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian laws. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Lead Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

In the event that the exchange rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The exchange rates are rounded off to two decimal places. The reference rates are rounded off to two decimal place.

The following table sets forth, for the periods indicated, information with respect to the exchange rates between Rupee and other foreign currencies.

I. For the period ending[(1)]

Currency	Exchange rate (in INR)								
	Month ended						Fiscal		
	October 31, 2023	September 30, 2023	August 31, 2023	July 31, 2023	June 30, 2023	May 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.27	83.06	82.68	82.25	82.04	82.68	82.22	75.81	73.50
1 CHF	91.43	90.71	93.61	94.30	91.65	90.77	89.78	82.23	77.49
1 EURO	88.32	87.94	90.22	90.58	89.13	88.36	89.61	84.66	86.10
1 GBP	101.16	101.67	105.09	105.76	103.51	102.38	101.87	99.55	100.95
1 SGD	60.78	60.78	61.20	61.85	60.70	61.16	61.72	56.00	54.37

Source: www.rbi.org.in, www.fbil.org.in, Thomson Reuters (for CHF and SGD), www.oanda.com

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.

II. The average for the period ending[(1)]

Currency	Exchange rate (in INR)								
	Month ended						Fiscal		
	October 31, 2023	September 30, 2023	August 31, 2023	July 31, 2023	June 30, 2023	May 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.24	83.05	82.79	82.15	82.23	82.34	80.39	74.51	74.20
1 CHF	92.09	92.29	94.21	94.04	91.25	91.69	84.20	81.08	80.47
1 EURO	87.84	88.74	90.37	90.84	89.07	89.48	83.72	86.56	86.67
1 GBP	101.23	103.03	105.25	105.81	103.81	102.73	96.83	101.78	97.06
1 SGD	60.78	60.87	61.29	61.56	61.04	61.41	58.52	55.22	54.34

Source: www.rbi.org.in, www.fbil.org.in, Thomson Reuters (for CHF and SGD), www.oanda.com

(1) Average of the official rate for each Working Day of the relevant period.

III. High for the period ending[(1)]

Currency	Exchange rate (in INR)								
	Month ended						Fiscal		
	October 31, 2023	September 30, 2023	August 31, 2023	July 31, 2023	June 30, 2023	May 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.27	83.26	83.13	82.68	82.64	82.80	83.20	76.92	76.81
1 CHF	93.22	93.95	94.84	95.67	91.83	92.50	90.16	83.34	83.56
1 EURO	88.49	89.62	91.06	92.29	89.97	90.54	90.26	90.51	90.31
1 GBP	102.56	104.64	106.25	107.64	105.04	103.61	102.23	104.58	102.66
1 SGD	61.01	61.07	61.70	62.08	61.43	61.83	62.63	56.71	55.53

Source: www.rbi.org.in, www.fbil.org.in, Thomson Reuters (for CHF and SGD), www.oanda.com

(1) Maximum of the official rate for each Working Day of the relevant period.

IV. Low for the period ending[(1)]

Currency	Exchange rate (in INR)								
	Month ended						Fiscal		
	October 31, 2023	September 30, 2023	August 31, 2023	July 31, 2023	June 30, 2023	May 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.15	82.66	82.28	81.81	81.88	81.74	81.39	75.48	72.29
1 CHF	90.33	90.27	93.34	91.36	90.59	90.77	77.17	78.24	77.27
1 EURO	87.07	87.34	89.17	89.15	88.07	88.36	78.34	83.48	81.50
1 GBP	100.39	100.92	103.93	103.78	102.40	102.03	86.62	99.36	91.95
1 SGD	60.53	60.59	60.86	60.62	60.56	61.00	55.18	54.23	52.90

Source: www.rbi.org.in, www.fbil.org.in, Thomson Reuters (for CHF and SGD), www.oanda.com

(1) Minimum of the official rate for each Working Day of the relevant period.

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider while reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

The terms defined in this section shall have the meaning set out herein, unless specified otherwise in the context thereof, and references to any statute or regulations or policies shall include amendments rules, guidelines, circulars, clarifications, and notifications issued thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections "*Industry Overview*", "*Taxation*", "*Legal Proceedings*" and "*Financial Statements*" on pages 127, 259, 271 and 278, respectively, shall have the meaning given to such terms in such sections.

GENERAL TERMS

Term	Description
"Issuer" or "our Company" or "the Company" or "Ethos"	Ethos Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No. 3, Sector- III, Parwanoo – 173 220, Himachal Pradesh, India.
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries.

COMPANY RELATED TERMS

Term	Description
Articles or Articles of Association or AoA	Articles of Association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board of Directors, as described in section titled "*Board of Directors and Senior Management*" on page 207.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company, its Subsidiaries and its Joint Venture as at and for each of the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with Ind AS notified under the Ind AS Rules and Section 133 of the Companies Act, 2013 read with the presentation requirements of Division II of Schedule III to the Companies Act, 2013 and which comprises the consolidated balance sheet as at March 31, 2023, March 31, 2022 and March 31, 2021, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information
Board of Directors or Board or our Board	The board of directors of our Company or any duly constituted committee thereof, as the context may require.
Chairman or Chairperson	The chairman of our Board, Yashovardhan Saboo.
Chief Financial Officer	The chief financial officer of our Company, Ritesh Kumar Agrawal.
Club Echo	The loyalty program of Ethos with registered members.
Company Secretary and Compliance Officer	The Company secretary and compliance officer of our Company, Anil Kumar.
Corporate Office	The corporate office of our Company located at Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160 009, India.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, as described in section titled "*Board of Directors and Senior Management*" on page 207.
Director(s)	The director(s) on the Board of our Company.
Equity Share(s)	The equity shares of our Company, having face value of ₹10 each.
ESOP 2011	Employee stock option scheme of our Company approved by shareholders of our

Term	Description
	Company on September 15, 2011.
Ethos ESOP 2013	Employee stock option scheme of our Company approved by shareholders of our Company on March 10, 2014.
Executive Director(s)	The executive directors of our Company, as described in section titled "*Board of Directors and Senior Management*" on page 207.
Financial Statements / Information	Special Purpose Interim Unaudited Condensed Consolidated Financial Statements and Audited Consolidated Financial Statements.
Independent Director(s)	The independent director(s) of our Company, as described in section titled "*Board of Directors and Senior Management*" on page 207.
Joint Venture	Pasadena Retail Private Limited
Key Managerial Personnel or KMP	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in section titled "*Board of Directors and Senior Management*" on page 207.
Memorandum or Memorandum of Association or MoA	The memorandum of association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as described in section titled "*Board of Directors and Senior Management*" on page 207.
Promoters	Promoters of our Company as per the definition provided in Regulation 2(1)(oo) of the SEBI ICDR Regulations and as reported to the Stock Exchanges, being Yashovardhan Saboo, KDDL Limited and Mahen Distribution Limited.
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company located at Plot No. 3, Sector- III, Parwanoo – 173 220, Himachal Pradesh, India.
Registrar of Company or RoC	The Registrar of Companies, Himachal Pradesh at Union Territory of Chandigarh.
Senior Management	The senior management of our Company as identified named under the section titled "*Board of Directors and Senior Management*" on page 207
Shareholder(s)	The holder(s) of the Equity Shares of our Company, unless otherwise specified in the context thereof.
Special Purpose Interim Unaudited Condensed Consolidated Financial Statements	The special purpose interim unaudited condensed consolidated financial statements of our the Company, its Subsidiaries and its Joint Venture, comprising of the condensed consolidated balance sheet as at June 30, 2023, the condensed consolidated statements of profit and loss including other comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the three month period ended June 30, 2023, and condensed notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information, prepared in accordance with the principles laid down in Ind AS 34, Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and which have been subject to a limited review by our Auditors in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial. Information Performed by the Independent Auditor of the Entity"
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, as described in section titled "*Board of Directors and Senior Management*" on page 207
Statutory Auditors	Current statutory auditors of our Company, S.R. Batliboi & Co. LLP, Chartered Accountants.
Subsidiar(ies)	The subsidiaries of our Company, namely: 1. Cognition Digital LLP; and 2. Silvercity Brands AG*; The following is the step down subsidiary of our Company: 1. Favre Leuba GmBH** **w.e.f March 31, 2023*

Term	Description
	*** w.e.f. June 26, 2023*
Technopak	Technopak Advisors Private Limited
Industry Report	Report titled "*Industry Report on Premium and Luxury Watch Retail in India*" dated October 18, 2023 issued by Technopak.
12% CCCPS	12% cumulative compulsory convertible preference shares of face value of ₹110 each.
14% CCCPS	14% cumulative compulsory convertible preference shares of face value ₹130 each.
12% COCPS	12% cumulative optionally convertible preference shares of face value ₹110 each.
12% NCRPS	12% non-cumulative redeemable preference share of face value ₹100 each having a term of one year.

ISSUE RELATED TERMS

Term	Description
Allocated or Allocation	The allocation of Equity Shares by our Company, in consultation with the Lead Manager, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the Lead Manager and in compliance with Chapter VI of the SEBI ICDR Regulations.
Allot or Allotment or Allotted	The issue and allotment of Equity Shares pursuant to this Issue.
Allottees	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue.
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue.
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term "Bidding" shall be construed accordingly.
Bidder(s)	Any prospective investor, being an Eligible QIB who made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form.
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid/ Issue Closing Date	The date after which our Company (or Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount, being November 3, 2023
Bid/ Issue Opening Date	The date on which our Company (or the Lead Manager on behalf of our Company) commenced the acceptance of the Application Forms and the Bid Amount, being October 31, 2023
Bid/ Issue Period	Period between the Bid/ Issue Opening Date and Bid/ Issue Closing Date, inclusive of both days during which Eligible QIBs submitted their Bids along with the Bid Amount.
CAN or Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price.
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about November 3, 2023.
Designated Date	The date of credit of Equity Shares to the Allottees' demat accounts pursuant to the Issue, as applicable to the relevant Allottees.
Eligible FPI(s)	Foreign portfolio investor, as defined under the SEBI FPI Regulations (other than individuals, corporate bodies and family offices), and including persons who have been registered under the SEBI FPI Regulations, that are eligible to participate in this Issue.
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, or (b) restricted from participating in the Issue under the applicable laws.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the

Term	Description
	Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted to unsuccessful bidder, as set out in the Application Form.
Escrow Agent	Kotak Mahindra Bank Limited
Escrow Agreement	The escrow agreement dated October 31, 2023 entered into amongst our Company, the Escrow Agent and the Lead Manager for collection of the Bid Amounts and remitting refunds, if any, of the amounts collected, to the Bidders in relation to the Issue.
Floor Price	The floor price of ₹1,627.49 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company offered a discount of 4.95% on the Floor Price in accordance with the approval of shareholders of our Company accorded by way of a special resolution passed on September 29, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended.
Issue	The offer, issue and Allotment of 11,31,210 Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder.
Issue Price	₹1,547.00 per Equity Share
Issue Size	The issue of 11,31,210 Equity Shares aggregating to ₹17,499.82 lakhs.
Lead Manager or LM	ICICI Securities Limited
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
Monitoring Agency	CRISIL Ratings Limited
Monitoring Agency Agreement	The agreement dated October 25, 2023 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the proceeds of the Issue, after deducting fees, commissions and expenses of the Issue.
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue.
Placement Agreement	The placement agreement dated October 31, 2023 entered into by and amongst our Company and the Lead Manager.
Placement Document	This placement document dated November 3, 2023 issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder.
Preliminary Placement Document	The preliminary placement document along with the Application Form dated October 31, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder.
QIBs or Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, read with the applicable rules of the PAS Rules.
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue.
Relevant Date	October 31, 2023, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decides to open the Issue.
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are Allocated Equity Shares pursuant to the Issue.
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI

Term	Description
	ICDR Regulation.
Working Day	Any day other than the second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading holiday of the Stock Exchanges, as applicable.

TECHNICAL AND INDUSTRY RELATED TERMS

Terms	Description
AR	Augmented Reality
Aspiration Merchandise	Goods which the customers aspire to acquire
Boutique store	Stores selling only a particular type of goods
Bridge to Luxury	Watches in the range of INR 1 lakh to 2.5 lakhs
CAGR	Compound Annual Growth Rate
COD	Cash on delivery
CPO	Certified Pre-Owned
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
D2C	Direct to Consumer
EBO	Exclusive brand outlets
ERP	Enterprise Resource Planning
FY	Financial Year
FAQ	Frequently asked questions
GDP	Gross Domestic Product
GNI	Gross National Income
HNI	High net worth individuals
High luxury	Products above a certain high price point
IT	Information Technology
Luxury marketplace	Marketplace dealing in luxury goods
Luxury Merchandise	Goods belonging to the luxury market
ITR	Income Tax Returns
IMF	International Monetary Fund
MIS	Management Information Systems
LFS	Large Format Store
MBO	Multi Brand Outlet
Modern Retail	Organized retail channels utilizing IT in its trade
NGO	Non-Governmental Organizations
Offline models	Retail models which only operate physically
Omnichannel	Multichannel retail approach which provides customers seamless shopping experience across online channel (website) and physical stores.
Online marketplace	Marketplaces which are only available online
Online models	Retails models operating only on online mode
OEM	Original Equipment manufacturer
PFCE	Private Final Consumption Expenditure
PPE	Personal Protective Equipment
PPP	Purchasing Power Parity
Premium and Luxury Watch Market	The market for premium and luxury watches
Premium Watches	Watches in the range of ₹ 0.25 lakhs to ₹ 1 lakhs
QR Codes	Quick response code
RTGS/NEFT	Real Time Gross Settlement / National Electronics Funds Transfer
UHNI	Ultra-high net worth individuals
USD	United States Dollar
USP	Unique selling proposition
VR	Virtual Reality
Vertical specialist	Retailers specializing in a particular category of goods
Virtual Showroom	Online platform exhibiting products to the customers for sale

Terms	Description
WFH	Work from home
Y-o-Y	Year over year

CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

Term	Description
AGM	Annual General Meeting
AIFs	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
AS	Accounting Standards
AY or Assessment year"	The assessment year is the year that comes after the FY. This is the time in which the income earned during FY is assessed and taxed.
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category I FPI	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations.
Category II FPI	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Procedure Code	Code of Civil Procedure, 1908.
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections).
Companies Act or Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder.
Competition Act	Competition Act, 2002
Consolidated FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time.
CSR	Corporate Social Responsibility
CY	Calendar Year, i.e. year ending on December 31 of the relevant year.
DDT	Dividend Distribution Tax
Depositories Act	Depositories Act, 1996.
Depository or Depositories	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018.
DP/Depository Participant	Depository participant as defined under the Depositories Act.
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), GoI.
EBIDTA	EBITDA is Non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization expenses.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share, calculated as profit after tax for a Fiscal, divided by the weighted average outstanding number of Equity Shares during that Fiscal.
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
Finance Act	Finance Act, 2023.
Finance Cost	Finance Cost charged to the statement of profit and loss.
Fiscal Year or Financial Year or FY or Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated.
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Term	Description
FPIs	A foreign portfolio investor who has been registered under Chapter II of the SEBI FPI Regulations and shall be deemed to be an intermediary in terms of the provisions of the Securities and Exchange Board of India Act, 1992.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI.
GDP	Gross Domestic Product
GoI or Government	Government of India
GST	Goods and Service Tax
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IT Act	Income Tax Act, 1961
Ind AS	Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended
Indian GAAP	Generally Accepted Accounting Principles in India, being, accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
INR or ₹ or Rs. or Indian Rupees	Indian Rupee, the official legal currency of the Republic of India
IT	Information Technology
MCA	Ministry of Corporate Affairs, GoI
MoU	Memorandum of understanding
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NEAT	National Exchange for Automated Trading
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit after tax
PBT	Profit before tax
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations,

Term	Description
	2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
STT	Securities Transaction Tax
U.S. or United States or USA or US	United States of America, its territories and possessions, any State of the United States, and the District of Columbia
U.S. GAAP	Generally accepted accounting principles followed in the U.S.
US$ or U.S. dollars or USD	U.S. dollars, the lawful currency of the United States
WOS	Wholly Owned Subsidiary

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages, 41, 75, 239, 225 and 255.

Issuer	Ethos Limited
Face Value	₹10 per Equity Share
Issue Price	₹1,547.00 per Equity Share (including a premium of ₹1,537.00 per Equity Share)
Floor Price	₹1,627.49 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company has offered a discount of 4.95% of the Floor Price in accordance with the approval of the Shareholders of our Company accorded by way of a special resolution passed on September 29, 2023 and in terms of Regulation 176(1) of SEBI ICDR Regulations.
Issue Size	Issue of 11,31,210 Equity Shares at a price of ₹1,547.00 per Equity Share including a premium of ₹1,537.00 per Equity Share, aggregating to ₹17,499.82 lakhs. A minimum of 10% of the Issue Size i.e., 1,13,121 Equity Shares, were made available for Allocation to Mutual Funds only, and the balance 10,18,089 Equity Shares were made available for Allocation to all Eligible QIBs, including Mutual Funds In case of under-subscription or no subscription in the portion available for Allocation to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution authorising the Issue	September 5, 2023
Date of shareholders' resolution authorising the Issue	September 29, 2023
Eligible Investors	Eligible QIBs to whom the Preliminary Placement Document and the Application Form have been delivered, to whom this Placement Document will be delivered and who are eligible to bid and participate in the Issue. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form were delivered and this Placement Document will be delivered has been determined by the Lead Manager in consultation with our Company, at its discretion. For further details, see "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 225, 241 and 249, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividend*" on page 255 and 88, respectively.
Taxation	See "*Taxation*" which describes the statement of possible tax benefits available to our Company and its Shareholders under the applicable laws in India, on page 259.
Equity Shares issued and outstanding immediately prior to the Issue	2,33,49,233 fully paid-up Equity Shares
Equity Shares issued and outstanding immediately after the Issue	2,44,80,443 fully paid-up Equity Shares
Issue Procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see the section entitled "*Issue Procedure*" on page 225.

Lock-up	For details in relation to lock-up, see "*Placement and Lock-up*" on page 239.
Listing and trading	Our Company has obtained in-principle approvals dated October 31, 2023 from the Stock Exchanges in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants.
Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 279 form names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company.
Transferability restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period for one year from the date of Allotment, except on the floor of the Stock Exchanges. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. For details in relation to other transfer restrictions, see "*Transfer Restrictions*" on page 249.
Risk factors	For details, see "*Risk Factors*" on page 41 for a discussion of risk you should consider before participating in the Issue.
Use of proceeds	The gross proceeds from the Issue are ₹17,499.82 lakhs. The Net Proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue, are expected to be approximately ₹540.18 lakhs. For details, see "*Use of Proceeds*" on page 75 for additional information regarding the use of net proceeds from the Issue.
Closing Date	The Allotment of Equity Shares is expected to be made on or about November 3, 2023
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The Shareholders of our Company (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Bid/ Issue Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "*Dividends*" and "*Description of the Equity Shares*" on pages 88 and 255, respectively.
Security codes for the Equity Shares	ISIN: INE04TZ01018 BSE Code: 543532 NSE Symbol: ETHOSLTD

SUMMARY OF THE BUSINESS

We are India's one of the largest luxury and premium watch retail player having 13% share of the total retail sales in premium and luxury segment and a share of 21% when seen in exclusively luxury segment in the financial year 2022, *(Source: Industry Report)* delivering a content-led luxury retail experience to our customers through our online and physical presence. As of June 30, 2023, in addition to our chain of 60 physical retail stores in 23 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms. As of June 30, 2023, we have a sizeable portfolio of premium and luxury watches in India enabling us to retail more than 60 premium and luxury watch brands, of which we have exclusive retail arrangements with several of these brands. We enjoy a healthy market share of 21% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (*Source: Industry Report*) In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches since Fiscal 2019.

Our Omnichannel approach is premised on our endeavour to provide experience, content, customisation, reach and convenience to our customers. Our website "www.ethoswatches.com" is India's largest website for premium and luxury watches in terms in number of brands of watches offered *(Source: Industry Report).* In our industry, watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹2.5 lakhs per watch), premium segment (₹0.25 lakhs - ₹1 lakh per watch), fashion segment (₹0.05 lakhs per watch - ₹0.25 lakhs per watch) and mass and mid segment (below ₹0.05 lakhs per watch) *(Source: Industry Report*). On our website visitors can research about the latest watch launches, reviews and choose from more than 6,500 premium, bridge to luxury, luxury and high luxury watches over 60 brands and as of June 30, 2023, our website had 27 lakhs number of visitor sessions. On our website, visitors are assigned highly trained watch consultants, who help the customers to choose from a wide array of choices available. We give our customers the ability to shop online or to touch and feel their shortlisted watches in the comfort of their homes or at our stores. As our offline and online channels are integrated, our customers can place orders for our products either offline or online and have the flexibility of buying products at one store and returning at another or browsing our product catalogues and placing orders online with doorstep delivery. Through our website, we are able to cater to our customers located in cities where we do not have any physical presence. We believe our Omnichannel model enables us in adding more customers, expanding our reach and providing better watch buying experience to our customers. We include research articles, independent reviews and guides on watch selection on our website to assist customers in making the right choice while purchasing luxury watches. We also have a luxury watch helpline for answering technical and other queries, along with live chat with luxury watch consultants on our website.

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under 'Certified Pre-Owned' ("**CPO**") luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360- degree physical inspection and verification of watches and certified with a two years warranty. We believe that the market for previously owned or "pre-owned" watches has become the best place to purchase after assessing the value of a watch over time and provide liquidity to watch owners who want to trade in their watch for a new one.

Our first luxury retail watch store was opened in January 2003 at Union Territory of Chandigarh by our Promoter, KDDL Limited, a company listed on the BSE and the NSE, under the brand name "ETHOS". Subsequently, the retail business of our Promoter was hived off into our Company under the name and style of Kamla Retail Limited in 2008 and our Company was renamed as Ethos Limited in 2012, in order to consolidate the business of luxury watch retail under one umbrella for better management and focussed approach. Our Promoter's experience in the watch industry has assisted us in establishing strong relationships with the global watch brands and further strengthening our business.

As of June 30, 2023, we have an extensive network of 60 (sixty) retail stores spread across 23 cities of National Capital Territory of Delhi, Mumbai, Maharashtra; Bengaluru, Karnataka; Hyderabad, Telangana; Chennai, Tamil Nadu; Kolkata, West Bengal; Siliguri, West Bengal; Indore, Madhya Pradesh; Bhopal, Madhya Pradesh; Raipur, Chhattisgarh; Bhubaneshwar, Odisha; union territory of Chandigarh; Ahmedabad, Gujarat; Surat, Gujarat; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Gurgaon, Haryana; Guwahati, Assam; Ludhiana, Punjab; Nagpur, Maharashtra; Noida, Uttar Pradesh; Pune, Maharashtra and Thane, Maharashtra in India. Further, as of June 30, 2023, our 60 stores are categorised into 16 Ethos Summit Stores and 1 Airport store (that houses bridge to luxury, luxury and high luxury brands), 20 multi-brand outlets and 11 Ethos Boutiques both housing bridge to luxury and

premium brands, 11 luxury segment mono-brand boutiques offering a single luxury watch brand and 1 CPO luxury watch lounge for pre-owned watches. Our distinct retail formats address various market segments like luxury and high luxury, exclusive boutiques and airport boutique. Ethos Summit stores are our flagship and large stores, which gives a far superior experience to our customers on account of a wider range of products.

Our physical stores provide us the ability to interact with our consumers in person. Owners of major luxury watch brands invest heavily in marketing. As a luxury watch retailer, we benefit from the increased awareness generated by traditional marketing activities as well as promotional activities, such as watch fairs, exhibitions and flagship store openings. We often collaborate with luxury watch brands, holding events together and running cooperative marketing campaigns (where our brand is paired with the relevant third-party brand's name). Our total expenses on advertisement and sales promotion constituted 3.40% of total sales for Fiscal 2023.

Our physical presence is leveraged by our strong digital platform with a frequently visited website, effective social media communication, a large database of HNI customers and an active program of home and office delivery of luxury products. Our digital platform has created a niche in the online luxury watch market through various unique value-added services including a highly specialised team of luxury watch consultants, targeted content, watch insurance, easy instalments and dedicated after sales service to our customers. In addition to leveraging our strengths in comprehensive merchandising, brand relationships and delivery experience, we focus on educating consumers via digital content and newsletters, which is an integral part of our business model. 'The Watch Guide', our in-house digital magazine curates relevant and exclusive content for watch enthusiasts.

Our loyalty programme 'Club Echo' is a customer relationship management initiative for providing our customers with a rewarding experience in luxury retail category. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated *via* Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Our Club Echo outbound call centre stationed at marketing office at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. As of June 30, 2023, we had over 3,15,000 registered members to our Club Echo.

Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our service centre has received authorisations from several leading global watch brands. Further, we have invested in our subsidiary, Silvercity Brands AG (a Swiss Company) over the current and the last Fiscal 2023. Silvercity Brands AG acquired "Favre Leuba" a Swiss watch brand. The brand 'Favre Leuba' with its establishment in the year 1737 *(Source: Industry Report)* has a rich history of Swiss watch-making legacy. Through this association we aim to work closely with multiple watch designers to create new product lines that embody the legacy and craftsmanship of the brand name "Favre Leuba" in India.

For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our revenue from operations was ₹ 23,002.16 lakhs, ₹ 78,853.37 lakhs, ₹ 57,728.37 lakhs and ₹ 38,657.07 lakhs, respectively. Our average selling prices per watch in our retail business have increased on a YoY basis. The average selling price of our watches has increased to ₹ 1,76,953 lakhs in the three months period ended June 2023 from ₹ 1,59,476 lakhs in Fiscal 2023, which was ₹ 1,49,318 lakhs in Fiscal 2022, and ₹ 1,09,864 lakhs in Fiscal 2021. The luxury and high luxury watch sales constituted 67.18% (₹ 15,452.28 lakhs), 65.87% (₹ 51,937.44 lakhs), 64.83% (₹ 37,425.48 lakhs) and 58.00% (₹ 22,421.56 lakhs) during the three months period ended June 30, 2023 and Fiscals 2023, 2022, 2021, respectively, of our sale of products. For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our online sales have gradually increased and comprised of 30.63% (₹ 7,046.61 lakhs), 30.52% (₹24,064.41 lakhs), 32.44% (₹ 18,724.58 lakhs) and 37.64% (₹ 14,551.69 lakhs), respectively of our revenue from operations. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'.

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information extracted from our Special Purpose Interim Unaudited Condensed Consolidated Financial Statements prepared in accordance with Ind AS 34 and Audited Consolidated Financial Statements, prepared in accordance with the applicable accounting standards (Ind AS), Companies Act, 2013 and the requirements of SEBI Listing Regulations, as applicable, and presented in "*Financial Statements*" on page 278. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*", on pages 89 and 278, respectively, for further details:

Summary of consolidated balance sheet information as at June 30, 2023:

Particulars	**As at June 30, 2023** *(₹ in lakhs)*
ASSETS	
Non-Current Assets	
Property, plant and equipment	6,412.62
Capital work-in-progress	162.63
Intangible assets	5,473.19
Right-of-use assets	12,407.69
Intangible assets under development	38.58
Investment in joint venture	228.27
Financial assets	
-Investment	112.76
-Loans	4.93
-Other financial assets	1,432.22
Non-current tax assets (net)	234.79
Deferred tax assets (net)	846.41
Other non-current assets	199.50
Total Non-Current Assets	**27,553.59**
Current Assets	
Inventories	37,210.86
Financial assets	
-Trade receivables	1,398.81
-Cash and cash equivalents	5,554.92
-Other bank balances	15,708.77
-Loans	50.29
-Other financial assets	1,481.23
Other current assets	5,446.91
Total Current Assets	**66.851.79**
TOTAL ASSETS	**94.405.38**
EQUITY AND LIABILITIES	
Equity	
Equity share capital	2,334.92
Other equity	62,636.98
Equity attributable to owners of the Company	**64,971.90**
Non controlling interest	0.00
Total equity	**64,971.90**
Liabilities	
Non-current liabilities	
-Borrowings	724.45
-Lease liabilities	10,724.21
-Other financial liabilities	58.96
Provisions	208.52
Total non-current liabilities	**11,716.14**

Particulars	As at June 30, 2023 *(₹ in lakhs)*
Current Liabilities	
Financial liabilities	
-Borrowings	91.67
-Lease liabilities	2,570.26
-Trade payables	
(a) total outstanding dues of micro enterprises and small enterprises	195.06
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	9,988.91
-Other financial liabilities	2,870.47
Other current liabilities	1,362.79
Provisions	410.59
Current tax liabilities (net)	227.59
Total Current Liabilities	**17,717.34**
Total Liabilities	**29,433.48**
TOTAL EQUITY AND LIABILITIES	**94,405.38**

Summary of consolidated statement of profit and loss information for the three months period ended June 30, 2023:

Particulars	Three months period ended June 30, 2023 *(₹ in lakhs)*
Income	
Revenue from operations	23,002.16
Other income	468.59
Total income (I)	**23,470.75**
Expenses	
Purchase of stock-in-trade	19,242.56
Changes in inventory of stock-in-trade	(3,223.57)
Employee benefits expense	1,737.42
Finance costs	379.77
Depreciation and amortization expense	1,072.66
Other expenses	1,853.67
Total expenses (II)	**21,062.51**
Profit before share of joint venture and tax (III=I-II)	2,408.24
Share of profit of joint venture (net of income tax) (IV)	21.12
Profit before tax (V=III-IV)	**2,429.36**
Tax expense comprising	
Current tax	599.51
Deferred tax	14.20
Total tax expenses (VI)	**613.71**
Profit for the period (VII=V-VI)	**1,815.65**

Summary of consolidated statement of cash flow information for the three months period ended June 30, 2023:

Particulars	**Three months period ended June 30, 2023** *(₹ in lakhs)*
A. OPERATING ACTIVITIES	
Profit before income tax	**2,429.36**
Adjustments to reconcile profit before tax to net cash flows:	
Depreciation and amortisation expense	1,072.66
Interest expense	379.77
Interest income	(407.67)
Provisions/ liabilities no longer required written back	(47.61)
Share of profit of joint venture	(21.12)
Unrealised foreign exchange loss	15.32
Effect of exchange rate on translation of operating cash flows	6.61
Allowance for doubtful advances/ recoverable/ security deposit	27.14
Advances/ deposits/ bad debts written off (net)	2.50
Cash generated from operations before working capital changes	**3,456.96**
Movements in working capital	
(Increase) in loans	(24.27)
Decrease in other financial assets	190.15
(Increase) in other assets	(592.56)
(Increase) in inventories	(3,223.57)
(Increase) in trade receivables	(783.71)
Increase in provisions	36.20
Increase in trade payables	510.52
Increase in other financial liabilities	125.66
Increase in other current liabilities	29.28
Cash (used in) operations	**(275.34)**
Income tax paid (net)	(392.68)
Net cash (used in) operating activities (A)	**(668.02)**
B. INVESTING ACTIVITIES	
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(879.60)
Investment in bank deposits (having original maturity of more than three months)	5,230.90
Interest received	118.96
Net cash flow from investing activities (B)	**4,470.26**
C. FINANCING ACTIVITIES	
Proceeds from non-current borrowings	26.75
Repayment of non-current borrowings	(9.54)
Proceeds from/ repayments of other current borrowings (net)	(0.08)
Payment of principal portion of lease liabilities	(686.77)
Interest paid on lease liabilities	(357.15)
Interest expense paid	(9.40)
Net cash (used in) financing activities (C)	**(1,036.19)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,766.05**
Cash and cash equivalent at the beginning of the period	2,788.87
Cash and cash equivalent at the end of the period	**5,554.92**

Summary of consolidated balance sheet information:

Particulars	**As at March 31,**		
	2023	**2022**	**2021**
	(₹ in lakhs)		
ASSETS			
Non-Current assets			
Property, plant and equipment	5,284.41	3,726.02	3,068.32
Capital work-in-progress	401.45	-	375.73
Intangible assets	4,070.65	66.30	64.48
Right-of-use assets	10,345.04	9,159.13	8,122.03
Intangible assets under development	-	-	5.61
Investment in joint venture	207.15	157.47	80.07
Financial assets			
-Loans	5.67	3.67	9.79
-Other financial assets	2,452.01	1,106.96	889.10
Non-current tax assets (net)	234.79	188.32	147.43
Deferred tax assets (net)	860.62	906.17	821.78
Other non-current assets	255.24	1,479.39	116.49
Total non-current assets	**24,117.03**	**16,793.43**	**13,700.83**
Current assets			
Inventories	33,987.29	24,993.29	19,777.12
Financial assets			
-Trade receivables	617.74	518.26	1,218.04
-Cash and cash equivalents	2,788.87	3,768.32	1,830.83
-Other bank balances	20,074.43	215.58	220.47
-Loans	25.28	26.94	18.13
-Other financial assets	1,500.93	710.52	1,011.70
Other current assets	4,858.06	3,409.35	1,576.50
Total current assets	**63,852.60**	**33,642.26**	**25,652.79**
TOTAL ASSETS	**87,969.63**	**50,435.69**	**39,353.62**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,334.92	1,907.82	1,821.28
Other equity	60,814.72	21,260.67	13,872.21
Equity attributable to owners of the Company	**63,149.64**	**23,168.49**	**15,693.49**
Non controlling interest	0.00	0.00	0.00
Total equity	**63,149.64**	**23,168.49**	**15,693.49**
Liabilities			
Non-current liabilities			
Financial liabilities			
-Borrowings	711.77	2,764.42	1,708.22
-Lease liabilities	8,916.80	7,948.57	6,908.47
-Other financial liabilities	47.15	66.90	90.00
Provisions	192.35	142.35	157.09
Total non-current liabilities	**9,868.07**	**10,922.24**	**8,863.78**
Current liabilities			
Financial liabilities			
-Borrowings	87.25	3,177.81	3,490.61
-Lease liabilities	2,356.75	2,238.40	1,910.90
-Trade payables			
(a)total outstanding dues of micro enterprises and small enterprises	50.95	86.93	0.72

Particulars	As at March 31,		
	2023	2022	2021
	(₹ in lakhs)		
(b)total outstanding dues of creditors other than micro enterprises and small enterprises	9,607.39	8,267.15	7,198.63
-Other financial liabilities	1,058.00	952.64	971.03
Other current liabilities	1,380.25	1,276.88	916.91
Provisions	390.56	324.90	249.45
Current tax liabilities (net)	20.77	20.25	58.10
Total current liabilities	**14,951.92**	**16,344.96**	**14,796.35**
Total Liabilities	**24,819.99**	**27,267.20**	**23,660.13**
TOTAL EQUITY AND LIABILITIES	**87,969.63**	**50,435.69**	**39,353.62**

Summary of consolidated statement of profit and loss information:

Particular	Year ended March 31,		
	2023	2022	2021
	(₹ in lakhs)		
Income			
Revenue from operations	78,853.37	57,728.37	38,657.07
Other income	1,456.04	1,277.83	1,642.62
Total income (I)	**80,309.41**	**59,006.20**	**40,299.69**
Expenses			
Purchase of stock-in-trade	63,432.49	46,328.61	26,084.91
Changes in inventory of stock-in-trade	(8,994.00)	(5,216.17)	2,081.89
Employee benefits expense	5,268.17	4,238.15	2,920.31
Finance cost	1,416.06	1,667.28	1,703.43
Depreciation and amortisation expense	3,463.09	3,150.86	3,251.95
Other expenses	7,705.63	5,687.28	3,598.37
Total expenses (II)	**72,291.44**	**55,856.01**	**39,640.86**
Profit before share of joint venture and tax (III=I-II)	8,017.97	3,150.19	658.83
Share of profit of joint venture (net of income tax) (IV)	49.68	2.40	13.50
Profit before tax (V=III-IV)	**8,067.65**	**3,152.59**	**672.33**
Tax expense, comprising			
Current tax	1,986.29	898.57	289.43
Deferred tax	51.54	(84.78)	(92.82)
Total tax expense (VI)	**2,037.83**	**813.79**	**196.61**
Profit for the year (VII=V-VI)	**6,029.82**	**2,338.80**	**475.72**

Summary of consolidated statement of cash flows information:

Particulars	For the year ended March 31,		
	2023	2022	2021
	(₹ in lakhs)		
A. OPERATING ACTIVITIES			
Profit before income tax	**8,067.65**	**3,152.59**	**672.33**
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	3,463.09	3,150.86	3,251.95
Write off/ loss on sale of property, plant and equipment	-	23.72	34.60
Profit on sale of property, plant and equipment (net)	(12.81)	-	(5.31)
Interest expense	1,404.56	1,611.28	1,695.17
Effect of exchange rates on translation of operating cash flows	(0.16)	-	-

Particulars	For the year ended March 31,		
	2023	2022	2021
	(₹ in lakhs)		
Interest income	(1,193.99)	(203.43)	(110.34)
Provisions/ liabilities no longer required written back	(147.42)	(106.86)	(75.64)
Share of profit of joint venture	(49.68)	(2.40)	(13.50)
Share options lapsed	-	(9.41)	-
Unrealised foreign exchange gain	(2.15)	(9.35)	(55.00)
Rent waiver on lease liabilities	-	(804.46)	(1,402.22)
Gain on termination of lease contracts	(26.84)	(34.42)	(46.25)
Allowance for doubtful debts/ (written back)	(5.73)	(86.70)	(2.90)
Allowance for doubtful advances/ recoverable	-	15.00	22.85
Advances/ deposits/ bad debts written off	15.98	269.19	51.76
Cash generated from operations before working capital changes	**11,512.50**	**6,965.61**	**4,017.50**
Movements in working capital			
(Increase) in loans	(0.34)	(2.69)	(8.93)
(Increase)/ Decrease in other financial assets	(953.36)	(4.06)	190.43
(Increase)/ Decrease in other assets	(1,432.41)	(1,504.05)	808.79
(Increase)/ Decrease in inventories	(8,994.00)	(5,216.17)	2,081.89
(Increase)/ Decrease in trade receivables	(108.22)	693.82	(315.19)
Increase in provisions	92.21	62.34	34.15
Increase in trade payables	1,406.13	1,220.43	21.26
Increase/ (Decrease) in other financial liabilities	146.53	39.62	(125.14)
Increase/ (Decrease) in other current liabilities	148.67	387.06	(87.47)
Cash flow for operations	**1,817.71**	**2,641.91**	**6,617.29**
Income tax paid (net)	(2,032.24)	(977.31)	(272.13)
Net cash (used in)/ flow from operating activities (A)	**(214.53)**	**1,664.60**	**6,345.16**
B. INVESTING ACITIVITIES			
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(5,663.64)	(2,373.36)	(959.51)
Proceeds from sale of property, plant and equipment	108.95	19.76	15.00
Payment towards purchase of investments	(112.76)	(75.00)	-
Investment in bank deposits (having original maturity of more than three months)	(20,708.48)	(10.93)	(74.70)
Interest received	754.56	62.03	15.53
Net cash (used in) investing activities (B)	**(25,621.37)**	**(2,377.50)**	**(1,003.68)**
C. FINANCING ACTIVITIES			
Proceeds from issue of equity share capital (including premium)	37,500.00	5,144.36	-
Share issue expenses	(3,531.05)	(384.58)	-
Proceeds from non-current borrowings	178.60	2,225.63	1,145.89
Repayment of non-current borrowings	(3,081.45)	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	-	-	218.30

Particulars	For the year ended March 31,		
	2023	2022	2021
	(₹ in lakhs)		
Repayment of current borrowings having maturity period more than 3 months	-	-	(212.60)
Proceeds from / repayment of other current borrowings (net)	(2,240.36)	(397.91)	(2,678.70)
Payment of principal portion of lease liabilities	(2,402.73)	(1,204.74)	(467.64)
Interest paid on lease liabilities	(1,152.91)	(1,020.83)	(1,062.12)
Interest expense paid	(413.65)	(627.22)	(588.62)
Net cash flow from financing activities (C)	**24,856.45**	**2,650.39**	**(4,494.25)**
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(979.45)**	**1,937.49**	**847.23**
Cash and cash equivalent at the beginning of the year	3,768.32	1,830.83	983.60
Cash and cash equivalent at the end of the year	**2,788.87**	**3,768.32**	**1,830.83**

RELATED PARTY TRANSATIONS

For details of the related party transactions during: (i) three months period ended June 30, 2023; (ii) Fiscal 2023; (iii) Fiscal 2022; and (iv) Fiscal 2021, as per the requirements in accordance with Ind AS 24 – 'Related Party Transactions' notified under the Ind AS Rules read with Section 133 of the Companies Act, see "*Financial Statements*" on page 278.

RISK FACTORS

An investment in equity shares involves a high degree of risk. Bidders should carefully consider all the information disclosed in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of the Equity Shares could decline and you may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. See section "*Forward-Looking Statements*" on page 16. To obtain a complete understanding, prospective investors should read this section in conjunction with the sections "*Our Business*", "*Industry Overview*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 183, 127 and 89, respectively, as well as the other financial and statistical information contained in this Placement Document.

Internal Risk Factors- Risks Related to Our Business

1. We do not have definitive agreements for supply of products or fixed terms of trade with majority of our suppliers. Failure to successfully leverage our supplier relationships and network could adversely affect us.

We offer our customers a wide variety of premium and luxury watches due to our strong relationships with watch brands, from whom we procure the watches. Our business growth depends on our ability to attract and retain our suppliers. In absence of definitive agreements, terms of trade are decided on purchase order basis. Many of our suppliers work with us on a non-exclusive basis and may engage with other retailers that compete with us. As is standard in the watch industry, we have not entered into definitive agreements with our suppliers, our suppliers may terminate their relationships with us at a short notice due to various reasons including insufficient capacity due to existing orders by other retailers or internal brand strategies to reorganise their retail network. Therefore, we may face delays and added costs as a result of the time and management effort might be required to get enough supply of the products and build relationships with other leading premium and luxury watch brands. While there has been no instance of such nature in the past, we may not assure you that such event will not occur in future.

Since, brand owners control distribution through strict, selective distribution arrangements, which are limited by geography, point of sales are typically granted on a store-by-store basis and contain a wide range of requirements on how their products are to be displayed, how they can be sold. Owners of luxury watch brands closely monitor and actively manage such requirements, including product presentation and customer experience. In addition, the owners of luxury watch brands take proactive measures to preserve the exclusivity and rarity value of luxury watches and seek to avoid excess stock in the market. Any failure, by us to meet the specific requirements prescribed by the owners of luxury watch brands, despite communication from brands to correct such failure may lead to a termination of our supply arrangements with such brands on a short notice. While there has been no such termination in the past, we may not assure you that such event will not occur in future.

Also, the success of our operations and our supplier relationships depends significantly on satisfactory performance by our suppliers and their fulfilment of their obligations. If any of our suppliers fails for any reason to deliver the products or provide necessary post sale services in a timely manner or at all, it may affect our ability to manage our inventory levels, which in turn, may result in unavailability of products thereby adversely affecting our customer shopping experience and our reputation. While there has been no such failure on the parts of the supplier, we may not assure you that such delay will not occur in future.

Our business is dependent on our ability to source products from our suppliers. We compete with other

watch stores and retailers for access to suppliers that provide it with the necessary quality and quantity of merchandise to operate our business, and our operations depends on our ability to maintain good relationships with our suppliers. Any deterioration in our relationship with our suppliers and the level of support we receive from our suppliers may impact our business operations. Our reputation and brand image may be impaired if we or our brands fail to maintain high ethical, social or we or our suppliers become subject to other negative events or adverse publicity. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Any deterioration in our relationship with any one or more suppliers could impair our ability to source products from our suppliers or to negotiate competitive business terms, which would adversely affect our business and financials. Consequently, the relationship with owners of luxury watch brands is crucial to our success. The luxury brand owners may decide to terminate supply to us for various reasons. While there has been no such event in the past, we may not assure that such events will not occur in future. If we lose any significant supplier or owner of such brands to fail to supply us their watches in desired models or quantities, our business, financial condition and results of operations of our Company will be materially adversely affected. We have not lost any significant supplier in the past, however we may not assure that such event will not occur in future.

Also, in case our relationship with particular brand supplier is affected and we may be unable to procure such brands, it may impact us as brand conscious/loyal customers may not be able to get the relevant product from us.

While we intend to continue to enter into new supplier relationships, we may not be able to identify or conclude appropriate or viable arrangements in a timely manner or at all. Further, there can be no assurance that our relationships with new suppliers in the future will necessarily contribute to a better experience for our customers or to our profitability. If we fail to successfully leverage our existing and new relationships with suppliers, our business and financial performance could be adversely affected.

2. Our business partly depends on the continued success and reputation of our third-party brands globally, and any negative impact on these brands, or a failure by us or owners of these brands to protect them, as well as other intellectual property rights and proprietary information, may adversely affect our business, results of operations, financial condition and cash flows.

Our success is directly related to the success of the watch brands we are selling, including their reputation, financial condition, marketing strategies, product development as well as overall quality and success of their operations amongst competitors. We have no control over the management or operations of such brands. As a result, a variety of factors, affecting these brands that are beyond our control, could have a material adverse effect on our business. These factors include negative publicity with respect to these brands and loss of reputation due to quality complaints globally, initiation of legal proceedings, operational failures and regulatory investigations, which adversely impact these brands.

Further, we may be expected to protect their intellectual property rights and other proprietary information while dealing with their products. However, our efforts to protect this intellectual property and other proprietary information may prove to be inadequate and, as a result, the value of these brands as well as our own brands could be harmed. For instance, we may not be able to detect or prevent these brands from trademark or other infringements, and it is possible that other proprietary information, such as proposed pricing or product launch information, could be leaked by our employees, suppliers, and other third-parties. If any of these occurs and the brand image of these third-party offerings are harmed as a result, our competitive position in the luxury watch retail industry in India and our ability to grow our business could be negatively impacted, which would adversely affect our business, results of operations, cash flow and financial condition. In addition, owners of these watch brands could deem any unauthorized use by us of their respective brands, their intellectual property rights or any action adversely affecting goodwill of their business, whether intentional or not, to be a breach of the terms of our agreement/understanding and seek to terminate our relationship, which would have a material adverse effect on our business, results of operations, cash flow and financial condition.

Any damage to these third-party brands, whether attributable to us or otherwise, could adversely impact the trust placed by such brands and our reputation and cause existing customers, suppliers to withdraw their business and reconsider doing business with us. Further, negative publicity may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business and adversely affect our profitability.

3. Our many suppliers work with us on a non-exclusive basis, in absence of exclusivity with our suppliers we may be subject to competition from the entities which may have more resources than us.

As is the standard normal practice in retail selling of the luxury watches. We have entered into exclusive arrangement with some of our suppliers. In absence of exclusivity, we may not be able to sell the exclusive products which are available only with us, as other retailers may also have such products. Some of our competitors may have greater resources than us and may offer better deals, discounts and offers to the customers. We face competition from various domestic as well as international players that may have some effect on our competitive position and profitability. Some of our competitors may have longer operating histories, greater financial and technical support, product development and marketing resources, and greater name recognition, and hence they may be able to compete more effectively. As a result of increasing competition and absence of exclusive arrangements with the suppliers, our pricing could be adversely impacted.

4. We are dependent on watch brands for the manufacturing of all the products we sell. Any disruptions at such third-party manufacturing facilities, or failure of such third-parties to adhere to the relevant quality standards may have a negative effect on our reputation, business and financial condition.

We are dependent on our suppliers for the procurement of all our products. Any unscheduled, unplanned or prolonged disruption of operations at our supplier's manufacturing facilities, including on account of technical failure of equipment, performance below expected levels of output or efficiency, obsolescence, non-availability of adequate labour or disagreements with workforce, lock-outs, earthquakes and other natural disasters, industrial accidents, any significant social, political or economic disturbances or infectious disease outbreaks, could affect our suppliers' ability to meet our requirements, and could consequently affect our operations. We are also exposed to the risk of our suppliers failing to adhere to the industry standards which in turn could adversely affect our sales and revenues.

Any delay or failure on the part of our suppliers to deliver the products in a timely manner or any litigation involving these suppliers may cause a material adverse effect on our business, profitability and reputation.

We may also be unable to replace these suppliers at short notice, or at all. Also, see "*Risk Factor - We do not have definitive agreements for supply of products or fixed terms of trade with majority of our suppliers. Failure to successfully leverage our supplier relationships and network could adversely affect us."* on page 41.

5. We will be able to utilise the fund raised in the present Issue only after full utilisation of funds raised for working capital and general corporate purpose through initial public offering.

As on June 30, 2023, the funds to an extent of ₹14,391.41 lakhs, raised through initial public offer ("**IPO**") of Equity Share are still pending for utilisation by us. Out of the said amount of ₹14,391.41 lakhs, an amount of ₹10,625.45 lakhs towards working capital is expected to be utilised by March 31, 2024. Further, an amount of ₹ 2,774.86 lakhs towards establishment of new stores, an amount of ₹ 198.01 lakhs towards financing the upgradation of Enterprise Resource Planning software and an amount of ₹ 793.09 lakhs towards general corporate purpose from the proceeds of the IPO are pending for utilisation and may spillover beyond March 31, 2024, which is beyond the schedule of implementation provided in the Prospectus dated May 25, 2022. Utilisation of funds raised in present Issue, towards working capital will be possible only after March 31, 2024, in terms of the "*Use of Proceeds*" under this Placement Document. Further, any utilisation of funds raised under present Issue towards general corporate purpose will be possible only after funds raised under IPO towards general corporate purpose are utilised. We cannot assure you that we will be utilising the Net Proceeds of this Issue in a timely manner in accordance with proposed schedule of implementation of Net Proceeds.

6. Our inability to identify customer demand accurately and maintain an optimal level of inventory in our stores may impact our operations adversely.

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Our inability to forecast customer demand and trends could result in either surplus stock, which we may not be able to sell in a timely manner, or at all, or under stocking, which could affect our ability to meet customer demand. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores.

As a retail business, our operations are dependent on our ability to manage our inventory effectively. Our success depends on our ability to predict and respond to changing consumer tastes and to translate market trends into saleable offerings. We may not be able to continue to market products that are attractive to customers and it may not successfully meet consumer demands in the future. We may not be able to obtain the products that we order from our suppliers in a timely manner, or at all. In case we are unable to source inventory that responds to consumer demand, the volume of obsolete and slow-moving inventory may increase. In case, we fail to sell the inventory we purchase, we may be required to write down our inventory. Conversely, if consumer demand is higher than expected, insufficient inventory levels could result in unfilled customer orders, loss of revenue and an unfavourable impact on customer relationships.

Inventory based on historical data, regardless of any historical patterns or the quality of the underlying data, are inherently uncertain, and unforeseen changes in consumer tastes or external events could result in material inaccuracy of our forecast and predictions. Volatility and uncertainty related to macro-economic factors make it more difficult for the us to forecast customer demand. Any failure on our part to properly anticipate consumer demand and properly manage inventory could have a material adverse effect on our business and operations.

We estimate our monthly sales for every Financial Year prior to the beginning of the year including the estimated growth rate of every store, festive periods and other factors. Further this is reviewed at the end of every quarter during the fiscal year. Monthly inventory is monitored based on actual sales and other relevant factors. We typically introduce new styles coinciding with the launch program of the respective brands. Since we need to maintain stock inventory for a wide range of products in different categories, we keep a core inventory in each of our stores while other models are based on the specific trends and forecast of each store. Orders are placed every month for replenishment. If a particular style is not selling well in certain stores, we may undertake cross shipment of such styles to stores where it is selling faster. The slow-moving styles are monitored and additional incentives may be offered to minimise inventory build-up. Special promotions and incentives may be offered for sales of slow-moving products as required, from time to time. Although there are checks to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. If we over-stock inventory, our capital requirements will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Any material mismatch between our forecast and actual sales could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, financial condition and results of operation. Stock of inventory may also be impacted by disruptions faced in the transportation of our products or adverse developments affecting our warehouses and the inventory stocked therein.

7. We have been subject to various litigation, regulatory and other proceedings and same are pending at various level of adjudication.

There are outstanding legal proceedings involving our Company, Directors and our Promoter – KDDL Limited. These proceedings are pending at different levels of adjudication before various judicial authorities, from which further liability may arise. The amounts involved in these proceedings have been summarized to the extent ascertainable and quantifiable. For further details, see "*Legal Proceedings*" on page 271.

A summary of outstanding legal proceedings involving our Company, Directors and our Promoters are as follows:

Litigations against our Company

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable***
Criminal	Nil	Nil
Material Civil	1	110.22
Action by statutory or regulatory authorities	Nil	Nil
Total	**1**	**110.22**

Litigation filed by our Company:

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable***
Criminal	1	45.66
Material Civil	Nil	Nil
Action by statutory or regulatory authorities	Nil	Nil
Total	**1**	**45.66**

Tax proceedings involving our Company:

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable****
Direct Tax	11	364.86
Indirect Tax	5	72.19
Total	**16**	**437.05**

Litigation against our Subsidiary:

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable***
Criminal	Nil	Nil
Material Civil	Nil	Nil
Action by statutory or regulatory authorities	Nil	Nil
Total	**Nil**	**Nil**

Litigation filed by our Subsidiary:

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable***
Criminal	Nil	Nil
Material Civil	Nil	Nil
Action by statutory or regulatory authorities	Nil	Nil
Total	**Nil**	**Nil**

Litigation involving our Directors:

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable***
Criminal	Nil	Nil
Material Civil	1*	110.22
Action by statutory or regulatory authorities	Nil	Nil
Total	**1**	**110.22**

** This litigation is filed by Matrix Distributor Private Limited against our Company and the Directors.*

Litigation involving our Promoters – KDDL Limited

(₹ in lakhs)

Nature of Litigation	***Number of outstanding cases***	***Amount involved in such proceedings, to the extent quantifiable***
Criminal	Nil	Nil
Material Civil	2	Nil
Action by statutory or regulatory authorities	1	3.72
Total	**1**	**3.72**

For further details of the outstanding legal proceedings, see "*Legal Proceedings*" on page 271.

In addition to the above legal proceedings, we are subject to tax-related inquiries, audit by regulatory authorities, and assessments under various tax laws such as income tax, value-added tax, service tax, goods and services tax, customs and local body tax, which have arisen in the ordinary course of business. Since these inquiries, audits, and assessments are still ongoing, therefore, our Company's management is unable to estimate the outcome of the same.

Our Promoter i.e. KDDL Limited, has been subject to proceeding by SEBI in the past, on account of the delayed disclosure of 24 days, required to be made under regulation 7(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("**1997 Takeover Code**") which was settled by SEBI *vide* its settlement order dated January 4, 2017, on remission of ₹ 2,31,750/- towards the settlement by KDDL Limited.

Also, SEBI, *vide* order dated April 15, 2014, initiated adjudication proceedings against Rajendra Kumar Saboo, a member of our Promoter Group and then director of KDDL Limited to inquire into and adjudge under Section 15A(b) of SEBI Act, the violation of the provisions of Regulation 3(3),3(4) and 3(5) of the 1997 Takeover Code, alleged to have been committed by the Rajendra Kumar Saboo in the matter of KDDL Limited during the year 2010. As per the show cause notice no. EAD-2/DSR/VVK/13360/2014 dated May 9, 2014, issued by SEBI, it was averred that the shareholding of Rajendra Kumar Saboo, increased from 9.98% to 17.52% (increase by 7.54%) in KDDL Limited during the period April 2010 to June 2010 and that Rajendra Kumar Saboo failed to submit a report under regulation 3(4) of the 1997 Takeover Code. SEBI *vide* its order dated September 9, 2015, allowed the consent application of Rajendra Kumar Saboo on remission of ₹ 8,96,750 by him.

It is possible that proceedings may be initiated in the future consequent to any lapse by our Company, any adverse decision in such proceedings may affect our Company.

We cannot assure you that any of these proceedings will be decided in favour of our Company, Directors or Promoter – KDDL Limited, or that no further liability will arise out of these proceedings. Such proceedings could, however, divert management time and attention, and consume financial resources in their defence or prosecution. Further, an adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition and results of operations. While there has been no such adverse outcome in such proceedings in the past, however we cannot assure you there will not be adverse decision against our Company in the future.

8. Our independent director owns Equity Shares in our Company.

One of independent directors, Anil Khanna hold 6,071 (0.03%) Equity Shares Equity Shares in our Company, respectively as on date of this Placement Document. The number of said Equity Shares are below the materiality threshold of 2% equity shares. Non-executive and independent directors may be interested to the extent of the fee, they are receiving from our Company.

As on date of this Placement Document, our directors are in compliance of the requirements of independent director, however in case they acquire more Equity Shares which breaches the statutory threshold of 2% equity shares or breaches the limits pecuniary interest prescribed by the Companies Act, they may cease to be independent directors.

9. If we are unable to effectively manage or expand our retail network and operations or pursue our growth strategy, our stores may not achieve our expected level of profitability which may adversely affect our business prospects, financial condition and results of operations.

We sell a significant part of our products through our network of stores. As of June 30, 2023, we had 60 stores. As a part of our growth strategy, we plan to further expand our store network in India. Expansion into new geographic regions, including different states in India, subjects us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including: our ability to position our new stores to successfully establish a foothold in new markets and to execute our business strategy in new markets; the demand of our products in such new markets; our ability to get suitable properties at commercially viable prices; our ability to successfully integrate the new stores with our existing operations and achieve related synergies; our ability to introduce an optimal mix of merchandise which successfully meets local customer preferences at attractive prices; our ability to negotiate and obtain favourable terms from our suppliers; the effectiveness of our marketing campaigns; our ability to hire, train and retain skilled personnel; the competition that we face from incumbent and new retailers in the region; and exposure to expropriation or other government actions; political, economic and social instability. We will also be required to obtain certain approvals to carry on business in new locations and there can be no assurance that we will be successful in obtaining such approvals. Further, we expect our expansion plans to place significant demand on our managerial, operational and financial resources, and our expanded operations will require further training and management of our employees and the induction and training of new employees. In addition, as we enter new markets, we face competition from both organised and unorganised luxury watch retailers.

10. In the past we have closed and/or relocated our stores due to commercial considerations.

If any of our stores do not achieve our expected level of profitability within our expected timeframe, or at all, our expansion plans and our results of operations, financial condition and profitability may be materially and adversely affected and we may decide to close some of these stores. Further, all our stores and warehouses are on lease. An inability to effectively manage our expanded operations or pursue our growth strategy may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, financial conditions and results of operations.

Closure of any store may cause loss to us in respect of the cost incurred in setting up of store, incurring additional cost for transport of the inventory to another store, loss due to misappropriation in such transportation and setting of stores at other places.

11. Inability to protect our intellectual property rights may adversely affect our business.

Our Company and KDDL Limited have entered into an agreement for sale dated January 1, 2022, as amended by addendum dated October 15, 2022, for the transfer and assignment of "ETHOS" and "SUMMIT" brand name and all related rights in our name for an amount of ₹ 3,900.00 lakhs. Subsequently, brand- name "ETHOS" and "SUMMIT" have been assigned from our promoter, KDDL Limited to our Company pursuant to the deed of assignment dated October 19, 2022. Further, as on the date of this Placement Document, we own the trademarks of "ETHOS" in classes 25 and 14. However, we are still in the process of registering brand name "SUMMIT" as a trademark in India, there can be no assurance that trademark office will accept our application and there would not be any objections to the proposed transfer. In case of any opposition, the trademarks may not be assigned in our favour.

12. Any security breach or any failure in our IT system or IT system of our suppliers and failure to detect fraud on our part, may affect our operation and increase our operational costs, and cause losses.

Our suppliers are located internationally and our stores are located in different parts of India, due to which we rely heavily on information technology networks and systems, emails etc., to manage our supplies, sales, inventory management, distribution, invoicing etc. Our IT systems are critical to our ability to manage our retail operations, warehouses, supply chain management and e-commerce sales to maximize

efficiencies and optimize costs. Our main IT platforms include Navision – our ERP system to control inventory and replenishment, and other software applications which are designed to provide capabilities to address customer centric activities in the areas of customer relationship management, promotion management, inventory management, sales execution and warehouse management.

We use IT system to record, process and summarise financial information and to comply with regulatory, legal and tax requirements. Our IT systems and our supplier's IT systems are vulnerable to security breaches, including unauthorised access, computer viruses or other malicious code and other cyber-attacks that could have a security impact. We and our suppliers may not be able to anticipate such security breaches and cyber-attacks which may lead to theft or manipulation of confidential and proprietary information or loss of access to, or destruction of, data on our IT systems. While there have been no instances of technology failure in our Company as such, we cannot assure that such technology failure may not occur in future. As a large retailer, we are subject to attacks on our IT systems. Our operations are also subject to additional risks and uncertainties associated with the internet, including changes in required technology interfaces, website downtime and other technical failures, security breaches and consumer privacy concerns. We may be subject to related litigation and financial losses that are either not insured against or not fully covered through our insurance policies. We may also be subject to regulatory actions, particularly as a result of the increasing regulatory focus on promoting the protection of customer/client information and the integrity of information technology systems. We have been subject to 1 (one) cyber fraud in the year 2020. For details of the cyber fraud against us please refer to "*Legal Proceedings – Criminal Proceedings involving our Company*" page 271. We may be required to invest heavily to protect ourselves against such vulnerabilities, and result in significant losses, reputational harm and competitive disadvantage. While we are taking steps to update our IT system along with policies made thereunder, we cannot guarantee that such frauds will not happen in future.

Further, if we do not allocate and effectively manage the resources necessary to build and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, customer service disruptions and, in some instances, loss of customers. Challenges relating to the building of new IT structures can also subject us to certain errors, inefficiencies, disruptions and, in some instances, loss of customers. Our IT systems may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Although we have security initiatives and disaster recovery plans in place to mitigate such risks to these vulnerabilities, such measures may not have been effectively implemented or may not be adequate to ensure that its operations are not disrupted.

We may also be subjected to domestic and international laws relating to the collection, use, retention, security, disclosure and/or transfer of personally identifiable information ("**PI**") and sensitive personal data or information ("**SPDI**") with respect to our users and employees. For example, as part of our operations, we are required to comply with the Information Technology Act, 2000, the Information Technology (Reasonable Security Practices & Procedure and Sensitive Personal Data or Information), Rules 2011, The Digital Personal Data Protection Act and other ancillary rules, which provide for civil and criminal liability including paying compensation by way of damages (which may not be subject to any specific limits) to the affected persons, penalties and imprisonment for various cyber related offences, including fines and damages for unauthorised disclosure or transfer of confidential information and failure to protect sensitive personal data or information.

13. The premises of all our stores and warehouses are leased. If we fail to renew these leases on competitive terms or if we are unable to manage our lease rental costs, our results of operations would be materially and adversely affected.

As our stores are operated on properties that are either leased or obtained on a leave and license basis, we are exposed to the market conditions of the retail rental market. Further, our registered office, corporate office, Head Office and warehouses are also on lease/ sub-lease or leave and license basis. We generally enter into lease/ sub-lease agreements and leave and license agreements with initial terms of 11 months to 9 years, and certain of these agreements have lock-in periods preventing our Company and/or the lessors from terminating the agreement within a stipulated period, without forfeiting the security deposit provided. While we have renewal options for certain of our leases, we typically need to renegotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement.

The rent under our current store lease agreements is generally payable in one of three ways: (i) monthly fixed rent; or (ii) revenue share or (iii) minimum guarantee or revenue share whichever is higher. We may be also required to share maintenance charges or other charges in terms of the lease or license agreements. In addition to increases in rent resulting from fluctuations in annual sales revenue, certain of our lease agreements include provisions specifying fixed increases in rental payments over the respective terms of the lease agreements. While these provisions have been negotiated and are specified in the lease agreement, they will increase our costs of operation and therefore may materially and adversely affect our results of operation if we are not able to consistently increase sales per store for the subsequent years.

If we are unable to renew leases for our store sites on acceptable terms or at all, we will have to close or relocate the other locations, which would eliminate the sales that those stores would have contributed to our revenues during the period of closure, and could subject us to construction, renovation and other costs and risks. There has been one instance where the store was closed due to non-renewal of the lease by the lessor. While we have not failed to renew leases in the past we may not assure you that such events will not occur in future.

As part of our store roll out process, we enter into letters of intent or term sheets and submit deposits to the relevant owners of the properties where a new store will be located, once we have identified a site to develop. The letters of intent or term sheets are typically followed by a definitive lease agreement in the form of a lease deed or leave and license agreement being entered into between the parties within a specified time period or they terminate unless extended. We may be delayed or be unable to enter a definitive lease agreement with respect to a specific site for various reasons, some of which are beyond our control, which may result in us not being able to recover deposits placed with relevant owners. Further, in the event such letters of intent lapse or are terminated, we may have to identify alternate store locations for which we expend significant time and resources. In addition, lease agreements are required to be duly registered and adequately stamped under Indian law and if one of our lease agreements is not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India subject to penalties along with the requisite stamp duty prescribed under applicable Indian law being paid. While there have been no such instances in the past, we cannot assure you that such event may not happen in future.

Registered Office of our Company is situated on the property owned by our Promoter- KDDL Limited and Corporate Office of our Company is situated on the property leased to our Promoter – KDDL Limited. Further, the lease/ sub lease agreements entered into with various entities in respect of our stores are not related party transaction and there is no conflict of interest between our Company and its subsidiaries, Promoter, Promoters' group, Directors or key managerial person or any other associate entity directly or indirectly in respect of the space taken on lease for establishment of the stores.

14. The growth of online retailers may create pricing pressures, increase competition, and adversely affect our business, results of operations, cash flow and financial condition.

We carry out sales through our stores and have been strengthening our alternate channels including sales through our website. The introduction and growth of e-tailing has made online shopping a material part of our business and growth strategy, and we believe the increasing presence of e-tailers and e-commerce platforms in India, due to growing preference of people to buy products online, specifically post Covid – 19 pandemic, will have a significant impact on our business going forward. For instance, e-tailers that exclusively have only an online presence and no physical presence, may be able to price their products lower by leveraging on their asset light model, while introducing newer products and maintaining quality control. Further, the presence of e-commerce platforms has increased competition with other retail brands. If e-tailing continues to increase, it is possible that footfalls in our stores could decrease, unless we are able to adapt our business model to account for this change in consumer preference.

It is also possible that the negotiating leverage of e-commerce platforms with respect to our contracts with them could increase as their businesses grow, which means we may have to pay higher fees for their services or may have difficulty extending or renewing our agreements with them on commercially acceptable terms, or at all, in the future, especially if we fail to sufficiently develop and strengthen our own channels of online shopping or find alternative means to serve the increasing number of customers who prefer shopping on alternate channels such as mobile applications.

15. Our inability to maintain a consistently high-quality experience for our customers across our sales channels could adversely affect our business and results of operations.

In addition to our in-store experience, we also interact with customers across numerous sales channels, including through our website, and social media channels including Instagram, Facebook, LinkedIn and YouTube. Our customers also use computers, tablets, mobile phones and other devices to compare products and prices, determine product availability and, with respect to some of our products, complete purchases online. We need to compete by offering a consistent, convenient and high-quality shopping experience for our customers across our sales channels, including by investing in, providing and maintaining consistent high-quality customer service through well-trained and skilled personnel as well as digital tools that have the right features and are reliable and easy to use. Our failure to deliver a consistently high-quality shopping experience through our personnel or otherwise develop or improve successful customer-facing technology in a timely manner to maintain a consistent high-quality experience for our customers, our ability to compete could be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

Unlike our competitors or online sellers, we may not be able to offer different schemes, incentives or discounts to our customers due to our arrangement with suppliers, absence of such incentive, discounts or schemes may affect our sales.

16. Our credit rating has been downgraded in the past. Any future down grading in the credit rating can make it difficult for us to raise finance for our requirements.

Our Company has obtained credit rating for various financial facilities. Crisil Ratings Limited ("**Crisil**") *vide* its credit rating rational dated December 28, 2016, downgraded the credit rating of our Company for bank loans to CRISIL BBB-/FA-/Stable/CRISIL'A3', from 'CRISIL BBB/Stable/CRISIL A3+, and downgraded short term ratings to CRISIL A3, from CRISIL '3+' rating, on account of constrained risk profile due to the adverse impact of government regulations, resulting in lower operating efficiency, weaker cash accrual, and average debt protection metrics.

The abovementioned ratings were thereafter withdrawn by Crisil, during the year 2018, *vide* letter dated December 13, 2018. Crisil reaffirmed and withdrew the ratings for banking facilities on our Company's request and fixed deposit ratings were kept on notice of withdrawal for a period of three years. Crisil also provided ratings which were not accepted by our Company, details of the same are as follows:

Sr. No.	Rating Agency	Rating Rationale	Date
(a)	Crisil Limited	Rating continues to be 'FB+/Stable Issuer not cooperating'; Rating withdrawn	December 31, 2020
(b)	Crisil Limited	Rating revised to 'FB+/Stable Issuer not cooperating'; continues on 'Notice of Withdrawn'	December 26, 2019
(c)	Crisil Limited	Rating migrated to 'FA-/Stable Issuer not cooperating'; continues on 'Notice of Withdrawn'	December 28, 2018
(d)	Crisil Limited	Ratings reaffirmed and withdrawn; FD rating Placed on 'Notice of Withdrawal'	December 29, 2017

Presently, ICRA *vide* letters dated September 18, 2023, has reaffirmed long-term rating [ICRA]A (pronounced ICRA A) for our bank facilities and long-term rating at [ICRA]A (pronounced ICRA A) of our fixed deposits. However, we cannot assure you that such downgrades or withdrawal of ratings will not occur in the future. Any such downgrade in the future may impact our capacity to raise funds.

17. Our Registered Office is situated on the property owned by KDDL Limited and the Corporate Office is situated on the property leased to KDDL.

Registered Office of our Company is situated on the property owned by our Promoter- KDDL Limited and Corporate Office of our Company is situated on the property leased to our Promoter – KDDL Limited. While there has been no conflict of interest in the past, we cannot assure you that there would not be any conflict of the interest, in case KDDL requires the said property for its own use, our Company will have to vacate the said premises and find out new premises. In such a situation it may impact our operations.

18. We depend on the services of our key personnel to manage our business, and the departure of such personnel, or the failure to recruit and retain additional qualified personnel, could adversely affect our business.

We are dependent on a number of key personnel, including our Promoters and our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations, cash flow and financial condition. We are dependent on Managing Director Yashovardhan Saboo, who has a vast experience in luxury retail business, our CEO – Pranav Shankar Saboo who has built strong brand relationships and developed the digital business platform, our Directors, senior management and other KMPs and Senior Management for setting our strategic business direction and managing our business. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Customer experience is an essential element in the success of our business i.e., luxury watches where lot of our customers prefer face to face interaction and have established personal relationships with our sales team. Competition for suitable individuals or changes in labour laws could require us to incur higher labour costs. Our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our Company's financial results and business prospects.

Our success also depends on our ability to attract, motivate and retain skilled IT, marketing, and other personnel, as well as other staff who are able to provide good services to our customers. Our multichannel approach to service our customer and our emphasis on relationship-building with our customers and delivering a consistent high-quality customer experience, our employees must have technical and commercial expertise and the ability to build relationships. Competition for key personnel in the retail industry is intense, and our future success will also depend on our ability to attract and retain talented and knowledgeable personnel, particularly personnel with experience in the luxury watch business.

While there has been no instance wherein leaving of any key employee has disrupted our operations, we cannot assure you that our Company would be able to retain our key employees. The loss of such employees could cause disruption in our operations and may result in significant costs being incurred in attracting and training personnel with the requisite level of knowledge and skill, which could have a material adverse effect on our business, financial condition and results of operations.

19. Our business is susceptible to shortage of the products which can occur on account of pilferage, damages and theft.

Our business and the industry we operate in are vulnerable to shortage of products. While we have implemented measures to avoid such stock shortage at our stores, these measures may not be entirely effective against shortages at our stores and warehouses. Shortage may occur through a combination of pilferage by employee, damage and obsolescence.

The retail industry also typically encounters some inventory loss on account of employee theft, shoplifting, supplier fraud, credit card fraud and general administrative error. Our business operations also involve a majority of cash transactions. Although we have not experienced any significant incidents in the past, we remain susceptible to such losses.

Products may also be misappropriated during transportation. If a hold-up, burglary or other theft incident takes a violent turn, we may also suffer reputational damage and our customers may become less inclined to visit our stores, which could have an adverse effect on our business and prospects. In addition, we may from time-to-time experience misappropriation of funds from our stores or at other levels of our business,

including by our employees. Although we have controls in place with respect to prevention/detection of any theft or misappropriation, however there can be no assurance that we will not experience any theft, fraud or misappropriation in future. Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

An increase in product shortage at our existing and future stores or our warehouses may force us to install additional security and surveillance equipment, which will increase our operational costs and may have an adverse impact on our profitability. Further, although we have cash management procedures and controls in place, there are inherent risks in cash management including, theft and robbery, employee fraud and the risks involved in transferring cash from our stores to banks. Finally, there have been few instances of employee dishonesty in the past and we cannot assure you that we will be able to completely prevent such incidents in the future.

Additionally, in case of losses due to theft, fire, breakage or damage caused by other casualties, there can be no assurance that we will be able to recover from our insurer the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

20. We may require working capital requirements, and the actual amount and timing of our working capital requirements may differ from our estimates for the same.

We may require additional financing to meet our requirements, which could have an adverse effect on our business, results of operations, cash flow and financial condition. Our Company requires working capital to purchase of products. The details of our working capital requirement on standalone basis as on March 31, 2023, March 31, 2022 and March 31, 2021, are as follows:

(₹ in lakhs)

Details	**As at March 31,**		
	2023	**2022**	**2021**
Working capital gap (Total Current Asset - Total Current Liabilities)	48,394.28	16,951.80	10,531.12

Further, our Company proposes to utilize ₹7,957.09 lakhs and ₹5,167.91 lakhs of the Net Proceeds in Fiscals 2025 and 2026, respectively, towards our working capital requirements. The actual amount and timing of our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen delays, unanticipated expenses, regulatory changes, economic conditions and market developments. All of these factors may result, or have resulted, in increases in our working capital needs. Our sources of additional financing, required to meet our working capital requirements, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

21. We face foreign exchange risks that could adversely affect our results of operations and cash flows.

We have foreign currency payables for supply of the products, and are therefore, exposed to foreign exchange risk between the Indian Rupee and CHF (Swiss Franc) and other foreign currencies. Any significant fluctuation in the value of the Indian Rupee against such currencies, may adversely affect our results of operations. Any appreciation of foreign currencies against the Indian Rupee may result in reduction of our margins and consequently have an adverse effect on business and result of operations. Details of our foreign currency exposure in Fiscal 2023, 2022 and 2021 are as follows:

(₹ in lakhs)

Currency	**As at March 31,**		
	2023	**2022**	**2021**
CHF	1,639.59	1,362.68	1,370.88
USD	171.20	140.71	222.06

Currency	As at March 31,		
	2023	2022	2021
GBP	-	19.76	41.34
SGD	129.06	466.37	172.52
EURO	214.57	194.89	179.77

We have not entered into any hedging arrangements for our foreign exchange transactions. Accordingly, we are affected by fluctuations in exchange rates among the CHF, Indian Rupee and other foreign currencies. We have suffered losses on account of foreign exchange in the past. We cannot assure you that we will not continue to suffer such losses in the future or any hedging measures we take will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the other foreign currencies.

22. Our Statutory Auditor has included certain emphasis of matters in their reports on our audited financials of our Company.

Our Statutory Auditor has included emphasis of matters in their reports on our audited financials of our Company in the Fiscal 2021 in relation to assessments made by us on our operations and results, for the aforesaid financial periods on account of Covid-19. No modification has been made in respect of the same. Our Company has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, our Company expects to recover the carrying amount of these assets.

23. Certain of our Directors and Key Managerial Personnel are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Director (including our Promoters) and Key Managerial Personnel are interested in our Company, in addition to the regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company, to the extent of deposit placed by them under section 73 of Companies Act 2013 and unsecured loans granted to such employees. There can be no assurance that our Promoters and our Key Managerial Personnel will exercise their rights as shareholders to the benefit and best interest of our Company.

24. Any increase in regulatory duties payments including the customs/import duties may affect our business.

Our business is an import driven business. Any increase in import duties i.e., customs duties or any other charges in respect of the imported products or GST may impact pricing of the products and competitiveness of our products. Effective rate of import duties including GST on luxury watches is around 44%. Any further increase in the duties may affect our business.

Luxury watch business has been subject to higher tax rates. Presently, custom duty on luxury watches is 20%. Any further increase in rates of these duties will make products uncompetitive against the unorganised sector which does not pay taxes on the imports. Any growth in unorganised may impact players like us which is acting in organised sector.

25. Any delay in RoC filings may expose us to penalties from the regulators.

As a Company we are required to file various forms with RoC in under the provision of the Companies Act, 2013, including but not limited to form CHG-1 in respect of the security created by our Company for the financing facilities availed by it. There have been instances of delay in filing forms with RoC in the past. We cannot assure you that such delays will not occur in future. Any delay in filing necessary forms with RoC may expose our Company to fines and penalties from RoC.

26. Our ability to raise foreign capital may be constrained by Indian law.

Foreign investments into Indian companies are regulated by the Government of India and the RBI. Under the consolidated foreign direct investment policy (effective from October 15, 2020) ("**FDI Policy**"), the Government of India has specific prescribed requirements and conditionalities with respect to the level of foreign investment permitted in certain business sectors both without prior regulatory approval (the

"**Automatic Route**") and with prior regulatory approval (the "**Approval Route**").

Our Company is involved in multi brand retail sector which falls under the Approval Route, or where foreign investment is subject to sectoral conditionalities i.e. foreign investment is allowed up to 51% with prior government approval. This may restrict our ability to raise capital in the future or in the ability of foreign investors to purchase Equity Shares of our Company.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and resident are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, or at all. In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**"), the foreign direct investment policy has been recently amended to state that all investments under the foreign direct investment route by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India.

Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction or purview, such subsequent change in the beneficial ownership will also require approval of the GoI. Furthermore, on April 22, 2020, the Ministry of Finance, GoI has also made similar amendment to the FEMA Non-debt Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Non-debt Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

27. We are required to obtain, renew or maintain certain statutory and regulatory permits and approvals required to operate our business, and if we fail to do so in a timely manner or at all, or these requirements are made more stringent, we may be unable to fully or partially operate our business and our results of operations may be adversely affected.

Our operations are subject to government regulation concerning retail and we are required to obtain and maintain several statutory and regulatory permits and approvals under central, state and local government rules for operating our business generally, including tax registrations, shops and establishment registration and trade license. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected. There have been no instances where our Company has failed to obtain necessary approvals in respect of the business, however, there can be no assurance that we will receive all the approvals in respect of our business in future.

The approvals required by us are subject to numerous conditions including *inter alia* minimum fire safety measures in the store premises, requirement of application for renewal at least a month prior to the expiry of existing licenses, maintenance of inspection books, installation of CCTV etc. for each store under the shops and establishment legislations of the relevant state. We cannot assure you that these would not be suspended or revoked in the event of accidental non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us, through a failure of our employees, Directors or Promoters, to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

Further we are also required to obtain product specific license in case of smart watches. In the past we have

obtained approval of the same as when required for specific products. We cannot assure that in future we will obtain all the licenses in applicable time and same may lead to penal action against us by the regulators.

28. Our business is subject to seasonality. Lower revenues in the certain period of any Fiscal may adversely affect our business, financial condition, results of operations and prospects.

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business before Diwali and during festive season sales.

Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable and any such comparisons may not be meaningful or may not be indicative of our annual financial results or our results in any future quarters or periods.

29. We operate in a competitive market and any increase in competition may adversely affect our business and financial condition.

Our Company faces competition from other luxury watch retailers both organised and unorganised, and potential entrants to the luxury watch retail industry that may adversely affect our competitive position and our profitability.

We expect competition could increase with new entrants coming into luxury watch retail industry, who may have more flexibility in responding to changing business and economic conditions, and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources, including the ability to spend more on advertising and marketing and hence the ability to compete more effectively.

Some of our competitors may have greater financial resources or a more experienced management team than us. Like us, they may also benefit from greater economies of scale and operating efficiencies. Competitors may, whether through consolidation or growth, present more credible integrated or lower cost solutions than we do, which may have a negative effect on our sales. Further, our competitors may set up stores in the vicinity of our existing stores and may offer their products at lower prices, resulting in a decrease of sales of our products. We cannot assure you that we can continue to compete effectively with our competitors. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability.

30. We have entered into, and may continue to enter into, related party transactions which may not always enable us to achieve the most favourable terms.

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions include payment to key managerial person, lease liabilities, purchase & sales of goods. All related party transactions by our Company have been conducted on an arm's length basis after obtaining necessary board and shareholders approvals, however we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such future related party transactions may potentially involve conflicts of interest.

Although all related party transactions that we enter into, are be subject to audit committee, Board or Shareholder's approval, as necessary under the Companies Act, 2013, as amended and the SEBI Listing Regulations, we cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details see, "*Related Party Transactions*" on page 40.

31. We may be unable to grow our business in new locations, which may adversely affect our business prospects and results of operations.

We continue to target growth opportunities and believe that opening of new stores provide significant growth opportunities. We intend to expand our store network to increase market penetration in newer locations in India.

However, if our strategic plans do not deliver the desired results, then the expansion of our store network may be hampered. Further, consumers are typically price conscious and we may be unable to compete effectively with the products of local competitors, particularly smaller unorganised retailers. In addition, general disposable income levels of consumers may not continue to rise as anticipated by us, which may result in actual sales in such markets varying significantly from anticipated business projections from these markets and areas. If we are unable to grow our business in these markets effectively, our business prospects, results of operations, cash flow and financial condition may be adversely affected.

32. We are exposed to increased risk of privacy and security breaches in light of evolving laws in respect of the privacy laws.

Our ability to operate our business depends on the functional and efficient operation of our information technology. Computer and data processing systems are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, fire, natural disasters, breakdowns, malicious/ cyber-attacks, computer viruses, and a range of other hardware, software and network problems). A significant or large-scale malfunction or interruption of our computer or data processing systems could disrupt our operations. In addition, we face the risk of potential unauthorised access to, and the loss of, critical and sensitive information, for example, as a result of hacking attacks. A leak of confidential information can harm our business and reputation. There can be no assurance that our information technology security measures will adequately protect us against cybersecurity incidents or that such incidents will not have a material adverse impact on our performance and financial condition. We are also subject to privacy and information security regulations with respect to, among other things, the use and disclosure of personal data, and the confidentiality, integrity and availability of such information. Furthermore, we would also have to comply with the recently passed Digital Personal Data Protection Act, 2023, the implication of which is being assessed by our management. If we fail to adequately safeguard confidential personal or other sensitive data or such data is wrongfully used by us (or by third parties) or disclosed to unauthorized persons, this could result in claims for damages and other liabilities, significant fines and other penalties and the loss of customers and reputation, which could in turn have an adverse effect on our business, results of operations, financial condition and prospects.

Moreover, we receive and process certain personal, financial and other information about our customers and employees when we accept credit cards for payment. While we do not store customers' credit and debit card payment information, the use and handling of this information is regulated by evolving and increasingly demanding laws and regulations in India. If our security and information systems are compromised as a result of data corruption or loss, cyberattack or a network security incident or our employees, or suppliers fail to comply with these laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could subject us to litigation and government enforcement actions, damage our reputation, cause us to incur substantial costs, liabilities and penalties and/or result in a loss of customer confidence, any and all of which could adversely affect our business, financial condition and results of operations.

33. Our business is manpower intensive and subject to high attrition. Our business may be adversely affected by work stoppages, increased salary demands by our employees, or increase in minimum wages across various states, and if we are unable to engage new employees at commercially attractive terms.

Our operations are manpower intensive and we are dependent on our store managers and sales personnel for a significant portion of our operations. As of September 30, 2023, we had 553 employees, of which 392 were engaged at our stores. The success of our operations depends on availability of and maintaining good relationship with our workforce. Shortage of skilled personnel or disruptions caused by disagreements with employees could have an adverse effect on our business and results of operations. While we have not experienced any disruptions in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience any such disruption in the future. Such disruptions may affect our business and results of operations and may also divert the management's attention and result in increased costs.

Our success also depends on our ability to attract, hire, train and retain skilled sales personnel. In the retail industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations. As we expand our network, we will need

experienced manpower that has knowledge of the local market and the luxury watch industry to operate our stores. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the luxury retail sector in India.

34. We may not have insurance policies to cover all possible events, and our current insurance policies may be insufficient to cover all future costs and losses the incurrence or magnitude of which are unforeseen or unpredictable and could result in an adverse effect on our business operations and results of operations.

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our stores and warehouses or in the regions/areas where our stores and warehouses are located. Although we maintain insurance coverage such as fire policy, burglary policy etc. for the stocks, assets and computers of the stores and other offices (including corporate office), fire policy for the warehouse and Corporate Office, special contingency policy for the stores, marine inland policy, machinery breakdown policy for diesel generator sets, compressors and solar panels, Director & officers policy, contractor policy and insurance for our employees, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. We may face losses in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us.

While we believe that we have obtained insurance against losses which are most likely to occur such as fire perils, burglary, water damage or accidental damage such as insurance for baggage, custom duty package policy etc., in our line of business, as we have claimed insurance on various occasions successfully, there may be certain losses which may not be covered by our Company, which we have not ascertained as on date. Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future.

35. Our Company may not be able to pay dividends in the future.

Our Company has not declared and paid dividends in the past. Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company's ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future.

36. We depend on third-parties for our transportation needs. Any disruptions may adversely affect our operations, business and financial condition.

We do not have any dedicated in-house transportation facility, though sometimes our employees transport the products. However, we mainly rely on third party transportation and other logistic facilities for transportation of products from our warehouses to various stores.

Further, the value of our goods carried by such third-party transporter is typically much higher than the consideration paid for transportation, due to which it may be difficult for us to recover compensation for damaged, delayed or lost goods. In the past, there have been minor instances wherein the products have been damaged and we have claimed transit insurance. However, insurance companies may not process all our claims as per our expectations. We cannot guarantee that there will not be such instances in the future. Also, transit insurance may not be sufficient to cover all types of losses in future.

Our operations and profitability are dependent upon the availability of transportation and other logistics facilities in a time and cost-efficient manner. Accordingly, our business is vulnerable to increased transportation costs including as a result of increase in fuel costs, transportation strikes, delays, damage or losses of goods in transit and disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in road infrastructure or other events.

Although we have not experienced any disruptions in the past, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may be cost inefficient, thereby adversely affecting our operations, profitability, reputation and market position.

37. If we are unable to raise additional capital, our future business prospects may be affected.

We will continue to incur significant expenditure in maintaining and growing our existing store and warehouse network. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. Our ability to arrange financing, raise funds and the costs of capital of such financing are dependent on several factors, including our credit ratings, general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and regulatory framework that allows us to raise capital. Presently, ICRA vide letters dated September 18, 2023, has reaffirmed ratings long-term rating [ICRA]A (pronounced ICRA A) for our bank facilities and ratings of long-term rating at [ICRA]A (pronounced ICRA A) to our fixed deposits. Our inability to obtain favourable credit ratings in future in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs in the future and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations, and the price of our Equity Shares. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

38. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

We manage regulatory compliance by monitoring and evaluating our internal controls and ensuring that we are in compliance with all relevant statutory and regulatory requirements. There have been certain delays in payment of certain statutory dues in last three fiscals are as follows:

Sr. No.	Statutory Dues	Period	Amount (in ₹)	Delays (days)	Reasons for delay	Steps taken by Company to avoid delay in future
1.	**Tax deduction at source**					
	TDS on ESOP u/s 195	July, 2021	8,10,000	6	Technical glitches on web portal of the department.	Our Company has started to make payment in advance before the due date to avoid such technical issues.
2.	**Equalisation levy**					
	Equalisation levy payment	August, 2021	23,530	41		
3.	**Employees Provident Fund**					
	EPF payments	May, 2021	22,67,875	1	The Employee's Provident Fund Organisation (EPFO) had	Our Company has started to take the Aadhaar number

Sr. No.	Statutory Dues	Period	Amount (in ₹)	Delays (days)	Reasons for delay	Steps taken by Company to avoid delay in future
					made linking the Aadhaar number with the PF account mandatory for all the Employees Provident Fund (EPF) account holders by 31st August 2021; therefore, EPFO had temporarily disabled the window for making PF contributions for those who had not linked their Aadhaar	from its employees at the time of joining.

While we have taken steps to avoid repetition of the delays as mentioned above, however, it is not possible that, the deficiencies in our internal controls and compliances may not arise in future, and we might not be able to rectify or mitigate any such deficiencies in a timely manner. This may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

39. Industry information included in this Placement Document has been derived from a third party industry report, exclusively commissioned and paid for by us. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate.

We have used the report titled *"Industry Report on Premium and Luxury Watch Retail in India"* dated October 18, 2023, prepared by Technopak Advisors Private Limited appointed by our Company on October 3, 2023, paid for and exclusively commissioned by our Company for purposes of inclusion of such information in the Placement Document at an agreed fees to be paid by our Company. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. Although, we believe that the data may be considered to be reliable, as information contained therein has been obtained from sources generally believed to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. Given the scope and extent of the Industry Report, disclosures are limited to certain excerpts and the Industry Report has not been reproduced in its entirety in this Placement Document. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. The report is a paid report and is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have taken reasonable care in the reproduction of the information, such industry and third party information has not been prepared or independently verified by us, or the Lead Manager or any of our or its respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Further, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document.

40. Our Chairman and Managing Director, Yashovardhan Saboo is on the Board of Directors of our Joint Venture i.e. Pasadena Retail Private Limited, whose business is similar to ours.

Our Chairman and Managing Director, Yashovardhan Saboo is also a director on the board of directors of Pasadena Retail Private Limited, which is engaged in similar lines of business as that of our Company. Though, as on date we do not foresee any conflict as on date as Pasadena Retail Private Limited is engaged in business of selling luxury watches of the brands other than the brands which are being sold by our Company, however, we cannot assure that any conflict will not arise in the future. Our Promoter i.e., Mahen Distribution Limited is also engaged in the business of distribution of watches. These entities may provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or industry segments in which we operate. Conflicts of interest may occur in the future between our business and the business of such entities which could adversely affect our business, financial condition, results of operations and cash flows.

External Risk Factors

Risk Relating to India

41. Our business may be adversely affected by changes in general macroeconomic and demographic factors in India.

Our business results are dependent on a number of general macroeconomic and demographic factors in India which are beyond our control. In particular, our revenue and profitability are strongly correlated to consumer discretionary spending, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence, particularly in the cities and communities where our stores are located. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased food prices, increased energy prices, or other industry-wide cost pressures could also affect consumer behaviour and spending for luxury watches and lead to a decline in our interest income, sales and earnings. In particular, the outbreak of the Covid-19 pandemic has led to an economic downturn and a decrease in consumer discretionary spending in India and globally. In addition, increases in petrol, diesel, natural gas, electricity and other energy costs, and increases in borrowing costs with rising interest rates, could also result in our customers having lower disposable income. Any significant decrease in our customer footfalls as a result of these or other factors could negatively impact our financial performance.

Demographic factors, such as population concentrations in key metropolitan areas and cities where our stores are located, could also impact our brand awareness and customer footfalls in our stores. The retail industry may also be affected by industry-specific developments, such as changes in trends relating to growing infrastructure spending and investment in retail space that result from changes in national, regional and local economic conditions.

Unfavourable changes in the above factors or in other business and economic conditions affecting our customers could increase our costs, reduce customer footfalls in some or all of our stores or impose pricing pressures, any of which could lower our profit margins and have a material adverse effect on our business, results of operations, cash flow and financial condition.

42. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk

aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

43. The occurrence of natural or man-made disasters or outbreak of global pandemics, such as the Covid-19 pandemic, could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemics and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

44. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations

cash flow and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

45. Changing laws, rules and regulations and legal uncertainties, including any adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.

The regulatory environment in which we operate is subject to changes as may be notified by the government and other regulatory authorities. Any change in Indian tax laws could adversely affect our operations. The government of India announced the union budget for Fiscal 2024 and the finance bill in the Lok Sabha on February 1, 2023. The finance bill has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act, 2023.The Finance Act, 2023 has made various amendments to taxation laws in India. Unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Similarly, the Finance Act, 2020, had notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and exemption from dividend distribution tax ("**DDT**"), in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020.

We cannot predict whether any new tax laws or regulations impacting our operations will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business There is no certainty on how such amendments will impact our business, operations or the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

46. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

47. Current economic conditions may adversely affect our business, results of operations, cash flow and financial condition.

The global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favourable than that of recent years. We are exposed to many different

companies, under our various sale and co-branding, as well as other similar arrangements, any of which may be or become unstable in the current economic environment, and any such events could adversely affect our business, results of operations, cash flows and financial condition.

48. If the rate of Indian price inflation increases, our business and results of operations may be adversely affected.

Inflation rates in India have been volatile in recent years, and such volatility may continue. In recent years, India has experienced consistently high inflation, which has increased the price of, among other things, our rent and personnel cost. If this trend continues, we may be unable to accurately estimate or control our costs of production and purchase, which could have an adverse effect on our business and results of operations. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. We cannot assure you that Indian inflation levels will not worsen in the future.

49. As a listed company, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations, and we must comply with other SEBI regulations as may be applicable to us. Any non-compliance / delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.

The Equity Shares of our Company are listed on the BSE and NSE. We are, therefore, subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations, and we must comply with other SEBI regulations as may be applicable to us. While our Company strives to meet all such obligations and reporting requirements, we cannot assure you that there will be no non-compliances in the future, and we cannot assure you that no penalties will be levied against our Company. Non-compliance under the SEBI regulations are usually subject to penalties, warnings, and show-cause notices by SEBI and the Stock Exchanges. Any regulatory action or development that is initiated against us could affect our business reputation, divert management attention and result in a material adverse effect on our business prospects and financial performance, and the trading price of the Equity Shares.

50. Our operations may involve certain transactions in or with countries or persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the Office of Foreign Assets Control ('OFAC') or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, as till date we have not came across any prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. We may enter into transactions with suppliers or logistics providers who may be doing business with countries to which certain OFAC-administered and other sanctions apply. There can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. If it is determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

Risk Related to the Issue

51. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an

investor's demat account, are listed and permitted to trade. In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on NSE and BSE, which would adversely affect your ability to sell the Equity Shares. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

52. The trading volume and market price of the Equity Shares may be volatile following the Issue, and you may not be able to sell your Equity Shares at or above the Issue Price.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- actual or anticipated variations in our results of operations, including compared to expectations of securities analysts and investors and those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by analysts and investors;
- announcements about our earnings that are not in line with analyst expectations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- complaints from our customers, shortages or interruptions in the availability of raw materials, or reports of incidents of tampering of raw materials;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of senior management;
- changes in our shareholder base;
- changes in our dividend policy;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the public's reaction to our press releases, other public announcements, and filings with the regulator;
- adverse media reports about us or our industry;
- changes / volatility in exchange rates;
- changes in the regulatory and legal environment in which we operate;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Any of these factors listed above could result in large and sudden changes in the volume and trading price of the Equity Shares and adversely affect the price of the Equity Shares. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell the Equity Shares at or above the Issue Price.

53. An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

54. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The securities transaction tax ("**STT**") is levied both at the time of sale and acquisition of equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any capital gain realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

55. Any future issuance of Equity Shares or other equity linked instruments by us may dilute your shareholding.

Any future equity issuances by us, including a primary offering of Equity Shares or securities linked to Equity Shares may lead to the dilution of your shareholding in our Company. Any future equity issuances by us or sale of our Equity Shares by the Promoters or members of our Promoter Group or any of our other principal shareholders or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

56. There may be less information available about companies listed on Indian securities markets than companies listed on securities markets in other countries.

Information publicly available about Indian public companies, including our Company, may be less than that is regularly disclosed by public companies in other countries with more mature securities markets. There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in other more developed economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many developed economies. As a result, you may have access to less information about our business, results of operations, cash flow and financial condition, and those of our competitors that are listed on the Stock Exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain developed countries.

57. Under Indian law, foreign investors are subject to investment restrictions that may limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Foreign investment in multi brand retailing is also restricted and in future we may face attracting foreign investment in our Company. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax

clearance certificate from the Indian income tax authorities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

Furthermore, the Indian Government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian Government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian Government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

58. Differences exist between Ind AS and other accounting principles, such as IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our Audited Consolidated Financial Statements have been prepared in accordance with Ind AS and our Special Purpose Interim Unaudited Condensed Consolidated Financial Statements have been prepared and presented in conformity with Ind AS-34. Ind AS differs in certain respects from IFRS and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Placement Document should be limited accordingly.

59. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

60. Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and from 7 to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations, cash flow and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

61. Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares, if any, will also be paid in Indian Rupees and subsequently may need to be converted into the relevant foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. Any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The volatility of the Indian rupee against other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

62. Your ability to acquire and sell Equity Shares may be restricted by the distribution and transfer restrictions set forth in this Placement Document and the Placement Document.

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, including India. In particular, the Equity Shares offered in this Issue have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold only outside the United States in "offshore transactions" as defined in, and in compliance with Regulation S. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 241 and 249, respectively. Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth in this Placement Document.

63. SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

Our Company is subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historic volatility in the price and trading volume of the Equity Shares. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

64. Investors may have difficulty enforcing foreign judgments against us or our management.

Our Company is a limited liability company incorporated under the laws of India. The majority of our directors and executive officers are residents of India. A substantial portion of our assets and the assets of our Directors and executive officers' resident in India are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against us or such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Code of Civil Procedure, 1908 ("**CPC**") provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the GoI has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other

penalties. The following territories have been declared to be reciprocating territories within the meaning of Section 44A of the CPC by the GoI: United Kingdom; Aden; Fiji; Republic of Singapore; Federation of Malaysia; Trinidad and Tobago; New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa; Hong Kong; Papua New Guinea; Bangladesh; and United Arab Emirates.

In order to be enforceable, a judgment obtained from a court in a jurisdiction that is not a reciprocating territory may be enforced in India only by a suit upon the judgment, subject to Section 13 of the CPC, and not by execution proceedings. Section 13 of the CPC provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable;
- where the proceedings in which the judgment was obtained are opposed to natural justice;
- where the judgment has been obtained by fraud; and
- where the judgment sustains a claim founded on a breach of any law then in force in India.

A foreign judgment which is conclusive under Section 13 of the CPC may be enforced either by a fresh suit upon the judgment or by proceedings in execution.

Under Section 14 of the CPC, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The CPC only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy of India or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain the RBI's approval to repatriate any amount out of India pursuant to such foreign judgment and any such amount may be subject to tax in accordance with applicable laws. In addition, any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of payment.

Further, there may be considerable delays in the disposal of suits by Indian courts.

65. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

66. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as shareholders of an entity in another jurisdiction.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 2,33,49,233 Equity Shares are paid-up and outstanding.

The Equity Shares have been listed and traded on the BSE and the NSE since May 30, 2022. On November 2, 2023, the closing price of the Equity Shares on the NSE and the BSE was ₹ 1,692.95 and ₹ 1,691.90 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the NSE and the BSE has been given separately.

i. The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for Fiscal Year 2023, Fiscal Year 2022 and Fiscal Year 2021:

BSE

Fiscal Year	High (₹)	Date of high[(1)]	Number of Equity Shares traded on the date of high	Total turnover of Equity Shares traded on the date of high (₹ in lakhs)	Low (₹)	Date of low [(1)]	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ in lakhs)	Average price for the year (₹) [(2)]
2021	NA	NA	NA	NA	NA	NA	NA	NA	NA
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA
2023	1,106.75	August 12, 2022	42,282	4.52	748.15	June 3, 2022	5,658	0.43	957.07

(Source: www.bseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) *Average price for the year represents the average of daily closing prices on each day of each year.*

NSE

Fiscal Year	High (₹)	Date of high[(1)]	Number of Equity Shares traded on the date of high	Total turnover of Equity Shares traded on the date of high (₹ in lakhs)	Low (₹)	Date of low [(1)]	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ in lakhs)	Average price for the year (₹) [(2)]
2021	NA	NA	NA	NA	NA	NA	NA	NA	NA
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA
2023	1,107.55	August 12, 2022	4,42,682	47.90	746.50	June 3, 2022	48,361	3.70	957.38

(Source: www.nseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) *Average price for the year represents the average of daily closing prices on each day of each year*.

ii. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month ended	**High (₹)**	**Date of high (1)**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on the date of high (₹ in lakhs)**	**Low (₹)**	**Date of low(1)**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on the date of low (₹ in lakhs)**	**Average price for the month (₹)(2)**
May 2023	1,403.65	May 12, 2023	15,612	216.80	1,217.05	May 30, 2023	3,037	37.34	1,274.13
June 2023	1,444.65	June 30, 2023	11,109	158.74	1,247.00	June 13, 2023	2,298	29.38	1,317.74
July 2023	1,524.60	July 7, 2023	3,712	56.20	1,400.35	July 27, 2023	8,199	117.33	1,475.55
August 2023	1,656.90	August 31, 2023	2,724	44.72	1,403.15	August 2, 2023	4,651	65.98	1,576.84
September 2023	1,790.05	September 14, 2023	11,414	199.07	1,617.60	September 12, 2023	3,593	57.86	1,699.68
October 2023	1,738.35	October 3, 2023	2,376	41.41	1,561.20	October 23, 2023	15,998	252.60	1,678.41

(Source: www.bseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2). Average price for the month represents the average of daily closing prices on each day of each month.

NSE

Month ended	High (₹)	Date of high [(1)]	Number of Equity Shares traded on the date of high	Total turnover of Equity Shares traded on the date of high (₹ in lakhs)	Low (₹)	Date of low[(1)]	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ in lakhs)	Average price for the month (₹)[(2)]
May 2023	1,405.20	May 12, 2022	2,57,873	3,586.64	1,26.35	May 30, 2023	42,910	525.23	1,274.01
June 2023	1,444.95	June 30, 2023	1,88,768	2,701.47	1,253.35	June 1, 2023	22,643	282.51	1,318.05
July 2023	1,515.10	July 10, 2023	37,966	576.76	1,401.65	July 27, 2023	2,21,738	3,183.07	1,475.28
August 2023	1,658.15	August 31, 2023	32,377	533.01	1,402.20	August 2, 2023	26,300	371.42	1,577.35
September 2023	1,788.85	September 14, 2023	2,15,482	3,738.51	1,619.15	September 12, 2023	48,376	780.79	1,701.07
October 2023	1,739.15	October 3, 2023	22,135	385.55	1,571.40	October 23, 2023	57,252	906.96	1,678.29

(Source: www.nseindia.com)

Notes:
(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
(2). Average price for the month represents the average of daily closing prices on each day of each month.

iii. The following table set forth the details of the number of Equity Shares traded and the turnover during the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 on the Stock Exchanges:

Financial Year Ended	Number of Equity Shares Traded		Turnover (₹ in lakhs)	
	BSE	NSE	BSE	NSE
March 31, 2021	NA	NA	NA	NA
March 31, 2022	NA	NA	NA	NA
March 31, 2023	21,22,429	1,35,60,634	20,505.66	1,27,897.51

(Source: www.bseindia.com and www.nseindia.com)

iv. The following table set forth the details of the number of Equity Shares traded and the turnover during the six immediately preceding months:

Period	Number of Equity Shares Traded		Turnover (₹ in lakhs)	
	BSE	NSE	BSE	NSE
May 2023	2,44,613	19,97,845	3,126.15	25,649.53
June 2023	1,50,722	14,82,833	2,022.87	19,882.91
July 2023	71,709	10,73,829	1,059.52	15,806.99
August 2023	1,05,599	14,04,353	1,667.10	22,345.76
September 2023	71,012	11,31,263	1,218.93	19,493.00
October 2023	69,982	5,71,468	1,158.78	9,530.19

(Source: www.bseindia.com and www.nseindia.com)

v. The following table sets forth the market price on BSE and NSE on September 6, 2023, i.e., the first working day following the approval of the Board of Directors for the Issue:

Stock Exchange	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares trade	Turnover (₹ in lakhs)
BSE	1,659.50	1,665.05	1,615.55	1,640.40	1,276	20.91
NSE	1,650.00	1,655.00	1,616.05	1,639.15	32,091	525.15

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from this Issue shall be approximately ₹17,499.82 lakhs. Subject to compliance with applicable laws, the net proceeds from this Issue, after deducting fees, commissions and expenses relating to this Issue of approximately ₹540.18 lakhs, will be approximately ₹16,959.64 lakhs ("**Net Proceeds**")

Propose of the Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following objects:

1. Funding working capital requirements of our Company; and

2. General corporate purposes.

(collectively, referred to hereinafter as the "Objects").

Requirement of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1.	Funding working capital requirement of our Company	13,125.00
2.	General corporate purposes[(1)]	3,834.64
	Total	**16,959.64**

(1) The amount to be utilised for general corporate purposes does not exceed 25% of the Gross Proceeds.

Our main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake our existing business activities and activities proposed to be funded from the Net Proceeds.

Proposed schedule of implementation of Net Proceeds

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Estimated Deployment		
			Fiscal 2024	Fiscal 2025	Fiscal 2026
1.	Funding working capital requirement of our Company	13,125.00	-	7,957.09	5,167.91
2.	General corporate purposes[(1)]	3,834.64	-	2,000.00	1,834.64
	Total	**16,959.64**	**-**	**9,957.09**	**7,002.55**

(1) The amount to be utilised for general corporate purposes does not exceed 25% of the Gross Proceeds.

As on June 30, 2023, the funds to an extent of ₹14,391.41 lakhs, raised through initial public offer ("**IPO**") of equity share are still pending utilisation by us. Below mentioned table represents the details of unutilised funds as on June 30, 2023:

Particulars	Amount funded from the Net Proceeds of the IPO and the Pre-IPO Placement	As on June 30, 2023	
		Amount utilised from the Net Proceeds of the IPO	Amount un-utilised from the Net Proceeds of the IPO
Repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company	2,989.09	2,989.09	-
Funding working capital requirements of our Company	23,496.22	12,870.77	10,625.45

Particulars	Amount funded from the Net Proceeds of the IPO and the Pre-IPO Placement	As on June 30, 2023	
		Amount utilised from the Net Proceeds of the IPO	Amount un-utilised from the Net Proceeds of the IPO
Financing the establishment of new stores and renovation of existing stores	3,327.28	552.42	2,774.86
Financing the upgradation of Enterprise Resource Planning software	198.01	-	198.01
General corporate purpose	3,958.35	3,165.26	793.09
Total	**33,968.95**	**19,577.54**	**14,391.41**

Utilisation of funds raised in present Issue, towards working capital will be possible only after March 31, 2024, in terms of the utilisation of the Net Proceeds of the Issue under this Placement Document. Further also see, "*Risk Factor - We will be able to utilise the fund raised in the present Issue only after full utilisation of funds raised for working capital and general corporate purpose through initial public offering*" on page 43.

Our fund requirements for revised working capital and deployment plans for the Net Proceeds are based on current management estimates, our business plan based on current market conditions, which are subject to change in the future. The deployment of funds described herein, has not been appraised by any bank or financial institution or any other independent agency. Further also see "*Risk Factors – We may require working capital requirements, and the actual amount and timing of our working capital requirements may differ from our estimates for the same*" on page 52.

Our fund requirements and proposed deployment schedule for the Net Proceeds are based on current general economic and market conditions and business needs, and the actual deployment of funds at each stage will depend on a number of factors, including our financial condition, business and strategy or external circumstances such as financial and market conditions, competitive environment, inflation, employment and disposable income levels, demographic trends, technological changes, changing customer preferences, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control.

If the Net Proceeds are not utilised (in full or in part) for the Objects during the periods stated in this section due to factors such as the timing of completion of the Issue, economic and market conditions outside the control of our Company and any other business and commercial considerations, the remaining Net Proceeds shall be utilised in subsequent periods in such manner as may be determined by our Company, in accordance with applicable law.

Details of the Object

1. Funding working capital requirements of our Company

We fund a majority of our working capital requirements in the ordinary course of business from various borrowing and internal accruals. As on June 30, 2023, there are no working capital facilities availed by our Company. In order to support the incremental business requirements, our Company requires additional working capital for funding its incremental working capital requirements in Fiscal 2024, Fiscal 2025 and Fiscal 2026. The funding of the incremental working capital requirements of our Company will lead to a consequent increase in our profitability and achieving the proposed targets as per our business plan.

We are engaged in the business of operating chain of luxury watch boutiques. As a part of our business we are required to buy watches and pay lease rent for the stores we are operating in. With the expansion of business in both product segment and geographical segment (increase in new store), we require more inventory for the stores. All these factors may result in increase in the quantum of working capital requirements.

Basis of estimation of incremental working capital requirement

Our Company proposes to utilise ₹13,125.00 lakhs towards funding its working capital requirements in the ordinary course of business for Fiscal 2025 and Fiscal 2026. The balance portion of our long-term working capital requirement will be arranged from existing equity, internal accruals and borrowings from banks and financial institutions.

The details of our Company's working capital as at Fiscal 2023, Fiscal 2022 and Fiscal 2021 derived from the standalone financial statements and the source of funding are provided in the table below:

(₹ in lakhs)

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Current asset			
(a) Inventories	33,987.29	24,993.29	19,777.12
(b) Financial assets			
(i) Trade receivables	617.74	518.26	1,218.04
(ii) Cash and cash equivalents	2,701.41	3,726.94	1,713.85
Bank balances other than (ii) above	19,767.61	209.09	214.32
(iii) Loans	25.28	26.94	18.13
(iv) Other financial assets	1,494.45	708.13	1,011.01
(c) Other current assets	4,855.36	3,404.20	1,569.96
Total Current Asset (A)	**63,449.14**	**33,586.85**	**25,522.43**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	87.25	3,177.81	3,490.61
(ii) Lease liabilities	2,356.75	2,238.40	1,910.90
(iii) Trade payables	9,809.78	8,692.50	7,447.45
(iv) Other financial liabilities	1,052.50	943.86	964.72
(b) Provision	377.99	313.81	907.66
Other current liabilities	1,370.59	1,268.67	240.79
Current tax liabilities	-	-	29.18
Total Current Liabilities	**15,054.86**	**16,635.05**	**14,991.31**
Working Capital Gap (A)-(B)	**48,394.28**	**16,951.80**	**10,531.12**
Funding Pattern			
Working capital funding from banks	-	-	-
Working capital funding from initial public offering[(1)]	8,682.66	-	-
Internal Accruals	39,711.62	16,951.80	10,531.12

Note: Pursuant to the certificate dated October 31, 2023, issued by the M/s Sultaniya Umesh & Company, Independent Chartered Accountant.

On the basis of our existing and estimated working capital requirements, our Fund Raising Committee, pursuant to their resolution dated October 31, 2023, has approved the projected working capital requirements for Fiscals 2024, Fiscal 2025 and Fiscal 2026 and the proposed funding of such working capital requirements as set forth in the table below:

(₹ in lakhs)

Particulars	Estimated as on		
	Fiscal 2024	Fiscal 2025	Fiscal 2026
Current Asset			
(a) Inventories	48,195.91	59,557.80	71,950.97
(b) Financial assets	-	-	-
(i) Trade receivables	2,044.67	1,609.67	1,530.87
(ii) Cash and cash equivalents	2,862.83	2,012.09	2,551.45
Bank balances other than (ii) above	2,920.96	2,012.09	2,041.16
(iii) Loans	292.10	402.42	510.29
(v) Other financial assets	2,628.87	2,012.09	2,551.50
(c) Other current assets	6,426.12	7,243.52	6,123.49
Total Current Asset (A)	**65,371.46**	**74,849.68**	**87,259.73**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	584.19	-	-
(ii) Lease liabilities	2,508.28	2,633.69	3,074.78
(iii) Trade payables	10,223.37	18,108.79	19,391.05

Particulars	Estimated as on		
	Fiscal 2024	Fiscal 2025	Fiscal 2026
(iv)Other financial liabilities	1,168.39	2,012.09	2,041.16
(b) Provisions	584.19	804.84	765.44
(c) Other current liabilities	1,168.39	2,012.09	2,041.16
Total Current Liabilities (B)	**16,236.81**	**25,571.50**	**27,313.64**
Total working capital requirements (A-B)	**49,134.65**	**49,278.18**	**59,946.09**
Net working capital (A-B)			
Funding Pattern			
Short term borrowings and other financial liabilities	-	7,000.00	12,500.00
Working capital funding from initial public offering	14,813.56	-	-
Proceeds from QIP (shown cumulative in Fiscal 2026)	-	7,957.09	13,125.00
Internal Accruals/ Net-worth	34,321.09	34,321.09	34,321.09

Note: Pursuant to the certificate dated October 31, 2023, issued by the M/s Sultaniya Umesh & Company, Independent Chartered Accountant.

The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the standalone financial statement for Fiscal 2023, Fiscal 2022, and Fiscal 2021 as well as the projections for Fiscal 2024 and Fiscal 2025 and the assumptions based on which the working plan projections has been made and approved by our Board of Directors.

Particulars	Fiscal 2021 (Actual)	Fiscal 2022 (Actual)	Fiscal 2023 (Actual)	Fiscal 2024 (Estimate)	Fiscal 2025 (Estimate)	Fiscal 2026 (Estimate)
Current Asset						
Inventories	187	158	157	165	148	141
Trade receivables	12	3	3	7	4	3
Cash and cash equivalents	16	24	13	10	5	5
Other bank balance	2	1	92	10	5	4
Loans	-	-	-	1	1	1
Other financial assets	10	4	7	9	5	5
Other current assets	15	22	22	22	18	12
Current Liabilities						
Borrowings	33	20	0	2	-	-
Lease liabilities	18	14	11	9	7	6
Trade payables	70	55	45	35	45	38
-Other financial liabilities	9	6	5	4	5	4
Other current liabilities	9	8	6	4	5	4
Provisions	2	2	2	2	2	2
Current tax liabilities	0	0	0	-	-	-

Note: Pursuant to the certificate dated October 31, 2023, issued by the M/s Sultaniya Umesh & Company, Independent Chartered Accountant.

Key assumptions for working capital requirements made by our Company:

Particulars	Assumptions
Current assets	
Inventories	Increase in inventory on account of sales growth in Luxury and High Luxury segments. Company is focusing on higher growth on Luxury and High Luxury segment. The said changes will increase the value of inventory.
Trade receivables	The value of trade receivables will increase in line with the increase in business.
Cash and cash equivalents	The Balance of cash and cash equivalent are maintained at

Particulars	Assumptions
	a minimum level to have the efficient running of business in day to day operations.
Other bank balance	The Balance of Other Bank Balances are maintained at a minimum level to have the efficient running of business in day to day operations
Loans	The Balance at a minimum level to have the efficient running of business in day to day operations. This includes the Advance to employee for business expenses.
Other financial assets	The value of Other Financial Asset will increase in line with the increase in business as there will be increase in input credit for GST with an increase in Inventory.
Other current assets	The value of other current assets will increase in line with the increase in business.
Current Liabilities	
Trade payables	Value of trade payables will increase in line with the increase in business.
Other financial liabilities	Value of Other financial liabilities will increase in line with the increase in business.
Provision	Value of Provision will increase in line with the increase in business.
Current tax liabilities	Current tax liabilities are maintained at same level.

Note: Pursuant to the certificate dated October 31, 2023, issued by the M/s Sultaniya Umesh & Company, Independent Chartered Accountant.

Our Company proposes to utilize ₹Nil, ₹7,957.09 lakhs and ₹5,167.91 lakhs of the Net Proceeds in Fiscals 2024, 2025 and 2026, respectively, towards our working capital requirements. The balance portion of our working capital requirement shall be met from internal accruals and working capital facilities.

2. General corporate purposes

Our Company intends to deploy ₹3,834.64 lakhs from the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time, subject to such amount not exceeding 25% of the gross proceeds of the Issue, in compliance with the applicable laws. The general corporate purposes for which our Company proposes to utilise Net Proceeds include investments in Subsidiary of our Company, other capital expenditure requirements including for refurbishment, meeting exigencies and expenses incurred by our Company in the ordinary course of business, as may be applicable. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

In addition to the above, our Company may utilise the Net Proceeds towards other purposes relating to our business which are considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act and in accordance with the stated objectives and our business. Our Company's management shall have flexibility in utilising any surplus amounts.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds towards the purposes described in this section, our Company intends to deposit the Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including money market / mutual funds, as approved by the Board and/or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and final listing and trading approvals are received from each of the Stock Exchanges and the corresponding return of Allotment is filed with the RoC.

Monitoring of utilisation of funds

Our Company has appointed CRISIL Ratings Limited as the monitoring agency in accordance with Regulation

173A of the SEBI ICDR Regulations for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹ 10,000 lakhs. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt, until such time as the Net Proceeds have been utilized in full or the Objects for which the Net Proceeds were raised have been achieved. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company at https://www.ethoswatches.com, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report, after placing the same before the Audit Committee.

Other confirmations

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us.

Neither our Promoters nor our Promoter Group, nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds.

Further, neither our Promoters nor our Promoter Group, nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors or Key Managerial Personnel or Senior Management are not eligible to subscribe in the Issue.

Since the Net Proceeds of the Issue are proposed to be utilized towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project; (ii) means of financing such project; and (iii) proposed deployment status of the proceeds at each stage of the project.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement as at June 30, 2023, derived from the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements for the quarter ended June 30, 2023 and as adjusted to give effect to the receipt of the proceeds from the Issue. This table should be read in conjunction with the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Select Statistical Information*", "*Risk Factors*" and "*Financial Information*" beginning on pages 89, 33, 41 and 278, respectively.

(₹ in lakhs, unless otherwise stated)

Particulars	**Pre-Issue**	**Post-Issue**
	As at June 30, 2023 (on consolidated basis)	**As adjusted for the Issue (on consolidated basis)[(1)]**
Borrowings		
Current borrowings*	91.67	91.67
Non-current borrowings*	724.45	724.45
Total Borrowings (A)	**816.12**	**816.12**
Total Equity		
Equity share capital*	2,334.92	2,448.04
Other equity*	62,636.98	80,023.68
Non controlling interest	0.00	0.00
Total Equity (B)	**64,971.90**	**82,471.72**
Total Borrowing/ Total Equity (A/B)	**0.01**	**0.01**

** These terms shall carry the meaning as per Schedule III of the Companies Act 2013 (as amended).*

[(1)] As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue. The "Post-issue as adjusted for the Issue" reflects changes in Equity only on account of proceeds from the fresh issue of 11,31,210 Equity shares at a price of ₹ 1,547.00 per Equity Share, including premium of ₹ 1,537.00 per Equity share resulting in an increase of ₹113.12 lakhs in the Equity Share Capital of our Company and an increase of ₹17,386.70 lakhs in the Other Equity respectively. The above adjustments do not include Issue related expenses or any other adjustments.

CAPITAL STRUCTURE

The share capital of our Company as on date of this Placement Document is as follows:

		Aggregate value at face value of the Shares (₹)
1.	**AUTHORIZED SHARE CAPITAL**	
	3,07,00,000 Equity Shares of ₹ 10 each	30,70,00,000
	5,76,924 14%CCCPS of ₹ 130 each	7,50,00,120
	12,00,000 12%CCCPS of ₹110 each	13,20,00,000
	10,00,000 12% NCRPS of ₹100 each	10,00,00,000
	Total	**61,40,00,120**
2.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	2,33,49,233 Equity Shares of ₹ 10 each	23,34,92,330
3.	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	Up to 11,31,210 Equity Shares of face value of ₹ 10 each aggregating up to ₹ 1,74,99,81,870[(1)]	1,13,12,100
4.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THIS ISSUE**	
	2,44,80,443 Equity Shares of ₹10 each[(2)]	24,48,04,430
5.	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (₹ in lakhs)[(2)]	51,548.31
	After the Issue (₹ in lakhs) [(3)]	68,935.00

(1)The Issue has been approved by the Board of Directors on September 5, 2023, subject to approval of the Shareholders. Subsequently, our Shareholders, through special resolution, approved the Issue on September 29, 2023.

(2) As of the date of this Placement Document.

(3) The securities premium account after the Issue is calculated on the basis of gross proceeds of the Issue, not adjusted for the Issue related expenses.

Notes to Capital Structure

1. Share Capital History of our Company

a. History of Equity Share Capital of our Company:

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
November 5, 2007	10,00,000	10.00	10.00	Initial subscription to the MOA	Cash	10,00,000	1,00,00,000.00
July 30, 2008	5,00,000	10.00	10.00	Preferential Allotment	Cash	15,00,000	1,50,00,000.00
October 30, 2008	40,04,085	10.00	10.00	Allotment of Equity Shares pursuant to scheme of arrangement between KDDL Limited	Cash	55,04,085	5,50,40,850.00

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
				and Ethos Limited			
February 14, 2009	5,88,236	10.00	85.00	Allotment of Equity Shares on conversion of zero-coupon convertible warrants at a premium of ₹ 75/- each in the ratio of 1:2	Cash	60,92,321	6,09,23,210.00
March 16, 2009	7,51,875	10.00	66.50	Preferential Allotment	Cash	68,44,196	6,84,41,960.00
July 9, 2009	50,000	10.00	22.50	Preferential Allotment	Cash	68,94,196	6,89,41,960.00
March 13, 2010	5,910	10.00	22.50	Preferential Allotment	Cash	69,00,106	6,90,01,060.00
March 29, 2010	17,00,000	10.00	10.00	Preferential Allotment	Cash	86,00,106	8,60,01,060.00
August 12, 2010	9,55,567	10.00	73.50	Preferential Allotment	Cash	95,55,673	9,55,56,730.00
June 29, 2011	13,83,333	10.00	10.00	Allotment of Equity Shares pursuant to the order dated November 2, 2010, and order dated March 3, 2011, by Hon'ble High Court of Delhi approving scheme of arrangement to amalgamate Mahen Boutique Limited with our Company	Consideration other than cash	1,09,39,006	10,93,90,060.00
February 08, 2012	5,54,635	10.00	100.00	Allotment under rights issue	Cash	1,14,93,641	11,49,36,410.00
August 25, 2014	10,000	10.00	100.00	Allotment pursuant to exercise of ESOP under ESOP 2011	Cash	1,15,03,641	11,50,36,410.00
August 28, 2014	8,500	10.00	100.00	Allotment pursuant to exercise of ESOP under ESOP 2011	Cash	1,15,12,141	11,51,21,410.00
December 16, 2014	19,230	10.00	65.00	Allotment pursuant to conversion of 12% COCPS	Cash	1,15,31,371	11,53,13,710.00
July 29, 2015	2,79,720	10.00	143.00	Preferential Allotment	Cash	1,18,11,091	11,81,10,910.00
October 7, 2015	56,000	10.00	100.00	Allotment pursuant to exercise of ESOP under ESOP 2011	Cash	1,18,67,091	11,86,70,910.00
November 6, 2015	2,79,720	10.00	143.00	Preferential Allotment	Cash	1,21,46,811	12,14,68,110.00
February 17,	2,09,990	10.00	143.00	Preferential Allotment	Cash	1,23,56,801	12,35,68,010.00

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
2016							
May 3, 2016	2,79,720	10.00	143.00	Preferential Allotment	Cash	1,26,36,521	12,63,65,210.00
December 7, 2016	3,54,609	10.00	141.00	Preferential Allotment	Cash	1,29,91,130	12,99,11,300.00
March 31, 2017	2,12,765	10.00	141.00	Preferential Allotment	Cash	1,32,03,895	13,20,38,950.00
August 1, 2017	2,95,463	10.00	110.00	Allotment pursuant to conversion of 12% CCCPS	Cash	1,34,99,358	13,49,93,580.00
September 8, 2017	4,40,910	10.00	110.00	Allotment pursuant to conversion of 12% CCCPS	Cash	1,39,40,268	13,94,02,680.00
September 22, 2017	4,96,453	10.00	141.00	Preferential Allotment	Cash	1,44,36,721	14,43,67,210.00
December 4, 2017	3,63,637	10.00	110.00	Allotment pursuant to conversion of 12% CCCPS	Cash	1,48,00,358	14,80,03,580.00
February 5, 2018	21,250	10.00	120.00	Allotment pursuant to exercise of ESOP under Ethos ESOP 2013	Cash	1,48,21,608	14,82,16,080.00
March 29, 2018	10,86,956	10.00	138.00	Preferential Allotment	Cash	1,59,08,564	15,90,85,640.00
July 24, 2018	8, 21,917	10.00	292.00	Preferential Allotment	Cash	1,67,30,481	16,73,04,810.00
January 3, 2019	1,71,232	10.00	292.00	Preferential Allotment	Cash	1,69,01,713	16,90,17,130.00
May 4, 2019	15,000	10.00	120.00	Allotment pursuant to pursuant to exercise of ESOP under Ethos ESOP 2013	Cash	1,69,16,713	16,91,67,130.00
May 4, 2019	1,71,232	10.00	292.00	Preferential Allotment	Cash	1,70,87,945	17,08,79,450.00
May 28, 2019	1,71,232	10.00	292.00	Preferential Allotment	Cash	1,72,59,177	17,25,91,770.00
July 13, 2019	3,76,712	10.00	292.00	Preferential Allotment	Cash	1,76,35,889	17,63,58,890.00
November 6, 2019	2,32,395	10.00	130.00	Allotment of Equity Shares pursuant to conversion of 14% CCCPS	Cash	1,78,68,284	17,86,82,840.00

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
November 14, 2019	2,38,463	10.00	130.00	Allotment pursuant to conversion of 14% CCCPS	Cash	1,81,06,747	18,10,67,470.00
November 24, 2019	19,230	10.00	130.00	Allotment pursuant to conversion of 14% CCCPS	Cash	1,81,25,977	18,12,59,770.00
December 17, 2019	86,835	10.00	130.00	Allotment pursuant to conversion of 14% CCCPS	Cash	1,82,12,812	18,21,28,120.00
July 31, 2021	36, 250	10.00	120.00	Allotment pursuant to exercise of ESOP under Ethos ESOP 2013	Cash	1,82,49,062	18,24,90,620.00
August 10, 2021	32,250	10.00	120.00	Allotment pursuant to exercise of ESOP under Ethos ESOP 2013	Cash	1,82,81,312	18,28,13,120.00
August 17, 2021	36, 250	10.00	120.00	Allotment pursuant to exercise of ESOP under Ethos ESOP 2013	Cash	1,83,17,562	18,31,75,620.00
December 1, 2021	4,57,938	10.00	550.00	Right Issue	Cash	1,87,75,500	18,77,55,000.00
March 28, 2022	3,02,663	10.00	826.00	Pre-Initial Public Offer Placement	Cash	1,90,78,163	19,07,81,630.00
May 26, 2022	42,71,070	10.00	878.00	Initial Public Offer	Cash	2,33,49,233	23,34,92,330.00

Note: In the last three financial years, there has been no split or consolidation of the Equity Shares of our Company.

b. Preference Share Capital

As on the date of this Placement Document, there is no preference share capital in the Company.

2. Equity Shares issued in one preceding year for consideration other than Cash, or any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue

The Company has not issued any shares in one year preceding the date of offer for consideration other than cash or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

3. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of September 30, 2023:

S. No.	Category	Pre-Issue Equity Share Capital as on September 30, 2023[(1)]		Post-Issue Equity Share Capital	
		Number of equity shares held	% of share holding	Number of equity shares held	% of share holding
A. Promoters/Promoters Group Holding					
1.	Indian				
	Individuals/Hindu Undivided Family	1,23,225	0.53%	1,23,225	0.50%
	Bodies Corporate	1,46,74,767	62.85%	1,46,74,767	59.94%
	Sub Total	**1,47,97,992**	**63.38%**	**1,47,97,992**	**60.44%**
2.	Foreign Promoter/Member of Promoter Group	1,03,422	0.44%	1,03,422	0.42%
	Sub Total (A)	**1,49,01,414**	**63.82%**	**1,49,01,414**	**60.86%**
B. Non-Promoter Holding					
1.	Institutional Investors	38,16,773	16.35%	49,47,983	20.21%
2.	Non-Institutional Investor				
	Bodies Corporate	10,11,639	4.33%	10,11,639	4.13%
	Key Managerial Persons	8,573	0.04%	8,573	0.04%
	Indian Public				
	Individual share capital up to ₹ 2 Lacs	16,47,570	7.06%	16,47,570	6.73%
	Individual share capital in excess of ₹ 2 Lacs	17,73,689	7.60%	17,73,689	7.25%
	Non-resident Indian	1,26,875	0.54%	1,26,875	0.52%
	Other (Trusts, clearing members, HUF)	62,700	0.27%	62,700	0.26%
	Sub Total (B)	**84,47,819**	**36.18%**	**95,79,029**	**39.14%**
	Grand Total (A+B)	**2,33,49,233**	**100%**	**2,44,80,443**	**100.00%**

(1) Based on beneficiary position data of our Company as at September 30, 2023.

4. Employee Stock Option as on date of this Placement Document

No options under any employee stock options are outstanding as on the date of this Placement Document.

5. Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Lead Manager, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them will be included in the Placement Document in the section "*Proposed Allottees in the Issue*" on page 279.

6. Other Confirmations

The Promoters, the Directors, members of Promoter's group, Key Managerial Persons and the Senior Management of our Company do not intend to participate in the Issue.

No change in control in our Company will occur consequent to the Issue.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of notice dated September 5, 2023, to the Shareholders for the approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue.

Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottees for a period of one year from the date of Allotment, except on the Stock Exchanges.

At any given time, there shall be only one denomination of the Equity Shares of our Company.

All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Placement Document.

There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

DIVIDEND

The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act, 2013. Our Board may also, from time to time, declare interim dividends. The dividend policy of our Company was adopted and approved by our Board in their meeting held on December 30, 2021 ("**Dividend Policy**").

In terms of the Dividend Policy, the dividend, if any, will depend on a number of financial parameters/ internal factors and external factors, which, *inter alia*, include (i) our Company's standalone net operating profit after tax, (ii) funds required for working capital and capital expenditure, (iii) resources required for funding acquisitions and / or new business; (iv) cash flow required to meet contingencies and (v) macroeconomic factors such as the significant changes in macro-economic environment materially affecting the business in which our Company is engaged and in the geographies in which our Company operates.

Our Company has not declared any dividend during the three months ended June 30, 2023 and during Fiscals 2023, 2022 and 2021.

There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. The form, frequency and amount of future dividends declared by our Company will depend on a number of financial parameters/ internal and external factors, including, but not limited to, distributable surplus available as per applicable law, our Company's liquidity position and future cash flow needs, track record of dividend distributed by our Company, payout ratios of comparable companies, the prevailing taxation policy or any amendments expected thereof, with respect to distribution of dividend, capital expenditure requirements considering opportunities for expansion and acquisition, cost and availability of alternative sources of financing, stipulations/covenants contained under any loan agreements, prevailing macroeconomic and business conditions and other factors, and subject to the approval of our Shareholders.

The Equity Shares to be offered in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

Also see "*Risk Factors*" on page 41.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Audited Consolidated Financial Statements and our Special Purpose Interim Unaudited Condensed Consolidated Financial Statements. Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements and (ii) the three months ended June 30, 2023 has been derived from the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements.

*Our Audited Consolidated Financial Statements have been prepared under Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act, 2013 (the "**Act**") (Companies (Indian Accounting standards) Rules, 2015) and other relevant provisions of the Act. Our Special Purpose Interim Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the principles laid down in Ind AS 34, Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and which have been subject to a limited review by our Auditors in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial. Information Performed by the Independent Auditor of the Entity".*

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal are to the 12 month period ended March 31 of that year. Financial information for the three months ended June 30, 2023 is not annualised and not indicative of full year results, and is not comparable with annual financial statements presented in this Placement Document.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Report on Premium and Luxury Watch Retail in India" dated October 18, 2023, (the "**Industry Report**") prepared and issued by Technopak Advisors Private Limited, appointed by us pursuant to an engagement letter dated October 3, 2023 and exclusively commissioned and paid for by us in connection with the Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. The relevant industry sources are indicated at all relevant places within this section. For more information, see "Risk Factors – Industry information included in this Placement Document has been derived from a third-party industry report, exclusively commissioned and paid for by us. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate" on page 59.*

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 16 and 41, respectively.

OVERVIEW

We are India's one of the largest luxury and premium watch retail player having 13% share of the total retail sales in premium and luxury segment and a share of 21% when seen in exclusively luxury segment in the financial year 2022, *(Source: Industry Report)* delivering a content-led luxury retail experience to our customers through our online and physical presence. As of June 30, 2023, in addition to our chain of 60 physical retail stores in 23 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms. As of June 30, 2023, we have a sizeable portfolio of premium and luxury watches in India enabling us to retail more than 60 premium and luxury watch brands, of which we have exclusive retail arrangements with several of these brands. We enjoy a healthy market share of 21% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (*Source: Industry Report*) In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches since Fiscal 2019.

Our Omnichannel approach is premised on our endeavour to provide experience, content, customisation, reach and convenience to our customers. Our website "www.ethoswatches.com" is India's largest website for premium and luxury watches in terms in number of brands of watches offered *(Source: Industry Report).* In our industry, watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹2.5 lakhs per watch), premium segment (₹0.25 lakhs - ₹1 lakh per watch), fashion segment (₹0.05 lakhs per watch - ₹0.25 lakhs per watch) and mass and mid segment (below ₹0.05 lakhs per watch) *(Source: Industry*

Report). On our website visitors can research about the latest watch launches, reviews and choose from more than 6,500 premium, bridge to luxury, luxury and high luxury watches over 60 brands and as of June 30, 2023, our website had 27 lakhs number of visitor sessions. On our website, visitors are assigned highly trained watch consultants, who help the customers to choose from a wide array of choices available. We give our customers the ability to shop online or to touch and feel their shortlisted watches in the comfort of their homes or at our stores. As our offline and online channels are integrated, our customers can place orders for our products either offline or online and have the flexibility of buying products at one store and returning at another or browsing our product catalogues and placing orders online with doorstep delivery. Through our website, we are able to cater to our customers located in cities where we do not have any physical presence. We believe our Omnichannel model enables us in adding more customers, expanding our reach and providing better watch buying experience to our customers. We include research articles, independent reviews and guides on watch selection on our website to assist customers in making the right choice while purchasing luxury watches. We also have a luxury watch helpline for answering technical and other queries, along with live chat with luxury watch consultants on our website.

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under 'Certified Pre-Owned' ("**CPO**") luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360- degree physical inspection and verification of watches and certified with a two years warranty. We believe that the market for previously owned or "pre-owned" watches has become the best place to purchase after assessing the value of a watch over time and provide liquidity to watch owners who want to trade in their watch for a new one.

Our first luxury retail watch store was opened in January 2003 at Union Territory of Chandigarh by our Promoter, KDDL Limited, a company listed on the BSE and the NSE, under the brand name "ETHOS". Subsequently, the retail business of our Promoter was hived off into our Company under the name and style of Kamla Retail Limited in 2008 and our Company was renamed as Ethos Limited in 2012, in order to consolidate the business of luxury watch retail under one umbrella for better management and focussed approach. Our Promoter's experience in the watch industry has assisted us in establishing strong relationships with the global watch brands and further strengthening our business.

As of June 30, 2023, we have an extensive network of 60 (sixty) retail stores spread across 23 cities of National Capital Territory of Delhi, Mumbai, Maharashtra; Bengaluru, Karnataka; Hyderabad, Telangana; Chennai, Tamil Nadu; Kolkata, West Bengal; Siliguri, West Bengal; Indore, Madhya Pradesh; Bhopal, Madhya Pradesh; Raipur, Chhattisgarh; Bhubaneshwar, Odisha; union territory of Chandigarh; Ahmedabad, Gujarat; Surat, Gujarat; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Gurgaon, Haryana; Guwahati, Assam; Ludhiana, Punjab; Nagpur, Maharashtra; Noida, Uttar Pradesh; Pune, Maharashtra and Thane, Maharashtra in India. Further, as of June 30, 2023, our 60 stores are categorised into 16 Ethos Summit Stores and 1 Airport store (that houses bridge to luxury, luxury and high luxury brands), 20 multi-brand outlets and 11 Ethos Boutiques both housing bridge to luxury and premium brands, 11 luxury segment mono-brand boutiques offering a single luxury watch brand and 1 CPO luxury watch lounge for pre-owned watches. Our distinct retail formats address various market segments like luxury and high luxury, exclusive boutiques and airport boutique. Ethos Summit stores are our flagship and large stores, which gives a far superior experience to our customers on account of a wider range of products.

Our physical stores provide us the ability to interact with our consumers in person. Owners of major luxury watch brands invest heavily in marketing. As a luxury watch retailer, we benefit from the increased awareness generated by traditional marketing activities as well as promotional activities, such as watch fairs, exhibitions and flagship store openings. We often collaborate with luxury watch brands, holding events together and running cooperative marketing campaigns (where our brand is paired with the relevant third-party brand's name). Our total expenses on advertisement and sales promotion constituted 3.40% of total sales for Fiscal 2023.

Our physical presence is leveraged by our strong digital platform with a frequently visited website, effective social media communication, a large database of HNI customers and an active program of home and office delivery of luxury products. Our digital platform has created a niche in the online luxury watch market through various unique value-added services including a highly specialised team of luxury watch consultants, targeted content, watch insurance, easy instalments and dedicated after sales service to our customers. In addition to leveraging our strengths in comprehensive merchandising, brand relationships and delivery experience, we focus on educating consumers via digital content and newsletters, which is an integral part of our business model. 'The Watch Guide', our in-house digital magazine curates relevant and exclusive content for watch enthusiasts.

Our loyalty programme 'Club Echo' is a customer relationship management initiative for providing our customers with a rewarding experience in luxury retail category. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated *via* Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Our Club Echo outbound call centre stationed at marketing office at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. As of June 30, 2023, we had over 3,15,000 registered members to our Club Echo.

Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our service centre has received authorisations from several leading global watch brands. Further, we have invested in our subsidiary, Silvercity Brands AG (a Swiss Company) over the current and the last Fiscal 2023. Silvercity Brands AG acquired "Favre Leuba" a Swiss watch brand. The brand 'Favre Leuba' with its establishment in the year 1737 *(Source: Industry Report)* has a rich history of Swiss watch-making legacy. Through this association we aim to work closely with multiple watch designers to create new product lines that embody the legacy and craftsmanship of the brand name "Favre Leuba" in India.

For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our revenue from operations was ₹ 23,002.16 lakhs, ₹ 78,853.37 lakhs, ₹ 57,728.37 lakhs and ₹ 38,657.07 lakhs, respectively. Our average selling prices per watch in our retail business have increased on a YoY basis. The average selling price of our watches has increased to ₹ 1,76,953 lakhs in the three months period ended June 2023 from ₹ 1,59,476 lakhs in Fiscal 2023, which was ₹ 1,49,318 lakhs in Fiscal 2022, and ₹ 1,09,864 lakhs in Fiscal 2021. The luxury and high luxury watch sales constituted 67.18% (₹ 15,452.28 lakhs), 65.87% (₹ 51,937.44 lakhs), 64.83% (₹ 37,425.48 lakhs) and 58.00% (₹ 22,421.56 lakhs) during the three months period ended June 30, 2023 and Fiscals 2023, 2022, 2021, respectively, of our sale of products. For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our online sales have gradually increased and comprised of 30.63% (₹ 7,046.61 lakhs), 30.52% (₹ 24,064.41 lakhs), 32.44% (₹ 18,724.58 lakhs) and 37.64% (₹ 14,551.69 lakhs), respectively of our revenue from operations. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, financial condition and results of operations have been, and are expected to be, influenced by numerous factors. A summary of the most important factors that have had, and that we expect will continue to have, a significant impact on our business, results of operations, cash flow and financial condition follows below:

Watch Industry

India ranked fifth in the world in terms of nominal gross domestic product ("**GDP**") for FY 2023 and is the third largest economy in the world in terms of purchasing power parity ("**PPP**"). India is expected to be ~USD 5.2 trillion economy by FY 2028 and is estimated to be the third largest economy surpassing Germany and Japan. Watch Market in India was valued at INR 18,100 Cr in FY 2023, growing at a CAGR of 10.3% from INR 13,500 Cr in FY 2020 and is further expected to grow at a CAGR of 10.6% to reach INR 29,890 Cr by FY 2028, on back of factors like increased discretionary spend on watches category, opening of more organized channels of purchase like MBOs and online marketplaces & vertical specialists, increased penetration of smartwatches in mid to premium category, omnichannel market organization etc. *(Source: Industry Report)*

Segment	Definition	FY 2023 Market Size	FY 2023 % Share of Segment in the Overall Watch Market	FY 2028P Market Size	CAGR
Premium Watch Market	• Premium (INR 25,000 to 1 L)	INR 4,810 Cr	26.6%	INR 8,480 Cr	12.0%

Segment	Definition	FY 2023 Market Size	FY 2023 % Share of Segment in the Overall Watch Market	FY 2028P Market Size	CAGR
Luxury Watch Market	• Bridge to Luxury (INR 1 L to 2.5 L) • Luxury (INR 2.5 L to 10 L) • High Luxury (INR 10 L & above)	INR 4,685 Cr	25.9%	INR 8,865 Cr	14%
Premium & Luxury Watch Market	• **Premium (INR 25,000 to 1 L)** • **Bridge to Luxury (INR 1 L to 2.5 L)** • **Luxury (INR 2.5 L to 10 L)** • **High Luxury (INR 10 L & above)**	**INR 9,495 Cr**	**52.5%**	**INR 17,345 Cr**	**12.8%**

Source- Technopak Analysis

The High luxury and luxury market are growing faster than other segments & the overall market, at a CAGR of 15% and is expected to reach INR 1,610 Cr and INR 2,385 Cr in FY 2028 from INR 800 Cr and INR 1,185 Cr respectively in FY 2023. *(Source: Industry Report)*.

Any changes in demand for watches in India especially for the watches in premium and luxury segment could affect our results of operation. Significant majority of our revenues are derived from retailing of watch wherein we require an arrangement with the owner of the luxury watch brand to carry a particular product on a store-by-store basis, rather than being allowed to distribute products across an entire business. In the event of any slowdown in the watch industry or any other factors adversely affecting the sale of watches may adversely affect our business.

Our ability to attract new customers, retain existing customers and increase repeat purchases.

Our success, and our revenue growth in particular, is significantly dependent on our ability to continually attract new customers, retain existing customers and cultivate loyalty, including through increasing repeat purchases. We observe a good degree of loyalty for our platform among customers, with our repeat customers being responsible for 45.00%, 46.00%, 41.00% and 37.00% of our revenue from operations for the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021. Our high customer centricity is reflected in our strong customer retention and their contribution to our revenues. These indicators have led to an increase in our revenue from operations over the years, and their respective growth rates have primarily been driven by the growing popularity and recognition of brands at our stores online as well as offline, increasing assortment of products and stronger customer engagement. We expect continued growth in our customer base and purchasing activities, as well as increased overall customer engagement with our product offerings, which we expect will contribute to increase in our total income in absolute terms in the foreseeable future.

Renewal of contractual agreements.

As on June 30, 2023, we have 60 retail stores across geographies in India. All the property on which our stores and offices are situated are taken by us on lease / sub-lease / contractual arrangements basis either from third parties or from our Promoters. We may in future also enter into such transactions with third parties and /or our Promoters or our Group Companies for the proposed new stores or offices. Any adverse impact on the title / ownership rights / development rights of the owner of the properties where our stores are situated, may impede our Company's effective operations.

Our ability to attract and maintain brand relationships and manage our mix of product offerings.

The number and diversity of our brand relationships whose products are sold at our store online as well as offline platform directly affects our revenue from operations. Our product positioning and merchandising strategy are guided by the brands, through our team of brand managers who work closely with the brands. We advise brands

that sell their products on our managed marketplace on pricing and commercial strategies including discounting, sampling, gifting and couponing to meet customer demand while respecting each brand's desired positioning in the market. We need to continue to maintain and expand our brand relationships base to maintain and grow our revenues. The combination of wide selection of products offered by us, competitive prices and convenient shopping experience, coupled with our strong brand awareness and commitment to authenticity, enables us to attract more customers, which, in turn, draws more brand relationships, resulting in an expansion of our product portfolio and increased customer retention. As a result, we have seen a consistent increase in the number of brand relationships and the number of product offerings at our stores in the Fiscals 2021, 2022, 2023 and during the three months period ended June 30, 2023. As of June 30, 2023, we offered more than 6,500 watches from international brands to our customers across premium and luxury category. Our portfolio includes international brands, in Premium, bridge to luxury, luxury and high luxury. Further, as of June 30, 2023, Ethos housed over 60 premium and luxury watch brands across customer divisions: women and men. Having an attractive and updated range of watches helps to maintain the popularity of our stores, increases customer loyalty and encourages customer purchases.

Competition and pricing

Our business is competitive, and our success is dependent upon our ability to compete against others, including some that have greater resources than we have. Our company faces some competition from various domestic as well as international players that may have some effect on our competitive position and profitability. Some of our competitors may have longer operating histories, greater financial and technical support, product development and marketing resources and greater name recognition and hence they may be able to compete more effectively. As a result of increasing competition in the retail watch segment our pricing could be adversely impacted. Even though, we intend to continue to distinguish our offerings by providing quality range of watches at competitive prices, we may face pressures to provide higher sales incentive to our channel partners or increase our advertising and sales promotion expenses significantly, which would adversely affect our profitability.

OUR SIGNIFICANT ACCOUNTING POLICIES

Below mentioned as the details of the significant accounting policies used in preparation of latest annual financial statement:

A. Basis of preparation

The consolidated financial statements (CFS) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013, (the '**Act**') and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to CFS.

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements provide comparative information in respect of the corresponding previous period.

The functional currency of the Group is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

The Parent Company, subsidiaries and joint venture have prepared the financial statements on the basis that they will continue to operate as a going concern.

B. Basis of consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries and its joint venture as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affects its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation Procedure

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The details of the consolidated entities are as follows:

Name of the Entity	**Principal Activities**	**Relationship**	**Country of incorporation**	**% of holding (March 31, 2023)**	**% of holding (March 31, 2022)**	**% of holding (March 31, 2021)**
Cognition Digital LLP*	IT based business solution	Subsidiary	India	99.99	99.99	99.99
Pasadena Retail Private Limited**	Trading of watches	Joint Venture	India	50.00	50.00	50.00
Silvercity Brands AG***	Trading of watches and invest in/ create related brands	Subsidiary	Switzerland	100.00	Nil	Nil

** The percentage of holding denotes the Share of Profits in LLP.*
*** w.e.f. May 03, 2019*
**** w.e.f. March 31, 2023*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

C. Summary of signification accounting policies

1. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss outside the operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

3. Property, plant and equipment ('PPE')

Recognition and measurement

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of PPE comprises its purchase price, including import duties and nonrefundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and accumulated impairment loss, if any.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,

- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated August 29, 2014 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years and furniture & fixture being in the nature of display furniture at stores which are depreciated over the estimated life of three years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the

lease or useful life of assets, whichever is lower. Refer lease policy for period of leases.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

4. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP), Business Intelligence software and Website is 6 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Intangible assets with indefinite useful lives such as Brands are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal.

5. Inventories

Inventories comprises of traded goods are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, less duties and taxes those are recoverable from government authorities, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis

6. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). Remeasurements are not reclassified to profit or loss in subsequent periods. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the

leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

7. Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

8. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

9. Financial guarantee contracts

Financial guarantee contracts are recognised as a deemed equity contribution if no premium was paid when guarantee is received. Deemed equity contribution is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

10. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

11. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

12. Revenue from contract with customers

The Group earns revenue primarily from retail trading of premium and luxury watches, accessories and other luxury items, marketing and support services and rendering of related after sale services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls goods or services before transferring them to the customers.

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

- Identify the contract with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

The method for recognizing revenues and costs depends on the nature of the products sold and services rendered.

Sale of goods

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, customer loyalty points).

Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Sale of services

Revenue from services rendered is recognised in profit or loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes at the time of completion of service.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

13. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

14. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

15. Taxes

Income tax expenses comprises of current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if i t has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/Goods and Service Tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax / GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

16. Lease

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 10 years
- Furniture 4 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

17. Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A ‘debt instrument’ is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’).

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Profit or Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Profit or Loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:
- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit

losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

18. Impairment of non-financial assets

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit

exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

19. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The consolidated financial statements are presented in INR, which is also the Parent Company's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates and is normally the currency in which the Group primarily generates and expends cash.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

20. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

21. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

23. Earnings Per Share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

24. Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes.

PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT AND LOSS

Total Income

Our total income comprises of revenue from operations and other income.

Revenue from operations: Our revenue from operation comprises of income from sale of products and sale of services.

Other Income*:* Our other income comprises of interest income under the effective interest rate method on fixed deposits and security deposits at amortised cost, provisions/ liabilities no longer required written back, allowance for doubtful debts written back, profit on disposal of property, plant and equipment, rent waiver on lease liabilities and miscellaneous income.

Total Expenses

Expenses consist of purchase of stock-in-trade, changes in inventory of stock-in-trade, employee benefit expenses, finance costs, depreciation and amortisation and other expenses.

Purchases of stock-in-trade: Purchases of stock-in-trade relates to costs incurred for the procurement of inventories primarily comprising premium and luxury watches and other related luxury products.

Changes in inventory of stock-in-trade: Changes in inventory of stock-in-trade comprises net increase or decrease in the inventory of stock-in-trade.

Employee benefits expense: Employee benefits expense comprise salaries, wages and bonus, contribution to provident and other funds, share based payments and staff welfare expenses.

Finance costs: Financial cost comprises interest expense on borrowings, interest accrued on lease liabilities, interest on delay in deposit of income tax and other borrowing cost.

Depreciation and amortization expense: Depreciation and amortization expense relate to depreciation of property, plant and equipment, depreciation on right-of-use assets and amortization of intangible assets. Intangible assets include our business intelligence, website and computer software.

Other expenses: Other expenses primarily comprise expenses relating to rent, rates & taxes, legal and professional fees, advertisement and sales promotion, printing & stationery, power and fuel, repairs & maintenance others, travelling and conveyance, telephone and telex, postage and telegram, insurance, recruitment expenses, service cost expenses, director seating fees and commission, bank charges and miscellaneous expenses

Tax Expenses

Our tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability is recognized based on the difference between taxable profit and book profit due to the effect of timing differences.

Key Financial Information and Certain Non-GAAP Measures

In evaluating our business, we consider and use certain non-GAAP measures and key financial information that are presented below as supplemental measures to review and assess our operating performance. We present these non-GAAP measures and key financial information because they are used by our management to evaluate our operating performance. These non-GAAP measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP measures and key financial information have limitations as analytical tools. Furthermore, these non-GAAP measures and key financial information may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from Operations	23,002.16	78,853.37	57,728.37	38,657.07
Total Income	23,470.75	80,309.41	59,006.20	40,299.69
Gross margin (%)[(1)]	30.36%	30.96%	28.78%	27.14%
EBITDA[(2)]	3,881.79	12,946.80	7,970.73	5,627.71
EBITDA margin (%)[(3)]	16.54%	16.12%	13.51%	13.96%
Profit for the period/ year	1,815.65	6,029.82	2,338.80	475.72
Net Profit Ratio (%)[(4)]	7.89%	7.65%	4.05%	1.23%
Return on Capital Employed (%)[(5)]	3.55%*	12.61%	12.27%	8.00%
Return on Equity (%)[(7)]	2.83%*	13.97%	12.04%	3.08%
Debt Equity Ratio[(8)]	0.22	0.19	0.70	0.89
Interest coverage ratio[(9)]	8.61	7.70	4.29	3.19
Current ratio[(10)]	3.77	4.27	2.06	1.73
Total Assets	94,405.38	87,969.63	50,435.69	39,353.62
Total Liabilities	29,433.48	24,819.99	27,267.20	23,660.13

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Total Equity[(6)]	64,971.90	63,149.64	23,168.49	15,693.49
Total Borrowings[(11)]	816.12	799.02	5,942.23	5,198.83
Total Current Assets	66,851.79	63,852.60	33,642.26	25,652.79
Total Current Liabilities	17,717.34	14,951.92	16,344.96	14,796.35

**not annualised.*

Notes:

1. *Gross Margin % is calculated as Revenue from Operation reduced by purchase of stock-in-trade and change in inventory of stock-in-trade divided by Revenue from Operations*
2. *Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is calculated as profit for the period/ year plus total tax expense, depreciation and amortization expense and finance costs.*
3. *EBITDA Margin is calculated as EBITDA divided by total income.*
4. *Net Profit Ratio is calculated as profit for the period/ year divided by revenue from operations.*
5. *Return on Capital Employed defined as Earnings Before Interest and Tax (EBIT) is calculated (Profit the period/year plus total tax expense plus finance cost) divided by Capital Employed, where Capital Employed is Total Debt plus Total Equity.*
6. *Total Equity is calculated adding equity share capital and other equity including non controlling interest.*
7. *Return on Equity is calculated as Profit for the period / year divided by Average Total Equity (Average of total equity at the beginning of the period/ year and total equity at the end of the period/ year).*
8. *Debt to equity ratio is calculated as Total Debt divided by Total Equity where Total Debt is non-current borrowings plus current borrowings plus non current lease liabilities and current lease liabilities.*
9. *Interest coverage ratio is calculated as Earnings before interest, Depreciation and amortization expense and after tax (EBIDA) divided by finance costs.*
10. *Current ratio is calculated by total current assets divided by total current liabilities*.
11. *Total Borrowings consist of current borrowings and non current borrowings.*

Reconciliation for Revenue from operations to Gross Margin (%)

(₹ in lakhs, except as otherwise stated)

Particular	Three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gross Margin				
Revenue from operations (A)	23,002.16	78,853.37	57,728.37	38,657.07
Purchase of stock-in-trade (B)	19,242.56	63,432.49	46,328.61	26,084.91
Changes in inventory of stock-in-trade (C)	(3,223.57)	(8,994.00)	(5,216.17)	2,081.89
Cost of Goods Sold (D=B+C)	16,018.99	54,438.49	41,112.44	28,166.80
Gross Margin (E=A-D)	6,983.17	24,414.88	16,615.93	10,490.26
Gross Margin (%) (F=E/A)	**30.36%**	**30.96%**	**28.78%**	**27.14%**

Reconciliation of Profit for the period/ year to EBITDA and EBITDA margin (%)

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Profit for the period/ year (A)	1,815.65	6,029.92	2,338.80	475.72
Total tax expense (B)	613.71	2,037.83	813.79	196.61
Profit before tax (C=A+B)	**2,429.36**	**8,067.65**	**3,152.59**	**672.33**
Finance costs (D)	379.77	1,416.06	1,667.28	1,703.43
Depreciation and amortization expense (E)	1,072.66	3,463.09	3,150.86	3,251.95
EBITDA (F=C+D+E)	**3,881.79**	**12,946.80**	**7,970.73**	**5,627.71**
Revenue from operations (G)	23,002.16	78,853.37	57,728.37	38,657.07
Other income (H)	468.59	1,456.04	1,277.83	1,642.62
Total Income (I=G+H)	**23,470.75**	**80,309.41**	**59,006.20**	**40,299.69**
EBITDA margin (%) (J=F/I)	**16.54%**	**16.12%**	**13.51%**	**13.96%**

Reconciliation of Total Borrowings to Total Debts

(₹ in lakhs, except as otherwise stated)

Particulars	As at June 30, 2023	As at March 31,		
		2023	2022	2021
Current				
Borrowings(A)	91.67	87.25	3,177.81	3,490.61
Lease liabilities(B)	2,570.26	2,356.75	2,238.40	1,910.90
Non-current				
Borrowings(C)	724.45	711.77	2,764.42	1,708.22
Lease liabilities(D)	10,724.21	8,916.80	7,948.57	6,908.47
Total Debts (A+B+C+D)	**14,110.59**	**12,072.57**	**16,129.20**	**14,018.20**

Reconciliation of Total Equity to Debt to Equity Ratio and Capital Employed

(₹ in lakhs, except as otherwise stated)

Particulars	As at June 30, 2023	As at March 31,		
		2023	2022	2021
Equity				
Equity share capital (A)	2,334.92	2,334.92	1,907.82	1,821.28
Other equity (B)	62,636.98	60,814.72	21,260.67	13,872.21
Non controlling interest (C)	0.00	0.00	0.00	0.00
Total Equity (D=A+B+C)	**64,971.90**	**63,149.64**	**23,168.49**	**15,693.49**
Total Debt (E)	**14,110.59**	**12,072.57**	**16,129.20**	**14,018.20**
Debt to Equity Ratio (F=E/D)	**0.22**	**0.19**	**0.70**	**0.89**
Capital Employed (G=D+E)	**79,082.49**	**75,222.21**	**39,297.69**	**29,711.69**

Reconciliation of Profit for the period/ year to EBIT and Return on Capital Employed (%)

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023*	Fiscal 2023	Fiscal 2022	Fiscal 2021
Profit for the year/ period (A)	1,815.65	6,029.82	2,338.80	475.72
Total tax expense (B)	613.71	2,037.83	813.79	196.61
Profit before tax (C=A+B)	**2,429.36**	**8,067.65**	**3,152.59**	**672.33**
Finance costs (D)	379.77	1,416.06	1,667.28	1,703.43
EBIT (E=D+C)	**2,809.13**	**9,483.71**	**4,819.87**	**2,375.76**
Capital Employed (F)	79,082.49	75,222.21	39,297.69	29,711.69
Return on Capital Employed (G=E/F)	**3.55%**	**12.61%**	**12.27%**	**8.00%**

**not annualised*

Reconciliation of Profit for the period/ year to Return on Equity

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023*	Fiscal 2023	Fiscal 2022	Fiscal 2021
Profit for the period/ year (A)	1,815.65	6,029.82	2,338.80	475.72
Total Equity at the beginning of the period/ year (B)	63,149.64	23,168.49	15,693.49	15,221.72
Total Equity at the end of the period/ year (C)	64,971.90	63,149.64	23,168.49	15,693.49
Average Equity (D=(B+C)/2)	64,060.77	43,159.07	19,430.99	15,457.61
Return on Equity (E=A/D)	**2.83%**	**13.97%**	**12.04%**	**3.08%**

**not annualised*

Reconciliation of Profit for the period/ year to Net Profit Ratio

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Profit for the period/ year (A)	1,815.65	6,029.82	2,338.80	475.72
Revenue from operations (B)	23,002.16	78,853.37	57,728.37	38,657.07
Net Profit Ratio (C=A/B)	**7.89%**	**7.65%**	**4.05%**	**1.23%**

Reconciliation of Profit for the period/year to Earnings before interest, Depreciation and amortization expense and after tax (EBIDA) and Interest Coverage Ratio

(₹ in lakhs, except as otherwise stated)

Particulars	Three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Profit for the period/ year (A)	**1,815.65**	**6,029.92**	**2,338.80**	**475.72**
Finance costs (B)	379.77	1,416.06	1,667.28	1,703.43
Depreciation and amortization expense (C)	1,072.66	3,463.09	3,150.86	3,251.95
Earnings before interest, Depreciation and amortization expense and after tax (EBIDA) (D=A+B+C)	**3,268.08**	**10,908.97**	**7,156.94**	**5,431.10**
Interest coverage ratio (E=D/B)	**8.61**	**7.70**	**4.29**	**3.19**

Reconciliation Total Current Assets and Total Current Liabilities to Current Ratio

(₹ in lakhs, except as otherwise stated)

Particulars	As at June 30, 2023	As at March 31,		
		2023	2022	2021
Total Current Assets (A)	66,851.79	63,852.60	33,642.26	25,652.79
Total Current Liabilities (B)	17,717.34	14,951.92	16,344.96	14,796.35
Current Ratio (C=A/B)	**3.77**	**4.27**	**2.06**	**1.73**

RESULTS OF OPERATIONS OF OUR COMPANY FOR THE THREE MONTHS PERIOD ENDED ON JUNE 30, 2023

The following table sets forth select financial information derived from our Company's special purpose interim unaudited condensed consolidated financial statements for the three months period ended June 30, 2023, the components of which are also expressed as a percentage of total income for such periods:

(₹ in lakhs, except percentages)

Particulars	Three months period ended June 30, 2023	
	Amount	Percentage of Total Income (%)
Income		
Revenue from operations	23,002.16	98.00
Other income	468.59	2.00
Total income (I)	**23,470.75**	**100.00**
Expenses		
Purchase of stock-in-trade	19,242.56	81.99
Changes in inventory of stock-in-trade	(3,223.57)	(13.73)
Employee benefits expense	1,737.42	7.40
Finance costs	379.77	1.62
Depreciation and amortization expenses	1,072.66	4.57
Other expenses	1,853.67	7.90
Total expenses (II)	**21,062.51**	**89.74**

(₹ in lakhs, except percentages)

Particulars	Three months period ended June 30, 2023	
	Amount	Percentage of Total Income (%)
Profit before share of joint venture and tax (III=I-II)	2,408.24	10.26
Share of profit of joint ventures (net of income tax) (IV)	21.12	0.09
Profit before tax (V=III-IV)	**2,429.36**	**10.35**
Tax expense comprising		
Current tax	599.51	2.55
Deferred tax	14.20	0.06
Total tax expense (VI)	**613.71**	**2.61**
Profit for the period (VII=V-VI)	**1,815.65**	**7.74**

Three months period ended June 30, 2023

Income

Our total income during the three months period ended June 30, 2023 was ₹23,470.75 lakhs which is primarily due to organic growth in the business of our Company. Our total income comprises of the following:

Revenue from operations

Our revenue from operations was ₹23,002.16 lakhs during the three months period ended June 30, 2023. As a percentage of total income, revenue from operations was 98.00% of during the three months period ended June 30, 2023. Our revenue from operations in the three months period ended June 30, 2023, included sale of products and sale of services.

Other income

Our other income was ₹468.59 lakhs during the three months period ended June 30, 2023. As a percentage of total income, other income was 2.00% during the three months period ended June 30, 2023.

Expenses

The total expenses was ₹21,062.51 lakhs during the three months period ended June 30, 2023. As a percentage to total income, total expenses was 89.74% during the three months period ended June 30, 2023. Our total expenses comprises of the following:

Purchase of stock-in-trade and Changes in inventory of stock-in-trade

Our purchase of stock-in-trade was ₹19,242.56 lakhs during the three months period ended June 30, 2023. As a percentage of total income, purchase of stock-in-trade was 81.99% during the three months period ended June 30, 2023. Further, our changes in inventory of stock-in-trade was ₹(3,223.57) lakhs during the three months period ended June 30, 2023. As a percentage of total income, changes in inventories of stock-in-trade was (13.73)% during the three months period ended June 30, 2023.

Employee benefits expense

Our employee benefits expense was ₹1,737.42 lakhs during the three months period ended June 30, 2023. As a percentage of total income, employee benefit expense was 7.40% during the three months period ended June 30, 2023.

Finance costs

Our finance cost was ₹379.77 lakhs during the three months period ended June 30, 2023. As a percentage of total income, finance cost was 1.62% during the three months period ended June 30, 2023. Our finance costs in the three months period ended June 30, 2023, included interest expense on borrowings, interest on lease liabilities, interest on delay in deposit of income tax and other borrowing cost.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses was ₹1,072.66 lakhs during the three months period ended June 30, 2023. As percentage of total income, depreciation and amortisation expenses was 4.57% during the three months period ended June 30, 2023. Our depreciation and amortisation expenses during the three months period ended June 30, 2023, included depreciation of property, plant and equipment, amortisation of intangible assets and deprecation of right-of-use of assets.

Other expenses

Our other expenses was ₹1,853.67 lakhs during the three months period ended June 30, 2023. As percentage of total income, other expenses was 7.90% during the three months period ended June 30, 2023. The other expenses during the three months period ended June 30, 2023, primarily include service cost expenses, rent, repair and maintenance, advertisement and ales promoter, travelling and conveyance and bank charges.

Profit before Tax

For the reasons discussed above our profit before tax was ₹2,429.36 lakhs for the three months period ended June 30, 2023.

Tax expense

Total tax expense during the period ended June 30, 2023 was ₹613.71 lakhs, including ₹599.51 lakhs of current tax. In addition, there was a deferred tax charge of ₹14.20 lakhs in the period ended June 30, 2023.

Profit for the period

Profit for the period was ₹1,815.65 lakhs during the three months period ended June 30, 2023, resulting in a profit for the period, as a percentage of total income is 7.74%.

RESULTS OF OPERATIONS OF OUR COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023, MARCH 31, 2022 AND MARCH 31, 2021

The following table sets forth select financial information derived from our Company's audited consolidated financial statements for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021, the components of which are also expressed as a percentage of total income for such periods:

(₹ in lakhs, except for percentages)

Particulars	**Year ended March 31,**					
	2023		**2022**		**2021**	
	Amount	**Percentage of Total Income (%)**	**Amount**	**Percentage of Total Income (%)**	**Amount**	**Percentage of Total Income (%)**
Revenue from operations	78,853.37	98.19	57,728.37	97.83	38,657.07	95.92
Other income	1,456.04	1.81	1,277.83	2.17	1,642.62	4.08
Total income (I)	**80,309.41**	**100.00**	**59,006.20**	**100.00**	**40,299.69**	**100.00**
Expenses						
Purchase of stock-in-trade	63,432.49	78.99	46,328.61	78.51	26,084.91	64.73
Changes in inventory of stock-in-trade	(8,994.00)	(11.20)	(5,216.17)	(8.84)	2,081.89	5.17
Employee benefits expense	5,268.17	6.56	4,238.15	7.18	2,920.31	7.25
Finance cost	1,416.06	1.76	1,667.28	2.83	1,703.43	4.23
Depreciation and amortisation expense	3,463.09	4.31	3,150.86	5.34	3,251.95	8.07
Other expenses	7,705.63	9.59	5,687.28	9.64	3,598.37	8.93
Total expenses (II)	**72,291.44**	**90.02**	**55,856.01**	**94.66**	**39,640.86**	**98.37**
Profit before share of joint venture and tax (III=I-II)	8,017.97	9.98	3,150.19	5.34	658.83	1.63
Share of profit of joint venture (net of income tax) (IV)	49.68	0.06	2.40	0.00	13.50	0.03

(₹ in lakhs, except for percentages)

Particulars	Year ended March 31,					
	2023		2022		2021	
	Amount	Percentage of Total Income (%)	Amount	Percentage of Total Income (%)	Amount	Percentage of Total Income (%)
Profit before tax (V=III-IV)	**8,067.65**	**10.05**	**3,152.59**	**5.34**	**672.33**	**1.67**
Tax expense, comprising						
Current tax	1,986.29	2.47	898.57	1.52	289.43	0.72
Deferred tax	51.54	0.06	(84.78)	(0.14)	(92.82)	(0.23)
Total tax expense (VI)	**2,037.83**	**2.54**	**813.79**	**1.38**	**196.61**	**0.49**
Profit for the year (VII=V-VI)	**6,029.82**	**7.51**	**2,338.80**	**3.96**	**475.72**	**1.18**

Fiscal 2023 compared to Fiscal 2022

Income

Our total income during the Fiscal 2023 was ₹80,309.41 lakhs as compared to ₹59,006.20 lakhs during the Fiscal 2022, representing an increase of 36.10%. Our total income comprises of the following:

Revenue from operations

Our revenue from operations during the Fiscal 2023 was ₹78,853.37 lakhs compared to ₹57,728.37 lakhs during the Fiscal 2022, representing an increase on 36.59%. The increase was primarily due to increase in brands and increase in new stores. Further, the increase was also primarily driven by organic growth in the business of our Company.

Other income

Our other income during the Fiscal 2023 was ₹1,456.04 lakhs compared to ₹1,277.83 lakhs during the Fiscal 2022, representing an increase of 13.95%. The increase was primarily attributable to interest on fixed deposit in Fiscal 2023 which is partially offset with rent waiver on lease liabilities on account of the Covid- 19 pandemic in Fiscal 2022.

Expenses

The total expenses incurred by our Company during the Fiscal 2023 was ₹72,291.44 lakhs compared to ₹55,856.01 lakhs during the Fiscal 2022, representing an increase of 29.42%. Our total expenses comprises of the following:

Purchase of stock-in-trade and Changes in inventory of stock-in-trade

Our purchase of stock-in-trade during the Fiscal 2023 was ₹63,432.49 lakhs compared to ₹46,328.61 lakhs during the Fiscal 2022, representing an increase of 36.92%. Our changes in inventory of stock-in-trade during the Fiscal 2023 was ₹(8,994.00) lakhs compared to ₹(5,216.17) lakhs during the Fiscal 2022, representing an increase of 72.43%. The overall increase was primarily due to corresponding increase in sales on account of organic growth, increase in brands and opening of new stores.

Employee benefits expense

Our employee benefits expense during the Fiscal 2023 was ₹5,268.17 lakhs compared to ₹4,238.15 lakhs during the Fiscal 2022, representing an increase of 24.30%. The increase was primarily due to new hirings in Fiscal 2023 to cater the requirement of expansion of store operations.

Finance costs

Our finance cost during the Fiscal 2023 was ₹1,416.06 lakhs compared to ₹1,667.28 lakhs during Fiscal 2022, representing a decrease of 15.07%. The decrease was primarily due repayment of long-term borrowings in Fiscal 2023, which is partially offset with increase in interest on lease liabilities.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses during the Fiscal 2023 was ₹3,463.09 lakhs compared to ₹3,150.86 lakhs during the Fiscal 2022, representing an increase of 9.91%. The increase was primarily due to increase in depreciation of new store asset and depreciation of right-of-use of assets.

Other expenses

Our other expenses during the Fiscal 2023 was ₹7,705.63 lakhs compared to ₹5,687.28 lakhs during the Fiscal 2022, representing an increase of 35.49%. The increase was primarily on account of increase in advertisement and sales promotion, travelling and conveyance, foreign exchange loss, store rent, power, bank charges, legal and professional fees, courier charges, repair and maintenance including service cost, director sitting fee and others.

Profit before Tax

For the reasons discussed above our profit before tax for the Fiscal 2023 was ₹8,067.65 lakhs as compared to ₹3,152.59 lakhs during the Fiscal 2022, representing an increase of 155.91%.

Tax expense

Total tax expense during the Fiscal 2023 was ₹2,037.83 lakhs as compared to ₹813.79 lakhs during the Fiscal 2022. The increase in tax expense is due to increase in taxable income earned due to organic increase in sale, addition of brands at stores and opening of new stores.

Profit for the year

Profit for the year during the Fiscal 2023 was ₹6,029.82 lakhs as compared to ₹2,338.80 lakhs during the Fiscal 2022. Our profit for the year, as a percentage of total income increased from 7.51% during the Fiscal 2023 to 3.96% during the Fiscal 2022, as a result of the factors described above.

Fiscal 2022 compared to Fiscal 2021

Income

Our total income during the Fiscal 2022 was ₹59,006.20 lakhs as compared to ₹40,299.69 lakhs during the Fiscal 2021, representing an increase of 46.42%. Our total income comprises of the following:

Revenue from operations

Our revenue from operations during the Fiscal 2022 was ₹57,728.37 lakhs compared to ₹38,657.07 lakhs during the Fiscal 2021, representing an increase on 49.33%. The increase in revenue during the Fiscal 2022 as compared to Fiscal 2021 was primarily due to organic growth of sale and due to COVID-19 impact.

Other income

Our other income during the Fiscal 2022 was ₹1,277.83 lakhs compared to ₹1,642.62 lakhs during the Fiscal 2021, representing a decrease of 22.21%. The decrease was primarily due to decrease in rent waiver on lease liabilities in Fiscal 2022 as compared Fiscal 2021 on account of COVID-19 impact in Fiscal 2021.

Expenses

The total expenses incurred by our Company during the Fiscal 2022 was ₹55,856.01 lakhs compared to ₹39,640.86 lakhs during the Fiscal 2021, representing an increase of 40.91%. Our total expenses comprises of the following:

Purchase of stock-in-trade and Changes in inventory of stock-in-trade

Our purchase of stock-in-trade during the Fiscal 2022 was ₹46,328.61 lakhs compared to ₹26,084.91 lakhs during the Fiscal 2021, representing an increase of 77.61%. Our changes in inventory of stock-in-trade during the Fiscal

2022 was ₹(5,216.17) lakhs compared to ₹2,081.89 lakhs during the Fiscal 2021, representing a decrease of 350.55%. The overall increase in cost was primarily due corresponding increase in sale in Fiscal 2022 as compared to Fiscal 2021 on account of COVID-19 impact.

Employee benefits expense

Our employee benefits expense during the Fiscal 2022 was ₹4,238.15 lakhs compared to ₹2,920.31 lakhs during the Fiscal 2021, representing an increase of 45.13%. The increase was primarily due to increase in hiring during Fiscal 2022.

Finance costs

Our finance cost during the Fiscal 2022 was ₹1,667.29 lakhs compared to ₹1,703.43 lakhs during Fiscal 2021, representing a decrease of 2.12%. The decrease was primarily due to decrease in interest on borrowings.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses during the Fiscal 2022 was ₹3,150.86 lakhs compared to ₹3,251.95 lakhs during the Fiscal 2021, representing a decrease of 3.11%. The decrease was primarily attributable to depreciation of store assets.

Other expenses

Our other expenses during the Fiscal 2022 was ₹5,687.28 lakhs compared to ₹3,598.37 lakhs during the Fiscal 2021, representing an increase of 58.05%. The increase was primarily on account of increase in advertisement and sales promotion, rates and taxes, travelling and conveyance, foreign exchange loss, store rent, power, bank charges, legal and professional fees, courier charges, repair and maintenance including service cost, director sitting fee and others.

Profit before Tax

For the reasons discussed above our profit before tax for the Fiscal 2022 was ₹3,152.59 lakhs as compared to ₹672.33 lakhs during the Fiscal 2021, representing an increase of 368.91%.

Tax expense

Total tax expense during the Fiscal 2022 was ₹813.79 lakhs as compared to ₹196.91 lakhs during the Fiscal 2021. The increase in tax expense is due to increase in taxable income earned due to organic increase in sale, addition of brands at stores and addition of new stores.

Profit for the year

Profit for the year during the Fiscal 2022 was ₹2,338.80 lakhs as compared to ₹475.72 lakhs during the Fiscal 2021. Our profit for the year, as a percentage of total income increased from 3.96% during the Fiscal 2022 to 1.18% during the Fiscal 2021, as a result of the factors described above.

CASH FLOWS

The following table summarizes our consolidated cash flow for the three months period ended June 30, 2023 and Fiscals 2023, 2022 and 2021:

(₹ in lakhs)

Particulars	Three months period ended June 30, 2023	For the year ended March 31,		
		2023	2022	2021
Net cash flow from/ (used in) Operating Activities	(668.02)	(214.53)	1,664.60	6,345.16
Net cash flow from/ (used in) Investing Activities	4,470.26	(25,621.37)	(2,377.50)	(1,003.68)
Net cash flow from/ (used in) Financing Activities	(1,036.19)	24,856.45	2,650.39	(4,494.25)
Net increase / (decrease) in cash and cash equivalent	**2,766.05**	**(979.45)**	**1,937.49**	**847.23**

Cash flow from/ (used in) Operating Activities

Three months period ended June 30, 2023

Net cash flow used in operating activities for three months period ended June 30, 2023, was ₹(668.02) lakhs. Though our profit before income tax was ₹2,429.36 lakhs, we had cash generated from operations before working capital changes of ₹3,456.96 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹1,072.66 lakhs, interest expenses of ₹379.77 lakhs, unrealised foreign exchange loss of ₹15.32 lakhs, effect of exchange rate on translation of operation cash flows of ₹6.61 lakhs, allowance for doubtful advances/ recoverable/ security deposit of ₹27.14 lakhs and advances/ deposits/ bad debts written off (net) of ₹2.50 lakhs which was partially offset by interest income of ₹(407.67) lakhs, provisions/ liabilities no longer required written back of ₹(47.61) lakhs and share of profit of joint ventures of ₹(21.12) lakhs. This was further adjusted for working capital changes, which primarily consisted increase in loans of ₹(24.27) lakhs, decrease in other financial assets of ₹190.15 lakhs, increase in other assets of ₹(592.56) lakhs, increase in inventories of ₹(3,223.57) lakhs, increase in trade receivables of ₹(783.71) lakhs, increase in provisions of ₹36.20 lakhs, increase in trade payables of ₹510.52 lakhs, increase in other financial liabilities of ₹125.66 lakhs and increase in other current liabilities of ₹29.28 lakhs. As a result, cash used in operations for the three months period ended June 30, 2023 was ₹(275.34) lakhs before adjusting for income tax paid (net) of ₹(392.68) lakhs.

Fiscal 2023

Net cash flow used in operating activities for Fiscal 2023, was ₹(214.53) lakhs. Though our profit before income tax was ₹8,067.65 lakhs, we had cash generated from operations before working capital changes of ₹11,512.50 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹3,463.09 lakhs and interest expenses of ₹1,404.56 lakhs which was partially offset by interest income of ₹(1,193.99) lakhs and provisions/ liabilities no longer required written back of ₹(147.42) lakhs. This was further adjusted for working capital changes, which primarily consisted increase in loans of ₹(0.34) lakhs, increase in other financial assets of ₹(953.36) lakhs, increase in other assets of ₹(1,432.41) lakhs, increase in inventories of ₹(8,994.00) lakhs, increase in trade receivables of ₹(108.22) lakhs, increase in provisions of ₹92.21 lakhs, increase in trade payables of ₹1,406.13 lakhs, increase in other financial liabilities of ₹146.53 lakhs and increase in other current liabilities of ₹148.67 lakhs. As a result, cash from operations for the Financial Year 2023 was ₹1,817.71 lakhs before adjusting for income tax paid (net) of ₹(2,032.24) lakhs.

Fiscal 2022

Net cash flow from operating activities for Fiscal 2022, was ₹1,664.60 lakhs. Though our profit before income tax was ₹3,152.59 lakhs, we had cash generated from operations before working capital changes of ₹6,965.61 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹3,150.86 lakhs, interest expenses of ₹1,611.28 lakhs, and advances/ deposits/ bad debts written off of ₹269.19 lakhs which was partially offset by rent waiver on lease liabilities of ₹(804.46) lakhs, interest income of ₹(203.43) lakhs and provisions/ liabilities no longer required written back of ₹(106.86) lakhs. This was further adjusted for working capital changes, which primarily consisted increase in loans of ₹(2.69) lakhs, increase in other financial assets of ₹(4.06) lakhs, increase in other assets of ₹(1,504.05) lakhs, increase in inventories of ₹(5,216.17) lakhs, decrease in trade receivables of ₹693.82 lakhs, increase in provisions of ₹62.34 lakhs, increase in trade payables of ₹1,220.43 lakhs, increase in other financial liabilities of ₹39.62 lakhs and increase in other current liabilities of ₹387.06 lakhs. As a result, cash from operations for the Financial Year 2022 was ₹2,641.91 lakhs before adjusting for income tax paid (net) of ₹(977.31) lakhs.

Fiscal 2021

Net cash flow from operating activities for Fiscal 2021, was ₹6,345.16 lakhs. Though our profit before income tax was ₹672.33 lakhs, we had cash generated from operations before working capital changes of ₹4,017.50 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹3,251.95 lakhs and interest expenses of ₹1,695.17 lakhs, which was partially offset by rent waiver on lease liabilities of ₹(1,402.22) lakhs and interest income of ₹(110.34) lakhs. This was further adjusted for working capital changes, which primarily consisted increase in loans of ₹(8.93) lakhs, decrease in other financial assets of ₹190.43 lakhs, decrease in other assets of ₹808.79 lakhs, decrease in inventories of ₹2,081.89 lakhs, increase in trade receivables of ₹(315.19) lakhs, increase in provisions of ₹34.15 lakhs, increase in trade payables of ₹21.26 lakhs, decrease in other financial liabilities of ₹(125.14) lakhs and decrease in other current liabilities of ₹(87.47) lakhs. As a result, cash from

operations for the Financial Year 2021 was ₹6,617.29 lakhs before adjusting for income tax paid (net) of ₹(272.13) lakhs.

Cash flow from/ (used in) Investing Activities

Three months period ended June 30, 2023

Net cash from investing activities was ₹4,470.26 lakhs primarily on account of acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances) of ₹(879.60) lakhs, investment in bank deposits (having original maturity of more than three months) of ₹5,230.90 lakhs and interest received of ₹118.96 lakhs.

Fiscal 2023

Net cash used in investing activities was ₹(25,621.37) lakhs primarily on account of acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances) of ₹(5,663.64) lakhs, proceeds from sale of property, plant and equipment of ₹108.95 lakhs, payment towards purchase of investments of ₹(112.76) lakhs, investment in bank deposits (having original maturity of more than three months) of ₹(20,708.48) lakhs and interest received of ₹754.56 lakhs.

Fiscal 2022

Net cash used in investing activities was ₹(2,377.50) lakhs primarily on account of acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances) of ₹(2,373.36) lakhs, proceeds from sale of property, plant and equipment of ₹19.76 lakhs, payment towards purchase of investments of ₹(75.00) lakhs, investment in bank deposits (having original maturity of more than three months) of ₹(10.93) lakhs and interest received of ₹62.03 lakhs.

Fiscal 2021

Net cash used in investing activities was ₹(1,003.68) lakhs primarily on account of acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances) of ₹(959.51) lakhs, proceeds from sale of property, plant and equipment of ₹15.00 lakhs, investment in bank deposits (having original maturity of more than three months) of ₹(74.70) lakhs and interest received of ₹15.53 lakhs.

Cash flow from/ (used in) Financing Activities

Three months period ended June 30, 2023

Net cash used in financing activities was ₹(1,036.19) lakhs primarily due to proceeds from non-current borrowings of ₹26.75 lakhs, repayment of non-current borrowings of ₹(9.54) lakhs, proceeds from/ repayment of other current borrowings of ₹(0.08) lakhs, payment of principal portion of lease liabilities of ₹(686.77) lakhs, interest paid on lease liabilities of ₹(357.15) lakhs and interest expense paid of ₹(9.40) lakhs.

Fiscal 2023

Net cash from financing activities was ₹24,856.45 lakhs primarily due to proceeds from issue of equity share capital (including premium) of ₹37,500.00 lakhs, share issue expenses of ₹(3,531.05) lakhs, proceeds from non-current borrowings of ₹178.60 lakhs, repayment of non-current borrowings of ₹(3,081.45) lakhs, proceeds from/ repayment of other current borrowings (net) of ₹(2,240.36) lakhs, payment of principal portion of lease liabilities of ₹(2,402.73) lakhs, interest paid on lease liabilities of ₹(1,152.91) lakhs and interest expense paid of ₹(413.65) lakhs.

Fiscal 2022

Net cash from financing activities was ₹2,650.39 lakhs primarily due to proceeds from issue of equity share capital (including premium) of ₹5,144.36 lakhs, share issue expenses of ₹(384.58) lakhs, proceeds from non-current borrowings of ₹2,225.63 lakhs, repayment of non-current borrowings of ₹(1,084.32) lakhs, proceeds from/ repayment of other current borrowings (net) of ₹(397.91) lakhs, payment of principal portion of lease liabilities

of ₹(1,204.74) lakhs, interest paid on lease liabilities of ₹(1,020.83) lakhs and interest expense paid of ₹(627.22) lakhs.

Fiscal 2021

Net cash used in financing activities was ₹(4,494.25) lakhs primarily due to proceeds from non-current borrowings of ₹1,145.89 lakhs, repayment of non-current borrowings of ₹(848.75) lakhs, proceeds of current borrowings having maturity period of more than 3 months of ₹218.30 lakhs, repayments of current borrowings having maturity period of more than 3 months of ₹(212.60) lakhs, proceeds from / repayment of other current borrowings (net) of ₹(2,678.70) lakhs, payment of principal portion of lease liabilities of ₹(467.64) lakhs, interest paid on lease liabilities of ₹(1,062.12) lakhs and interest expense paid of ₹(588.62) lakhs.

FINANCIAL INDEBTEDNESS

Our total borrowings as on June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was ₹816.12 lakhs, ₹799.02 lakhs, ₹5,942.23 lakhs and ₹5,198.83 lakhs, respectively.

(₹ in lakhs)

Particulars	As on June 30, 2023	As on March 31		
		2023	2022	2021
Current				
Borrowings	91.67	87.25	3,177.81	3,490.61
Lease liabilities	2,570.26	2,356.75	2,238.40	1,910.90
Non-current				
Borrowings	724.45	711.77	2,764.42	1,708.22
Lease Liabilities	10,724.21	8,916.80	7,948.57	6,908.47
Total Indebtedness	**14,110.59**	**12,072.57**	**16,129.20**	**14,018.20**

CONTINGENT LIABILITIES

Contingent liabilities as per Ind AS 37 as at June 30, 2023 and March 31, 2023 are described below:

(₹ in lakhs)

Particulars	As at June 30, 2023	As at March 31, 2023
Income tax matters	364.86	364.86
Excise duty matters	47.08	47.08
Value added tax matters	-	3,330.03
Customs duty matters	12.97	12.97
Goods and services tax matters	12.15	12.15

CAPITAL COMMITMENTS

As at June 30, 2023 and March 31, 2023, the estimated amount of contract remaining to be executed on capital account and not provided in the books are as follows:

(₹ in lakhs)

Particulars	As at June 30, 2023	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	267.43	471.71

CAPITAL EXPENDITURE

Our capital expenditures primarily relate to the purchase of furniture and fittings, office equipment, leasehold improvements, plant and equipment, vehicles, computer software, business Intelligence and website. Our acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances) were ₹879.60 lakhs, ₹5,663.64 lakhs, ₹2,373.36 lakhs and ₹959.51 lakhs for the three months period ended June 30, 2023 and Fiscals 2023, 2022, 2021, respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. Post completion of Initial Public Offer, The Company has repaid all working capital loans / limits and part of shareholder deposits and also, surrendered the sanctioned borrowing limits

Interest Rate Risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Product Price Risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavorably from the markets, the Group negotiates with its vendors for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

Foreign Currency Risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are CHF, USD, GBP, AED, AUD, CAD, SGD and EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward

contracts.

RELATED PARTY TRANSACTIONS

For details, please see the chapter titled "*Related Party Transactions*" beginning on page 40.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our Company's accounting policies during the last three financial years and three months period ended June 30, 2023.

SUMMARY OF RESERVATIONS OR QUALIFICATIONS OR ADVERSE REMARKS OR EMPHASIS OF MATTER IN THE AUDITORS' REPORT IN THE LAST FIVE FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF FILING THIS PLACEMENT DOCUMENT.

Except as stated below our auditor have not made any reservations or qualifications or adverse remarks or emphasis of matter in their reports in the last five Financial Years immediately preceding the year of filing this Placement Document:

Financial year/ period ended	**Reservation/ qualifications/ matter of emphasis/ adverse remarks**	**Impact on the financial statements and financial position of the Company**	**Corrective steps taken and/ or proposed to be taken by the Company***
March 31, 2023	Nil	Nil	Not Applicable
March 31, 2022	**CARO Qualifications**: Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.	Nil	Not Applicable
March 31, 2021	**CARO Qualifications** The Statutory Auditor has been informed that during the current year, the e-mail account of one of the Vendor of the Company was hacked and based on the communication received from the hacked account, the Company transferred an amount of CHF 56,833.45 i.e. INR 45.67 lakhs on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank. The Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Furthermore, the Vendor also filed a complaint with the Swiss Authorities to recover the amount involved. Though, the Company is putting in its best efforts to recover the amount, the management has made provision amounting to INR 22.85 lakhs against the total amount of INR 45.67 lakhs involved in the said fraud. **Emphasis of matter**: The Statutory Auditor has drawn attention to the note in consolidated Ind AS financial statements, which describes	Nil	Company has made the appropriate provision in books of accounts.

Financial year/ period ended	Reservation/ qualifications/ matter of emphasis/ adverse remarks	Impact on the financial statements and financial position of the Company	Corrective steps taken and/ or proposed to be taken by the Company*
	the uncertainties and impact of COVID-19 pandemic on the Group's operations and results as assessed by the management. Their opinion is not modified in respect of this matter.		
March 31, 2020	**Emphasis of matter**: The Statutory Auditor has drawn attention to the note in consolidated Ind AS financial statements, which describes the uncertainties and impact of COVID-19 pandemic on the Group's operations and results as assessed by the management. Their opinion is not modified in respect of this matter.	Nil	Not Applicable
March 31, 2019	Nil	Nil	Not Applicable

SIGNIFICANT DEVELOPMENT AFTER JUNE 30, 2023

Except as stated below, as on the date of this Placement Document there have been no circumstances that have arisen since the date of the last reviewed financial statements as disclosed in this Placement Document which materially or adversely affect or are likely to affect, the trading or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months:

1. Our Company has recently opened a new store under luxury luggage category in Mumbai, Maharashtra admeasuring an area of approximately 47 square meters for retailing luxury luggage products in India.

INDUSTRY OVERVIEW

*Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been obtained or derived from the report titled "Industry Report on Premium and Luxury Watch Retail in India" dated October 18, 2023 ("**Industry Report**"), which is a report commissioned and paid for by our Company and prepared by Technopak Advisors Private Limited ("**Technopak**") pursuant to an engagement letter dated October 3, 2023, in connection with the Issue.*

Overview of Indian Economy

GDP and GDP Growth

India is the world's 5th largest economy and expected to be in top 3 global economies by FY 2028

India ranked fifth in the world in terms of nominal gross domestic product ("GDP") for FY 2023 and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is expected to be ~USD 5.2 trillion economy by FY 2028 and is estimated to be the third largest economy surpassing Germany and Japan.

Exhibit 1: GDP at current prices (Nominal GDP) (In USD Tn) and GDP Ranking of Key Global Economies (CY 2022)

Country	Rank in GDP (CY 22)	Rank in GDP (PPP)	2017	2018	2019	2020	2021	2022	2023 P	2024 P	2025 P	2027 P	CARG (CY 2017 - 22)	CARG (CY 2022 - 27)
USA	1	2	19.5	20.5	21.4	21.1	23.3	25.5	26.9	27.8	28.8	31.1	5.5%	4.1%
China	2	1	12.3	13.9	14.3	14.7	17.8	18.0	19.4	20.9	22.4	25.7	7.9%	7.4%
Japan	3	4	4.9	5.0	5.1	5.0	5.0	4.2	4.4	4.5	4.7	5.1	-2.9%	3.7%
Germany	4	5	3.7	4.0	3.9	3.9	4.3	4.0	4.3	4.4	4.6	5.0	1.6%	4.6%
India	**5**	**3**	**2.7**	**2.7**	**2.8**	**2.7**	**3.1**	**3.4**	**3.7**	**4.1**	**4.4**	**5.2**	**4.4%**	**9.2%**
UK	6	9	2.7	2.9	2.9	2.7	3.1	3.1	3.1	3.4	3.6	4.0	2.8%	5.2%
Australia	12	20	1.3	1.4	1.4	1.3	1.6	1.7	1.7	1.7	1.8	1.9	5.5%	2.2%
Spain	15	16	1.3	1.4	1.4	1.3	1.4	1.4	1.6	1.6	1.6	1.7	1.5%	4.0%
Russia	8	6	1.6	1.7	1.7	1.5	1.8	2.2	2.1	2.1	2.2	2.2	6.6%	0.3%
Brazil	11	8	2.1	1.9	1.9	1.5	1.7	1.9	2.1	2.2	2.3	2.6	-2.0%	6.4%
World	-	-	**81.4**	**86.5**	**87.7**	**85.0**	**96.5**	**101.0**	**105.6**	**110.8**	**116.5**	**128.5**	**4.4%**	**4.9%**

Source: World Bank Data, IMF, RBI; CY 2017 for India refers to FY 2018 data and so on.
1 USD= INR 80

Exhibit 2: GDP at constant prices (Real GDP) (In USD Tn) for Key Global Economies (CY)

Country	2016 (Base Year)	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2026P	2027P	CARG (CY 2017 - 22)	CARG (CY 2022 - 27)
USA	18.5	18.9	19.5	19.9	19.3	20.5	20.9	21.3	21.5	21.9	22.3	22.8	2.0%	1.7%
China	11.8	12.6	13.5	14.3	14.6	15.8	16.3	17.1	17.9	18.6	19.4	20.1	5.3%	4.3%
Japan	4.5	4.6	4.6	4.6	4.4	4.5	4.5	4.6	4.6	4.7	4.7	4.7	-0.2%	0.8%
Germany	3.4	3.5	3.5	3.6	3.4	3.5	3.6	3.6	3.6	3.7	3.8	3.8	0.5%	1.2%
India	**2.3**	**2.5**	**2.6**	**2.7**	**2.6**	**2.8**	**3.0**	**3.2**	**3.4**	**3.6**	**3.8**	**4.0**	**4.0%**	**6.1%**
UK	3	3.1	3.1	3.2	2.8	3.0	3.2	3.2	3.2	3.3	3.3	3.4	0.6%	1.3%
Australia	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.8	2.3%	2.0%
Spain	1.2	1.2	1.3	1.3	1.1	1.2	1.3	1.3	1.3	1.3	1.4	1.4	0.6%	1.8%
Russia	1.4	1.4	1.4	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.1%	0.9%
Brazil	1.7	1.8	1.8	1.8	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.1	1.5%	1.7%
World	**77.3**	**80.2**	**83.1**	**85.5**	**83.1**	**88.3**	**91.3**	**93.9**	**96.7**	**99.8**	**103.0**	**106.1**	**2.6%**	**3.1%**

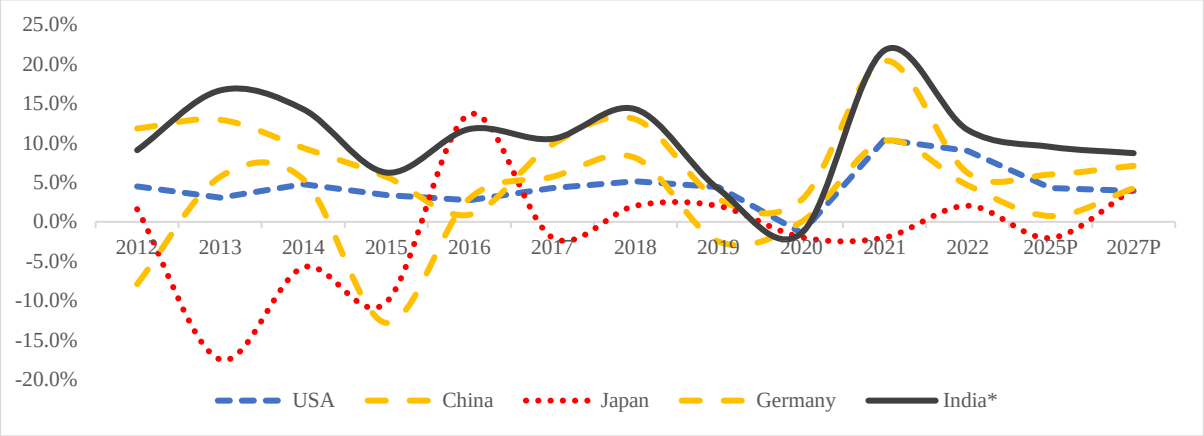
Source: World Bank Data, IMF, RBI; CY 2017 for India refers to FY 2018 data and so on.
1 USD= INR 80

Following the onset of the Covid-19 pandemic crisis, the global economy has experienced a combination of both risks and opportunities. Progressing toward recovery, the global economy started returning to normalcy after a prolonged struggle; the governments worldwide have taken swift and appropriate measures, including widespread vaccination efforts and consistent implementation of fiscal and monetary support strategies. On the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across countries, the GDP of the World grew by 4.7% in CY 22 and this positive trend is expected to continue into CY 23, with a growth rate of 4.6%. The global GDP is forecasted to grow from USD 101.0 trillion in CY 22 to 128.5 in CY 27, thus

growing at a CAGR of 4.9% during the forecasted period.

The economies of India and China witnessed remarkable growth of nominal GDP during CY 2021 and 2022, following the COVID-19 pandemic. India demonstrated a substantial year-on-year nominal GDP growth rate of 20.0% in CY 21 followed by a growth of 11.7% in CY 22. Meanwhile China experienced a notable growth rate of 20.4% in CY 21 and 6.2% growth in CY 22. On the other hand, major economies like the United States and Germany reported GDP growth rates of 10.4% and 10.3% respectively during CY 21 followed by 9% and 4.7% GDP growths in CY 22. Japan, however, experienced a negative growth in GDP (-2.0%) during CY 21. Nevertheless, in CY 22, Japan's GDP rebounded with a growth rate of 2%.

Exhibit 3: Nominal GDP Growth- U.S., China, Japan, Germany, India (CY)



	CY 12	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 25P	CY 27P
USA	4.5%	3.1%	4.8%	3.4%	2.7%	4.3%	5.1%	4.4%	-1.4%	10.4 %	9.0%	4.3%	3.9%
China	11.8 %	12.9%	9.4%	5.7%	0.9%	9.8%	13.0 %	2.9%	2.8%	20.4 %	6.2%	6.0%	7.1%
Japan	1.6%	-17.5%	-5.8%	-10.2%	13.6 %	-2.0%	2.0%	2.0%	-2.0%	-2.0%	2.0%	-2.0%	4.2%
Germany	-7.9%	5.7%	5.4%	-12.8%	2.9%	5.7%	8.1%	-2.5%	0.0%	10.3 %	4.7%	0.7%	4.3%
India	**9.1%**	**16.7 %**	**14.3 %**	**6.2%**	**11.8 %**	**10.5 %**	**14.3 %**	**4.2%**	**-1.4%**	**20.0 %**	**11.7 %**	**9.5%**	**8.7%**

Source: India Data from RBI, Future growth rate from OECD Data, Technopak Analysis
For India, CY 2012 represents FY 2013 and so on

Exhibit 4: Real GDP growth rate of Key Global Economies (CY 2016 – CY 2027P)

	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 25P	CY 27P
USA	1.7%	2.2%	2.9%	2.3%	-2.8%	5.9%	2.1%	1.8%	2.1%
China	6.9%	6.9%	6.8%	6.0%	2.2%	8.4%	3.0%	4.1%	3.6%
Japan	0.8%	1.7%	0.6%	-0.4%	-4.3%	2.1%	1.1%	0.6%	0.4%
Germany	2.2%	2.7%	1.0%	1.1%	-3.7%	2.6%	1.8%	2.0%	1.2%
India	**8.3%**	**6.8%**	**6.5%**	**3.9%**	**5.8%**	**9.1%**	**6.8%**	**6.2%**	**6.0%**

Source: IMF Projections
For India, CY 2016 represents FY 2017 and so on.

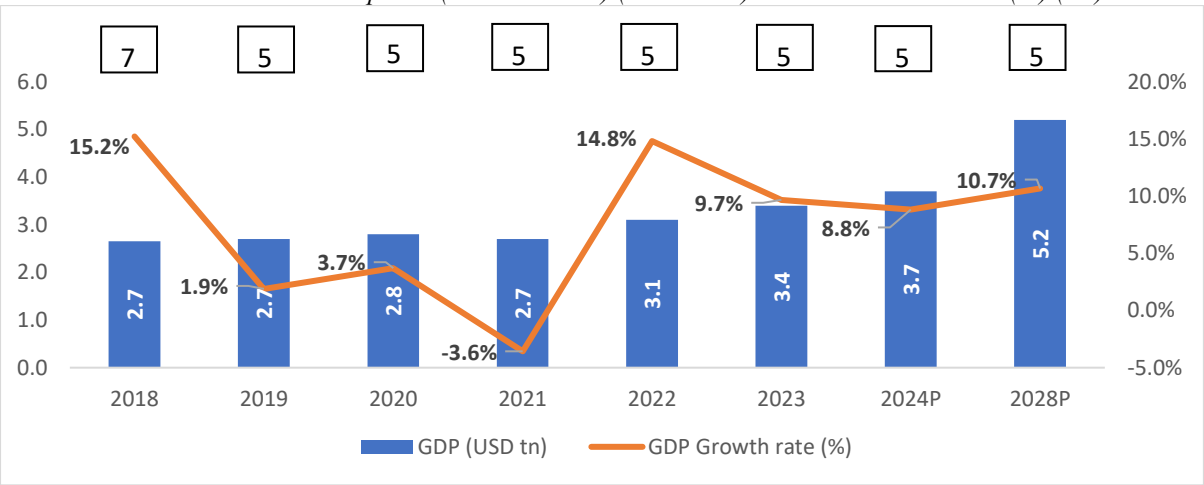
India's GDP Growth

Since FY 2005, the Indian economy's growth rate had been nearly twice as that of the world economy and it is expected to sustain this growth momentum in the long term. India's nominal GDP has grown at a CAGR of 4.4% between FY 2018 and FY 2023 and is expected to continue the trend by registering an expected CAGR of 9.2% for 5-year time period from FY 2023 to FY 2028 which compares favourably to the world average (4.9%) and with other major economies, including China (7.4%), UK (5.2%), Japan (3.7%), Germany (4.6%) and the USA (4.1%) for the similar period of CY 2022 to CY 2027.

Between FY 2023 and FY 2028, India's real GDP is expected to grow at a CAGR of 6.1%, which is almost double

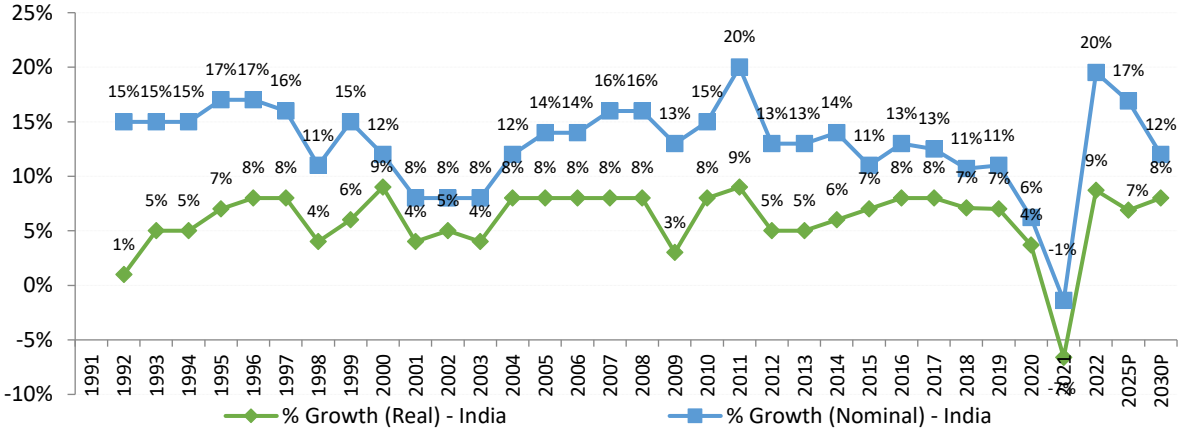
the world average (3.1%) and higher than other major economies, including China (4.3%), UK (1.3%), Japan (0.8%) and the USA (1.7%) for the similar period of CY 2022 to CY 2027. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 2028. Several factors are likely to contribute to economic growth in the long run. These include favorable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, government policies, increasing aspirations and affordability etc.

Exhibit 5: India's GDP at current prices (Nominal GDP) (In USD Tn) and GDP Growth Rate (%) (FY)



Source: World Bank, IMF, RBI, Technopak Analysis
1USD = INR 80
White boxes at the top refer to India's GDP rank on a global basis

Exhibit 6: Historical GDP Growth (%) (in FY)



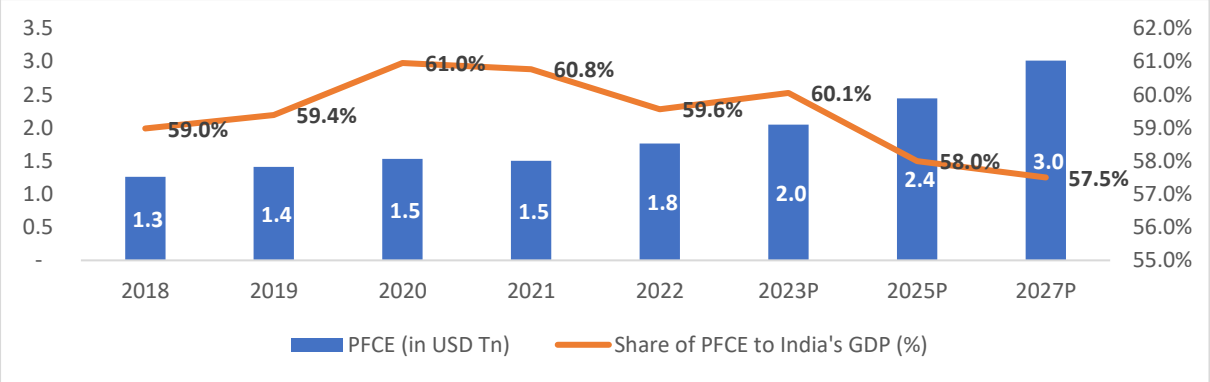
Source: RBI Data, World Bank, IMF
**2012- GDP Spike in Real growth rate due to change of base from 2004-05 to 2011-12. Hence excluded from decadal growth rate as well*

Private Final Consumption Expenditure

India is a private consumption driven economy where the share of domestic consumption is measured as private final consumption expenditure (PFCE). This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 8.7% between FY 2018 and FY 2022 and is further expected to grow at same pace during the next 5 years at a CAGR of 10.1% and projected reach to USD 3 trillion by FY 2027.

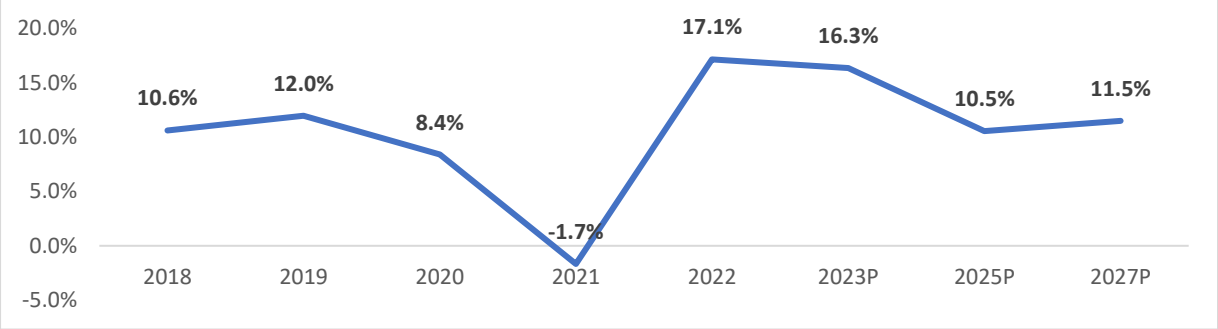
In FY 2022, PFCE accounted for ~60% of India's GDP. With the rapidly growing GDP and PFCE, India is expected to be one of the top consumer markets in the world. It is estimated that the Private Final Consumption expenditure contribution to India's GDP will be 60.1% for FY 2023.

Exhibit 7: India's Total Private Final Consumption Expenditure (Current Prices USD Tn) (FY) and Share of Private Final Consumption Expenditure to GDP (%) (FY)



Source: World Bank, RBI, IMF, Ministry of Statistics and Program Implementation, Technopak Research & Analysis, 1 USD= INR 80

Exhibit 8: India's Total Private Final Consumption Expenditure y-o-y growth rate (%) (FY)



Source: Technopak Research & Analysis

PFCE in India has exhibited varying y-o-y growth rates over the past few years. During FY 2018 and FY 2019, the PFCE grew by 10.6% and 12.0% respectively but witnessed a 1.7% degrowth during FY 2021 primarily attributed to the pandemic's disruptive effects on consumer spending patterns and economic uncertainty. Nevertheless, it rebounded in FY 2022 due to pent-up demand and recorded a high growth of 17.1%, indicating a robust expansion in consumer spending and a sustained momentum in private consumption. With a projected growth rates of 10.5% in FY 2025 and 11.5% in FY 2027, it is forecasted to have a sustained positive trajectory for PFCE growth rate in India.

Exhibit 9: Total Private Final Consumption Expenditure in CY (Current Prices US $ Bn)

Country	CY 2010	CY 2015	CY 2020	CY 2022	CAGR 2010-2015	CAGR 2015-2020	CAGR 2020-2022
U.S.	10,260	12,263	14,047	17,511	3.6%	2.8%	11.7%
China	2,090	4,178	8,130	8,800	14.9%	14.2%	4.0%
Germany	1,872	1,778	1,951	2,680	-1.0%	1.9%	17.2%
India*	411	1,084	1,542	2,130	21.4%	7.3%	17.5%
France	1,463	1,318	1,398	2,050	-2.1%	1.2%	21.1%
Italy	1,296	1,116	1,093	1,500	-2.9%	-0.4%	17.1%
Brazil	1,330	1,153	906	1,580	-2.8%	-4.7%	32.1%
Indonesia	424	495	624	720	3.1%	4.7%	7.4%
Thailand	178	206	265	320	3.0%	5.2%	9.9%

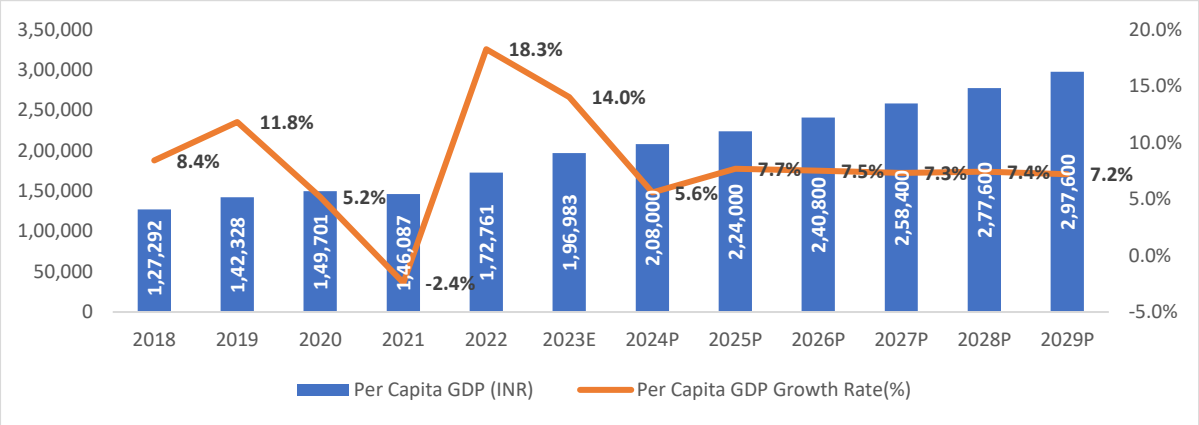
Malaysia	123	163	205	280	5.8%	4.7%	16.9%

Source: World Bank, RBI, Technopak Research & Analysis
For India, Data for CY 2020 refers to FY 2021 and so on. 1 USD= INR 80

Per Capita GDP

India's Per Capita GDP has almost doubled from FY 2015 to 2015 to FY 2023 indicating that the Indian economy has been growing at a faster pace. The per capita GDP for India stands at INR 1,72,761 in FY 2022 and estimated to reach INR 1,96,983 in FY 2023 marking a ~36% increase from INR 1,27,292 in FY 2018 to FY 2022, with a CAGR of 7.9% during the period followed by the CAGR of 7.1% between FY 2023 and FY 2029.

Exhibit 10: India's Per Capita GDP (FY)(at current prices) and y-o-y growth rate (%) (FY)



Source: Ministry of Statistics and Program Implementation, World Bank, IMF, Technopak Research & Analysis
Note: 1 USD= INR 80

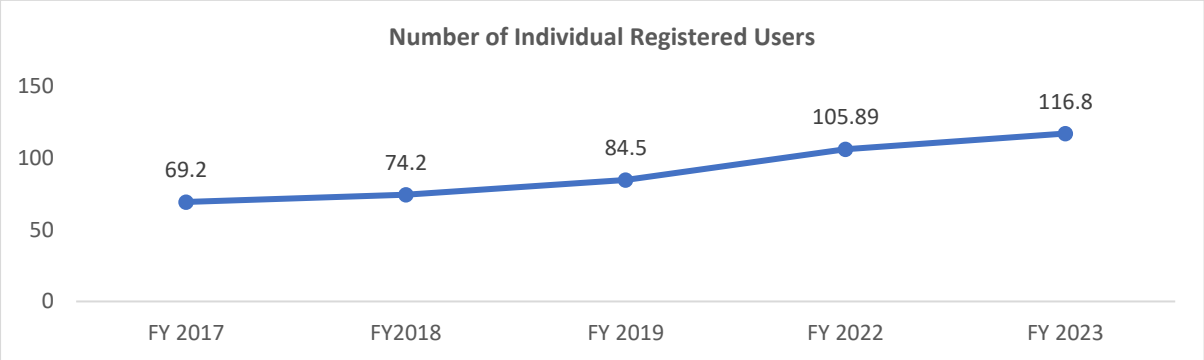
Increasing number of Tax paying Individuals

As the per capita income of Indian population is increasing, the number of individuals falling under the tax bracket has also increased. As of 27th September,2023, about 116.8 Mn. Individual Users have been registered with the Income Tax department , growing at a CAGR of ~8% over 4 years between FY 2019 to FY 2023.

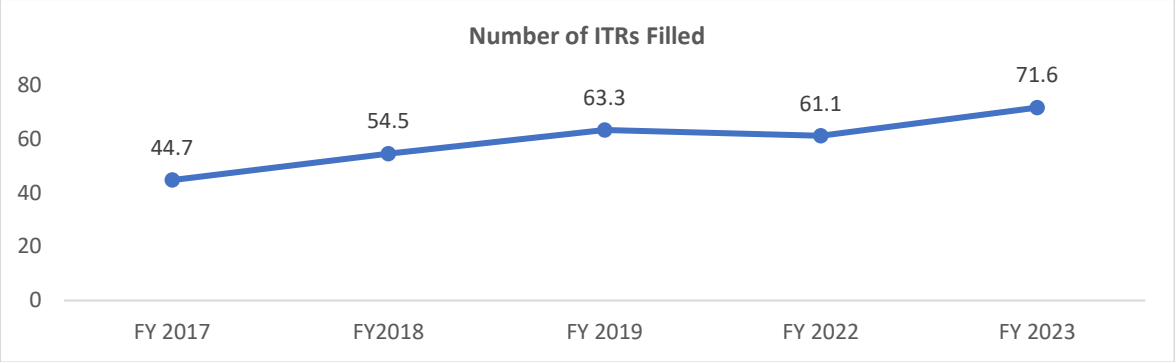
The number of individuals filing income tax returns has also increased with 71.6 Mn ITRs filed for FY 2023, a CAGR of ~3% over 4 years between FY 2019 to FY 2023.

Also, HNI (High Net Worth Individual) is considered as an individual with a net worth of USD 1 million or more, including their primary residence while UHNI (Ultra High Net Worth Individual) is considered as an individual with a net worth of USD 30 million or more, including their primary residence. In India, UHNIs will rise by over 58.4% to ~ 19,119 in the next 5 years and HNIs will see a similar growth of 107% to 16.5 lakhs in the next 5 years.

Exhibit 11: Number of Individual Registered Users with IT department in India (In Mn.) and Number of ITRs filed for respective years in India (In Mn.)

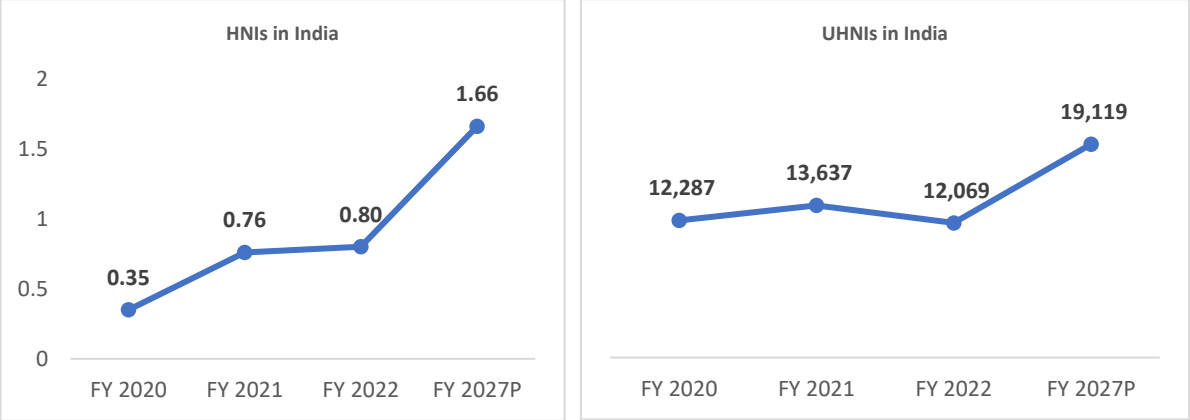


Source: Income Tax India



Source: Income Tax India

Exhibit 12: Number of HNIs in India(in Millions) and Number of UHNIs in India



Source: Secondary Research

Growth in Luxury products in other countries with Per Capita Income Growth

Gross National Income, i.e Per capita income, has a direct corelation with the overall luxury market in key economies. In the United States, as the GNI per capita increased from USD 64,530 in 2020 to USD 76,370 in 2022, the overall Luxury market in the United States also grew from USD 69.8 Bn. to USD 109.3 Bn recovering rapidly from COVID pandemic. Similarly, when China's GNI per capita increased from USD 10,610 in 2020 to USD 12,850 in 2022, the Luxury market size increased from USD 49.9 Bn. to USD 53.6 Bn.

Asia will continue to lead as the primary driver of global growth for luxury. Generating meaningful traction in China will be critical to perform as the US and Europe continue to suffer from financial uncertainty. The Gross National Income of India is expected to follow the same trajectory as China. As the per capita income of India would increase, the luxury market is expected to follow the same trajectory as the Chinese luxury market, making India a key contributor in Global Luxury market.

Exhibit 13: Comparison of GNI per capita and Luxury Market for key economies (CY)

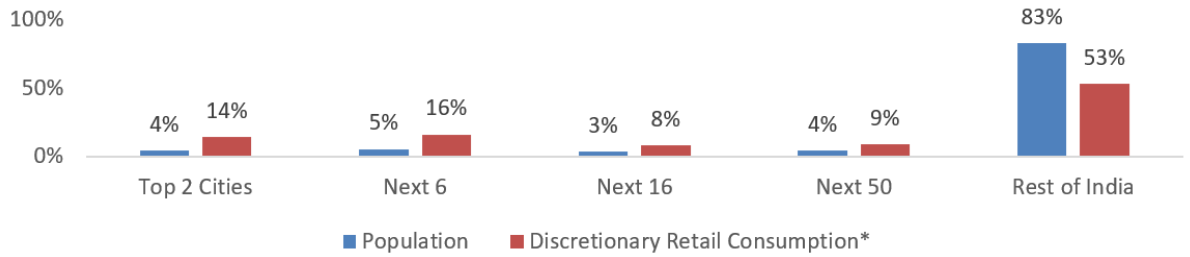
Country	Luxury Market Size in 2010 (USD Bn)	GNI Per Capita in 2010 (USD)	Luxury Market Size in 2015 (USD Bn)	GNI Per Capita in 2015 (USD)	Luxury Market Size in 2020 (USD Bn)	GNI Per Capita in 2020 (USD)	Luxury Market Size in 2022 (USD Bn)	GNI Per Capita in 2022 (USD)
U.S.	46	48.99	90.4	56,740	69.8	64,530	109.3	76,370
China	9.2	4,340	20.5	7,940	49.9	10,610	53.6	12,850
Japan	18	43,430	23.1	38,850	19.9	40,540	24	42,440
India	2.7	1,220	4.4	1,600	6.3	1,900	8.4	2,380

Source: Secondary Research, World Bank

Concentration of Discretionary spend in India

The top 8 cities in India, namely Delhi, Mumbai, Bangalore, Chennai, Hyderabad, Ahmedabad, Pune, and Kolkata accounts for ~9% out of the 1.42 billion total Indian population. The consumption of discretionary retail is much concentrated in the top 8 cities as they contribute ~30% of the total Discretionary consumption in India.

Exhibit 14: Discretionary Retail Consumption in India

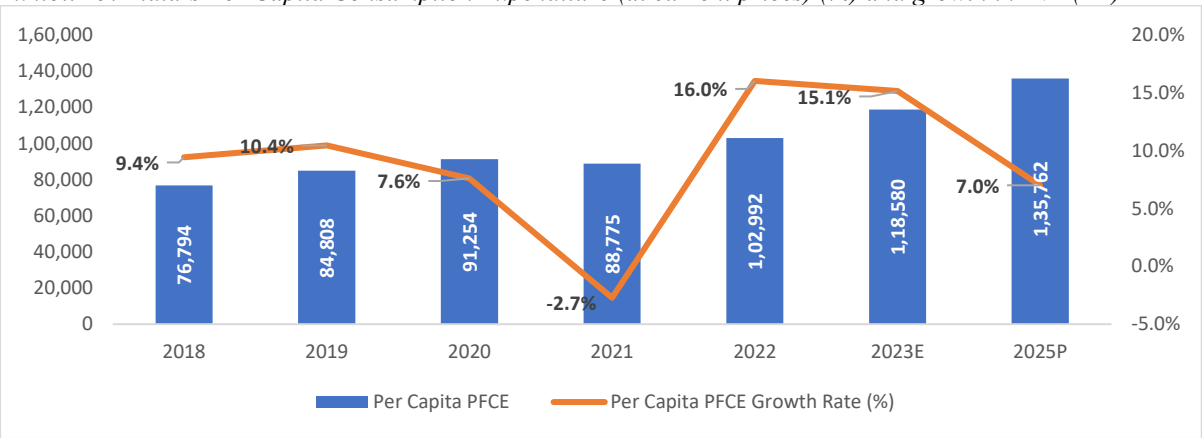


Discretionary consumption includes apparel & accessories, footwear, consumer durables, home & living, jewellery and others
Top 2 Cities: Delhi and Mumbai
Next 6 Cities: Bangalore, Chennai, Hyderabad, Ahmedabad, Pune, Kolkata
Next 16 Cities: Amritsar, Bhopal, Chandigarh, Coimbatore, Indore, Jaipur, Kanpur, Kochi, Lucknow, Ludhiana, Madurai, Nagpur, Patna, Surat, Vadodara, Vishakhapatnam
Next 50 Cities: Mostly Tier II cities such as Agra, Aurangabad, Dehradun, Dhanbad, Guwahati, Gwalior, Jalandhar, Jamshedpur, Kota, Meerut, Rajkot, Ranchi, Trivandrum, Vijayawada
Source: Secondary Research, Technopak Analysis

Per Capita Final Consumption Expenditure

India's Per Capita Final Consumption Expenditure had shown significant growth pre COVID. In FY 2020, the average Per Capita Final Consumption expenditure was recorded at INR 91,254, a steep increase from INR 76,794 in FY 2018. Due to emergence of COVID-19, there was an approximately 2.7% drop in the Per Capita Final Consumption Expenditure, to INR 88,775 In FY 2021 but it recovered during FY 2022 and FY 2023 and reached at INR 1,02,992 and INR 1,18,580 respectively. It is further expected to grow at ~7% CAGR over the next 2 years and reach INR 1,35,762 by FY 2025.

Exhibit 15: India's Per Capita Consumption Expenditure (at current prices) (%) and growth in INR (FY)

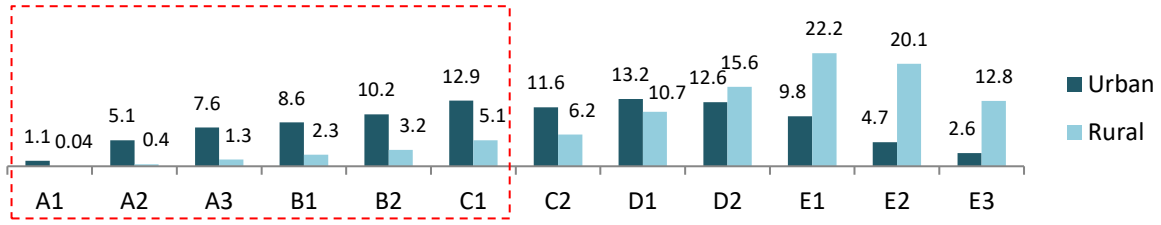


Source: Ministry of Statistics and Program Implementation, Technopak Research & Analysis

Top 20% of Indian households account for ~50% of the total household consumption

Household consumption in India is skewed towards the urban population. Socioeconomic classifications ("**SEC**") A, B and C1, which account for approximately 45.5% of urban population and approximately 12.3% of rural population is commonly referred to as the "top 20%" by income of Indian households.

Exhibit 16: SEC Break-up of Indian Households (in %age) FY 2020



Source: RBI Data, Economic Survey, World Bank, EIU, IMF
Note: Socio economic classification is a stratification of Indian households used by marketers to understand consumer worthiness and consumption lifestyle. It is widely agreed that consumption behaviour in India is better predicted by SEC (socio economic class) classification, which is based on Education of chief earner and number of "consumer durables" (from a predefined list)-owned by the family. The list has 11 items, ranging from 'electricity connection' and 'agricultural land' to cars and air conditioners.

In FY 2020, the top 20% accounted for 40% to 50% of total household consumption expenditure and approximately 44% of household income. The next 40% of households accounted for 40% of the overall household expenditure, whilst the bottom 40% of households (largely comprising SEC E) made up 10% to 20% of household consumption. The per capita consumption for the top 20%'s was twice the national average.

Growth Drivers

India's medium to long term growth and its positive impact on private consumption will be determined by inter-play of demographics, urbanization, and policy reforms.

Demographic Profile of India

Young population

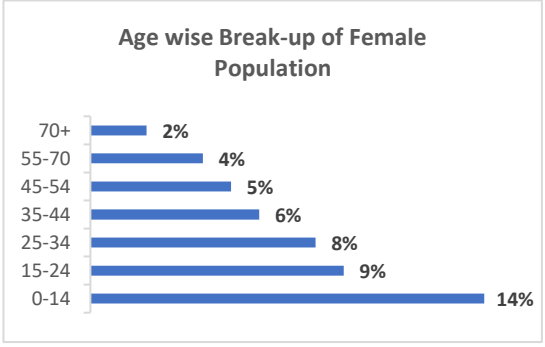
India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 28.7 years for CY 2022 as compared to 38.5 years and 38.4 years in the United States and China, respectively, and is expected to remain under 30 years until 2030. With a growing young population, the demand for premiumization is also growing. The younger population is naturally pre-disposed to adopting new trends and exploration given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded products and organized retail.

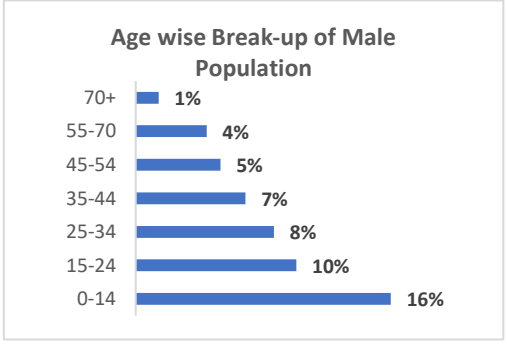
Exhibit 17: Median Age: Key Emerging & Developed Economies in (CY 2022)

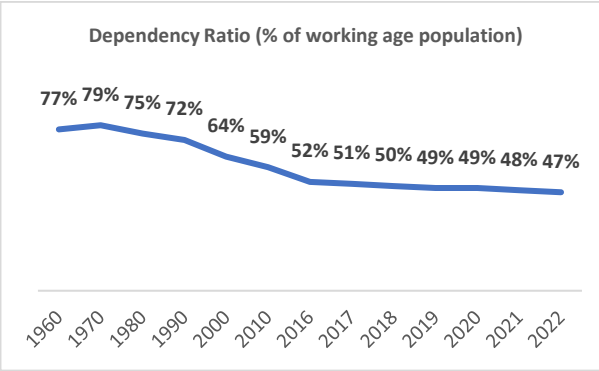
Country	India	China	USA	Germany	Japan	Australia	Spain	Russia	Brazil	UK
Median Age (Yrs.)	28.7	38.4	38.5	47.8	48.6	37.5	43.9	40.3	33.2	40.6

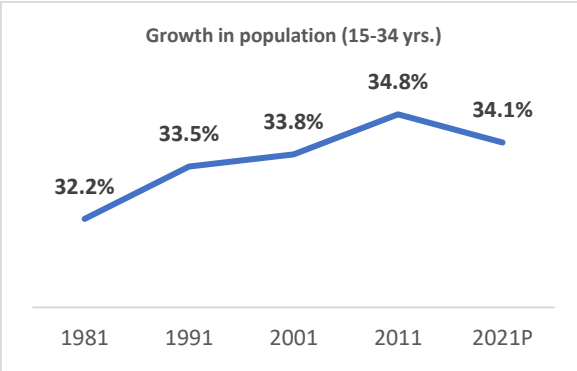
The size of India's young population is contributing to a decline in the dependence ratio (the ratio of dependent population size compared to the working-age population size (15 to 64 years of age), which has decreased from 50% in FY 2018 to 47% in FY 2022. This trend is expected to lead to rising income levels per household as well as higher levels of discretionary expenditure. The younger segment of the population is naturally pre-disposed to adopting new trends and exploration given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded products and organized retail.

Exhibit 18: Age Dependency Ratio (FY)









Source: Census of India 2011, World Bank, MOSPI; Age wise break up of population not adding up to 100% due to rounding off

Women Workforce

Numerous factors, including better health care and greater media focus are allowing women in India, in both urban and rural areas, to exercise greater influence on their families and society as a whole. The most important factor, however, is educational opportunity. Between FY 2005 and FY 2015, enrolment of girls in secondary education increased from 45.3% to 81.0% and in FY 2019 was higher than enrolment of boys. In FY 2021, women held a total share of 49% in total enrolment in higher education.

The share of women workforce in the services sector has increased from 26.2% in CY 2017 to 28.3% in CY 2019. However, CY 2021 has seen a mere decline to 25.1% of women workforce due to the pandemic and related restrictions and lockdowns which is expected to retain normalcy in the coming years. This increase of women in the workforce has seen a shift of patterns in terms of household activity, including an upward trend towards purchase of branded products including fashion and lifestyle.

Exhibit 19: Sector wise split of female employment (CY)

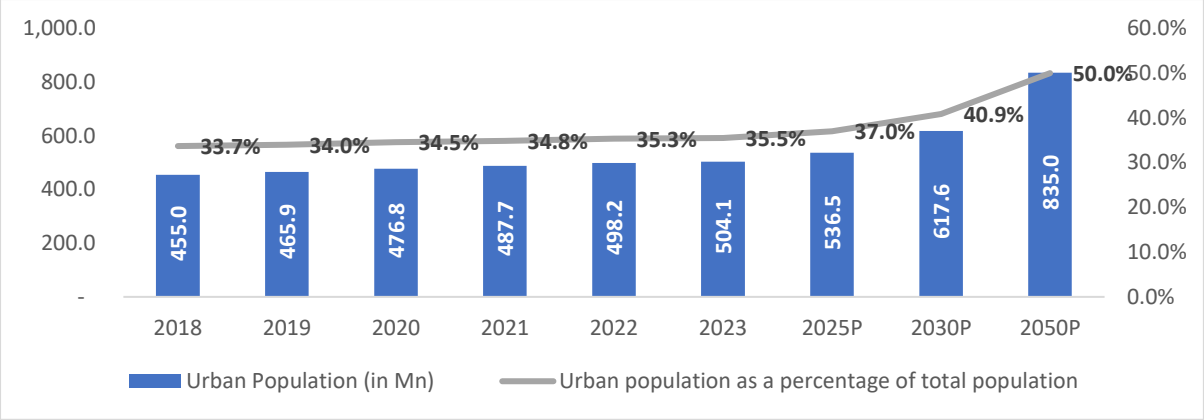
Sector	2017	2018	2019	2020	2021
Agriculture	56.2%	55.5%	53.1%	58.1%	58.2%
Industry	17.6%	17.4%	18.6%	16.0%	16.6%
Services	26.2%	27.2%	28.3%	25.7%	25.1%

Source: World Bank Data, Technopak Analysis
CY 2017 refers to FY 2018 data and so on.

Urbanization

Urbanization is one of the most important pillars of India's growth story as these areas are the core drivers for consumption. India had the second largest urban population in the world in absolute terms at ~498 Mn in FY 2022, second only to China. However, only 36% of India's population is classified as urban compared to a global average of ~57%. It is the pace of India's urbanization that is a key trend fuelling India's economic growth. Currently urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% (536 Mn) of India's population will be living in urban centres by FY 2025 and is expected to contribute 75% of India's GDP in FY 2026. This trend is expected to continue with approximately 41% and 50% of India's population expected to be living in urban centres by FY 2030 and FY 2050 respectively. India is the second largest urban system in the world with ~11% of the total global urban population living in its cities.

Exhibit 20: India's urban population (Mn) and increasing urban population as a percentage of total population over the years (FY)



Source: World Bank, IMF

Exhibit 21: Urban Population as Percentage of Total Population of Key Economies (CY 2022)

Country	World	India	China	USA	Germany	Japan	Australia	Spain	Russia	Brazil	UK
Urban Population Share	57%	36%	64%	83%	78%	92%	86%	81%	75%	88%	84%

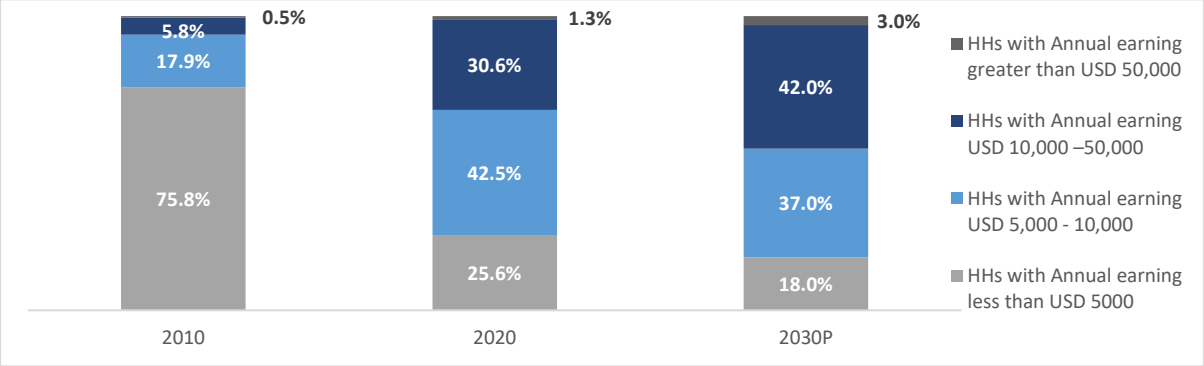
Source: World Bank

Urbanization is also creating two trends that are impacting India's domestic consumption habits:

Growing Middle Class

Increase in number of households with annual earnings of USD 10,000 to USD 50,000 will drive the Indian economy by demanding more goods, better services, houses, health, education etc. Households with annual income between USD 10,000 and USD 50,000 formed a minor stake of 5.8% of the total population in FY 2010. This share increased to 30.6% in FY 2020 and is expected to continue the growth momentum and increase to 42% of the total population by FY 2030. With the growing middle-class sector in India comes an increasing appetite for premiumization of goods and services, construction, housing services, financial services, telecommunications, and retail.

Exhibit 22: Household Annual Earning Details



Source: EIU, Technopak Estimates
Note: 1 USD= INR 80

Nuclearization

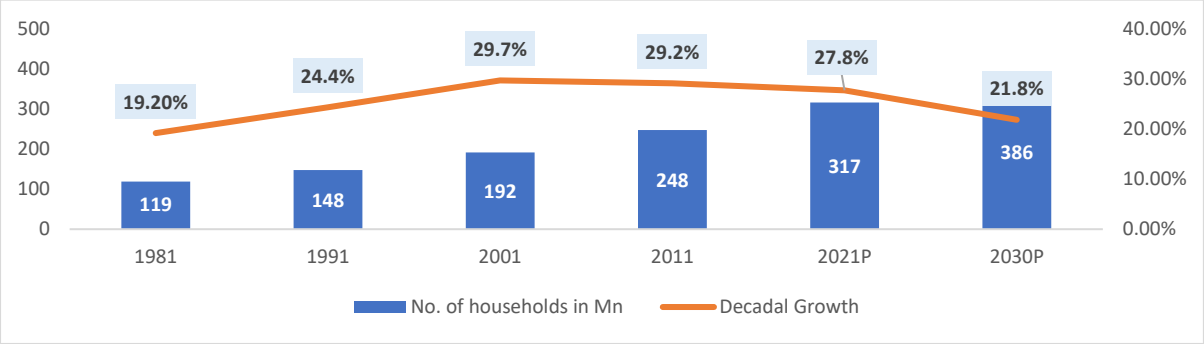
The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. Average household size has reduced from 5.3 in FY 2001 to 4.2 in FY 2021 and is further projected to reduce to 3.9 by FY 2030. 69% of households had less than five members in FY 2011 as compared to 62% in FY 2001. Growth in the number of nuclear families is leading to an increase in the number of households, thereby creating a strong demand for housing units and discretionary expenditure in India.

Exhibit 23: Indian Household Size and Growth Trend

Year	Total No. of HHs (Mn.)	Avg. HH Size	Avg. Urban HH size	Decadal growth rate of HHs	Decadal growth rate population
1981	119	5.5	5.4	19.20%	24.70%
1991	148	5.5	5.3	24.40%	24.40%
2001	192	5.3	5.1	29.70%	25.70%
2011	248	4.8	4.6	29.20%	16.40%
2021P	317	4.4	4	27.80%	9.00%
2030P	386	3.9	3.6	21.80%	18.10%

Source: Census

Exhibit 24: Total number of households in India (In Mn) and Decadal growth over the years (%)



Source: Census, Technopak Analysis
Note: Decadal growth for period 2021-2030P reflects a 9-year period.

Increasing Disposable Income

Due to the growing number of middle-and higher-income households and rising per capita income, consumption of discretionary products is likely to grow. The World Economic Forum projects that high and upper-middle-income groups will grow to 50% of household by 2030. An increase in disposable income leads to an increase in spends on categories which are non-basic in nature and helps in elevating the lifestyle. Technology boom and increasing number of multinational companies in India has led to increased disposable income and prevalence of social media and owning technological products as a status symbol and/or fashion accessory has led to its growth in the country. Moreover, with the rise in disposable income, consumers would tend to upgrade their preferences, resulting in higher demand for prestige, premium and luxury segments. Rapid urbanization is also leading to spur in aspirational values of people, leading to higher consumption technological products.

Reforms: Critical to create Demand Stimulus

Structural reforms are critical to harness dividends of positive demographics and urbanization and there are risks if they fail to do so.

The first wave of reforms started in the mid-1980s, with increased participation of private sector in economy as the public sector began to reduce its role in the economy. Economic performance improved, with GDP growth accelerating from an average of 3.9% in the first half of the 1980s to an average of 5.3% in the second half of the decade.

The second wave of reforms came as a response to the FY 1991 balance of payments crisis. The crux of the reform process was to signal the shift to a more open economy, involving a greater role of market forces, the private sector and foreign investment. As the benefits of reforms began to trickle through, the global economy slowed down and the benefits from the reforms did not translate fully into India's economic performance. From the early 2000's as global economy recovered India's growth trend improved significantly.

In the last 10 years, Government has pushed towards infrastructure investments in roads, railways, defense, and power; public-private partnerships; smart cities; skill development; widening of domestic manufacturing base and taxation needs to yield jobs for India's working population. This push also needs to deliver sustainable urbanization that provides affordable housing, improved public health metrics and mass transportation. Many of these interventions continue to be work in progress and outcome on these initiatives will deliver the advantages

of urbanization and India's demographic dividend towards sustained growth of private consumption and its positive impact on discretionary purchases.

Consumer Segments & their Preferences

The current workforce in mainly segregated by different generations, namely Baby Boomers (Born between 1946-1964), Generation X (Born between 1965-1980), Millennials (Born between 1981-1996) and Generation Z (Born between 1997-2012). With multiple consumer segments, companies need to adapt to various preferences to carter to the larger pool of audience. Different generations are also categorized by their personas. For e.g., Baby Boomers are the largest consumers for traditional goods and services. They were the first generation exposed to the internet and started adopting the change caused due to the advent of major technological changes. Generation X were exposed to both traditional and the evolving modern retail. Hence, they are brand loyal like their previous generation but also take multiple factors and research thoroughly while purchasing. Millennials or Generation Y consumers place value of the product at the top of their priority list across price segments, while purchasing products or services. Similarly, Generation Z prefers purchasing products which are sustainable & environment friendly and tend to incline towards brands which are giving back to the society. Generation Alpha will follow the similar suit as Generation Z in the coming years.

Exhibit 25: Consumer Segment and their preferences

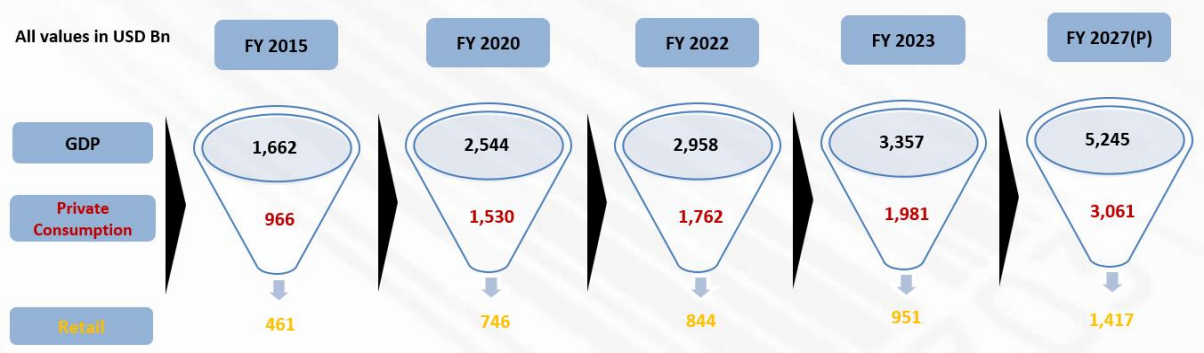
Consumer Segments	Persona	Attitude and Preferences
Baby Boomers (Born between 1946-1964)	Focus on Need-based products and services, prefer buying offline over online	Brand Loyal, Longevity of products, high expectations for customer services
Generation X (Born between 1965-1980)	The first-generation adopting technology for purchasing products and services, thoroughly research before purchase	Brand loyal, value for money
Millennials / Generation Y (Born between 1981-1996)	Mainstreamed technology for purchase, Look for innovative products, place value of product/ experience at top of priority across price segments	Receptive to social media for reviews, less likely to be brand loyal, perceive shopping as a social activity, like unique customer experiences
Generation Z (Born between 1997-2012)	Ideological purchase, willing to pay high price for high quality	Prefers a brand with ethical or green ideology, Look for online accessibility, Prefer tailored customer service & experiences
Generation Alpha (Born after 2010)	Mainstreamed technology for purchase, Look for innovative products, influenced by social media and peers	Receptive to social media for reviews, less likely to be brand loyal, tech-driven consumers influenced by entertainment media

India has one of the youngest populations globally with a median age of 28.7 yrs. With almost 440 million Millennials and Generation Z, with a majority entering the workforce, the disposable income of these consumer segments increases. It is estimated that Globally, Millennials & Gen Z represent ~50% of all spending in luxury goods (2023) and it is expected that by 2030, Millennials & Gen Z would represent ~70-75% of the total luxury market. Increasing adoption of second-hand luxury market among young population would increase the penetration of luxury goods in market. With millennials and Generation Z becoming more environmentally friendly, these consumer segment would be the growth drivers for the second-hand luxury market.

Retail Market in India

Retail Market in India was valued at US$ 461 Bn in FY 2015 and reached a value of US$ 746 Bn in FY 2020, growing at 10.1% CAGR over this period. Currently, the Retail Market in India is valued at US$ 951 Bn (INR 76,06,572 Cr) in FY 2023 and is expected to grow at a CAGR of 10.5% to reach US$ 1,417 Bn (INR 1,13,39,918 Cr) by FY 2027. Some of the factors that will contribute to its growth are growing incomes, increasing working age population, shrinking household size, urbanization, heightened exposure through internet and the meteoric rise of e-commerce.

Exhibit 26: India's Consumption Basket (USD Bn) (FY)



	FY 2015	FY 2020	FY 2022	FY 2023	FY 2027 (P)	CAGR (FY 2022-27P)
GDP	1,662	2,544	2,958	3,357	5,245	12.10%
PFCE	966	1,530	1,762	1,981	3,061	11.70%
% Share of PFCE in GDP	58.10%	60.20%	60.90%	59.60%	56.00%	-
Retail	461	746	844	951	1,417	10.90%

Source: Secondary Research, Technopak analysis 1USD=INR80

Exhibit 27: Country Wise GDP & Retail contribution (US$ billion)

		USA	China	Germany	UK
CY2015	GDP	18,200	11,000	3,400	2,900
	Retail	4,900	3,900	554	590
CY2020	GDP	20,936	14,722	3,806	2,707
	Retail	5,506	5,130	610	553
CY 2022	GDP	25,460	17,960	4,070	3,070
	Retail	6,850	6,430	710	480
CY2024	GDP	21,862	16,983	4,810	2,781
	Retail	5,581	5,815	769	559

		India
FY2016	GDP	1,745
	Retail	520
FY2021	GDP	2,633
	Retail	748
FY 2023	GDP	3,357
	Retail	951
FY2025	GDP	4,049
	Retail	1,077

Source: World Bank, Technopak Analysis, Secondary Research, 1USD= INR 80

Key Growth Drivers of the Indian Retail Industry

Growing youth, working age population, and increasing propensity to spend

The median age of 28.7 in CY 2022 and workforce share of 50% of the population is suggestive of a large consuming youth population, consisting of both men and women, joining the workforce, and inclined to spend their earnings on aspirational lifestyle. This demographic transformation is continuously and radically changing the retail landscape. Unlike the earlier generation, the youth is predisposed towards branded products and improved shopping experience and is continuously attempting to upgrade lifestyles. Mirroring the consumption story of the west, demand is being created in India for various segments and niches across price points.

Exposure to TV and smart phones

Exposure to content on television, OTT platforms, social media networking sites and other internet avenues are making consumers abreast with global fashion and retail trends. Content related to new brands, fashion trends, fashion styling and updates on deals and discounts are freely available through these channels. Brands are also leveraging these platforms to create seamless engagement with consumers. This exposure is elevating consumer's enthusiasm for lifestyle products and leading them to reconfigure their wardrobes and homes with different products for different occasions.

Rise of influencer marketing

Influencer marketing has become a popular strategy among brands to build brand awareness and increase revenue. Influencers are specialists with authority or insight into a specific subject like cookery, fitness etc. and can affect the purchase decisions of consumers. Few prominent brands have collaborated with social media influencers to deliver customized and relevant experiences for consumers at every touch point which not only helps them in increasing the brand loyalty but also helps in speeding up the purchase cycle.

Availability of quality products across value segments

Focussed approach towards offering consistent quality at affordable prices has been driving growth in the lifestyle segment. The consistent delivery of this promise in tier II, III & IV cities has been aiding the transition of consumers from the unorganised traditional shops to the organised value retailers. Value retailers and mid and economy brands are helping consumers with this transition to organised retail and branded products, through penetration in Tier 2, 3 cities as well by offering consistent quality at affordable prices.

Rapid urbanization and increasing disposable income

At present, 35.5% of India's population is classified as urban. The trend of urbanization is expected to continue with approximately 50% of India's population expected to be living in urban centers by 2050. High population growth is expected in tier III and tier IV cities as rural population migrates to these cities in search of work opportunities. As a result, the working population is expected to rapidly increase across Tier III and IV cities supporting these cities to emerge as new growth engines for retailers.

Growth in organised retail offering a great shopping experience

Entry of foreign brands, growth of organized retailers and proliferation of mall culture have conditioned the consumers to the idea of a robust shopping experience with air-conditioned environment, facility of trial rooms, wider product range, price transparency, quality assurance, on-floor service assistance.

Emergence of E-tailing

E-tail in India has witnessed a rapid growth trajectory and is expected to reach 11% (~INR 12,51,172 Cr) of total retail by FY 2027 from its share of 5.8% in FY 2022 (~INR 3,93,480 Cr), expected to grow at rate of 26%. Between 2015 and 2020, e-commerce sales have grown at a CAGR of 46%. In 2012, the e-tail pie was INR 4,500 Cr (USD ~0.6 Bn) and that was limited to key categories of Electronics, Books, Stationery, and Music which catered to nearly 50% of the pie. In FY 2023, this share has increased to 7% (~INR 5,36,000 Cr).

The penetration of e-commerce in consumer durables is estimated to be the highest amongst all other categories at 30%, followed by apparel & accessories at 21% and footwear at 20% in FY 2023. However, the penetration in consumer durables is expected at 35%, followed by 24% in apparel & accessories and footwear at 23% by FY 2027.

Retailers across categories are moving towards online channel to expand their offerings, to have a place in the 'Omni-channel Ecosystem' where all channels of retailing are essential to reach to the consumers. The dividing lines between offline and online retailing are blurring gradually, whereby consumers connect with brands through any medium of their preference. Increase in penetration of smart phones and low-cost internet data has led to a boost in online retailing. Several options of payment across various methods whether card, cash, wallets, and e-commerce transaction have gradually built comfort and security in the minds of the consumers. The option of easy returns at e-commerce portals has led to trial of products and services. As the disposable income is increasing, and with increase in women employment, time paucity and convenience also led to the growth of e-commerce. COVID, accelerated these changes and made companies and consumers alike to adapt to the online medium.

Key Trends

Consumers becoming more brand conscious

A fast-growing economy and burgeoning middle-class population exhibit a strong affinity towards branded products. Exposure to global trends and fast dissemination of information has fueled the aspiration to be associated with brands. Consumers also associate branded products with quality and performance. Besides the urban India,

the rural India is also contributing significantly to the growth of acceptance of branded products. Demographic forces such as increased purchasing power, shrinking family sizes, youth population, women joining the workforce augur well for the growth of organized retail and branded play.

Impact of social media

Use of digital media as a marketing tool is being adopted by all key players. Its wider reach and relatively lower cost of customer conversion makes it a medium of choice. Adoption of social media by youth has given an opportunity to brands to reach the consumers directly through targeted campaigns. Large scale brands & local businesses alike are using this medium to reach out to consumers belonging to every age group.

Increasing spend on Health and Wellness

Health and wellness have become an important lever to drive premiumization, specially post COVID-19 as the consumer has become more aware about health and fitness. This trend pervades across all segments of consumption from food and grocery to lifestyle products and services. Sports & Athleisure products have benefited from increasing consumer interest in exercise and sporting activity because of the health and wellness trend, as well as the rising demand for comfort. It has become an important differentiator so much so that many businesses have pivoted around this platform.

Emergence of D2C brands

D2C is a strategy where companies sell their products directly to consumers, eliminate intermediaries. Brands engaging this approach distribute their products via their own channels such as their own e-commerce websites, other e-commerce platforms, social media, or own branded retail stores. The D2C model gives an advantage of taking the product to the consumer in a shorter period compared to traditional channels and gives an opportunity to directly engage with the consumers. Brands in all sectors of retail including FMCG, apparel & accessories, footwear, home & living, consumer durables are foraying into direct selling, either completely depending on it or complimenting it with other channels. In last few years, more than 800+ Indian brands have picked-up the D2C retail channel to market and distribute their product. Companies like Boat, Intex, i-Ball, and Portronics in consumer electronics; Country Delight, Licious, Emami, Mamaearth, and Paper Boat in FMCG; Sugar, Nykaa, Bewakoof in beauty & fashion; and Urban Ladder, SleepyCat, and Wakefit in home & living; Elevar sports, Neemans, Wrogn in footwear; Roadster, Harvard etc. in apparel — have adopted the D2C route to reach to their consumers. The US brand Allbirds with a valuation of USD 3.3 billion exclusively operates in the D2C model. Allbirds' entire business is dependent on listening to the feedback from the customer and improving the product. They have made over 35 changes in their product (Wool Runner) since its launch in 2016.

Premiumization

For nearly all retail segments, gradual escalation in Average Selling Prices (ASPs) contributes significantly to the growth of the segment along with growth in absolute volume. As the Indian consumption growth story continues, consumers remain in state of steady upgradation as corroborated by the response of businesses continuously creating demand for niche products, sub segments and premium versions of products from packaged food products to lifestyle products.

Organized Retail Market in India

In FY 2022, the total retail market reached a value of USD 844 Bn whereas the organized retail market reached a value of USD 109 Bn, contributing to ~13% of the total retail market in India. This shift is expected to increase over the next few years. By FY 2027, it is expected that the overall retail market would reach a value of USD 1,417 Bn growing at ~11% CAGR whereas the organized retail market is expected to reach a value of USD 325 Bn contributing to ~23% of the total retail market in India and maintain its growth rate of ~24% CAGR over the next 5 years. It is estimated that in FY 2023, the total retail market reached a value of USD 951 Bn whereas the organized retail market reached a value of USD 150 Bn, contributing to ~16% of the total retail market in India.

Exhibit 28: Overall Retail Market (USD Bn) (FY)

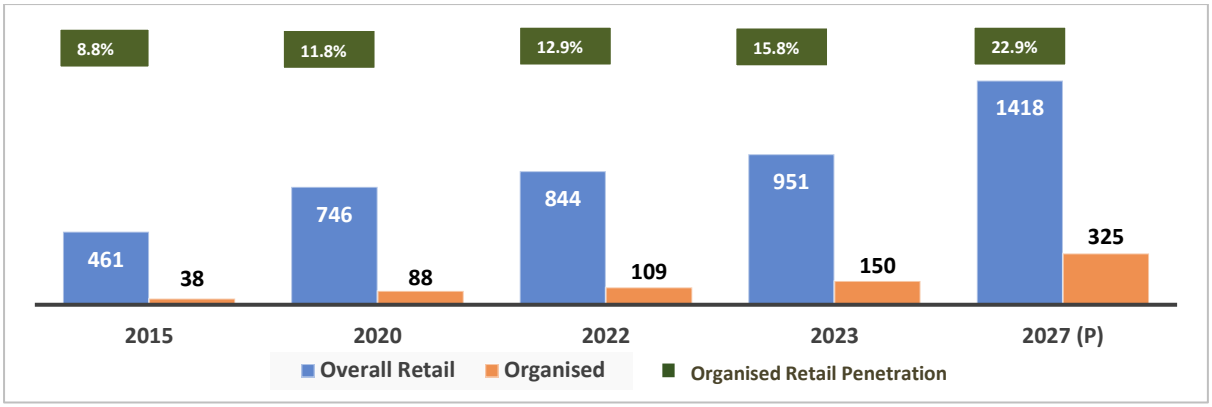


Exhibit 29: CAGR / YoY growth of Retail Markets

Retail Market	CAGR (FY 2015-20)	CAGR (FY 2020-22)	YoY (FY 2022-23)	CAGR (FY 2022-27)
Overall Retail	10.10%	3%	12.70%	10.90%
Organised Retail	18.10%	7.70%	37.60%	24.40%

Implications of COVID for Aspiration Merchandise

COVID impacted the Aspiration Merchandise or Luxury Merchandise market severely across the globe, including India. As the rate of vaccinations increased across nations, they saw a road to recovery. The demand for Luxury products increased significantly and reached to Pre-COVID levels for many categories. The urge to get back to 'normalcy', lifted restrictions, meeting friends & family, and holiday season led to increase in demand for Aspiration Merchandise. COVID led to the following changes in the Luxury Merchandise landscape:

- Adoption of Digital – Luxury brands adopted use of digital media and infrastructure in their marketing and operations. The closure of physical stores meant reaching out to consumers through alternate channels like Online and Social commerce and helping them shop from the comfort of their homes. The Indian Luxury E-commerce market with players like Net-a-Porter for Fashion, and Ethos for Watches saw a growth with increased acceptance of Online led model where the discussion with customer takes place online to understand their requirements in a better way and further, the products can be either picked up from the store or doorstep delivery is done by sales staff due to the safety concerns.. Furthermore, all major luxury brands upgraded their digital presence to adapt accordingly.

- Relook at operations & supply chain – COVID also led to major brands relooking at their supply chains and operations to make them more efficient. These changes adopted during COVID to reduce and rationalise costs continued to stay as brands adopted more efficient ways of working.

- Increase in acceptance and sales of Second-hand luxury- the consumer today is more conscious of impact on environment, and there is a trend towards 'Reuse' and 'Recycle' to save the planet. This, coupled with economic depreciation during COVID, led to more acceptance of Second-hand luxury. However, this trend has now muted to some extent and people are preferring new luxury products over second-hand given their increased disposable income and economy's revival.

Growth of Luxury Products in India

Luxury Goods market in India is currently valued at INR 67,200 Cr. as of FY 2023. Premium and Luxury Cars segment has the highest share of ~36% because of their higher values followed by Luxury Fashion & Lifestyle segment with 32% contribution in FY 2023 mainly because of their higher volumes. The luxury market is reviving and reaching back to normalcy after the COVID-19 crisis and has shown a positive growth trajectory in the last 2 years.

The overall Luxury market in India is expected to show a path to recovery. It is expected that the Luxury market would be valued at INR 69,430 Cr. by FY 2025 and grow by ~2% CAGR over the next 2 years.

Exhibit 30: Luxury Market in India (INR Cr)*

Sector	FY 2021	FY 2023	FY 2025P	CAGR 2023-2025P
Luxury Jewellery and Accessories	6,210	8,810	9,500	3.8%
Premium and Luxury Cars	16,130	24,520	25,120	1.2%
Luxury Fashion & Lifestyle	14,520	21,700	21,810	0.3%
Others	8,350	12,170	13,000	3.4%
Total	45,210	67,200	69,430	1.6%

*Source: Secondary research, Technopak Analysis. *Total size a summation of select categories as mentioned. Luxury fashion and Lifestyle includes Luxury Watches, Luxury Beauty, Luxury Eyewear and Luxury Apparels and Footwear*

Growth and Adoption of Luxury Brands in India

Indian Fashion Industry faced a shift in the late 1990s and early 2000s when International Luxury brands started retailing their products in Multi-Brand Outlets. In 2005, brands like Versace Collections and Corneliani signed their first full franchise agreement. Other luxury brands such as LVMH, Christian Dior, Fendi, Canali, Hugo Boss, Ferragamo, Armani, etc. followed suit when India's first Luxury mall - Emporio opened in Delhi. As the luxury fashion scene expanded, Luxury malls such as UB city and Palladium also opened their doors for luxury brands in major cities like Bangalore and Mumbai.

Although luxury brands faced multiple challenges such as cultural differences, social norms & higher tax rate, Indianization of foreign brands and introduction of entry level products as an additional segment along with core luxury helped these luxury brands to adapt to the Indian consumer preference and cater to a larger pool of audience.

Exhibit 31: Growth of Premium and Luxury brands in India

Brand	Parameter	Description
Apple	Sales Growth	Apple sold nearly 6.5 million units of iPhones in FY2022, a growth of ~45% compared to previous years and is expected to grow sales by over 50% in FY2023
Mercedes-Benz India	Sales and Sales Growth	Mercedes-Benz India sold 8,528 units in H1FY2023, an increase from 7,573 units in H1FY2022 and is expected to end the year with a healthy y-o-y growth rate of ~37%
Louis Vuitton India Retail	Revenue and Revenue Growth	Louis Vuitton India Retail registered a revenue of INR 539.28 Cr in FY 2022, up from 285.5. Cr in FY 2020 witnessing a growth of ~88%. Louis Vuitton India Retail also reported a jump in their net profit to INR 102.4 Cr.

Source: Secondary research, Technopak Analysis

Exhibit 32: Growth in Revenue of Premium and Luxury brands in India INRCr.)

Brand	Revenue FY 2015	Revenue FY 2017	Revenue FY 2019	Revenue FY 2021	Revenue FY 2022
Apple	6,400	11,704	10,674	22,845	33,312
Mercedes-Benz India	--	6,183	6,314	3,639	6,188
BMW	2,614	3,427	3,751	2,702	4,169
Louis Vuitton India Retail	177	179	245	318	539
Christian Dior Trading India Private Limited	33	34	45	87	152

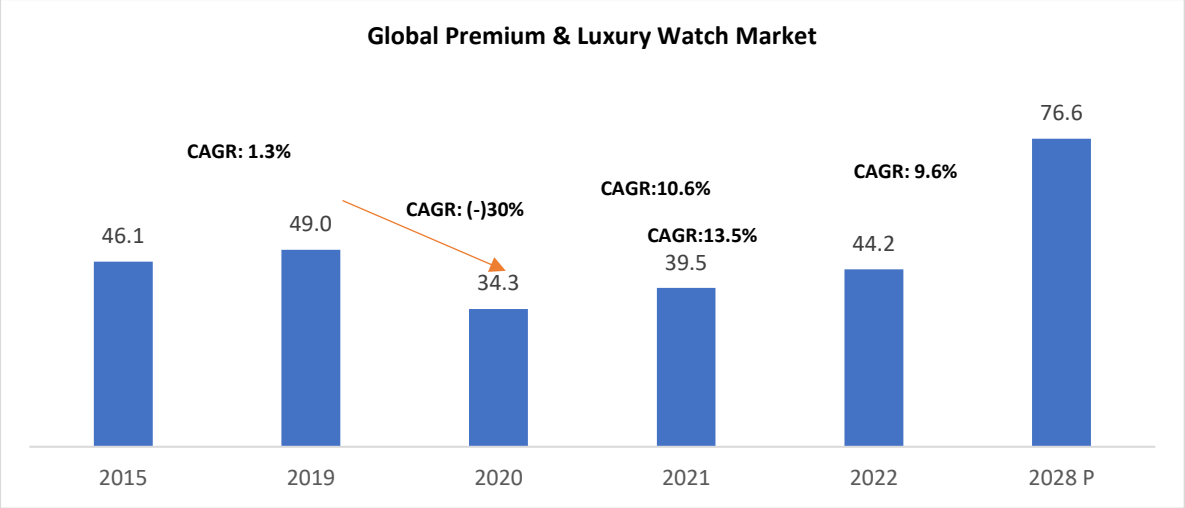
Source: Secondary research, Technopak Analysis

Market Structure for Premium & Luxury Watches Retail

Global Premium & Luxury Watch Market

The pandemic in CY 2020 impacted the supply chain, imports & manufacturing, and dampened consumer sentiment, collectively leading to a degrowth of 30% from CY 2019, with the global watch market reaching USD 34.3 Bn in CY 2020. However, the market has witnessed a substantial recovery, reaching a market value of USD 44.2 Bn in CY 2022 and is estimated to grow to USD 76.6 Bn by CY 2028 at a CAGR of 9.6%.

Exhibit 33: Global Luxury Watch Market CY 2015- CY 2028P (In USD Bn.)



Source: Technopak Research & Analysis

The global luxury watch market has shown high growth potential in developing economies like China, India, etc. as compared to developed economies like USA, Europe, etc. This change is due to an increase in disposable income and high spending on luxury goods. Increase in the number of HNI's in fast emerging economies, such as China & India, facilitate the increase of the wealth of people and thereby increasing the demand for luxury goods, including watches. Rise and acceptability of ecommerce and an increase in HNIs and UHNIs led to an increase in purchase of Luxury watches via online channels in market like China.

Asia-pacific has witnessed the surge in demand for luxury goods, which is expected to grow in the next 5 years too. Some of the key players globally are CASIO Computer Co. Ltd., Citizen Watch Co. Ltd., Compagnie Financière Richemont SA, Fossil Group Inc., LVMH Moet Hennessy -Louis Vuitton, Movado Group Inc., Patek Philippe SA, Rolex SA, Seiko Holdings Corp., and the Swatch Group Ltd.

Exhibit 34: Global Premium & Luxury Watch Retail – Key Economies- CY 2015-CY 2028P (In USD billion)

Countries	Indicative Players	2015	2019	2020	2022	2028P
UK & Europe	Swatch Group, Compagnie Financière Richemont SA, LVHM, Patek Philippe, Rolex	23.5	24.3	17.0	21.8	37.9
US	Rolex, Richemont Luxury, Patek Philippe, Movado, Cartier	17.0	18.1	12.7	16.5	28.4
China	Swatch Group (Swatch, Omega, Breguet, Rado), Richemont SA, Cie Financiere, Rolex	0.9	2.3	1.6	2.1	3.7
Singapore	Rolex, Swatch Group, Patek Phillppe Sa, Richemont Luxury, LVMH	0.5	0.9	0.7	0.8	1.5
Rest of the World	Rolex, LVMH, Patek Philippe	4.2	3.4	2.4	2.9	5.3
Total		**46.1**	**49.0**	**34.3**	**44.2**	**76.6**

Source: Technopak Research & Analysis

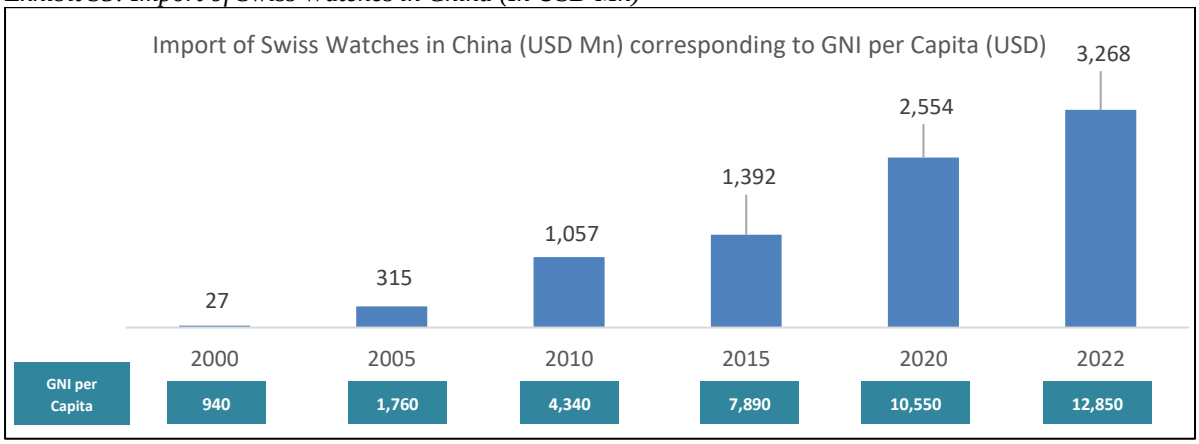
Among the various retail channels, MBOs were the highest contributor to the global watch market in CY 2022. Both MBOs & E-commerce are the two most dominant channels for this market. MBOs are expected to sustain a high share of global luxury watch market in years to come. MBOs give customers options in choosing brands, compare prices, check features & specifications offered by different brands. Although many MBOs are selling their products through online channel due to an increased demand and change in consumer buying pattern of increased acceptability of online channels, offline MBOs still remains the preferred choice for customers owing to the benefits like assisted selling and guidance on product usage, touch-feel shopping experience & reliability in case of complaints. Also, offline stores give customers trust and they can apply multiple marketing strategies to influence customers which increase the chances of making a sale.

Brands are adopting online retail strategies to decrease the operational cost and reach a larger consumer base. Going forward, retailing channels are expected to adopt an omnichannel approach adapting to the advent of digital technology such that the customer experience and purchase is a combination of multiple channels. Luxury brands are also focusing on the use of social media, with Luxury brands like Rolex promoting their products on Instagram.

Growth of Luxury Watches in China

Import of Swiss Watches in China witnessed a strong growth in 2000-2005, growing at CAGR of 63% over the given time frame. A drastic increase in the per capita income of Chinese population was one of the major factors, which increased from USD 940 in 2000 to USD 1,760 in 2005 witnessing a CAGR of 13% over the given period. Major luxury brands became aware of the potential and started focusing on marketing in order to tap into their new potential customers. Import of Luxury watches witnessed a stable growth rate of ~16% CAGR from 2005-2015.

Exhibit 35: Import of Swiss Watches in China (In USD Mn)

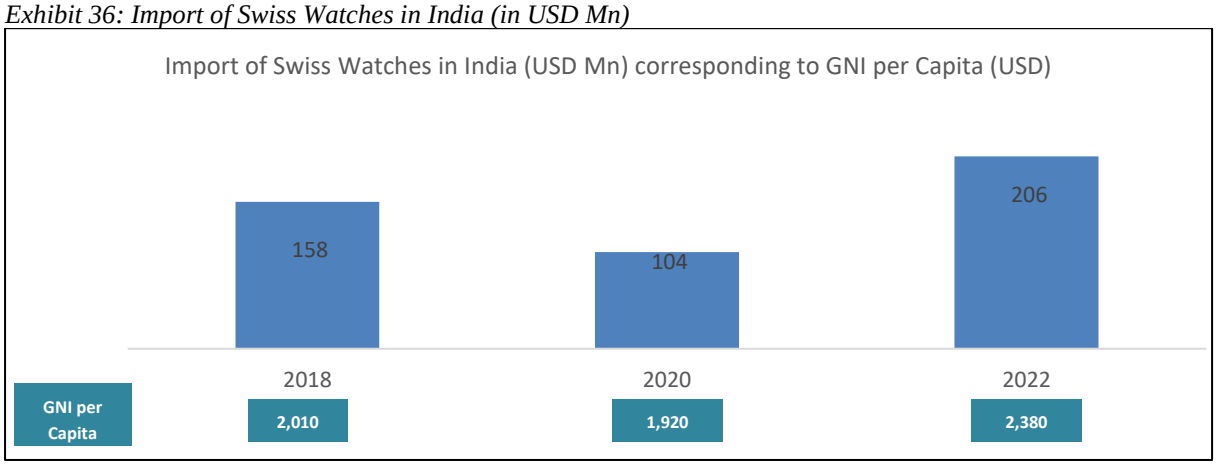


Source: Secondary Research, Technopak Analysis, World bank data
GNI per capita in USD; Data for Imports in CY

Discretionary consumption in any economy takes off at a certain threshold of per capita income, which is currently estimated to be in range of USD 2000 – 3000 per capita. As mentioned in above exhibit, in year 2005, China achieved the threshold point of discretionary consumption, when China's GNI per Capita was USD 1760 (i.e ~USD 2200-2400 in current dollar terms). This influenced the consumption of all luxury categories and discretionary products.

Per capita income in India has been lower compared to China over the years, however, has now crossed the threshold tipping point level of USD 2000, and has reached 2,380 in 2022, influencing the purchase of discretionary and luxury products strongly. India entered the top 30 regions for Swiss watch imports in recent years, and though year 2020 saw a decline in imports owing to COVID, imports have grown to 206 Mn in 2022 post COVID.

Exhibit 36: Import of Swiss Watches in India (in USD Mn)



Source: Secondary Research, Technopak Analysis, World bank data, GNI per capita in USD; Data for Imports in

CY

Growing segment of Independent Watchmakers

Luxury watch category has been an important pillar of growth of the luxury goods market. The growth of online market channels, with an increase in disposable incomes, especially for developing economies like China, India, etc. is another factor that has facilitated an increase in the purchase of luxury watches.

However, today's climate has brought in an increased focus on sustainability and the consumer's drive to support independent businesses. This has led to the market of independent watchmakers seeing ample growth. The requirement for exclusive and diverse brands that can cater to consumers in unconventional and unique ways has increased since the growth of purchases via online markets.

Unlike larger companies, independent watchmakers mostly work alone or with a small team of watchmakers and are not part of a corporation or large group. This allows them to give a more detailed production of watches, which are less in number because they are likely to create everything by hand, including the movements. This gives a sense of exclusivity to the consumer by default allowing them to become a part of the niche group of people who invest in independent businesses. Independent watchmakers get to focus on the craft of creating unique products that are diverse in the marketplace. A huge selling point for many independent watchmakers would be how unique every product is because of the amount of detail that goes into each piece they produce. In the digital marketing era, this sense of exclusivity adds another layer of attraction for consumers and will only continue to grow.

An independent watchmaking company is one that falls under first-generation leadership and is privately owned. The limited number of craftspeople involved in the design and production of the watch prioritizes small-scale production and diversity in design, where the yearly production may be anywhere from a limited 10-100. Independent watching making focuses on innovative and diverse designs and the incorporation of modernization. The scope of creativity is another aspect that drives the growth and appeal of this market.

Key Players in the Independent Watchmaker Market

- Maximilian Büsser & Friends - MB&F focuses on creative and innovative design while crediting their professional watchmakers. Their first chronograph was awarded the top prize at the annual GPHG industry awards and pairs two separate chronographs, increasing its functionality.

- Grönefell Brothers - Based out of the Netherlands, the Grönefell Brothers are an independent company founded by two brothers who pride themselves on their inventive design and collaborations with talented artisans.

- Akrivia - Founded by Rexhep Rexhepi who left F.P. Journe to found his own company, Akrivia (the Greek word for precision). Akrivia focuses on sophistication and aesthetics in terms of watchmaking.

- Sylvain Pinaud - After spending most of his life working for other reputable brands, Sylvain Pinaud started making watches under his own name recently. His most recent watch, 'The Origine'—a time-only, manual wind wristwatch with an inventive movement architecture and an emphasis on decoration, in early 2022 was widely recognized.

- H. Moser & Cie.- Focusing on minimalist designs and creation for a cause, The Schaffhausen-based company focuses on the quality of their watches.

- F. P. Journe - Another known name in the field of independent watchmaking, with its watchmaking journey beginning with its own manufacturing in 1999.

- Trilobe - Famous for their "no hands" design, Trilobe is another independent brand that has created a niche for itself in the market. Their designs offer a unique creative turn to their watches, making them stand out in the market.

A lot of the independent watchmakers market is made up of Swiss watchmakers who started making their watches independently, rather than working for a brand. A few of these include the likes of Andreas Strehler, Antoine Presiuzo, Armin Strom, Philippe Dufour, etc. Owing to their firsthand understanding of what goes into the design and manufacturing of these distinct watches, these watchmakers have detailed insights into the different aspects

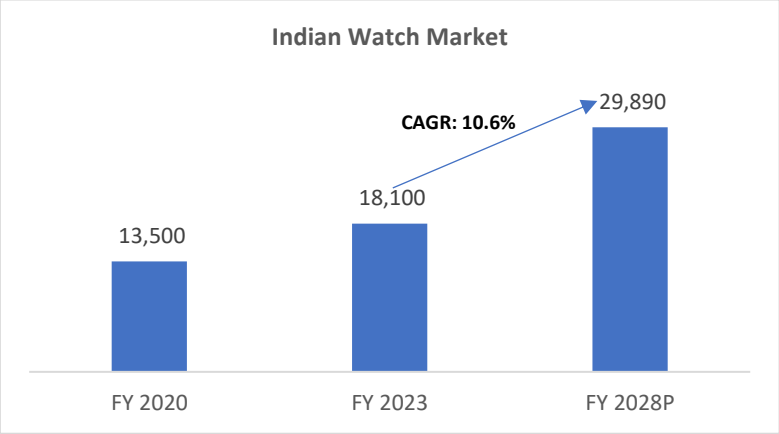
that go into the different components and design elements which gives them another advantage in terms of adding distinctive features and technologies in their production of watches.

The independent watchmaking market has a lot of scope because of its remarkably inventive possibilities and the otherness it offers to its consumers knowing that these watches are specifically manufactured by artisans and are not mass-produced. This also increases the demand for independent watchmaking brands by avid watch collectors who are passionate about making these eccentric watches a part of their personal collections.

Indian Watch Market

Watch Market in India was valued at ~INR 18,100 Cr in FY 2023, growing at a CAGR of ~10.3% from ~INR 13,500 Cr in FY 2020 and is further expected to grow at a CAGR of 10.6% to reach ~ INR 29,890 Cr by FY 2028, on back of factors like increased discretionary spend on watches category, opening of more organized channels of purchase like MBOs and online marketplaces & vertical specialists, increased penetration of smartwatches in mid to premium category, omnichannel market organization etc.

Exhibit 37: Indian Watch Market FY 2020, FY 2023 & FY 2028P (In INR crores)



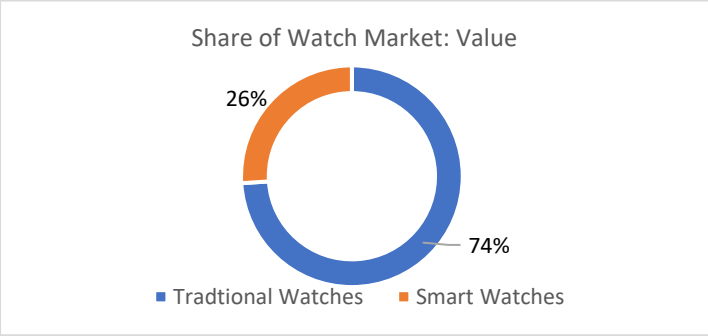
Source: Technopak Research & Analysis
Note- 'The compounded annual growth rate ('CAGR') of x% for the period between FY 2023 and FY 2028 has been derived on the basis of market size build up from individual segments as given below. CAGRs & size for individual segments have been arrived at on the basis of historical data from Technopak Advisors Private Limited's ('Technopak' or 'Industry Report Provider') and Technopak's 'Body of Knowledge' and primary research & analysis done by Technopak.
The size and growth rate for FY 2020, FY 2023, and FY 2028P for individual segment are as follows:

Watch Market Price Segmentation (₹)		**FY 2020**		**FY 2023**		**FY 2028P**		**(FY 23 – 28)**
		Size (₹ Cr)	**Share%**	**Size (₹ Cr)**	**Share%**	**Size(₹ Cr)**	**Share%**	**CAGR %**
High Luxury	Above 10 L	540	4.0%	800	4.4%	1,610	5.4%	15.0%
Luxury Watches	2.5-10L	810	6.0%	1,185	6.5%	2,385	8.0%	15.0%
Bridge to Luxury	1-2.5 Lakh	1,890	14.0%	2,700	14.9%	4,870	16.3%	12.5%
Premium	25k- 1 lakh	3,375	25.0%	4,810	26.6%	8,480	28.4%	12.0%
Fashion	5-25k	2,835	21.0%	3,775	20.9%	6,080	20.3%	10.0%
Mass & Mid Watches	Below 5000	4,050	30.0%	4,830	26.7%	6,465	21.6%	6.0%
		13,500	100%	**18,100**	100.0%	**29,890**	100%	
Overall CAGR (%)								**10.6%**

The Indian watch market is further segmented basis Product type and Price. On the basis of Product type, they are differentiated as 'Traditional watches' (includes both Analogue and Digital Watches) and smart watches. While traditional watches occupy almost 74% share of the overall watch market, smartwatches hold 26% share, with the latter expected to grow at a faster rate, owing to consumer demand, fitness & health consciousness, technological advancements linking the watch to other smart devices, and most importantly, the entry of multiple brands in the mass to mid segment smartwatch space which has given consumers the option to try out smartwatches without pushing into the premium segment. Key brands in entry level smart watches are Noise, Boat, Amazfit etc.

Traditional Watches have been the mainstay of the segment attracting consumers across price points, gender & age groups. Brands have kept segment relevant through new launches attracting specific consumer groups, e.g. Ethnic range of watches which acts as a jewelry accessory by Titan Raga; Themed watches like Fastrack etc. targeting young consumers. Premium & Luxury segment is primarily dominated by traditional watches, which are bought by the consumers for their quality, legacy and brand value.

Exhibit 38: Share of Traditional and Smart Watches- FY 2023



Source: Technopak Research & Analysis

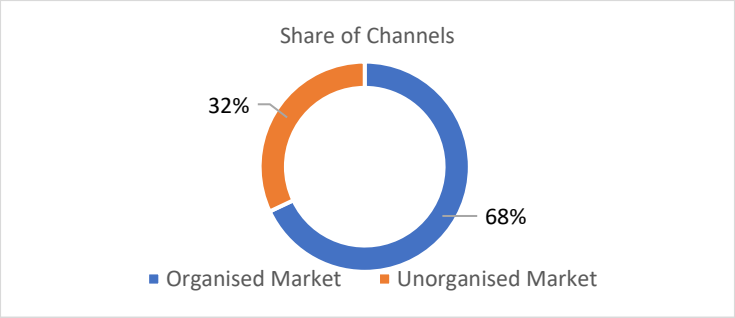
Retailing Structure of Indian Watch market

Watch Retail constitutes various channels through which consumers purchase, broadly defined as Organised and Unorganised Channels.

Size of Organised & Unorganised Market in Watch Retail

The watch industry is dominated by the organised sector having a 68% share of the overall market, and unorganised market contributing to 32%. While the organized watch market in FY 2023 was estimated at ~INR 12,310 Cr, the unorganised market was approximately INR 5,790 Cr.

Exhibit 39: Share of Organised & Unorganised Channels in Indian Watch Market – FY 2023



Source: Technopak Research & Analysis

Organised channel is further segregated as EBOs, MBOs & LFS, Vertical Specialist MBOs and Online Marketplaces & Online Vertical Specialists:

Multi Brand Outlets (MBOs) & Large Format Stores (LFS)

Multi brand outlets are one of the most prevalent retail formats in the Indian watch market. An MBO houses multiple brands, Indian as well as international, under one roof. Shoppers Stop, Lifestyle stores are examples of few LFSs which house various watch brands. Large format stores have contributed significantly to the fashion watch segment. The department stores are frequented mostly by young shoppers, this combined with high visibility and footfalls induce a lot of impulse purchase for these watch brands.

Vertical Specialist MBOs

Vertical Specialist MBOs are multi brand formats focussed on the vertical/ category and sell multiple brands across price ranges depending on the USP of the vertical specialist MBO. The growth and expansion of vertical

specialists such as Ethos, Kapoor Watch Company, Helios etc. has further boosted the category. Players like Ethos, which have a pan India presence and sell premium and luxury brands in India have made purchase of luxury watches a seamless experience for customers They have enabled entry of multiple international brands through collaborations, e.g., Ethos has exclusive partnership with Jacob & Co, Gerard Perregaux, Bell & Ross, Carl F. Bucherer, Raymond Weil, Oris, Corum, Parmigiani etc. Also, watch companies have started their own chain of multi-brand watch outlets, which houses their own brands, like World of Titan, The Time Factory by Timex etc.

Exclusive Brand Outlets (EBOs)

Exclusive brand outlets are retail stores that house the extensive product range or all sub-brands of a single brand. Few examples of EBOs in the Indian watch industry are Rolex, Rado, Omega, Longines, Seiko etc. These stores are usually situated at high streets or in malls.

Due to FDI restrictions, international brands are allowed to open EBOs only through a joint venture with an Indian partner or through a network of franchisees. While this helps the international brands expand into a new market, it also poses these brands with a challenge of maintaining the worldwide quality standards of their brand in these partner/franchisee stores. If and when the FDI regulations are relaxed, a large number of international brands are expected to go solo and open company owned EBOs.

Kiosks

The concept of 'Kiosk retail' has become increasingly popular in the Indian retail scenario over the past few years. It is a cost efficient and effective way to sell products in an otherwise premium rental location like malls, the staff requirement is also minimal. Kiosks are usually located inside large shopping arcades, mall atriums, airport terminals etc. Most of these kiosks carry products by a single brand, and this approach is usually adopted by brands in Mass & Fashion range. For e.g. Casio and Fastrack watches retail through kiosks also apart from EBOs.

Online Market Places & Online Vertical Specialists

Online Marketplaces like Amazon, Flipkart, Myntra, Tata Cliq etc have become one of the key retail channels for watches, offering primarily Mass-mid, Fashion and Premium range. Bridge to luxury and Luxury watches sold online are primarily through Online Vertical Specialists like Ethos, Kapoor Watch etc. and few luxury marketplaces like Ajio Luxe & Tata Cliq Luxury. The Vertical Specialists like Ethos have the unique proposition of offering consumers the trust and reliability they need while shopping for higher range watches online, apart from the vast range of international luxury brands they offer. Increasing penetration of multiple social media platforms and rise of social media influencers provide an alternative channel for marketing for brands and vertical specialists alike, partnering with social media influencers that could convey the company's USP to the target customer segment and market their products effectively.

Consumers and brands alike are adopting an Omni-channel approach to buying and selling respectively, with product discovery & research happening through either channels (generally Online first), and purchase through either channel (generally Offline for Bridge to Luxury and Luxury). Players like Ethos include research articles, independent reviews and guides on watch selection on their website to assist customers in making the right choice while purchasing luxury watches. They also have a luxury watch helpline for answering technical and other queries, along with live chat with Luxury watch consultants on website. Such CRM initiatives by retailers help the consumers in decision making, as well as give a unique experience in customer service.

Price Segmentation & Key Brands

Price Segmentation of the Indian Watch market

The Indian Watch Market is estimated at INR 18,100 Cr. While sub-INR 5,000 mass and mid segment of watches account for ~26.7% of the market, Fashion segment (INR 5,000 – INR 25,000) accounts for ~21% of the market. The Premium, Bridge to luxury and Luxury segment are collectively estimated to contribute ~48% of the market.

While the Mass & Mid segments account for a large value and volume share in the market, their growth is slow at 5-7%. On the other hand, Fashion & Premium Segments are growing at a CAGR of ~10%. The Luxury and High luxury segments are growing faster than other segments at a CAGR of ~15%.

Exhibit 40: Segmentation of Indian Watch market by Price

Category	Price Range (INR)	Key Brands
High Luxury	>10,00,000	ROLEX, GP GIRARD-PERREGAUX, H. Moser & Cie., PATEK PHILIPPE GENEVE, BOVET 1822
Luxury	2,50,000-10,00,000	OMEGA, ZENITH, PANERAI, BREITLING, CARL F. BUCHERER
Bridge to Luxury	1,00,000 -2,50,000	TITONI, LONGINES, ORIS, RADO, TAG HEUER
Premium	25,000 -1,00,000	TISSOT, SEIKO, MOVADO, RAYMOND WEIL GENEVE, JUNGHANS
Fashion	5,000 -25,000	TITAN RAGA, Fossil, G-SHOCK
Mass	<5,000	PA maxima, SONATA, CASIO

Note- Brands put in above price ranges if most of their SKUs lie in the given ranges.

Exhibit 41: Key Watch Companies & brands in India & their Distribution channels & Price Positioning

Key Players in Luxury Watch Segment													
Company / Group	Key Brands	Price range	Distribution Channels					Price Segments					
		(In INR)	Company Website	Online Marketplaces	MBOs	Vertical Specialist MBOs	EBOs	Mass & Mid	Fashion	Premium	Bridge to Luxury	Luxury	High Luxury
Rolex Watch Company Pvt. Ltd.	Rolex	NA	-	-	-	✓	✓	-	-	-		✓✓	✓✓
Breitling India Pvt Ltd	Breitling	2,88,100 - 59,34,000	-	-	-	✓		-	-	-	✓	✓✓	✓
Swatch Group (India) Pvt. Ltd.	Longines, Tissot, Rado, Omega	14,000 – 1,08,90,000	-	✓	✓	✓	✓	-	-	✓✓	✓✓	✓✓	✓
Richemont Group	Cartier, IWC, Jaeger-LeCoultre, Panerai	2,23,000 - 1,57,34,000	-	-	-	✓	✓	-	-	-		✓✓	✓✓
LVMH Group	Tag Heuer, Hublot	79,150- 32,31,100	-	✓	✓	✓	✓	-	-	✓	✓✓	✓✓	✓

Company / Group	Key Brands	Price range	Distribution Channels					Price Segments					
		(In INR)	Company Website	Online Marketplaces	MBOs	Vertical Specialist MBOs	EBOs	Mass & Mid	Fashion	Premium	Bridge to Luxury	Luxury	High Luxury
Citizen Watches (India) Pvt. Ltd.	Citizen	5,000 – 5,00,000	✓	✓	✓	✓	✓	✓✓	✓✓	✓✓	✓	✓	-
Timex Group India Ltd.	Timex	2,495 – 22,995	✓	✓	✓	✓	✓	✓✓	✓✓	-	-	-	-
Titan Company Ltd.	Anne Klien, Coach, Fastrack, Lee Cooper, Nebula, Xylus, Edge	1,000 – 4,00,000	✓	✓	✓	✓	✓	✓✓	✓✓	✓✓	✓	✓	-
PA Time Industries (Maxima)	Maxima	3,999 – 12,995	✓	✓	✓	✓	-	✓✓	-	-	-	-	-
Casio India Co. Pvt. Ltd.	Casio, G-Shock, Edifice, Enticer, Vintage, Youth, Protrek	700 – 65,000	✓	✓	✓	✓	✓	✓✓	✓✓	✓	-	-	-
Fossil India Pvt Ltd	Fossil	7,495– 25,000	✓	✓	✓	✓	✓	✓✓	✓✓	-	-	-	-

Source: Technopak Research & Analysis. Price range excluding watches which are sold out/ Price not mentioned on brand/ Vertical Specialist website, as applicable.
Note- Double tick in Price segmentation signifies prominent presence, Single tick signifies very limited presence.

Primarily, watch brands sold in India are strongly pivoted towards their price segments. For instance, watch brands in luxury segments have limited to no presence in premium and below barring a few exceptions like Swatch Group. Retail channels also differ for different price segments. Vertical specialists MBOs signify luxury watch retail in India, whereas a multi-channel retail play comprising EBOs, MBOs and online marketplaces signify mass to premium watch retail in country.

Premium & Luxury Watches in India

The Premium & Luxury Watch Market comprises of the segments High Luxury (INR 10 Lakhs and above), Luxury (INR 2.5 to 10 Lakhs), Bridge to Luxury (INR 1 to 2.5 Lakhs), and Premium Watches (INR 25,000 to 1 Lakhs). The Luxury Watch Market comprises of High Luxury, Luxury and Bridge to Luxury segments.

Exhibit 42: Definition of Price Segments & Market Size

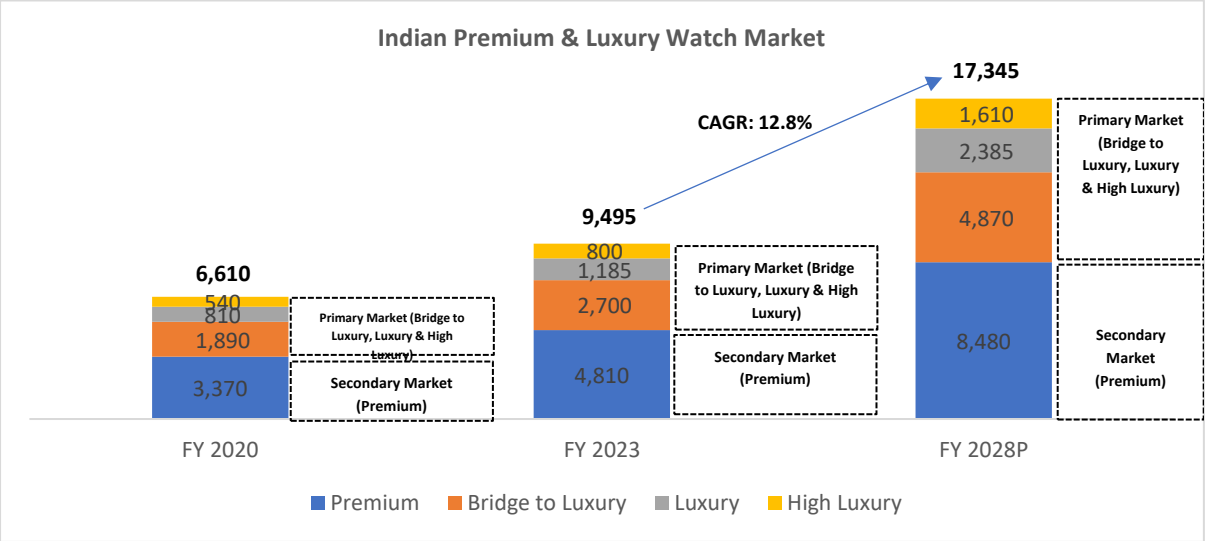
Segment	Definition	FY 2023 Market Size	FY 2023 % Share of Segment in the Overall Watch Market	FY 2028P Market Size	CAGR
Premium Watch Market	• Premium (INR 25,000 to 1 L)	INR 4,810 Cr	26.6%	INR 8,480 Cr	12.0%
Luxury Watch Market	• Bridge to Luxury (INR 1 L to 2.5 L) • Luxury (INR 2.5 L to 10 L) • High Luxury (INR 10 L & above)	INR 4,685 Cr	25.9%	INR 8,865 Cr	14%

Segment	Definition	FY 2023 Market Size	FY 2023 % Share of Segment in the Overall Watch Market	FY 2028P Market Size	CAGR
Premium & Luxury Watch Market	• **Premium (INR 25,000 to 1 L)** • **Bridge to Luxury (INR 1 L to 2.5 L)** • **Luxury (INR 2.5 L to 10 L)** • **High Luxury (INR 10 L & above)**	**INR 9,495 Cr**	**52.5%**	**INR 17,345 Cr**	**12.8%**

Source- Technopak Analysis

The High luxury and luxury market are growing faster than other segments & the overall market, at a CAGR of 15% and is expected to reach INR 1,610 Cr and INR 2,385 Cr in FY 2028 from INR 800 Cr and INR 1,185 Cr respectively in FY 2023.

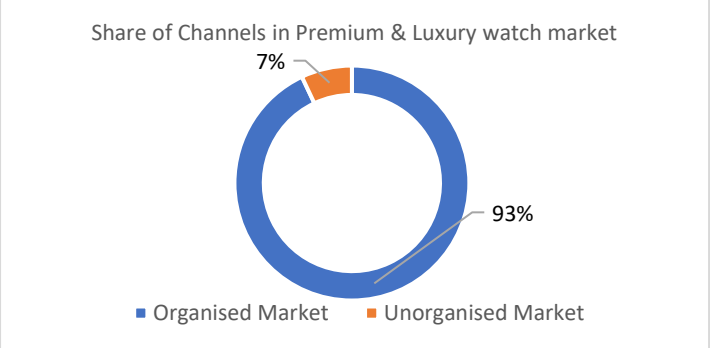
Exhibit 43: Indian Premium & Luxury Watch Market- FY 2020, FY 2023 and FY 2028P (In INR crores)



Source: Technopak Research & Analysis
Note – Primary market in the chart refers to the luxury watch segment comprising bridge to luxury, luxury, and high luxury watches. The secondary market refers to the premium segment of watches.

The overall market for Premium & Luxury watches is dominated by Organised players, and within organized by Vertical Specialist MBOs like Ethos, Kapoor Watch, Johnson Watch, Zimson etc. Unorganised market consists of standalone unorganized players.

Exhibit 44: Share of Organised & Unorganised Channels in Indian Premium & Luxury Watch Market – FY 2023



Source: Technopak Research & Analysis

The branded players sell through both organized and unorganized channels, especially in the Mass-Mid and Fashion segments. While Premium and Bridge to Luxury sell majority through Organised channel, and Luxury players exclusively through Organised Market, which is why the organized market contributes to 93% of the market for Premium & Luxury Watches.

The Premium and Luxury watch retail market structure can be mapped in two ways:
(A) Brand's perspective
(B) Retailing perspective

(A) Brand perspective

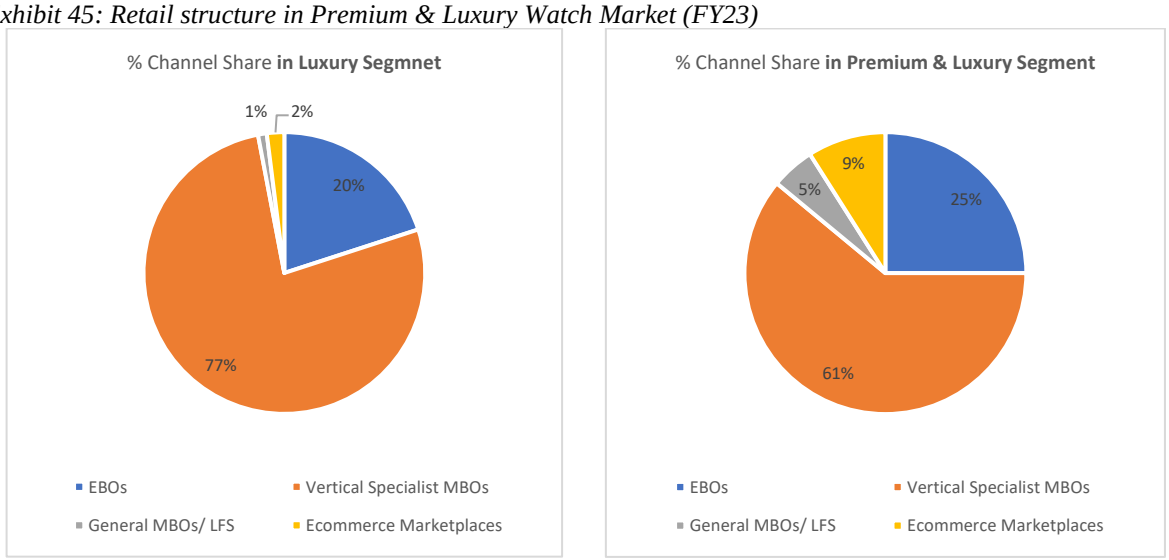
The premium & luxury watch market is dominated by international brands that have come to signify the luxury and premium watch market globally and India is no different. Therefore, nearly all of the watches sold in this segment are imported into the country and dominated by brands like Rolex, IWC, Hublot, Omega, Panerai, Rado, Longines etc. Many of these brands are also part of luxury majors globally (for instance Cartier, Panerai and IWC belong to the Richemont Group; Omega, Longines and Rado belong to Swatch Group), while quite a few are independent entities (e.g. Rolex, Breitling, Carl F Bucherer and H Moser). A similar structure exists in other key markets like China and USA. Going forward also this is not going to change given the fact that leading luxury watch brands are now near synonymous with luxury on the premise of legacy, quality of craftmanship and heritage. These virtues are difficult to replicate and represent entry barriers for new entrants

(B) Retailing perspective

This signifies the route to market (RTM) for premium and luxury watches in India. Primarily two routes exist for luxury and premium brands sold in the country of (i) Multi Brand Retail led through Vertical Specialists, and of (ii) Exclusive Brand retail led. E-commerce and digital outreach are subsumed under both RTMs. Vertical Specialist MBO led RTM occupies 61% share of the total retail sales of premium and luxury watches in the country, whereas EBO lead RTM occupies 25% share of this total retail sales.

When seen exclusively for Luxury Segment, Vertical Specialist MBOs led RTM occupies 77% share of this market (i.e Bridge to luxury & Luxury), whereas EBO led RTM occupies 20%. Globally and in India, Vertical Specialist MBO led retailing is the dominant RTM route for luxury and premium watches given that the MBO route provides cost effective and wider market access for luxury brands. Therefore this (Vertical Specialist MBO) is the principal route for luxury brands for volumes and sales, whereas EBO route for luxury brands is used by the luxury brands to compliment MBOs.

Exhibit 45: Retail structure in Premium & Luxury Watch Market (FY23)



Source: Technopak Research & Analysis

Within Vertical Specialist MBO route to market in India, Luxury and Premium watch retail sales is dominated by national player Ethos and regional / local MBO players like Kapoor Watch and Johnson Watch company. As of

FY 2023, retail market size of Vertical Specialist MBOs in Luxury watch and Premium & Luxury watch segment are INR 3,400 Cr and 5,385 Cr, which increased from INR 2,740 Cr and INR 4,390 Cr respectively in FY 2022. Basis revenue from operations in FY 2022, Ethos has a 13% share of the total retail sales in premium and luxury segment, and a share of 21% when seen in exclusively Luxury segment. Within the latter segment where Ethos occupies a 21% share, regional and local players like Kapoor Watch occupy a 12% share, Zimson occupies a 7% share and Johnson Watch Company occupies a 4% share. This makes Ethos the largest Retailer in Premium & Luxury watch retail in the country.

Exhibit 46: Market Shares of Key Vertical Specialist Premium & Luxury Watch MBOs

Vertical Specialist Premium & Luxury MBOs	Revenue FY2022 (In INR Cr)	Share in Luxury Watch Market	Share in Premium, & Luxury Watch Market
Ethos Limited	577.3	21%	13%
Kapoor Watch	338.2	12%	8%
Johnson Watch	102.1	4%	2%
Zimson	178.2	7%	4%
Kamal Watch	184.4	7%	4%
Khimani Watch	0.8	0.03%	0.02%
Helvetica Boutique	33.6	1%	1%

Source: Technopak Research & Analysis

Factors leading to increase/ decrease in the sale of luxury watches in the Organized Market

The factors that have led to the growth of the sale of luxury watches in the organized market are:

Growth Drivers

1. Rise of Organised players in Luxury watch business in India

Organised players have seen a rise in the premium and luxury watch market with expansion in both online and offline organized channels. Multiple regional chain stores such as Mumbai's Just-In-Time, Hyderabad's Kamal Watch Company, and Coimbatore's Zimson Watch Company, have been drivers for Luxury watch MBO's in specific regions of India.

Pan-India Organised retailers such as Ethos are expanding and driving the Vertical Specialist MBO Market for luxury watches in India; Helios has pan India presence with watches mostly in fashion & premium range, with limited presence in bridge to luxury range; and Just Watches is present across the country for mostly Fashion segment of watches. Watch brands are also exploring brands partnerships, e.g., international brands such as Moser, Oris, Titoni, Carl F. Bucherer, Raymond Weil, Louis Erard, Corum among othershave exclusive partnerships with Ethos. Also, existing unorganized players are also adopting multichannel approach by selling though online marketplaces and social commerce, hence adding to the Organised market size. The rise of organized players in Luxury watch business would lead to an increase in customer trust and availability & acceptability of Luxury watches in India.

Organised players often provide better after sales services such as repairs and refurbishments with additional warranty and guarantee which positively influences the purchasing decisions of customers.

2. **Regulatory Headwinds**

Demonetization: India's two highest-denomination banknotes- INR 500 & INR 1,000, were demonetized in November 2016 leading to majority of country's currency under circulation becoming redundant. There was also resulting confusion & delays caused by limited supply of new bank notes and the country experienced a cash crunch. Restriction on cash, which was the major source of transaction for premium and luxury products in the country resulted in a temporary decrease in discretionary spend and as a result, watch sales, especially premium & luxury segment suffered a setback immediately after demonetization. But this also led to the adoption of plastic/digital money in the premium & luxury watch sector. The adoption of cashless transactions has brought in further transparency into the sector. Demonetization helped organized players to further penetrate the unorganised market for premium & luxury watches by capturing market share from unorganized players whose business was

predominantly based on cash.

Goods and Service Tax: GST introduction brought in greater transparency in the premium and luxury watch market by enforcing tax compliance. It favours organized players that can manage prescribed processes.

PAN: 2016 saw the introduction of mandatory PAN requirement for transactions exceeding INR 2 Lakhs. The PAN card requirement makes it compulsory to establish the identity of the buyer which makes it difficult for unorganized retailers to operate, and in turn favors the organised players.

3. CRM (Customer Relationship Management): Luxury consumers look for experience and customisation when buying products. The purchase experience and related marketing around it hence becomes an important part of consumer decision making. Premium & Luxury watch brands are using engaging marketing tools with customised offerings and experiences to attract customers, which is something only larger organised players can afford to do, contributing to an increase in organised market. E.g. Players like Ethos, Art of Time organise events for key customers to unveil limited-edition watches along with celebrity presence.

4. **Customizing & Designing**: Luxury watches are available in different price ranges. However, the price of customized or designer watches is often decided based on skill, the creative approach, and the designer of the watch. Few of the brands are leveraging this trend by offering products in partnership with cinema studios & famous global designers. For example, Kross studios launched The Death Star Watch in collaboration with the official owner of Star Wars with 10 limited edition watches in the luxury segment. Such experiences also attract consumers to branded and organised players in luxury segment.

Additional Regulatory Headwinds -

Change in Custom Duty & GST

In February 2018, customs duty on imported watches and clocks was doubled from 10% to 20%, -. On the other hand, clearing products through customs became simpler, with the importer only needing an invoice from the provider. This has had mixed repercussions on imported luxury watches in India. -

Though introduction of GST favors the organized market, but frequent changes in GST (wrist watches were taxed at around 12.5%; the implementation of GST increased the tax rate to 28%, which was again reduced to 18% in November 2017) add to confusion in processes & in the taxation policies associated with watch market in India.

Retailing Structure for Premium & Luxury Watches in India

Luxury & Premium Watch Market in India

The Premium & Luxury Watch Market comprises of the segments High Luxury (INR 10 Lakhs and above), Luxury (INR 2.5 to 10 Lakhs), Bridge to Luxury (INR 1 to 2.5 Lakhs), and Premium Watches (INR 25,000 to 1 Lakhs). The Luxury Watch Market comprises of High Luxury, Luxury and Bridge to Luxury segments.

Exhibit 47: Definition of Price Segments & Market Size

Segment	Definition	FY 2023 Market Size	FY 2023 % Share of Segment in the Overall Watch Market	FY 2028P Market Size	FY 2028 % Share of Segment in the Overall Watch Market	CAGR
Premium Watch Market	• Premium (INR 25,000 to 1 L)	INR 4,810 Cr	26.6%	INR 8,480 Cr	28.4%	12.0%
Luxury Watch Market	• Bridge to Luxury (INR 1 L to 2.5 L) • Luxury (INR 2.5 L to 10 L) • High Luxury (INR 10 L & above)	INR 4,685 Cr	25.9%	INR 8,865 Cr	29.6%	14%
Premium & Luxury Watch Market	• **Premium (INR 25,000 to 1 L)** • **Bridge to Luxury (INR 1 L to 2.5 L)**	**INR 9,495 Cr**	**52.5%**	**INR 17,345 Cr**	**58%**	**12.8%**

Segment	Definition	FY 2023 Market Size	FY 2023 % Share of Segment in the Overall Watch Market	FY 2028P Market Size	FY 2028 % Share of Segment in the Overall Watch Market	CAGR
	• **Luxury (INR 2.5 L to 10 L)** • **High Luxury (INR 10 L & above)**					

Source- Technopak Analysis

The High luxury and luxury market are growing faster than other segments & the overall market, at a CAGR of 15% and is expected to reach INR 1,610 Cr and INR 2,385 Cr in FY 2028 from INR 800 Cr and INR 1,185 Cr respectively in FY 2023.

Import of Swiss Luxury Watches in India

India ranked 23rd in the world in the value of Import of Swiss Watches, valued at USD 206 Mn in CY 2020, growing at a CAGR of 41.1% from 103.5 Mn in 2020.

Exhibit 48: Import of Swiss watches in India (In USD Mn)

	2022	Change (in %)	2020	Change (in %)	2018
India	206	99.0	103.5	-34.3%	157.5

Source- Technopak Analysis, 1CHF=1.0225 USD in 2018, 1 CHF=1.0067 USD in 2019, 1 CHF=1.067 USD in 2020, 1CHF=1.09USD in 2022

Comparison of Indian Luxury Watch Market with Key Countries

In FY 2023, Indian Luxury Watch Market in India accounted for ~26 % of the overall Watch Market in India, with the former valued at USD 0.6 Bn as compared to the latter at USD 2.26 Bn. The share of Luxury watches compared to overall watch market in India is significantly lower as compared to the global share of 58%.

Exhibit 49: Comparison of Indian Luxury Watch Market with Key countries (CY 2022)

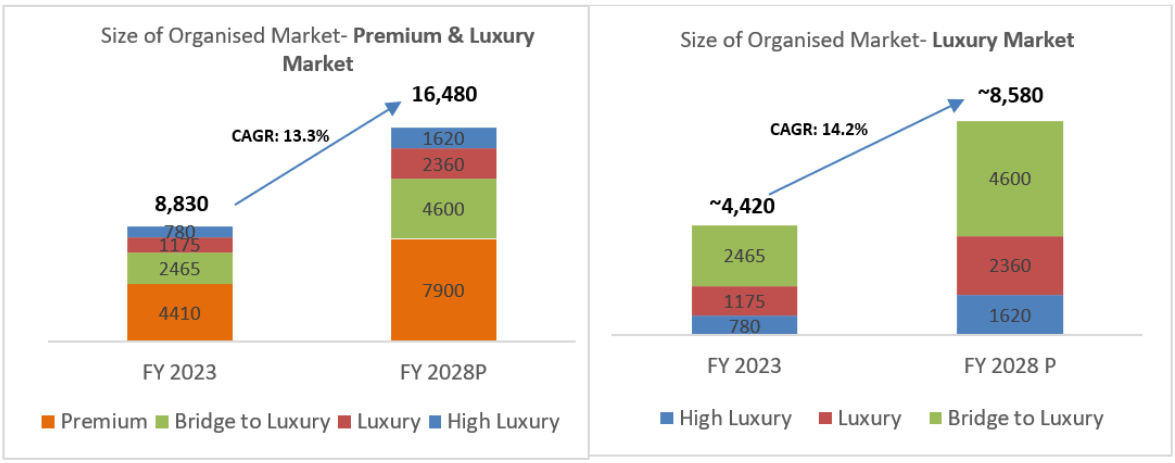
	Global	India	China
GDP (In USD Tn)	103.9	3.4	18.1
Total Watch Retail (In USD Bn)	71.1	2.3	17.8
Luxury watch Market (In USD Bn)	41.4	0.6	10.9
Share of Luxury Watch in Total Retail	58%	26%	61%

Source- Technopak Analysis. India number for FY 2023. Global, China for CY 2022.
¥1 CNY = USD 0.14, 1 USD = INR 80

Organised Luxury & Premium Watch Market - By Retail Channel Types

The share of organised market for Premium & Luxury Watches is expected to increase from 93% in FY 2023 to 95% by FY 2028, owing to growth of the organised players, led by Vertical Specialists. The share of organised market for luxury watches is expected to grow from 94% in FY 2023 to 97% in FY 2028.

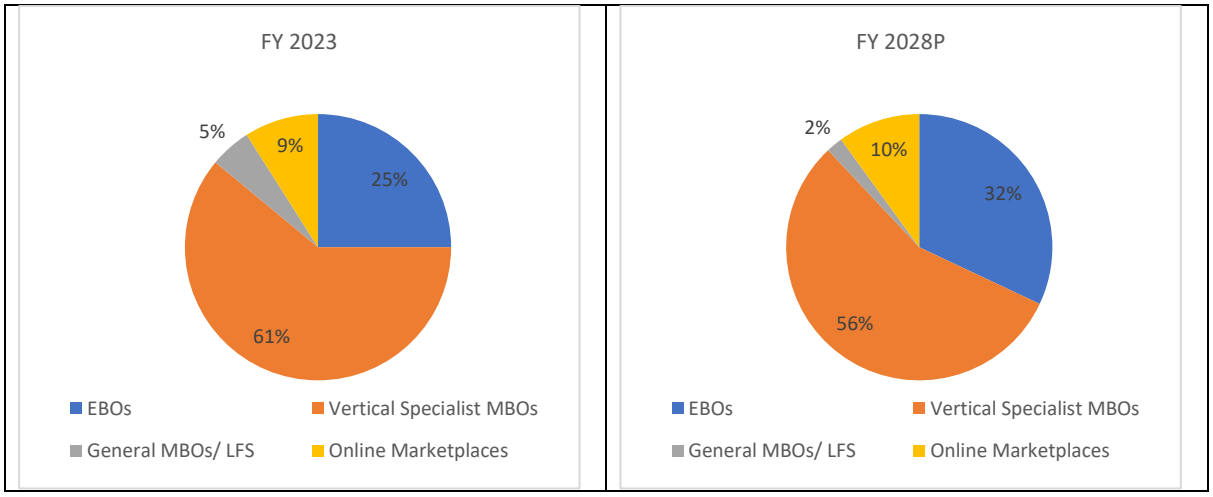
Exhibit 50: Size of Organised market for FY 2023 and FY 2028P (in INR Crores) in each segment



Source: Technopak Analysis

Within the organised channel, the Premium & Luxury watch market is further segregated into different retailing channels i.e., EBOs, General MBOs/ LFS, Vertical Specialist MBOs and E-commerce. The organised Luxury Watch market is dominated by Vertical Specialist MBOs occupying 77% of this market, with Ethos leading this segment with a ~23% share, basis revenue from operations in FY 2023.

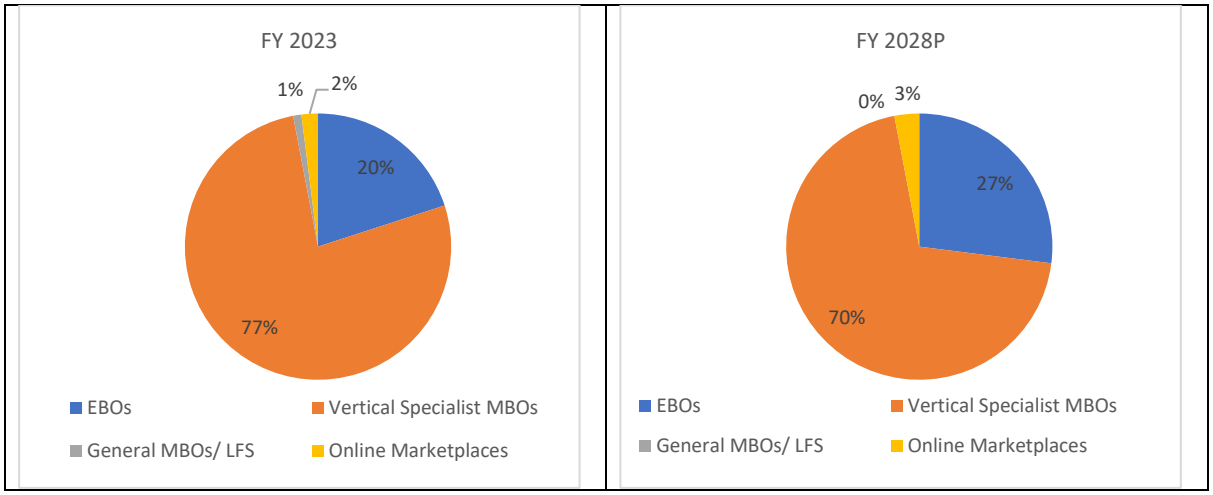
Exhibit 51: Share of Retail Channels in the Organised Market for the Premium & Luxury Market for FY 2023 and FY 2028P



Source: Technopak Analysis
Note- Both online & offline revenue included in above channels i.e in Vertical Specialist MBOs, EBOs, General MBOs/LFS. Hence, commerce marketplaces are exclusively Online marketplaces.

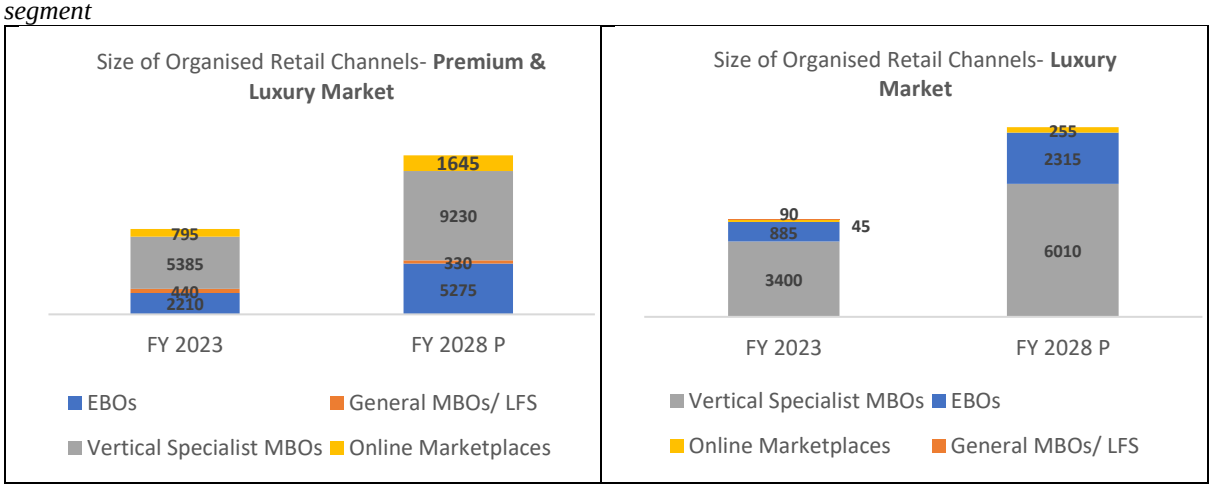
The share of Vertical Specialists in the organised Luxury Market is expected to change from 77% in FY 2023 to 70% in FY 2028. This share includes sales from physical stores and from own websites of the Vertical Specialists. Share of EBOs is expected to increase from 20% in FY 2023 to 27% in FY 2028.

Exhibit 52: Share of Retail Channels in the Organised Market for the Luxury Market for FY 2023 and FY 2028P



Source: Technopak Analysis
Note- Both online & offline revenue included in above channels i.e in Vertical Specialist MBOs, EBOs, General MBOs/LFS. Hence, commerce marketplaces are exclusively Online marketplaces.

Exhibit 53: Size of Retail Channels in the Organised Market for FY 2023 and FY 2028P (in INR Cr) for each segment



Source: Technopak Analysis

The share of 77% in FY 2023 for Vertical Specialists in the Luxury segment translates into a market size of INR 3,400 Cr, which is expected to reach INR 6,100 Cr in FY 2028.

Benchmarking of Key Retailing Channels by Plays Types, and Retailing Approaches for Key Brands and Retailers

Benchmarking of Franchise Exclusive Brand Outlets (EBOs)

Store Count & Reach: EBOs are viewed both as an important lever for consumer connect and for sales for luxury watch brands worldwide. Restrictions in FDI in India has meant that 51% FDI in muti-brand retail and 100% in single-brand retail is allowed, provided that 30% of value of products sold is sourced from Indian small industries. The local sourcing clause was eased in 2018 for foreign single-brand retailers for first five years if they are already procuring goods for their global operations from India. All of luxury watches sold in the country are imported and such restrictions made it difficult for international luxury watch brands, majority are which Swiss manufactured, and cannot procure raw materials from India, to operate through the direct EBO route. In this context all of luxury watch brands retail in India through franchise route (for EBOs or Vertical Specialists) rather than through directly owned EBOs. Brand like Rado has adopted the EBO model that comprise retail partnership/s to manage and operate its EBOs. This is reflected in the 75 store count that Rado has in India whereas for all other luxury watch brands EBOs are either absent (high luxury brands largely sell through Vertical Specialist MBOs) or minimal in India.

Exhibit 54: City-type and Region mapping for key Luxury Brand EBOs

Brand	Total Stores Own/Franchise	North	South	East	West	Central
Rolex	7	17%	50%	33%	0%	0%
Omega	9	13%	50%	13%	25%	0%
Rado	29	43%	28%	4%	26%	0%
Longines	7	33%	67%	0%	0%	0%
Tissot*	21	8%	42%	8%	42%	0%
Panerai	2	50%	0%	0%	50%	0%

Source: Technopak Analysis; Note: Only Metro, Mini-Metro and Tier 1 cities considered

Brand	Total Stores Own/franchise	Metro	Mini-Metro	Tier 1	Tier 2	Tier 3
Rolex	7	17%	67%	17%	0%	0%
Omega	9	25%	75%	0%	0%	0%
Rado	29	40%	38%	19%	2%	0%
Longines	7	33%	67%	0%	0%	0%
Tissot*	21	33%	58%	8%	0%	0%
Panerai	2	100%	0%	0%	0%	0%

Source: Technopak Analysis Note: Only Metro, Mini-Metro and Tier 1 cities considered

Location Mix: Luxury watch brand EBOs are mostly located in Premium & Luxury Malls, and High Streets. For e.g Hublot opened its first boutique store in India in Palladium, Mumbai. The mall is positioned as a luxury mall that also houses EBOs of other luxury watch brand like Rado, Panerai, Tissot & Omega.

Exhibit 55: Location Mix: key Luxury Brand EBOs

Brand	Luxury Malls	Premium Malls	High Streets	Airports	Office Campuses
Rolex	✓✓	✓	✓✓✓	-	✓
Omega	-	✓✓	✓✓✓	-	-
Rado	-	✓✓	✓✓✓	✓	-
Longines	✓✓	✓✓	✓✓	-	-
Tissot	-	✓✓	✓	-	-
Panerai	✓	✓	-	-	-

Source: Technopak Analysis. Example of Office Campus- Olive Arcade, Ahmedabad for Rolex

D2C Enablement: Direct to Consumer enablement by luxury watch brands through websites in India should be interpreted as an outreach mechanism to the consumers to showcase range, allow consumers to undertake product discovery, offer customer support and address FAQs. Price listings / discovery are selective keeping in mind the discerning nature of the consumer demand. Here too, like in the case of company owned EBOs, for the operational complexity involving regulatory compliance, the D2C enablement of luxury watch brands in India is subsumed under the digital and online commerce of Vertical Specialist MBOs and / or re-sellers. For instance, Ethos, which has a pan-India presence sells through its own websites online and is also the authorised watch supplier at Luxury Marketplace Ajio Luxe. Omni-channel enablement of Ethos and its likes become a key proposition on offer for luxury watch brands that enables them to expand their reach throughout the country both through offline and online means.

Price Range:

Exhibit 56: Price Range of Luxury watches for key Luxury Brands

Brand	Price Range (INR)
Rolex	4,00,000-1,00,00,000
Rado	37,300 - 6,86,700
Omega	2,86,600 - 1,80,00,700*
Longines	85,000 - 13,19,000
Cartier	2,56,000 – 5,15,00,000
Breitling	1,97,000 – 44,09,000
Panerai	4,31,000 - 44,71,000*
Tag Heuer	84,150 – 17,42,000
Oris	1,71,000 – 5,86,000
Carl F. Bucherer	1,99,000 – 53,89,000

Brand	Price Range (INR)
Jacob & Co.	4,40,000-8,00,40,000

Source: Technopak Analysis

**Note: Price references taken from respective brand's websites, barring for Omega & Panerai whose price reference is taken from www.ethoswatches.com. Price range excluding watches which are sold out/ Price not mentioned on website*

Retailing Approach of Key Brands

Exhibit 57: Retailing Approach of Representative Key Brands

Brand	Retailing Approach
Rolex	Only authorized retailers like Ethos, Kapoor Watch Co., etc. as well as standalone retailers such as Punjab Jewels, Cooke & Kelvey, Luxury Time, etc. are allowed to retail and service Rolex watches in India. Rolex also has EBOs in Metro cities in India in association with few of its retailers like Ethos Ltd, Swiss Watch Co., Exclusive Lines, and Horology Impex. In addition, Rolex watches retail at Vertical Specialist MBOs such as Ethos Ltd, Kapoor Watch Co., etc. Its website is used for price & product discovery, customer support & guidance on purchase etc.
Omega	Omega have their own exclusive boutique with vertical specialist such as Ethos Ltd, Zimson, Helvetica Lifestyle, in key cities such as Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi and Pune. They also have their products available at MBOs of these vertical specialists. Omega has their own website catering the Indian consumers which is often used for product and price discovery.
Rado	Rado retails primarily through Authorized retailers accounting for ~85% of all Rado stores in India, focusing on Metro, Mini metro, and Tier 1 cities. Rado also has Exclusive Boutiques in Key cities such as Mumbai, Delhi, Ahmedabad, Bangalore, Chennai, Kochi, Coimbatore, Hyderabad Lucknow, Pune, and Trivandrum. Their official website is often used for product and price discovery, after which a sales executive would further guide the purchasing process. Rado watches are also available (online and offline) on Vertical Specialists such as Ethos Ltd, Kapoor Watch Co., Johnson Watch Co. etc.
Longines	Longines retails in India through a national distributor: Swatch group India Pvt Ltd and Regional retailers such as Ethos Ltd, Zimson, etc. Longines watches are also available (online and offline) on Vertical Specialists such as Ethos Ltd., Johnson Watch Co. etc. They have their own Boutique store in association with Zimson in UB City, Bangalore.
Breitling	Breitling sells through authorised reseller such as Ethos, Art of Time, Kapoor, etc. and are mainly focused in Metro and Mini metro cities. Breitling have own dedicated website for India that offers product and price discovery
Cartier	Cartier sells through authorised resellers such as Art of Time, Kapoor Watch etc. and are mainly focused in Metro and Mini metro cities. The brand has its own dedicated website for India which is often used for product and price discovery. They have their own Boutique store in Vasant Kunj, Delhi. Cartier watches are also available on Vertical specialist websites.
TAG Heuer	TAG Heuer retails through official retailing partners such as Ethos, Kamal Watch Co., Luxury Time, etc. in Metro, Tier-1 and Tier-2 cities. They also have an official website for Indian customers which is used for price discovery. Luxury products of TAG Heuer are also available on online channels of their official retailers.
Oris	Oris retails through their only official retailer – Ethos. They are present 28 stores pan India in 15 cities. They also have their own website for India which is mainly used for product discovery. Products of Oris are also available on Luxury e-commerce marketplaces such as Tata Cliq Luxury and Luxepolis.
Panerai	Panerai have 2 exclusive brand outlets, one each in Mumbai and Delhi. Their products are also available at various vertical specialists such as Ethos Ltd, Johnson Watch Co., Art of Time and Kapoor Watch Co. Their website is used mainly for product discovery.
Carl F. Bucherer	Carl F. Bucherer has exclusive partnership with Ethos- their only official retailer in India. They have presence in 3 cities, i.e., Mumbai, New Delhi, and Chandigarh. They also have a dedicated website for Indian consumers which is used for product and price discovery. Products of Carl F. Bucherer are also available on multiple luxury marketplaces such as Tata Cliq Luxury, Luxepolis and Chrono24.
Favre Leuba	Favre Leuba, a brand of luxury wrist watches established in the year 1737 was started by Abraham Favre. The brand has been acquired by Silvercity Brands AG. and currently retails through many channels across the globe including Ethos in India.

Source: Technopak Analysis

Benchmarking of Vertical Specialist MBOs

Store Count & Reach: Ethos is the leader among Vertical Specialist MBOs in the bridge-to-luxury, luxury and high-luxury segments, while in the fashion and premium segment, Helios is the leader in Vertical specialist MBOs. They are the only premium and luxury watch retailers with a PAN India presence. There are a few regional players that are present in select region like Kapoor Watch Co. and Johnson Watch in North India and Zimson, Kamal

Watch in South India, and Art of Time in West India

Exhibit 58: City-type and Region mapping for key Vertical Specialist MBOs

Vertical Specialist	Total Stores	North	South	East	West	Central
Ethos	61	36%	23%	7%	27%	7%
Zimson	50	0%	100%	0%	0%	0%
Johnson Watch Co.	6	100%	0%	0%	0%	0%
Kapoor Watch Co.	11	100%	0%	0%	0%	0%
Helios	112	35%	20%	11%	21%	4%
Art of Time	2	0%	0%	0%	100%	0%

Source: Technopak Analysis

Vertical Specialist	Total Stores	Metro	Mini-Metro	Tier 1	Tier 2	Tier 3
Ethos	61	41%	33%	20%	6%	0%
Zimson	50	0%	73%	23%	3%	0%
Johnson Watch Co.	6	100%	0%	0%	0%	0%
Kapoor Watch Co.	11	100%	0%	0%	0%	0%
Helios	112	26%	31%	20%	22%	1%
Art of Time	2	100%	0%	0%	0%	0%

Source: Technopak Analysis

Location Mix: Vertical Specialists in premium and luxury watch retailing are primarily located in premium & luxury malls, and high streets. Ethos with the one of the largest store networks has significant presence across both premium and luxury malls. Ethos is present in the luxury mall Palladium in Mumbai, which also houses some key luxury watch EBOs. Also, it is present in The Chanakya, New Delhi among other Luxury Malls.

Exhibit 59: Location Mix for key Vertical Specialist MBOs

	Premium Malls	Luxury Malls	High Streets	Airport
Ethos	✓✓✓	✓✓	✓	✓
Zimson	✓✓✓	-	✓✓✓	-
Johnson Watch Co	-	✓✓	✓✓✓	-
Kapoor Watch Co	✓✓✓	✓	✓✓	-
Helvetica	✓	-	✓✓	✓
Helios	✓✓✓	✓	✓✓✓	✓
Kamal Watch Co.	✓✓✓	-	✓✓✓	-
Illustrative Examples	Ambience Mall, Delhi; Inorbit Mall, Mumbai	Emporio, Delhi; Palladium, Mumbai	South Extension I, Delhi; Connaught Place, Delhi	Indira Gandhi International Airport, Delhi

Source: Technopak Analysis Higher number of ticks refer to higher presence in a given format compared to others.

Exhibit 60: Partnerships for key Vertical Specialist MBOs

	Brand EBO Partnership	No. of EBOs	Cities
Ethos	Girard Perregaux	1	Delhi
	Hublot	1	Mumbai
	Jaeger-LeCoultre	1	Delhi
	Omega	3	Chennai, Jaipur, Mumbai
	Oris	1	Chennai
	Panerai	1	Delhi
	Rado	6	Ahmedabad, Chandigarh, Jaipur, Lucknow, Delhi, Mumbai

	Brand EBO Partnership	No. of EBOs	Cities
	Bovet	1	Delhi
	Rolex	2	Bangalore, Delhi
	Seiko	1	Bangalore
	Jacob & Co	1	Mumbai
	Tissot	1	Delhi
Zimson	Longines	2	Bangalore, Chennai
	Omega	1	Bangalore
	Rado	6	Coimbatore, Bangalore, Chennai
	Seiko	2	Chennai
	Tissot	3	Coimbatore, Bangalore, Chennai
Johnson Watch Co	Longines	2	Delhi
	Mont Blanc	1	Delhi
	Omega	1	Delhi
	Rado	2	Delhi
Kapoor Watch Co	Longines	1	Delhi
	Rado	2	Delhi
Helvetica	Longines	1	Chennai
	Omega	1	Chennai
	Rado	2	Chennai, Delhi
	Rolex	1	Chennai
	Tissot	2	Chennai, Bangalore
Kamal Watch Co	Longines	1	Hyderabad
	Omega	1	Hyderabad
	Rado	3	Hyderabad
	Rolex	1	Hyderabad
	Tissot	3	Hyderabad, Bhubaneshwar

Source: Technopak Analysis

Product & Price Range

Exhibit 61: Product Range (number of SKUs) & Price Range of Luxury watches for key Luxury Brands

	No of SKUs			Price
Vertical Specialist	Bridge to Luxury	Luxury	High Luxury	Price Range (INR)
Ethos	1,326	1,512	657	Upto 8,00,40,000
Zimson	543	1,299	-	Upto 42,66,100
Johnson Watch Co.	422	564	521	Upto 5,43,00,000
Kapoor Watch Co.	471	577	275	Upto 3,13,50,000
Helios	142	31	-	Upto 3,30,000

Source: Technopak Analysis, Retailer Website. Above data excludes Rolex SKUs for all Retailers due to price unavailability. Price range excluding watches which are sold out/ Price not mentioned on website.

Ethos has the highest number of Premium & Luxury brands available on its website (56), followed by and Zimson (28) and Johnson Watch Co. (27). Ethos also offers highest number of SKUs across all three luxury segments – Bridge to Luxury, Luxury and High Luxury segments.

Exhibit 62: Brand availability at Vertical Specialists

Vertical Specialist	Number of Premium & Luxury Watch Brands available
Ethos	60
Zimson	28
Kapoor Watch Co.	27
Helios	24
Johnson Watch Co.	16
Helvetica	17

Source: Technopak Analysis

(Brand references taken from respective websites of Vertical Specialists)
Note- Only Premium & Luxury brands counted for each Retailer.

Retailing Approach of Vertical Specialist MBOs

Vertical specialists house multiple watch brands, Indian as well as international, under one roof and are specialists in their vertical/ category. The target audience for a vertical specialist are consumers who appreciate a wide assortment of brands and products to choose from. First-time buyers also prefer to buy from Vertical Specialists as consumers can compare different brands and vertical specialists have the expertise, skills, and the technical knowledge to guide the customer better.

Exhibit 63: Retailing Approach of Key Vertical Specialists

Brand	Retailing Approach
Ethos Limited	With a Pan India presence, Ethos has made its presence across cities and regions through a network of stores and boutiques. Its 60 stores are spread across 23 cities. Ethos Summit exclusively houses bridge to luxury, Luxury & High Luxury Brands, while Ethos Stores house the premium & fashion range as well. Ethos has also opened Boutiques in partnership with prominent market leading brands like Rolex. Ethos has an increased focus on customer experience through consultation with watch experts, prompt customer service, loyalty points, guides & research on various watches and brands, service & repair through Ethos Watch Care. Ethos also actively retails through its website. Online purchase is digitally enabled for fashion and below range, while it is voice enabled for premium & luxury range. Club Echo is the loyalty program of Ethos with registered members, and annually 35% business comes from repeat buyers registered with the program.
Zimson	Zimson is a South India centric regional Luxury Watch Vertical Specialist with a focus on Mini- Metro cites. It has an active website for product and price discovery whereby customers can request a quote for purchase. They also offer memberships, and reward points on purchase and by interacting with their social media handles.
Johnson Watch Co.	Johnson Watch Co.is a regional Luxury watch Vertical Specialist with increased focus on Metro and tier-1 cites, primarily focusing on North India with stores in Delhi & Gurgaon. Johnson Watch Co. retails over 25 premium & luxury watch brands in India. It has its website with personalised customer experience, customer support, promotions, product guidance etc. Online purchase is voice enabled through customer service team.
Kapoor Watch Co.	Kapoor Watch Co. is a family-owned regional luxury watch Vertical Specialist with high focus on Metro and tier-1 cites in North India including Delhi, Gurgaon & Noida. It has active online retail enablement whereby customers can contact sales agent for sales queries, purchase and after sales service, while online purchase is voice enabled through customer service team.
Helios	Helios is a pan-India vertical specialist by Titan Company Limited mainly operating in fashion & premium segment, with limited bridge to luxury range. It has a network of 117 stores spread across 48 cities. It actively retails through its website which offers sale, product guidance, live chat support, option to pre-book store visits etc. Helios also provide omni-channel experience by providing customers the choice to 'order online and collect from store,' 'reserve online and try on in-store,' or 'get it shipped from nearest store.' Video shopping, online appointment booking, and endless aisle options are also available.

Source: Technopak Analysis
(Arranged in the order of highest to lowest SKUs on offer in luxury and bridge to luxury watch segment)

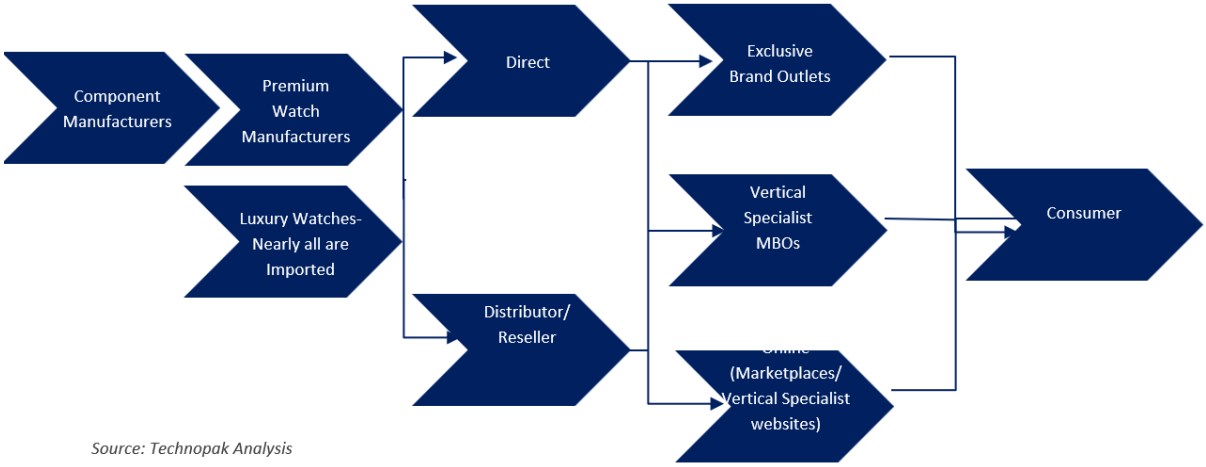
Value Chain for Premium & Luxury watches

The value chain of the luxury watches market comprises various stages and services adding a specific value at their point of operation, which contributes to the competitive value of the service provided.

Luxury watch manufacturers either source parts directly from component manufacturers or manufacture it locally. The manufacturers can then use their direct channel to send their products directly to EBOs, MBOs & sell through online channels. Brands such as Rolex sell via official resellers and supply Luxury watches to EBOs, MBOs and Vertical Specialists. The customer, depending on his purchase pattern would choose the channel to buy Luxury watches. In India, majority luxury watches are imported, hence the finished product directly reaches the value chain through its manufacturers retailing the product through a network of retailers and distributors.

The Retailer margins on Premium watches ranges from 20 - 25%, while retailer margins on Bridge to Luxury segment ranges from 25 - 28%, and Luxury & above segments have a retailer margin of 20 - 35%.

Exhibit 64: Value Chain for Premium and Luxury watches in India



Source: Technopak Analysis

Key trends influencing retailing of luxury watches, and how Vertical Specialists can benefit from them:

Growth of E-commerce Enablement

The COVID-19 pandemic brought significant changes in the retailing preferences of Indian consumers by increasing the acceptability of shopping through online medium. Brands also accepted this change and improved their online infrastructure to ensure timely delivery of products. Emergence of logistic partners helped boost the penetration of e-commerce. This change is here to stay and is expected to grow, forming an additional channel for purchase. Brands in the Luxury watch segment have invested in their Partnerships with Retailers, Exclusive Brand Outlets, and have adopted an omnichannel approach where customers can use e-commerce as a source of product discovery.

Vertical Specialists though had activated e-commerce enablement as an additional channel for sales, placed an increased focus on its growth post COVID. Among Vertical Specialist, Ethos was one of the early adopters of e-commerce and this gave Ethos a headstart during the COVID-19 phase. Ethos offers omni channel enablement that integrates offline and online, for product discovery, customer experience and sales. Ethos has an average 24 Mn. page visits per year out of which 15 Mn. are new visitors (among the highest globally comparing with other multi brand luxury watch retailers). It also has a large, dedicated team (80 people out of the total 525+ employees) for online and digital commerce comprising content writers, online sales agents, digital marketing teams etc. Ethos & Helvetica offer live chat support to guide customers. Johnson Watch Co, Kapoor Watch Co, Zimson etc have also activated their online commerce initiatives and provide product & price discovery, offers, and guidance on watch purchase. It is expected that the ability to offer offline and online integration by Vertical Specialists MBOs will become a key value proposition that luxury watch brands will demand and expect from their Indian partnerships for future growth. Therefore, the market for the luxury watch retail in India is further expected to consolidate in favour Vertical Specialists MBOs or any other reseller types who will be able to offer it.

Role of E-commerce Marketplaces

The advent of e-commerce gave rise to emergence of multiple marketplaces based on a digital first approach. This business model reduces several fixed and variable costs, and such marketplaces offer discounts on their products, thus benefitting the customers. E-Commerce marketplaces are also able to pass on the benefits of seasonal sales (Black Friday, Thanksgiving, etc) of international brands to Indian customers. Marketplaces need to ensure that they should have increased focus on consumer service and awareness of luxury brands, as well entering the right kinds of partnerships with trusted retailers to establish themselves in the Indian market. One of the major challenges online marketplaces faces is the prevalence of counterfeit watches in Indian Luxury Watch Market. Another issue with online market places is adjacency implying that the luxury watch brands are selective of the pages and online spaces where their products and brands are displayed in order to protect their brand equity. Luxury e-commerce centric marketplaces such as Ajio Luxe and Tata Cliq luxury have started to address these concerns and provide details of manufacturer, import information, supplier details, easy returns etc to boost consumer trust in the medium of purchase to address these concerns.

Vertical Specialist Ethos is the key supplier of luxury watches of various international brands to the luxury e-marketplace Ajio Luxe. Therefore, the growth of such luxury marketplace e-commerce options for luxury watches

are in a way going to support both the luxury brands and their respective Vertical Specialists MBOs given their re-seller agreements and tie-ups with luxury watch brands. Further, the growth of e-commerce marketplaces for luxury segment will expand the market benefitting the overall market.

Digital Adoption

With increased internet penetration and adoption of AI/ML in retailing, Luxury brands have started adopting these technologies to make their products available to the customers. By adopting technologies such as Virtual Reality, brands are trying to bridge the gap between offline and online retailing by giving the customers a virtual touch-and-feel experience to imagine products and enable conversion. E.g. Global watch marketplace Chrono24 offers Virtual Showroom on its app which enables customers to virtually try on the watch through augmented reality, giving customers an experience and enabling them to view and feel how the watch will look on wearing. Through such features, brands & retailers are providing a differentiated experience to customers.

Technology adoption has now emerged as a key retail proposition for luxury brands and they expect the their retail partners to embark on it. Luxury watch retailers are expected to adopt AR/VR for a better customer experience both within the stores and online. Tools like chatbots have reduced the time required for customer support and resolving customer queries. These technological and digital adoption tools would pave way for unique customer experiences, and hence driving the luxury watch market in coming years.

- Pan India Vertical specialists like Ethos have an Omnichannel presence, and have systems aligned to give consumers an omnichannel experience using technology, implying both offline and online access to products, sales and customer support. The offline penetration and online technology advancement also gives it an edge to succeed in the luxury category. Similarly, Helios also provide omni-channel experience by providing customers the choice to 'order online and collect from store,' 'reserve online and try on in-store,' or 'get it shipped from nearest store.' Helios also offers video shopping, online appointment booking and endless aisle options.

- Regional Vertical Specialists like Johnson Watch Co., Kapoor Watch Co, Zimson, Helvetica etc. have adopted digital commerce and digital marketing initiatives to reach consumers or for the consumer to reach them through both offline and online mediums.

Product adjacencies in other retail categories

For category specialists in the luxury segment, growth through category extension is expected. Category extension can lead to category specialists such as Ethos and other retailers that have been in the business for a time to offer other luxury items in addition to sale of luxury watches. There is a potential for current vertical specialists to expand into adjacent luxury offerings like hard luxury in various product categories such as eyewear, jewelry, luggage, cosmetics, writing instruments.

Vertical Specialist MBOs of luxury watch brands have built and managed procurement relationships with global luxury brands and the same skill sets can be expanded to other luxury product categories. They have developed market connect to service the consumer segments of luxury products across India and are aware of their target audience and understand consumer insights that can be replicated for other product categories. They are well versed with the retail environment involving both online and offline and have addressed / managed issues like talent management, consumer service support, retail adjacency and processes that can be extended to luxury retail for other categories.

Omnichannel Sales in premium and luxury watch segment

Emergence of Omni-Channel Retail in India

Indian retail has significantly evolved in last three decades, starting from inception of Modern Retail to Online marketplaces, to the emergence of Omni-Channel Retail, which has seen the blurring of lines between traditionally defined channels leading to emergence of an Omni-Channel Marketplace.

Exhibit 65: Evolution of Overall Retail leading to way for Omnichannel Retail

Particulars	Upto 2012	2012-2019	2019 & Beyond
	• Brick led Retail with prevalence of multiple	• Growth of supermarket, Cash & Carry	• Growth of offline-online integration

Particulars	Upto 2012	2012-2019	2019 & Beyond
Format Types	formats like Multi Brand Outlets (MBOs) & Large Format Stores (LFS) • Emergence of Exclusive Brand Outlets (EBOs)	• Emergence of Ecommerce, Vertical Specialists • initiation of ecommerce journey by brick retailers	• Ecommerce integration with stores, shop & collect, hyperlocals, dark stores • Online enablement of Exclusive Brand Outlets (EBOs) & Multi Brand Outlets (MBOs)
Tech Intervention	• Point Of Sale Integration, Loyalty programs, Retail process optimization • Use of standardized software's like SAP	• Digital payment transactions, growth of social media	• Video communication, social commerce, visualization, Artificial Intelligence (AI) /Augmented Reality (AR)
City Presence	• Largely Metros, tier 1	• Top 100 cities, growth of ecommerce	• Retail story moving beyond top 100 cities
Customer Journey	• Instore shopping	• Browse based Ecommerce, discovery • Instore consumer discovery, home deliveries	• Convergence of offline and online • Consumers able to browse & shop both offline & online

Source: Technopak Analysis

Omnichannel Retail in Premium & Luxury Watches in India

Omnichannel Retail for Premium & Luxury Watches represents a collaborative and amalgamated purchase journey for a consumer, whereby purchase and the steps leading to a purchase are a mix of multiple channels. It is the convergence of Offline and Online models into a seamless interactive ecosystem and is a unified collaboration among all modules of retail, whether frontend or backend, with focus on the consumer. Key components which define Omnichannel retail are-

- Seamless Channel Integration- Shift in retailers' strategy from channel-centric to consumer-centric by diminishing lines between different channels through seamless integration, cross-channel execution and organizational realignment. The core purpose of Omni-Channel experience is to provide customers with seamless commerce across channels. This means customers can start a transaction from any channel and take it forward to completion from any other channel of interaction.

- Supply Chain & Inventory Management- Complete visibility across supply chain, along with a holistic, unified view of the path to purchase, delivery, returns etc. and an integrated IT systems for data mining. A single pool of inventory allows customers to check availability, find alternate locations of availability, place orders and pick up items from a location of their choice.

- Technology & Networks- Combined application strategy that enables seamless convergence of applications across multiple devices and environment, and efficient coexistence of various data services to interact at multiple levels to streamline operations, data access and data interpretation. Single definition of products for backend processes and a common Content Management System across channels. Retailers need to invest in technologies like QR codes, store kiosks and mobile apps to provide a consistent digital experience.

- Content & Personalised Engagement- Marketing and communication moving from a broadcasting-based publishing model to direct conversation model to be able to interact with the customer at every level of his purchase journey. Retailers implementing a common CRM system which provides a unified view of the customers, irrespective of the channel of engagement and capture data effectively. And Loyalty programs applicable for transactions made across channels.

Premium & Luxury Watch consumers reach/discover a brand through multiple approaches, which consists of a mix of retailing & information channels, including offline and online broadly. These channels are often intertwined during a consumer's journey of brand discovery and purchase, making it imperative for brands and retailers to be present in those mediums to partner with the consumers in their Omnichannel journey.

A consumer can discover a premium & luxury watch through various means as given below. Irrespective of the channel for discovery of product, the consumers could reach the alternate channel through various mediums and

make the final purchase through either channels/mix of channels.

Channel of Discovery 1- Online Medium – These could include Vertical Specialist websites; Brand websites; Premium & Luxury marketplaces; Social media channels operated by brands, vertical specialists, premium & luxury marketplaces, influencers using/promoting these brands etc.

- Consumers could start from a brand website and end up exploring a vertical specialist website/ luxury marketplace, or vice versa. They could see a particular model on Instagram handle of a Vertical specialist and end up watching videos/ photos of influencers on YouTube, Instagram, Facebook for the same or another model/ brand.

- Consumers could explore online, and further reach the Offline channel of Vertical specialists stores/ Brand EBOs and make a purchase there, or just to explore the brand through touch and feel. Their journey could go back to online if they finally make the purchase through website.

- For Premium & below category of watches, Vertical specialist websites are often Digitally enabled i.e., consumer can make the purchase directly via online channel and product would be delivered directly to customer's location. However, for higher end of premium and bridge to luxury, luxury, high luxury categories, consumers often must contact the vertical specialist team through given links of phone/ WhatsApp/ call back forms to further pursue the purchase i.e., purchase is Voice-enabled. The team then guides the consumer on the further process- which is either to visit the nearest store to explore the watches physically, or some select retailers offer home visit by store personnel carrying few shortlisted models, and the consumer could finalise and make the final purchase at home. Another way offered is selection of watch online though the team's guidance and making the purchase though RTGS/NEFT/payment links/COD.

Hence a consumer starting his/her journey online could explore various channels and make the final purchase through a mix of channels, highlighting the real Omnichannel potential in this category.

Channel of Discovery 2- Offline Medium – These include physical stores of vertical specialists and brands. Consumers could explore the brands in stores and make a purchase, or they could reach the online medium post their offline visit, and explore further, and complete the final purchase post exploring various channels as explained above.

Channel of Discovery 3- ATL/BTL Mediums – These include means like TV Ads, Newspaper, Events, Out Of Home (OOH) etc. The consumer could discover the model/ brand though these mediums, and then go through the Omnichannel product exploration and purchase, as explained above.

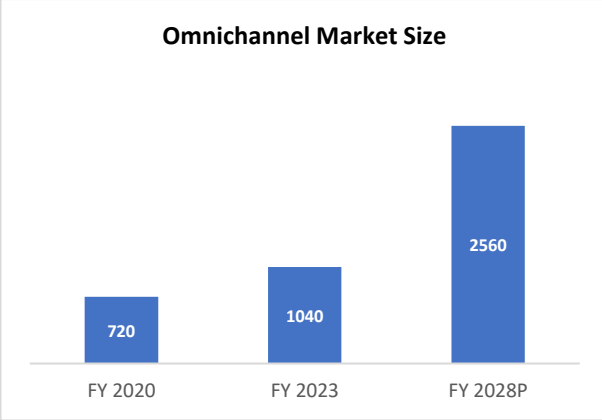
All the above means of discovery further take the consumers on their Omnichannel journey interacting with the brand at different levels on different mediums.

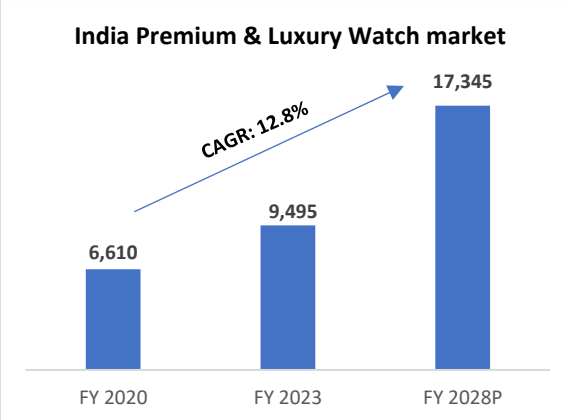
Omnichannel Size for Premium & Luxury Watches in India

The Omnichannel market in India for Premium & Luxury Watches came into existence over the recent years. Before this, there was separate existence of Offline and Online channels- i.e marketplaces for premium watches serving as the online channel; and Vertical specialist MBOs, General MBOs and Brand EBOs serving as the offline channels for Premium & Luxury watches. With the launch of Vertical specialist websites for Ethos and other players, this market transformed to an Omnichannel shape. These websites merged both channels offering an Omnichannel experience to the consumers, with exploration and purchase often happening through a mix of both channels with voice and data enabled support and guidance to the consumers.

Omnichannel market for Premium & Luxury watches was valued at INR 720 Cr for FY 2020, which is almost 11% of the Premium & Luxury market size. This market is growing at a CAGR of 17% and is expected to reach INR 2,560 Cr by FY 2028, as the Vertical specialists place more importance to being consumer-centric, while assisting & engaging with consumers throughout the purchase journey.

Exhibit 66: Market size for Omnichannel Premium & Luxury Watch market- FY 2020 & FY 2025P (in INR Cr)





Source: Technopak Analysis

Ethos is the market leader in Luxury watch segment in India, and it also leads the Luxury Omnichannel market in India, with wide omnichannel presence and focus. In FY 2022, 36% of Ethos's revenue came from digitally enabled sales. Other key players who follow omnichannel retail are Kapoor Watch Co, Johnson Watch Co, Zimson, Kamal Watch, Helios etc.

Digital Presence of Vertical Specialists

Digital integration of online and offline channels and social media presence are important contributors to the success of Omnichannel initiatives by players. Ethos is the only Indian Luxury watch retailer offering a loyalty program for its customers. This is one of the key reasons that more than 45% of the business of Ethos comes from repeat customers. Social media is an important marketing tool used by vertical specialists. Ethos has the highest reach on social media platforms such as Instagram and Twitter with 1,92,000 followers on Instagram. It is also ranked 8th in website ranking (in the category – Jewellery and Luxury products) in India- which is highest among the Premium & Luxury Watch vertical specialists in India. Global luxury watch brands also engage through social media for marketing. Watches of Switzerland is one of the key brands offering a Loyalty program for its customers and has the highest number of likes on its official Facebook page. Among other key brands, Hodinkee has the highest number of followers on Instagram and Twitter.

Exhibit 67: Comparison of Vertical Specialists on Digital Presence & Loyalty Program – Global and Indian

Retailiers	Global/ Indian Retailer	Loyalty Program	Number of Instagram Followers	Number of Likes on Facebook Page	Number of Twitter Followers	Website Ranking in India*
Hodinkee	Global	No	9,69,000	1,95,000	85,800	-
Ethos	Indian	Yes	1,92,000	1,58,000	5,754	8th
Bucherer	Global	No	1,48,000	80,406	9,715	-
The Hourglass	Global	No	73,600	71,000	-	-
Watches of Switzerland	Global	Yes	76,000	1,96,000	5,620	-
Kapoor Watch Co	Indian	No	50,700	1,02,000	684	75th
Helios	Indian	No	57,100	1,41,000	-	27th
Johnson Watch Co	Indian	No	23,500	1,92,000	-	-
Kamal Watch Co	Indian	No	20,000	35,000	-	-
Zimson	Indian	No	7,900	22,000	350	-

Source: Technopak Analysis, Data as on 03-10-2023. Retailer put in order of Instagram followers- High to

Low.
**Note: Website ranking among Jewellery and Luxury product websites*

Global Omnichannel Market for Premium & Luxury Watches

The digitally enabled market for Premium & Luxury watches is estimated to be 15-20% of the Overall Premium & Luxury watch market globally. Post-COVID, luxury brands that were majorly offline, have also expanded their online operations. This market is expected to witness growth in the coming years as consumers and retailers alike adopt an omnichannel approach to buying and selling respectively.

Key Players in Global Omnichannel Premium & Luxury Watch Retail:

Bucherer- It is one of the leading Luxury watch retailers globally, with an Omnichannel presence. It has 35 Vertical Specialist MBOs across 6 European countries (UK, France, Switzerland, Germany, Austria, Denmark) and 1 recently opened in Manhattan, USA. Bucherer acquired the leading American watch retailer Tourneau in 2018 and is in the process of rebranding Tourneau stores as Bucherer across the USA. It houses its 32 luxury brands including its own brand 'Carl F. Bucherer' and other key luxury brands like Rolex, Vacheron Constantin, Ulysse Nardin, etc. The retailer also has a significant presence in the luxury Certified Pre-Owned (CPO) market. Its website allows consumers to explore brands & models, reach the customer support team for details on shortlisted models or other queries, assist in placing orders, live chat, etc. It also provides options like 'booking store appointment', 'click & collect' for customers preferring to pick up the watch at the nearest store.

Watches of Switzerland- It has an Omnichannel presence with more than 160 MBOs across UK and USA, with plans to expand further in the EU. It prioritises Omnichannel mediums through its customer-centric approaches, like building merchandising on customer-centric analytics, based on showroom profiling, productivity, trend analysis, season change etc. Its website offers live video calling/ live chat and voice assistance to customers. It uses targeted marketing like Promotional events, Direct mail, etc. to engage with its customers by using CRM tools, and through its print & online magazine Calibre. It also focuses on its social media presence across channels like Instagram, YouTube, etc. Use of AI and Machine learning technologies has been adopted for better customer service and for SEO. In 2018, Watches of Switzerland also entered the pre-owned Luxury watch business by partnering with Analog Shift, which they acquired in 2020.

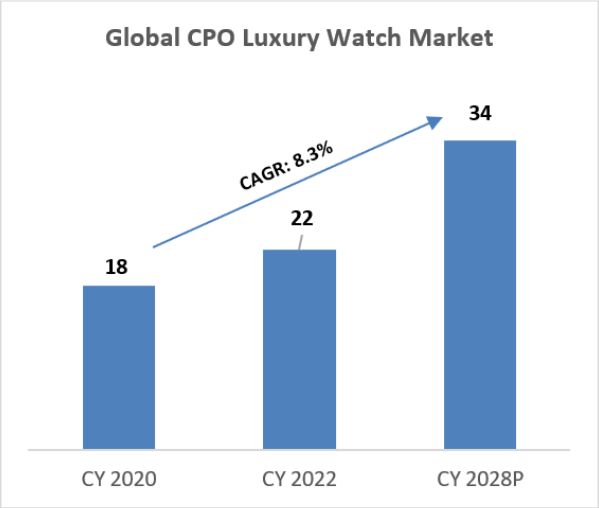
The Hourglass- With more than 45 luxury brands, and a physical presence across regions of Singapore, Malaysia, Thailand, Hongkong, Japan, Vietnam, Australia, and New Zealand, with 54 stores, The Hourglass is among the leading Luxury watch retailers with an Omnichannel approach. It focuses on customer experience through approaches like Consult a Specialist and Viewing Room. The latter gives detailed insights to consumers on history & legacy of various luxury watch brands, Curators chats, etc. The website offers sales and sales assistance support to complete purchase through a mix of Omnichannel touchpoints.

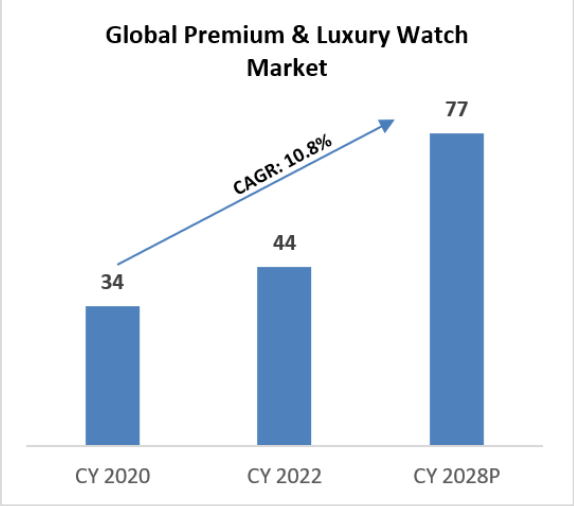
Assessment for Certified Pre-Owned Business for Luxury Watches in India

Global Certified Pre-Owned Luxury Watch Market

The Global Certified Pre-Owned (CPO) Luxury Watch market was valued at USD 18 Bn. in CY 2020. It is expected to grow at a CAGR of 8% from CY 2020 to CY 2028, creating an opportunity for brands and retailers to take proactive steps to shape demand. It is expected that, by CY 2028, the Global CPO Watch market would reach a value of USD 34 Bn. The adoption of second-hand Luxury watch market is emerging as one the key reasons for the growth and acceptance of Luxury watches globally.

Exhibit 68: Size of Global Certified Pre-Owned Luxury Watch Market & Overall Global Premium & Luxury watch market (in USD Bn.)





Source: Technopak Analysis. Note- CPO market is a complimentary market, over and above the Global Market for Premium & Luxury Watches.

The Global CPO market, which is a complimentary market, over and above the Overall global market for Premium & Luxury watches, was almost 34% the size of the Overall Premium and Luxury watch market globally in CY 2020, and its size is expected to be 31% of the Overall Market in CY 2028.

Key players in Global Certified Pre-Owned Market

WatchBox: WatchBox is one of the world's leading platforms for the buying, selling & trading of Pre-Owned luxury watches. Their Pre-Owned watches are evaluated and brought to manufacturer operating standards before setting up for sale. With quality inspections of each watch, they provide Authenticity guarantee to customers. They have their exclusive showrooms in UAE, Switzerland, Singapore, Hong Kong and USA, and have expanded their presence in USA recently by opening stores in New York City, Los Angeles and Miami.

Chrono24: Launched in 2003, Chrono24 currently offers more than 5,00,000 watches by 25,000 dealers on their marketplace, making them one of the dominant players in the Certified Pre-Owned Luxury Watch market. Currently, they are present in 120 countries and provide Buyer protection which includes payment via escrow service, authenticity guarantee, global money back guarantee, strict dealer guidelines, insured shipments. They also provide free appraisal and advise for private sellers to encourage the pre-owned Luxury Market.

The RealReal: The RealReal is one of the world's largest online marketplaces for CPO luxury watches. It offers a wide selection of authenticated, primarily pre-owned luxury goods on the online marketplace, with a collection of prominent brands like as Cartier, Rolex, Patek Phillippe, Omega etc. The marketplace has over 33 million customers listed with them. Apart from an online marketplace, they also have 18 retail outlets in key cities in the United States.

Watchfinder: It deals exclusively with Preowned watches. It offers services like Buying, Selling and Exchange on pre-owned watches. It also offers Free home watch pickup and additional 24 months warranty apart from remaining manufacturer warranty of watches. Lists luxury brands like Rolex, Breitling, IWC, Tudor etc.

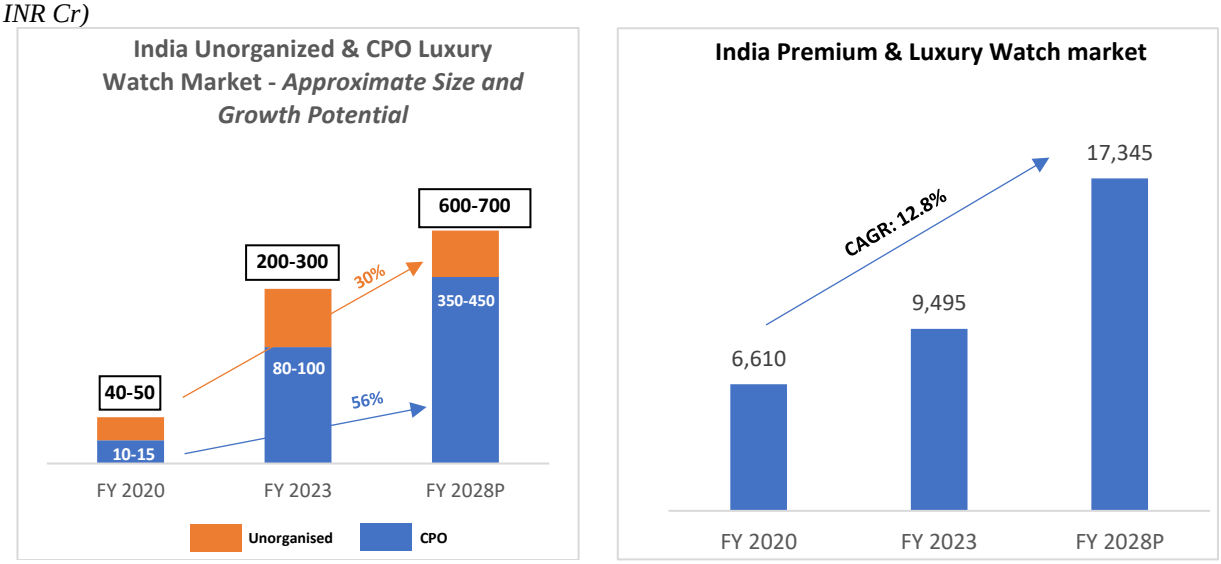
Chronext: Founded in 2013, Chronext aims to create a premier digital platform by combining the ease of digital and the quality of service of a physical store. Chronext claims to have served over 165,000 customers and have a ~30% repeat purchase within 36 months. By having an international presence, they have shipped to 62 countries in 2020. Chronext offers a seamless customer experience at scale across multiple devices as well as through 11 exclusive lounges present globally. Guaranteed authenticity, Wide selection of over 7,000 watches, Personal assistance, Personal collection and Free worldwide shipping with a 14-day return policy are some of the key propositions of Chronext.

Certified Pre-Owned Luxury Watch Market in India

The overall luxury Preowned market was valued at approximately INR 40-50 Cr in FY 2020, which was largely dominated by the unorganised sector contributing almost 75% of the market. The organised sector offering Certification on Pre-owned luxury watches i.e the CPO Luxury Watch market is at a nascent stage in India and

was valued at approximately INR 10-15 Cr in FY 2020. In comparison, the overall premium & luxury watch market in India was valued at INR 6610 Cr in FY 2020, making the Indian CPO market, which is a complimentary market, over and above the Overall Indian market for Premium & Luxury watches, to be around 0.2% of the Overall Premium & Luxury watch market. In comparison, the global CPO luxury market was approximately 30% of its Overall premium & luxury watch market in CY 2020. Hence, the CPO share in India is currently miniscule, and dominated by CPO Business of Ethos. In FY 23 the CPO business is valued at approximately INR 80-100 Cr forming approx. 40% of the overall second-hand market. This market, however, presents an opportunity to grow significantly from the current base, in line with global trends. While the global CPO market is half the size of the global premium and luxury watch market, the CPO market in India is equivalent to only one-thirtieth of the Indian premium and luxury watch market.

Exhibit 69: Size of CPO Luxury watch market in India and Overall Premium & Luxury watch market in India (in INR Cr)



Source: Technopak Analysis. CAGR shown for period FY 2020-28P

The CPO Luxury market in India has the potential to grow to INR 600-700 Cr by FY 2028, making it almost 3 to 4% of the premium & luxury watch market in India in FY 2028. This will still be lower than the international business where the CPO business is expected to climb to nearly 44% of the new watch business. Digital enablement, Omnichannel trade, trends favoring sustainability and entry of vertical specialists in this segment will be the key growth drivers of CPO market. Ethos, being a pan-India player in Luxury watch segment, with experience & trust associated with its brand, is expected to drive the CPO market in India with its CPO business.

Key success factors needed for business growth of CPO in India

Digital innovation: Rise in Ecommerce and marketplaces for various luxury products & increased acceptance of online transactions will pave way for growth of the CPO watch market in India. Consumers are trying out digital technology to buy and sell goods on trustworthy online channels, and this has increased the consumer's acceptance of CPO products. With advancements in technology, marketplaces can now have a visual check of the product a seller is trying to sell without the need for a physical presence. Buyers can also use the websites of key players for price discovery and product range. The inclusion of the AI-enabled chatbot has also allowed personalized assistance for buyers. With the further inclusion of digital technology, the trading of luxury watches is expected to increase in the years to come.

Trend towards Sustainability: Preowned business supports sustainability. With rising activism and appreciation for sustainable existence, recycling and upcycling are becoming important trends across retailing. Consumers across age groups, driven by Gen X & millennials now appreciate preowned, recycled & reuse as key trends to support the circular economy. This is leading to an increase in CPO business across categories, including Luxury watches. Preowned watches are gaining traction in global & Indian economy and are expected to drive luxury watch industry overall.

Availability of well known brands at affordable prices: Consumers in the aspiration class are now able to get previously unaffordable brands of their aspiration at a price that could be 30% or more lower than the price of a similar new watch. The fact that this is offered by the organised CPO players with warranties and quality

certification makes it a dependable and risk-free purchase, making many consumers opt for this option.

Luxury watches are emerging as a Collectible: Luxury watches are emerging as a collectible class of goods, similar to art, stamps, coins etc. Collectors are often not able to get new watches owing to limited production compared to higher demand. Same could be true for limited edition watches too. Such consumers turn to the CPO market to buy the preowned versions of the required watch, often even paying higher price than the original price to be able to get the watch for their collection.

Exhibit 70: Luxury CPO Players in various Categories

Brand	Category	Investor Funding
Poshmark	Fashion, Accessories and Apparels	Total funding of USD 153 Mn in 7 Funding rounds including investors such as Menlo Ventures, Temasek Holdings, etc.
Cars24	Automobiles	Total Funding of USD 1.3 Bn in 11 Funding rounds from key investors such as Alibaba Group Tencent, Softbank Vison Fund, Exor Seeds, etc.
Watchbox	Watches	Raised USD 165 Mn. In November 2021 from investors such as The Radcliff companies, Spurce House partnership, CMIA Capital partners, etc.
Chrono24	Watches	Chrono24 has raised a total of ~USD 205 Mn. In 6 funding rounds from investors such as General Atlantic, Sprints Capitals & Insight Partners.
Watchfinder.co	Watches	Raised USD 10 Mn. In one funding round from its lead investor Piton Capital.

Source: Technopak Analysis

Entry of Vertical Specialists in CPO Watches

With an increasing demand for luxury products, Vertical Specialists MBOS in watches have started focusing on the CPO luxury market as an additional segment. Lower prices compared to new luxury watches, price depreciation of a watch, and obtaining vintage timepieces, along with sustainable luxury focus are some of the reasons why consumers buy pre-owned watches. Vertical specialists which have already created a trustworthy place in the luxury watch market, are in a better position of using these consumer trends to their advantage, and at the same time provide consumers with the comfort and trust factor that is much needed while purchasing a second-hand luxury watch. With decades of experience and an active customer base trusting luxury brands and vertical specialists, the market and availability of CPO Watches in India is expected to increase in the next 5 years. For e.g., Ethos, India's largest retailer in Luxury Watches has entered the Pre-Owned Luxury watch market by launching its CPO business -- a marketplace for buying and selling of Pre-Owned Luxury watches in India. By capitalizing on its existing business experience in Luxury watches, CPO business arm of Ethos - has paved way for the growth of CPO luxury watch market in India. Vertical specialists also provide a Certificate of Authenticity for their pre-owned watches which induces a sense of trust among the customer and help reducing the sale of counterfeit products. Some Vertical specialists also refurbish and offer warranty their pre-owned watches using original/OEM manufactured spare parts. They also offer expert watch consultancy to provide a fair resale value for luxury watches.

Industry profiled and benchmarking of key players in CPO Watch Industry in India

a. CPO Business of Ethos

Exhibit 71: Profile & Benchmarking of -CPO Business of Ethos

CPO Business of Ethos	
Launch of CPO Business	2018
Company	Ethos Limited
Key Brands	60+ brands including key luxury watch brands such as Rolex, Girard Perregaux, Frederique Constant, H. Moser & Cie, Longines, Patek Phillippe, Omega, Bvlgari, IWC, Hublot, JLC, CORUM, Breguet, Audemars-Piguet , Penarai, etc.
Price range	Upto INR 1,30,00,000
Certification and Refurbishment Approach	Each pre-owned watch is examined by experts for authenticity. Any dubious watches are returned to the seller, while only genuine products are added to the inventory. The watches that pass multiple evaluations are brought to optimum operating standards by using original spare parts from OEM before they enter the catalog of pre-owned watches for sale.

CPO Business of Ethos	
Pre and After Sales support	It offers a 360-degree physical inspection and verification of watches. They also provide a 2-year warranty for the purchased pre-owned watch. They also have sales specialists and watch consultants to guide buyers and sellers for a seamless customer experience.
Retailing Approach	It has 60 retail outlets in India, including a store in Delhi where buyers and sellers can go for a physical verification of watches. They also have a dedicated website providing pan-India delivery in 4-5 business days, which is mainly used for product and price discovery. The -CPO business of Ethos leverages the physical store reach of Ethos as an appointment of collection for its Pre-Owned watches and thus has an added advantage over its competitor

b. It's My Time

Exhibit 72: Profile & Benchmarking of It's My Time

It's My Time	
Year of establishment	2016
Parent Company	RAW Enterprises Pvt. Ltd.
Key Brands	It's My Time currently houses 95+ brands for CPO Luxury watches such as Rolex, IWC, Cartier, Bvlgari, Breguet, Breitling, etc.
Price range	Upto INR 30,00,000
Certification and Refurbishment Approach	Watches are subjected to multiple quality checks for authenticity by experts. Once passed through all checks, the watches are certified for authenticity by Its My Time. All repairs and refurbishments are done by experts in India by using original spare parts and are mentioned to the customers while selling and deciding the value of the watch.
Pre and After Sales support	Its My Time uses a Chatbot for assisting customers on their website to choose the right watch for them. After purchase, the customer support executive stays in constant touch with the customer to keep them updated about their delivery. If the customer receives a fake/counterfeit product, it provides a 100% refund upon validating the authenticity of product.
Retailing Approach	It's My Time is an e-commerce marketplace with no physical presence. They store their pre-owned watch SKUs in a warehouse and list on their website for purchase. They have partnered with Delhivery as their logistics and supply chain partners which they use to deliver watches PAN India.

Source: Technopak Analysis, https://www.itsmytime.co.in. Price range excluding watches which are sold out/ Price not mentioned.

c. Swiss Watch Hunter

Exhibit 73: Profile & Benchmarking of Swiss Watch Hunter

Swiss Watch Hunter	
Parent Company	Swiss Watch Hunter
Key Brands	Swiss Watch Hunter houses 40+ brands on their website including Audemars-Piguet, Jaeger- LeCoultre, Cartier, Rolex, Ulysse Nardin, Rolex, Patek Philippe, IWC, Breitling, Breguet, etc.
Price range	Upto INR 1,65,00,000
Certification and Refurbishment Approach	All watches listed on their website are checked for authenticity by experts of Swiss Watch Hunter. They also provide a certificate of authenticity with every purchase and the same can be validated by any watch retailer. They also provide doorstep delivery and collection of watches in major cities.
Pre and After Sales support	Customers can connect with Swiss Watch Hunter's Luxury Watch Consultants who can guide customers with their purchasing experience, and post purchase issue resolutions. The company has 2 decades of presence in Pre-owned watches and focuses on consumer trust in its communications.
Retailing Approach	Swiss Watch Hunter has a retail store located in Mumbai. They also have their own website where customers can buy or sell luxury watches.

Source: Technopak Analysis, https://swisswatchhunter.com. Price range excluding watches which are sold out/ Price not mentioned.

d. Luxepolis

Exhibit 74: Profile & Benchmarking of Luxepolis

Luxepolis	
Year of establishment	2014

Luxepolis	
Parent Company	Luxepolis Retail Services Private Limited
Key Brands	Luxepolis is a multi-category player and currently houses 500+ brands across watches, jewellery, writing instruments, apparels, and accessories such as Rolex, Louis Vuitton, Gucci, Dior, Chanel, Omega, Patek Phillipe, Audemars, Piguet, Michael Kors, Coach, etc. It has 51 watch brands listed for sale including Rolex, Carl. F. Bucherer, Cartier, BVLGARI, Patek Philippe & co, Frederique Constant.
Price range (for Watches)	Upto INR 75,00,000
Certification and Refurbishment Approach	Luxepolis authentication team inspects all products for authenticity before storing and estimating of price. Any Refurbishment and repairs are done by experts and are guaranteed by a certificate of Authenticity provided by Luxepolis.
Pre and After Sales support	Luxepolis has a dedicated chat available for customers on their website where they can connect with Luxepolis Advisors. They also provide EMI options to make Luxury watches accessible. It provides a complete refund in case a watch is proven to be fake post-purchase.
Retailing Approach	Luxepolis is an e-commerce platform for new and pre-owned luxury goods. They focus on advertisement and marketing through social media platforms like Instagram, Facebook, Twitter, YouTube and Pinterest and attract customers by offering discounts on their products. Their products are sourced from their global supply chain network of leading luxury boutiques across the globe.

Source: Technopak Analysis, https://www.luxepolis.com/. Price range excluding watches which are sold out/ Price not mentioned

Pre-owned Watches Supporting the Growth of Overall Luxury Watches

Preowned watches support the growth of the overall market for luxury watches as below:

- **Provides an Entry point for the aspirational consumer segment**: While, luxury Watches are primarily owned by UHNI, HNI, and Sec A++ consumers, they are an aspirational product class for many. The pre-owned market for luxury watches (and its growth) expands the total addressable opportunity to cater to the aspirational consumer segment. The pre-owned market acts both as a destination for the first-time purchase of luxury watches by the aspirational segment and as an induction of the aspiration segment into the luxury watch segment. Though pre-owned watches are available on multiple C2C (consumer-to-consumer) marketplaces such as Olx and eBay and other informal routes, the inability of such platform to underwrite risks association with spurious trade, fair value and quality of merchandise makes them vulnerable. Authentic marketplaces that are backed or promoted by vertical specialists' luxury watch retailers (defined as organized pre-owned market for premium and luxury watches) addresses this need gap, builds trust and wider acceptance among the aspirational segment.

- **Enables discovery of fair value**: Organized pre-owned watch retail enables the discovery of fair value of the watches and that creates a strong support in favor of the formalization of the trade. It dissuades informal and grey market trade and creates awareness among consumers about price points in a transparent manner.

- **Develop the market for collectibles**: Luxury watches are both bought for instant gratification and for their collectible/vintage value. The growth of organized pre-owned markets for luxury watches helps to unlock the collectible market thereby increasing both the vibrancy of the market and the addressable market opportunity. An organized pre-owned market builds confidence among consumers to trade their collectibles for other collectibles. It creates an incentive for consumers to unlock their dormant watch collections for churn and upgrades.

CPO: Emerging as an Asset Class

Watches were traditionally seen as status symbols and have always been an essential part of the luxury goods segment as they communicate class and taste. The value of Luxury Watches is expected to depreciate as soon as the customer leaves the store. However, the value of some watches appreciates over time due to factors such as limited availability, limited edition option, rarity, increase in demand due to demand from collectors, etc.

Organized Certified Pre-Owned watches provide a channel of sale of such Vintage and Collectible watches. This proves to be a suitable environment for the trade of Luxury and High-Luxury watches and can be thus considered to be an investment. Vintage Watches are also considered an emotional investment and are often kept as a family heirloom, passing down from one generation to another.

Market Structure of select other Luxury Categories

Market Size of Luxury Goods (Writing instruments, Beauty, Apparel & Footwear etc.)

Luxury writing instruments was valued at ~INR 396 crores in FY 2021 and is estimated to reach ~INR 450 crores in FY 2023. It is expected to reach ~INR 549 crores by FY 2025, growing at a CAGR of 10.45% between FY 2023 and FY 2025. Luxury beauty market was valued at ~INR 1,946 crores in FY2021 and is estimated to reach ~INR 2,400 crores in FY 2023. It is expected to reach ~INR 2,647 crores by FY 2025, growing at a CAGR of 5.02% between FY 2023 and FY 2025. Luxury luggage & bags market was valued at ~INR 108 crores in FY 2021 and is estimated to reach ~INR 198 crores in FY 2023. It is expected to reach ~INR 223 crores by FY 2025, growing at a CAGR of 6.13% between FY 2023 and FY 2025. Luxury apparel & footwear market was valued at ~INR 3,735 crores in FY 2021 and is estimated to reach ~INR 4,562 in FY 2023. It is expected to reach ~INR 5,080 crores by FY 2025, growing at a CAGR of 5.52% between FY 2023 and FY 2025.

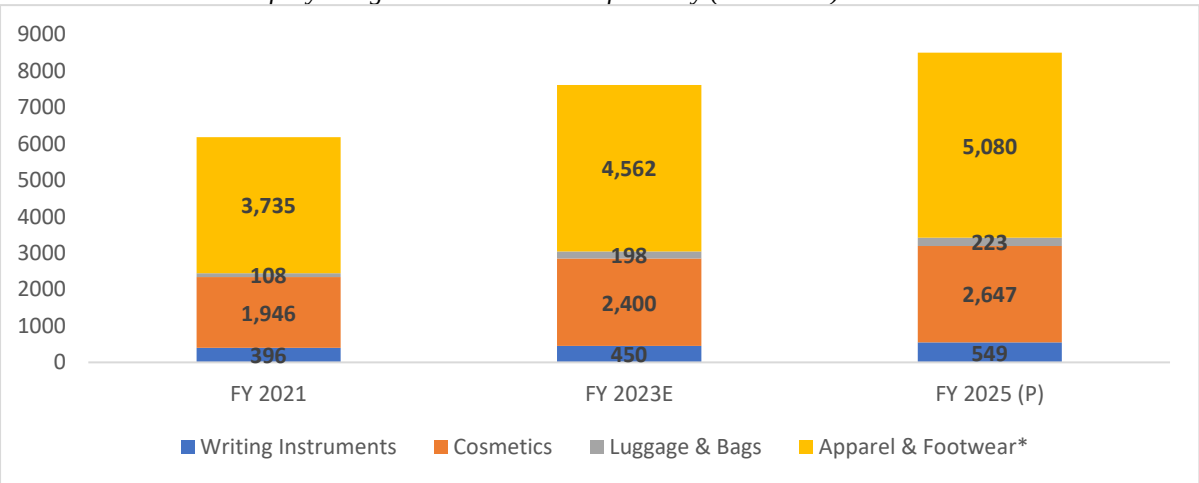
Exhibit 75: Market Size of (Writing instruments, Cosmetics, Footwear & Apparel, etc.) (In INR Crores)

	Luxury Goods	FY 2021	FY 2023E	FY 2025(P)	CAGR (FY 2023-2025)
Hard Luxury	Writing Instruments	396	450	549	10.45%
	Cosmetics	1,946	2,400	2,647	5.02%
	Luggage & Bags	108	198	223	6.13%
Soft Luxury	Apparel & Footwear*	3,735	4,562	5,080	5.52%

** Includes bridge to luxury, luxury*
***Include designer wear brands, couture brands and international brands in the luxury and high luxury segment*

Categories like Writing Instruments, Beauty and Luggage & Bags in the hard luxury market and apparel and footwear in the soft luxury market form an immediate adjacency for luxury watch segment. Therefore, these categories become a natural extension opportunity for luxury watch vertical specialists.

Exhibit 76: Market size of key categories in Hard and Soft Luxury (in INR Cr.)



Source: Technopak Analysis

Leading Global Brands in Hard and Soft Luxury categories

Exhibit 77: Leading Global Brands in Hard & Soft Luxury

International Brands	Hard Luxury						Soft Luxury	
	Writing Instruments	Luggage / Bags	Cosmetics	Watches	Fragrances	Fashion Jewellery	Apparel	Footwear
Montblanc	✓	✓	-	✓	✓	-	✓	✓
Louis Vuitton	✓	✓	-	✓	✓	✓	✓	✓
Tumi	-	✓	-	-	-	-	-	-
Armani	-	✓	✓	✓	✓	✓	✓	✓
Hugo Boss	✓	✓	✓	✓	✓	✓	✓	✓

International Brands	Hard Luxury						Soft Luxury	
	Writing Instruments	Luggage / Bags	Cosmetics	Watches	Fragrances	Fashion Jewellery	Apparel	Footwear
Dior	✓	✓	✓	✓	✓	✓	✓	✓
Gucci	✓	✓	✓	✓	✓	✓	✓	✓
Rimowa	-	✓	-	-	-	-	-	-
Rado	-	-	-	✓	-	-	-	-

Sources: Leading brands defined as per Brand directory

Exhibit 78: Key Global Brands in Hard & Soft Luxury Present in India

Brand Name	Segments present				Online Retail		Offline Retail	
	Writing Instruments	Luggage / Bags	Cosmetics	Apparel & Footwear	Online website of Vertical Specialist	Luxury market Places	MBOs	EBO's
Montblanc	✓	✓	-	-	✓	✓	✓	✓
Louis Vuitton	✓	✓	-	✓	✓	-	✓	✓
Tumi	-	✓	-	-	✓	✓	✓	✓
Armani Exchange	-	✓	-	✓	✓	✓	✓	✓
Hugo Boss	✓	✓	✓	✓	✓	✓	✓	✓
Canali	-	✓	✓	✓	✓	✓	✓	✓
Dior	✓	✓	✓	✓	✓	✓	✓	✓
Gucci	✓	✓	✓	✓	✓	-	✓	✓
Lapis bard	✓	✓	-	-	✓	✓	-	-
Rimowa	-	✓	-	-	✓	-	-	-

Sources: Secondary research, Brand reference or listing of brands from the luxury market places like Ajio Luxe, Tatacliq Lux, etc.
Luggage - Luggage / Bags & Backpacks / Wallets, Accessories, etc

Key Partnerships in Luxury Segment in India

Hard luxury brands like Tumi, Hugo Boss, Louis Vuitton, Canali, etc. are present in India in partnership with Genesis Reliance Brands.

Brands in luxury luggage and travel accessories segment like Piquadro and Bric's have partnered with Helvetica group for Pan-India distribution through the retail stores of Helvetica located at domestic & international airports and in luxury & premium malls.

German luxury luggage brand Rimowa which is under the brand portfolio of LVMH (since 2017) has signed up a franchise contract with Ethos limited, for opening of the first store in Mumbai.

Like watches, luxury writing instrument category has seen the growth of vertical specialist MBOs like William Penn company which is the authorized retailer of a number of writing instruments brands which is present in both online & offline channels with 40+ luxury brands. WPC acquired the UK brand 'Lapis Bard and launched their range of leather bags & writing instruments in the Indian market. Luxury writing instrument brand Sheaffer's & Caran d'Ache also have an exclusive tied-up with William Penn to be their exclusive distributor in India.

International Luxury branded Jewellery as a Potential adjacent category

International luxury branded jewellery has the potential to emerge as a key adjacent growth category for Watch retailers, along with other hard luxury categories. Indian jewellery market has seen the domination of unorganized sector and few organized players like Tata Group (Tanishq), Reliance Group (Reliance Jewels) etc.

International branded luxury jewellery has an untapped market potential in India which brands and retailers are now realizing and looking to tap into. International Luxury jewellery brand Tiffany & Co. entered the Indian market in January 2020, along with a partnership with Reliance group, by launching its flagship store in New Delhi's luxury mall The Chanakya. It later expanded its operations through its own brand website for e-commerce

in October 2021. Cartier also retails its jewellery through its exclusive stores along with other categories like Watches, Eyewear, Leather goods, Fragrances etc. The Same holds true for other luxury jewellery brands like Hermes, Chopard, Louis Vuitton, BVLGARI etc.

Pre-owned Luxury jewellery also sells through certified pre-owned retailers like Luxeopolis and The Luxury Closet which hold brands like Dior, Chopard, Chaumet, Fendi etc.

Rise in demand for diamond and platinum jewellery will also drive this market, along with other factors like rising discretionary spending and demand for luxury products.

Currently, this market holds a potential for Vertical specialists dealing in Watches as a primary category.

E.g. The Watches of Switzerland group is global retailer of luxury watches with partnership with brands like Rolex, Patek, Philippe, Audemars Piguet, Cartier, Omega, Tag Heuer, Breitling and Tudor. The group has a leading market position in UK market and has established its presence in USA too. It has 193 stores as of April 2023 with an annual revenue of ~USD 1865 million out of which 58% came from the UK and Europe market and the rest came from US market.

The brand, primarily positioned as a Luxury watch retailer, is now a key player in the adjacent category of Luxury Jewellery. As of FY 2023, 87% of its revenue came from Luxury watches, ~7% from Luxury Jewellery, and ~6% from 'Others' including Fashion and classic watches and jewellery, sale of gifts, servicing, repairs and insurance. The group has partnered with Luxury Jewellery brands like Messika, Gucci, Bvlgari, Mikimoto, Chopard, Roberto Coin, FOPE etc. and has established itself as the largest jewellery retail firm in the UK.

Key factors that have enabled or inhibited growth of Hard Luxury goods in India

Key Enablers

- **Digital Transformation** – Post Covid Hard Luxury Goods players have amplified their digital adoption journey more rapidly than they were doing so in the past. In this context, players have accelerated adoption of multiple technologies including Augmented Reality (AR) / Virtual Reality (VR), Artificial Intelligence (AI), data analytics, tools like 360-degree experience, virtual try-ons, and other such digital tools in India. This enablement has allowed luxury retail to reach closer to consumers through digital mediums and going forward such digital adoptions are expected to create a new normal with consumer expectations getting calibrated towards such enablement and players harnessing gains through them.

- **Growth of E-commerce** – The store-based retailing continues to dominate the hard luxury goods market in India. However, e-commerce has gained share in the retail market post pandemic as more luxury brands offered their product range online and with growing penetration of internet, the online retail of luxury personal goods have almost doubled. More and more luxury brands are focusing on the e-commerce retail channel as this has also been an important step to reach the customers located in Tier-1, 2 & 3 in which there has been limited access to luxury brands through store-based retailing. This online channel has not only supported the luxury brands but also the customers now have access to all the products under one umbrella. Brands like Swarovski invested in their website to enter the online space, while concurrently entering into an agreement with online platforms like TataCliq Luxury and Myntra. William Penn followed a similar approach to reach their customers through the online medium.

Inhibitors

- **Real Estate** – The luxury segment in India continues to experience a high growth rate. However, cost, and limited availability of premium real estate has always remained a challenge for many luxury brands. To overcome this luxury brands have invested in exclusive stores in luxury malls or hotels under the partnership or joint venture with a local partner. COVID-19 also impacted the real estate sector leaving the luxury brands under the heavy financial burden and many brands had to close their physical stores.

- **Global Recession in 2023** – The sales of luxury goods may witness a slow growth during the recessionary conditions worldwide, as consumers might lower their discretionary spending and postpone luxury purchases like footwear, apparel, watches, jewellery, and other goods.

Key Retailing models in India

- **Multi Brand Outlets (MBOs)/ Vertical specialist**

  Multi brand outlets are one of the most prevalent retail formats in the Indian luxury industry. An MBO houses multiple luxury brands, Indian as well as international, under one roof. The target audience for an MBO are consumers who appreciate a wide assortment of brands and products to choose from. First-time buyers also prefer to buy from multi brand stores as they can compare different brands.

  While the MBOs/Vertical specialists in luxury industry in India were largely started as family owned and operated business, they have also moved to being a professional set up. Family owned and operated business have largely been regional barring a few exceptions. Having been in the business for many years they have established a firm goodwill and enjoy a loyal set of customers. One of the USPs of such MBOs is personalized selling. The owner or a family member is directly involved in most of the transactions and often offer discounts to the customers. Examples of some of these MBOs are Johnson Watch Company (Delhi), Kapoor Watch Company (Delhi) and Kamal Watch Company (Hyderabad), Iconic India (Jaipur) etc.

  Many corporates have also started their own chain of multi-brand outlets. The stores are either owned & operated by the company or are franchised. Few examples of MBOs in India are The Collective, Sephora & Stride (Arvind Fashion), White Crow (Reliance Brand), World of Titan, The Time Factory, Just in Vogue, Bezel, Zimsons, Ethos Ltd., Helios, Helvetica, etc

- **Exclusive Brand Outlets (EBOs)**

  Exclusive or mono brand outlets are retail stores that house the entire product range or all sub-brands of a single brand. The target audience for EBOs is the astute buyer who is well travelled, aware and conscious about the brand he wears. Few examples of EBOs in the Indian luxury industry are Armani, Swarovski, Michal Kors, Louis Vuitton, Parcos, Montblanc, Hugo Boss, etc. These outlets are situated at high streets or in premium and luxury malls.

  For single brand retail – 100% foreign direct investment (FDI) is allowed. However, if the foreign investment exceeds 51%, then sourcing 30% of the value of goods procured is mandatory from India

- **Luxury E-commerce & Online Market Places**

  Online Marketplaces like Tatacliq Luxury, Ajio Luxe, Nykaa Fashion Luxe, etc. have become one of the key online retail channels for luxury goods, offering a range of brands to the discerning customers. Selling online gives an advantage to widen the reach of a brand and gives economic benefits of not having a store on high street or in a luxury mall. E-commerce retailers are adopting an approach to connect authorized boutiques across the globe with Indian consumers. The consumers are secure about the authenticity of the products of brands like Burberry, Fendi, Coach, Michael Kors, etc. Multiple vertical specialist such as via Helvetica, William Penn, Ethos, etc. also list their products of brands like MontBlanc, Bric's, Piquadro, etc on online marketplaces such as Tatacliq Luxury.

- **Large Format Stores**

  Globally, Large format stores such as department stores are a key channel for luxury goods brands. These format aggregate demand and create right retail experience that otherwise becomes expensive for in individual brand to create through exclusive brand outlets, particularly in markets like India where demand for luxury goods remain dispersed. Large Format Stores (LFS) are generally considered as category agnostics and offer multiple product categories under the same roof. There are very few such formats (White Crow, The Collective) in India but wherever they exist, their offering of such a luxury range / product mix become a key proposition.

- **Road Ahead**

  Luxury retail in India is relatively smaller compared to global averages (in terms of its share in the overall sales etc.). For instance, India's luxury watch market is 26% of the overall watch market for FY 2023. In comparison, China's luxury watch market is almost 61% of its overall watch market, and global luxury watch market is 58% of the overall global watch market. India's luxury watch market is expected to be 27% of the

overall market by FY 2025. India's overall luxury watch market for all categories will remain a niche segment compared to the overall market structure. However, within this niche space, luxury market segment offers high growth opportunities for many product categories for different consumer segments. Consumer segments like hobbyists or those who buy Indian Jewellery may seek similar propositions in categories like Watches and Writing Instruments. Professionals and travellers with disposable income may seek affinity with luggage & travel gear. Enabled by the possibility for an Omni Channel route to market, such demand pockets that currently are latent and / or remain dispersed show potential to get unlocked going forward.

Going forward, luxury brands will continue with mono brand boutique route, which will help them in improving the entire retailing experience and getting first-hand feedback from the Indian consumer and market as they offer multiple varieties and SKUs available of the same brand, targeting the brand conscious consumer segment. Concurrently, Vertical brand MBOs and aggregators who can offer ability to retail luxury will grow as principal route to market for luxury retail in India as these MBOs offer multiple brand options but have limited SKUs in each brands.

Impact of Taxes, Real estate, and other Operational Challenges

Tax Impact

According to the current government policies, providing a tax identification number is now mandatory for transactions above INR 2,00,000 (approximately USD 2,500). Also, the government's move to reduce cash transactions for high-value purchases has had an impact on luxury-brand sales, as customers find it intrusive to have to divulge transaction details to the government. However, brands have welcomed this move as it will reduce cash transactions and curb black money.

The Goods and Service Tax (GST) introduction brought in greater transparency in the premium and luxury watch market by enforcing tax compliance. It favours organized players that can manage prescribed processes.

The high import duty on luxury imports in India is in sharp contrast to the rates in other Asian countries. Many brands argue that India is losing business as a result.

Exhibit 79: Duty on Luxury categories

Segment/Category	Total Duty
Watches	43.96%
Jewellery	18.45%
Beauty	29.8%
Luggage & Bags	36.05%
Writing Instruments	23.2%
Footwear	29.8%
Apparel	15.5%

Note: Total Duty includes (Basic custom duty, Integrated goods & services tax, Compensation cess, Specific duty, Preferential duty)

Real-estate

The lack of quality of retail space has proven to be a key challenge for the growth of luxury market in India. Earlier, luxury retail was limited to few airports shopping centres or five-star hotels. The limited availability of upscale malls and high streets has also been the reason for cautious approach of luxury brands. Few luxury malls opened but have been limited to top few cities. Not all of these can provide the ambience which luxury brands consider essential to maintaining brand quality. When planning to open stores in Tier 2 and Tier 3 cities, hard luxury brands prefer small and medium-sized retail outlets over malls, favouring the quality of the space over the volume. However, these small and medium-sized retail outlets lack the ability to stand out in mass marketplaces in the Tier 2 and 3 cities.

Regulations

Indian law allows 51% foreign direct investment (FDI) in multi-brand retail and 100% in mono-brand retail. This means that luxury brands can be directly owned, controlled, and operated in India. However, to protect local industry, a further clause has been added which makes it mandatory that where FDI is above 51%, at least 30%

of the value of products sold must be sourced from Indian small industries, village and cottage industries, artisans, and craftsmen. This is onerous for luxury brands, as it may require them not merely to change their business model, but to alter their brand.

The FDI Policy permits FDI without any governmental approvals in entities engaged in the marketplace model of e-commerce where the e-commerce entity simply acts as an information technology platform that connects buyers and sellers. However, FDI is not permitted in inventory-based model where the inventory of goods sold on the portal is owned or controlled by the e-commerce entity. Additionally, the policy places certain restrictions, among others, on marketplace model such as an entity having equity participation by an e-commerce marketplace entity, or its group companies will not be permitted to sell its products on the information technology platform run by such marketplace entity and e-commerce marketplace entity will not mandate any seller to sell any product exclusively on its platform only.

Counterfeiting / Fake luxury goods

The market for fake and counterfeit luxury goods in India across multiple categories was approximately INR 72 billion in 2023 and is one of the major challenges for luxury brands. Brand owners worry that a high number of fakes of a specific brand debases the brand (reducing their selling power) and diverts sales from the genuine market. They often struggle to act against the counterfeit given the complexity and the anonymity of the spurious trade.

Increasing internet access and smartphone penetration have further exacerbated the challenge of counterfeit products. Such online counterfeits are more visible and available than through physical sale. Further, online counterfeiters use collaterals of genuine products to entice consumers into making a purchase.

The government's current investment policy – which permits FDI in the business-to-business e-commerce sector, but not the business-to-consumer (B2C) sector is also encouraging counterfeit trade. Thus, most e-tailers including Amazon, Flipkart, Snapdeal use a marketplace business model, with suppliers storing goods on the e-tailer's behalf, then delivering them once orders have been placed, so as not to fall under the B2C model.

This model depends on e-tailers expanding their supplier base to provide goods at competitive prices. However, supplier due diligence is often more voluntary than compulsory, implying that counterfeit and infringing goods become easily available. Thus, luxury brand owners increasingly allocate budget and resources to run extensive take-down notice programmes and take-to-court an action against such operators.

Key Global Trends

The pandemic has changed and strengthened consumer's behaviour creating new priorities for all luxury brands witnessing new trends as follows:

The pandemic has changed and strengthened consumer's behaviour creating new priorities for all luxury brands witnessing new trends as follows:-

1. Personalization of Products - Personalization is a new trend as customers seek more individualized and customized solutions that will help luxury brands and retailers to create a deeper connection with their customers by making them feel special, valued, and understood. It can also increase customer satisfaction, loyalty, retention, and advocacy. For this, they are increasingly using data, analytics, artificial intelligence (AI), and machine learning (ML) to offer tailored product recommendations, customized packaging, personalized services, and more. For e.g. Burberry is using AI to create personalized digital content for its customers based on their browsing history, purchase behaviour, and preferences. Brands like Gucci and Dior are offering personalization for high-end products like bags, belts, and shoes.

2. Direct to consumer enablement & growth — The digital-native D2Cs brands will continue to actively launch more casual options and everyday luxuries but also adjust their marketing in line with changing consumer behaviour to suit the new lifestyle and homebody mindset better. The rise of loungewear and the casualisation of luxury fashion were already in trend pre-COVID. However, COVID-19 has triggered the demand for comfort wear to grow significantly. Some of the examples of D2C brands being M.Gemi (Italy), Anine Bing and Away Travel.

3. Technology adoption to enhance consumer experience - Virtual Try-on/Home Try-on – Brands like

Lancôme, MAC, Chanel, and bare Minerals are now offering virtual try-on feature on their ecommerce site. D2C luxury brands are also proving to be very active when it comes to providing more convenience and facilitating their adoption by new consumers. Luxury footwear brand KOIO launched a home try-on option prominently displayed on their website in response to their store closures during the pandemic. They give customers 30 days to decide to keep their sneakers or return them at no additional cost.

4. Limited Editions and Collaborations- Many luxury brands are collaborating with artists, designers, and other brands to create limited-edition collections and products that generate excitement and exclusivity. This helps luxury brands and retailers to create a sense of scarcity among their customers and increase brand awareness and relevance. For e.g., Louis Vuitton has collaborated with various artists and celebrities, such as Jeff Koons, Takashi Murakami, and Stephen Sprouse, to create unique and colorful designs for its bags, accessories, and clothing. Additionally, Jacquemus recently collaborated with Nike to offer a limited edition athleisure-wear collection at a more affordable price point.

5. Millennials and Gen Z - As millennials and Gen Z become the largest segment of luxury buyers, it is necessary for luxury brands to understand how to modify and understand the needs of these young consumers. Millennials and Gen Z are digital natives, and they continuously engage with online content and are expecting highly sophisticated digital experiences. For luxury brands to remain in sync with younger global luxury consumers, they will need to adapt their approach to speaking their language and deliver digital experiences that are superior to what's already available. Brands like Louis Vuitton, Supreme, Chanel, etc. are combining luxury and streetwear with youth-inspired designers, like Rihanna and her new Fenty Maison with Louis Vuitton and Late Virgil Abloh, men's wear design director for Louis Vuitton.

Category Agonistic Aggregators as preferred go to market options for Hard & Soft luxury brands

Retail industry in India has seen a lot of changes in the past decade. Customers previously had access to brick & mortar stores which were run by independent traders. But malls like Palladium, DLF Promenade have democratized the consumption by mixing stores across price points. Hard luxury brands have recognised India for both its opportunities and challenges. The realisation of most global brands is about necessity to operate in India through a credible retail partner who can undertake and provide the trust and support in the brands on route to market in brick form, undertake online, provide customer support, curation and adjacency. Given the scale of the opportunity it doesn't narrate individual brands to pursue or operate separately. Therefore, the aggregation becomes a compelling proposition of growth for the brands. Consequently, the aggregator model for luxury is expected to increase going forward. This aggregation will be in the form of category agnostic retailers who will use online & offline channel for growth. Reliance Brands looking at Ajio Luxe as an online route and White Crow as an offline route or Tata Cliq which is currently focused on Tata Cliq Luxury providing multiple option currently restricted through online channels. Given their ability to offer the multiple functionalities to the luxury brands they became preferred partners across both hard & soft luxury.

Tiffany has partnered with Reliance Brands Limited, which is India's largest retailer/aggregator of luxury goods and is a subsidiary of Reliance Retail. Tiffany have opened their stores in Delhi & Mumbai. Reliance also acquired control of Genesis that was backed by LVMH group. While most of their luxury brands still sell in dedicated boutiques, Reliance Brand's Ahmedabad located 'The White Crow' multi-brand large format store provides a retail platform for many luxury brands in India.

Brands like Roberto Cavalli have entered the Indian market in partnership with Infinite luxury group owned by designer Manav Gangwani. Roberto Cavalli offers a product range of apparel, besides accessories such as handbags, shoes, watches, sunglasses, jewellery, and small leather goods. Infinite luxury group also has partnerships with other luxury brands like Missoni, Emilio Pucci and Cavalli Cafe.

Aditya Birla Fashion and Retail Limited (ABFRL) has also partnered with international luxury brands like Ralph Lauren (Polo), Ted baker, Hackett. The group also has a multibrand format 'The Collective' in the premium and luxury segment that offers multiple brands across apparel, footwear and accessories etc.

Vertical specialists expanding as aggregators

Vertical specialists who have grown to a certain size & scale by the virtue of their market presence have created strong relationships and strong capabilities to undertake luxury in India. These vertical specialists understand Indian retail environment to do online & offline retail and provide platform to multiple brands in a single category with few adjacent categories as well. While in watches, there are vertical specialists like Ethos & Kapoor Watch

Company, in writing instruments there are vertical specialists like William Penn.

Nykaa - Home grown vertical specialist Nykaa started out as an ecommerce portal curating beauty and wellness products from a wide range of global brands. Nykaa also launched its first offline store in New Delhi and currently has over 141 offline stores across 40 cities in India. In 2015, Nykaa launched its in-house beauty products and expanded to the bath and body care category in 2016. Nykaa has raised a total of USD 110 million in funding from investors such as TVS Capital Funds, TPG Growth, and Lighthouse India among others. Nykaa debuted on the stock market in October 2021 with the market valuation of USD 14 billion. Vertical specialists Nykaa Fashion has strengthened its portfolio with the launch of new vertical Fashion Home. The new vertical also helps Nykaa with their entry into the home furnishings space. Nykaa has already tied-up with domestic and international brands such as Portico, D'décor, Meyer, AA Living, Mason Home, Ellementry, Rosemoor, Décor Remedy, etc.

Currently, Tira by Reliance has come up with the similar concept as Nykaa with its first offline store in Mumbai and started out as an ecommerce portal curating beauty and wellness products from a wide range of global brands.

William Penn – William Penn Company is a leading MBO/vertical specialist for luxury writing instruments and accessories in India. They represent 40+ luxury brands and have exclusive tie-ups with brands like Sheaffer, Caran d'Ache, Lamy, and Sailor. William Penn operates through both offline & online channel with 25+ stores spread across Bengaluru, Delhi, Mumbai, Chennai, Kolkata etc. They have also expanded their portfolio with acquisition of Lapis Bard marking its fore through a vertical integration route into men's accessories segment. William Penn retails over 1000+ products across multiple price points in premium and luxury segment.

Ethos – Ethos Ltd. is the leading vertical specialist of luxury watches & accessories in India. Ethos is a subsidiary of KDDL (Dials and watch hands making company for global brands) and has omnichannel presence. Ethos presently has 60 stores which generated INR 788.50 crores of revenue as of FY 2023. Ethos represents 60 premium & luxury watch brands in India with over 5,000+ products. Ethos has partnered with prominent brands like Rolex, Breitling, Seiko, Omega, Tag Heuer, Frederique Constant, Oris, Victorinox, Baume & Mercier, Raymond Weil, etc.

Going forward vertical specialists across categories are also expected to explore adjacency and expand into categories as aggregators, and this has become a compelling option for them to grow. Ethos and other key vertical specialists like Kapoor Watch, Johnson Watch are also working towards leveraging the adjacency advantage in other luxury product categories like Luggage & Bags, Jewellery, Pens etc.

OUR BUSINESS

Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements and (ii) the three months ended June 30, 2023, has been derived from the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Report on Premium and Luxury Watch Retail in India" October 18, 2023, (the "**Industry Report**") prepared and issued by Technopak Advisors Private Limited appointed by us pursuant to an engagement letter dated October 3, 2023 and exclusively commissioned and paid for by us in connection with the Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. The relevant industry sources are indicated at all relevant places within this section. For more information, see "Risk Factors - Industry information included in this Placement Document has been derived from a third- party industry report, exclusively commissioned and paid for by us. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate" on page 59.*

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with our Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 41, 127, 89 and 278, respectively, as well as the financial and other information contained in this Placement Document. Additionally, see "Definitions and Abbreviations" on page 21 for certain terms used in the following section.

Overview

We are India's one of the largest luxury and premium watch retail player having 13% share of the total retail sales in premium and luxury segment and a share of 21% when seen in exclusively luxury segment in the financial year 2022, *(Source: Industry Report)* delivering a content-led luxury retail experience to our customers through our online and physical presence. As of June 30, 2023, in addition to our chain of 60 physical retail stores in 23 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms. As of June 30, 2023, we have a sizeable portfolio of premium and luxury watches in India enabling us to retail more than 60 premium and luxury watch brands, of which we have exclusive retail arrangements with several of these brands. We enjoy a healthy market share of 21% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (*Source: Industry Report*) In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches since Fiscal 2019.

Our Omnichannel approach is premised on our endeavour to provide experience, content, customisation, reach and convenience to our customers. Our website "www.ethoswatches.com" is India's largest website for premium and luxury watches in terms in number of brands of watches offered *(Source: Industry Report)*. In our industry, watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹2.5 lakhs per watch), premium segment (₹0.25 lakhs - ₹1 lakh per watch), fashion segment (₹0.05 lakhs per watch - ₹0.25 lakhs per watch) and mass and mid segment (below ₹0.05 lakhs per watch) *(Source: Industry Report*). On our website visitors can research about the latest watch launches, reviews and choose from more than 6,500 premium, bridge to luxury, luxury and high luxury watches over 60 brands and as of June 30, 2023, our website had 27 lakhs number of visitor sessions. On our website, visitors are assigned highly trained watch consultants, who help the customers to choose from a wide array of choices available. We give our customers the ability to shop online or to touch and feel their shortlisted watches in the comfort of their homes or at our stores. As our offline and online channels are integrated, our customers can place orders for our products either offline or online and have the flexibility of buying products at one store and returning at another or browsing our product catalogues and placing orders online with doorstep delivery. Through our website, we are able to cater to our customers located in cities where we do not have any physical presence. We believe our Omnichannel model enables us in adding more customers, expanding our reach and providing better watch buying experience to our customers. We include research articles, independent reviews and guides on watch selection on our website to assist customers in making the right choice while purchasing luxury watches. We also have a luxury watch helpline for answering technical and other queries, along with live chat with luxury watch consultants on our

website.

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under 'Certified Pre-Owned' ("**CPO**") luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360- degree physical inspection and verification of watches and certified with a two years warranty. We believe that the market for previously owned or "pre-owned" watches has become the best place to purchase after assessing the value of a watch over time and provide liquidity to watch owners who want to trade in their watch for a new one.

Our first luxury retail watch store was opened in January 2003 at Union Territory of Chandigarh by our Promoter, KDDL Limited, a company listed on the BSE and the NSE, under the brand name "ETHOS". Subsequently, the retail business of our Promoter was hived off into our Company under the name and style of Kamla Retail Limited in 2008 and our Company was renamed as Ethos Limited in 2012, in order to consolidate the business of luxury watch retail under one umbrella for better management and focussed approach. Our Promoter's experience in the watch industry has assisted us in establishing strong relationships with the global watch brands and further strengthening our business.

As of June 30, 2023, we have an extensive network of 60 (sixty) retail stores spread across 23 cities of National Capital Territory of Delhi, Mumbai, Maharashtra; Bengaluru, Karnataka; Hyderabad, Telangana; Chennai, Tamil Nadu; Kolkata, West Bengal; Siliguri, West Bengal; Indore, Madhya Pradesh; Bhopal, Madhya Pradesh; Raipur, Chhattisgarh; Bhubaneshwar, Odisha; union territory of Chandigarh; Ahmedabad, Gujarat; Surat, Gujarat; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Gurgaon, Haryana; Guwahati, Assam; Ludhiana, Punjab; Nagpur, Maharashtra; Noida, Uttar Pradesh; Pune, Maharashtra and Thane, Maharashtra in India. Further, as of June 30, 2023, our 60 stores are categorised into 16 Ethos Summit Stores and 1 Airport store (that houses bridge to luxury, luxury and high luxury brands), 20 multi-brand outlets and 11 Ethos Boutiques both housing bridge to luxury and premium brands, 11 luxury segment mono-brand boutiques offering a single luxury watch brand and 1 CPO luxury watch lounge for pre-owned watches. Our distinct retail formats address various market segments like luxury and high luxury, exclusive boutiques and airport boutique. Ethos Summit stores are our flagship and large stores, which gives a far superior experience to our customers on account of a wider range of products.

Our physical stores provide us the ability to interact with our consumers in person. Owners of major luxury watch brands invest heavily in marketing. As a luxury watch retailer, we benefit from the increased awareness generated by traditional marketing activities as well as promotional activities, such as watch fairs, exhibitions and flagship store openings. We often collaborate with luxury watch brands, holding events together and running cooperative marketing campaigns (where our brand is paired with the relevant third-party brand's name). Our total expenses on advertisement and sales promotion constituted 3.40% of total sales for Fiscal 2023.

Our physical presence is leveraged by our strong digital platform with a frequently visited website, effective social media communication, a large database of HNI customers and an active program of home and office delivery of luxury products. Our digital platform has created a niche in the online luxury watch market through various unique value-added services including a highly specialised team of luxury watch consultants, targeted content, watch insurance, easy instalments and dedicated after sales service to our customers. In addition to leveraging our strengths in comprehensive merchandising, brand relationships and delivery experience, we focus on educating consumers via digital content and newsletters, which is an integral part of our business model. 'The Watch Guide', our in-house digital magazine curates relevant and exclusive content for watch enthusiasts.

Our loyalty programme 'Club Echo' is a customer relationship management initiative for providing our customers with a rewarding experience in luxury retail category. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated *via* Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Our Club Echo outbound call centre stationed at marketing office at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. As of June 30, 2023, we had over 3,15,000 registered members to our Club Echo.

Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our service centre has received authorisations from several leading global watch brands. Further, we have invested in our subsidiary, Silvercity Brands AG (a Swiss Company) over the current and the last Fiscal 2023.

Silvercity Brands AG acquired "Favre Leuba" a Swiss watch brand. The brand 'Favre Leuba' with its establishment in the year 1737 *(Source: Industry Report)* has a rich history of Swiss watch-making legacy. Through this association we aim to work closely with multiple watch designers to create new product lines that embody the legacy and craftsmanship of the brand name "Favre Leuba" in India.

For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our revenue from operations was ₹ 23,002.16 lakhs, ₹ 78,853.37 lakhs, ₹ 57,728.37 lakhs and ₹ 38,657.07 lakhs, respectively. Our average selling prices per watch in our retail business have increased on a YoY basis. The average selling price of our watches has increased to ₹ 1,76,953 lakhs in the three months period ended June 2023 from ₹ 1,59,476 lakhs in Fiscal 2023, which was ₹ 1,49,318 lakhs in Fiscal 2022, and ₹ 1,09,864 lakhs in Fiscal 2021. The luxury and high luxury watch sales constituted 67.18% (₹ 15,452.28 lakhs), 65.87% (₹ 51,937.44 lakhs), 64.83% (₹ 37,425.48 lakhs) and 58.00% (₹ 22,421.56 lakhs) during the three months period ended June 30, 2023 and Fiscals 2023, 2022, 2021, respectively, of our sale of products. For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our online sales have gradually increased and comprised of 30.63% (₹ 7,046.61 lakhs), 30.52% (₹24,064.41 lakhs), 32.44% (₹ 18,724.58 lakhs) and 37.64% (₹ 14,551.69 lakhs), respectively of our revenue from operations. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'.

Our Key Financial and Operational Performance Indicators

Set forth are the key financial and operational performance indicators for the period/ years indicated:

(₹ in lakhs, except as otherwise stated)

Particulars	**Three months period ended June 30, 2023**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Revenue from Operations	23,002.16	78,853.37	57,728.37	38,657.07
Total Income	23,470.75	80,309.41	59,006.20	40,299.69
Gross margin (%)[(1)]	30.36%	30.96%	28.78%	27.14%
EBITDA[(2)]	3,881.79	12,946.80	7,970.73	5,627.71
EBITDA margin (%)[(3)]	16.54%	16.12%	13.51%	13.96%
Profit for the period/ year	1,815.65	6,029.82	2,338.80	475.72
Net Profit Ratio (%)[(4)]	7.89%	7.65%	4.05%	1.23%
Return on Capital Employed (%)[(5)]	3.55%*	12.61%	12.27%	8.00%
Return on Equity (%)[(7)]	2.83%*	13.97%	12.04%	3.08%
Debt Equity Ratio[(8)]	0.22	0.19	0.70	0.89
Interest coverage ratio[(9)]	8.61	7.70	4.29	3.19
Current ratio[(10)]	3.77	4.27	2.06	1.73
Total Assets	94,405.38	87,969.63	50,435.69	39,353.62
Total Liabilities	29,433.48	24,819.99	27,267.20	23,660.13
Total Equity[(6)]	64,971.90	63,149.64	23,168.49	15,693.49
Total Borrowings[(11)]	816.12	799.02	5,942.23	5,198.83
Total Current Assets	66,851.79	63,852.60	33,642.26	25,652.79
Total Current Liabilities	17,717.34	14,951.92	16,344.96	14,796.35

**not annualised.*

Notes:

1. *Gross Margin % is calculated as Revenue from Operation reduced by purchase of stock-in-trade and change in inventory of stock-in-trade divided by Revenue from Operations*
2. *Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is calculated as profit for the period/ year plus total tax expense, depreciation and amortization expense and finance costs.*
3. *EBITDA Margin is calculated as EBITDA divided by total income.*
4. *Net Profit Ratio is calculated as profit for the period/ year divided by revenue from operations.*
5. *Return on Capital Employed defined as Earnings Before Interest and Tax (EBIT) is calculated (Profit the period/year plus total tax expense plus finance cost) divided by Capital Employed, where Capital Employed is Total Debt plus Total Equity.*
6. *Total Equity is calculated adding equity share capital and other equity.*
7. *Return on Equity is calculated as Profit for the period / year divided by Average Total Equity (Average of total equity at the beginning of the period/ year and total equity at the end of the period/ year).*
8. *Debt to equity ratio is calculated as Total Debt divided by Total Equity where Total Debt is non-current*

borrowings plus current borrowings plus non current lease liabilities and current lease liabilities.

9. *Interest coverage ratio is calculated as Earnings before interest, Depreciation and amortization expense and after tax (EBIDA) divided by finance costs.*
10. *Current ratio is calculated by total current assets divided by total current liabilities.*
11. *Total Borrowings consist of current borrowings and non current borrowings.*

For information about the key financial and operational performance indicators as set forth in the table above, see "*Management Discussion and Analysis of Financial Condition and Result of Operations - Key Financial Information and Certain Non-GAAP Measures*" on page 112.

Competitive Strengths

Leadership position in an attractive luxury watch market

Watch market in India was valued at ₹ 18,100 crores in Fiscal 2023 and is expected to grow at a CAGR of 10.3% to reach ₹ 29,890 crores by Fiscal 2028. The watch industry in India is dominated by the organised sector having a 68% share of the overall market, and unorganised market contributing to 32% of the overall market. While the organized watch market in Fiscal 2023 was estimated at ₹ 12,310 crores, the unorganised market was approximately ₹5,790 crores. The branded players sell through both organized and unorganized channels, especially in the mass-mid and fashion segments. While premium and bridge to luxury sell majority through organised channel, luxury players exclusively thorough organised market, leading to the organized market contributing to 93% of the market for premium & luxury watches (*Source: Industry Report).* Our Company is the largest retailer for luxury watches in India commanding 21% market share of the organised market for luxury watch retail in India. We have the sizeable portfolio of premium and luxury watches in India enabling us to retail over 60 premium and luxury watch brands. (*Source: Industry Report).*

Our Company benefits from strong levels of domestic demand for luxury watches. We also benefit from operating in markets in which retailers generally do not engage in seasonal or other calendar-based promotions to sell luxury watches (since the preservation of the exclusivity and rarity value is part of the appeal of luxury watches to customers). Brands command significant pricing power, which has enabled them to raise the list prices of their products almost every year and to carefully monitor and control potential arbitrage across regions. The retailer margins on premium watches ranges from 20% - 25%, while retailer margins on bridge to luxury segment ranges from 25% - 28%, and luxury & above segments have a retailer margin of 20% - 35% *(Source: Industry Report).* The fact that luxury and above watch categories demand better margins, allows to have better profitability in sale of high value luxury and above category. We derive significant benefits from the tendency of consumers in the luxury watch markets to become repeat customers and span age and income groups.

Strategically located and well invested store network with attractive in-store experience

As of June 30, 2023, with 60 retail stores, over 6,500 varied premium and luxury watches and about 30,000 watches in stock at any given time, our retail stores are located strategically in shopping malls, airport terminals and other premium areas. We believe that the prime locations that our Company chooses for its stores in the growing Indian luxury watch markets, the investments that we have made in these stores, the selection of products that we are able to offer to its customers in-store, the presentation of products within the stores, the quality of our staff and the service that we offer to our customers will continue to help our Company to increase sales of luxury watches. Our flagship stores are high-street stores allowing lower mall dependency for us, which proved to be a massive structural advantage, especially during the pandemic year, when all the shopping malls were directed to be closed down.

Our networks of retail stores allow us to cater to a large section of consumers and ensure effective penetration of the luxury watch brands that we retail. We also have knowledgeable staff and dedicated after sales service team which help our customers not only during the process of watch selection but also helps in keeping that watch ticking for long. We believe that our strategically located retail stores also enable us to offer a wide range of luxury and high luxury watches attracting a diverse customer base, ensure effective inventory management and provide benefits of scale.


ethos
WATCH BOUTIQUES
FAVRE LEUBA
इथॉस


ethos
S·U·M·M·I·T
इथॉस
BREITLING


ēthos
WATCH
BOUTIQUES
ইথোস
ORIS
HOLSTEIN 1904
#GoYourOwnWay
Feel it !


ēthos
S·U·M·M·I·T
OMEGA



We also believe that our network of stores in shopping malls provides us with a significant advantage over our competitors. Luxury stores requires high quality and significant space as points of sale. Since luxury high streets are limited in India, luxury malls are the main destination for such stores. The allocation of space in luxury malls for watch segment is limited and in most of the existing luxury malls, our Company has already secured its space making it difficult for our competitors to find suitable locations for retailing luxury watches. Our Company makes efforts to follow and monitor the development of luxury malls in India and contracts majority of the space allocated for watches before any competitor may initiate the process.

We have continued to invest in its systems, technology, staff, marketing and digital presence. We believe that our investments in branding, merchandising, product presentation, marketing and advertising programmes, as well as the development and functionality of its online channels, technology infrastructure, fulfilment and customer service operations enable us to deliver a consistent high-quality product and customer experience and establish a relationship of trust with its customers.

Strong and long-standing relationships with luxury watch brands

We value our brand relationships and have a team of brand managers who work closely with brands to strategize and execute growth and brand building strategies. We view ourselves as brand custodians and apply a client-servicing mindset to our interactions with brands to ensure we are building long-term strategic relationships. The retailing of luxury watches requires formal approval from the owner of the luxury watch brand to carry a particular product on a store-by-store basis, rather than being allowed to distribute products across an entire business. The manufacturing of key luxury watch brands is highly concentrated among a limited number of brand owners that are primarily based in Switzerland. Brand owners control distribution through strict, selective distribution arrangements, which are limited by geography, are typically granted on a store-by-store basis and contain a wide range of requirements on how their products are to be displayed, how they can be sold. Owners of luxury watch brands closely monitor and actively manage such requirements, including product presentation and customer experience. In addition, the owners of luxury watch brands take proactive measures to preserve the exclusivity and rarity value of luxury watches and seek to avoid excess stock in the market. The resulting structural imbalance of supply and demand results in a significant proportion of customers being put on waiting lists for luxury watches from key brands. This demonstrates the importance of the relationship with luxury watch brand owners to achieve good product allocation.

Owners of luxury watch brands generally do not permit online distribution of their products without the authorised distributor also distributing the products through physical stores and subject to quality of platform checks.

Relationships with owners of luxury watch brands typically take many years to develop and are difficult to replicate. We have been immensely benefitted from our Promoter's long standing relationships with luxury watch brands, developed over the years. Since the time our Promoter was established in 1981, it undertook export of watch dials, thereby gaining valuable insights in the watch industry, which has been instrumental in building strong relationships with the brands we retail.

We have been in business partnerships with brands which have been ongoing for more than a decade. We believe that the strength of our Company's long-standing relationships with leading luxury watch brands in India has assisted, and will continue to assist, our Company in further growing its presence in India. We also believe that this strong and longstanding network of relationships with owners of luxury watch brands enhances our competitive position.

Leading luxury watch Omnichannel retail player of India

Our Company was quick to establish a robust digital infrastructure which has been our key strength and enabled us to scale business and increase our customer base. As of September 30, 2023, our digital team consists of over 80 employees across different teams, including performance marketing, creative, content, social media, product/website, technology and internet sales among others. Further, as of June 30, 2023, our website showcases over 60 brands, offering a great eco-system for visitors to not only purchase these watches online but also to discover watches, and understand their legacies. We use data collected across our channels to re-market to the customers who have shown interest in our website across the popular networks and social media platforms to remain top-of-mind for our customers.

By giving our consumers both physical and digital shopping experiences through our Omnichannel model, we want to remain relevant at all the touchpoints of a consumer's journey. Our Omnichannel content offers endless aisle and our loyalty program have helped us to offer our consumers a comprehensive buying experience across online and offline platforms. The owners of some of the luxury watch brands do not permit their watches to be sold online, but our digital platform features information about such watches online as part of its marketing strategy. Our website is custom-built with what we believe to be content rich, high- quality images and videos. Through our team responsible for e-commerce and web design, our Company has created landing pages for each of its luxury brands, with distinctive brand imagery.

We are the market leader in Luxury watch segment in India, and it also leads the Luxury Omnichannel market in India, with wide omnichannel presence and focus. In FY 2022, 36% of Ethos's revenue came from digitally enabled sales. Other key players who follow omnichannel retail are Kapoor Watch Co, Johnson Watch Co, Zimson, Kamal Watch, Helios etc. *(Source: Industry Report)*.

We believe that we have achieved an excellent understanding of the market trend of customers towards researching online and purchasing products offline. Basis our learnings, we have responded to such trends by optimising our online channels to grow online sales, as well as optimising our online marketing spend to target incremental returns on our advertising spend.

Our in-store channel allows customers to order products online and fulfilled by our store. Our online channels offer customers the ability to (i) purchase online with home delivery, (ii) book a viewing in-store or at home or office, and (iii) services to collect the product in-store. This is supplemented by personalised online assistance.

Our Company's Omnichannel approach is designed to enable our customers to access its products and receive information and specialist advice in the channel of their choice, with each channel designed to support the others. We also offer bridge to luxury and luxury watches through third- party e-commerce platforms. Our investment in infrastructure to develop and improve the performance and functionality of our online platforms in its markets, the introduction of home delivery and viewing in-store or at home or office has contributed to our Company's online revenue growth. Our average selling prices per watch in our retail business have increased on a YoY basis. The average selling price of our watches has increased to ₹ 1,76,953 lakhs in the three months period ended June 2023 from ₹ 1,59,476 lakhs in Fiscal 2023, which was ₹ 1,49,318 lakhs in Fiscal 2022, and ₹ 1,09,864 lakhs in Fiscal 2021.

Access to large luxury customer base

We have built our customer base over the years and continue to aim to attract new customers to our platform by providing an engaging shopping experience. As of June 30, 2023, we have access to 3,15,000 customers including HNI customers. Our results of operations are significantly affected by consumer demand for our products. Each of our product lines are discretionary products, which are highly dependent on trends in consumer spending and, consequently, are sensitive to factors that influence consumer spending. Demand for our products is directly proportional to the number of our HNI customers. As per the *Industry Report*, increase in the number of HNI's in fast emerging economies, such as China and India has facilitated the increase of the wealth of people and thereby increasing the demand for luxury goods, including watches. Rise and acceptability of ecommerce and an increase in HNIs and UHNIs led to an increase in purchase of luxury watches via online channels in such markets. Also, since we have access to HNIs and UHNIs customer base, it makes us a partner of choice for luxury brands for setting up stores in India in other luxury category goods such as luxury jewellery and luxury luggage brands.

Our Company's understanding of the luxury customers has enabled us to evolve our luxury customer base, enabling us to drive the sales of our luxury and high luxury watches. Our loyalty programme, Club Echo, as of June 30, 2023, has also been subscribed by over 3,15,000 registered members which gives a unique insight into understanding the buying pattern of our customers and reward them for their loyalty. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated through Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. We utilise the data from our Club Echo to drive highly accurate social media and digital campaigns by targeting known watch customers. Club Echo also helps us to generate profitability by reducing servicing costs, reducing price sensitivity, increased spending and favourable recommendations passed on to potential customers.

We believe that access to a large number of luxury customers gives us the competitive advantage over our competitors in sale of our products and driving revenue and profitability.

Early mover advantage in certified pre-owned business

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under 'Certified Pre-Owned' ("CPO") luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360- degree physical inspection and verification of watches and certified with a two years warranty. The overall luxury pre-owned market in India was valued at approximately INR 40 crores to 50 crores during Financial year 2020, which was largely dominated by the unorganised sector contributing almost 75% of the market. The organised sector offering Certification on Pre-owned luxury watches i.e the CPO Luxury Watch market is at a nascent stage in India and was valued at approximately INR 10 crore to15 crores lakhs in FY 2020. In comparison, the overall premium & luxury watch market in India was valued at INR 6,610 Cr in FY 2020, making the Indian CPO market, which is a complimentary market, over and above the Overall Indian market for Premium & Luxury watches, to be around 0.2% of the Overall Premium & Luxury watch market. The CPO share in India is currently miniscule, and dominated by CPO Business of Ethos. In FY 23 the CPO business is valued at approximately INR 80-100 Cr forming approx. 40% of the overall second-hand market. *(Source: Industry Report)*. By capitalizing on its existing business experience in luxury watches, CPO business arm of our Company has paved way for the growth of CPO luxury watch market in India.

Founder-led company supported by a professional management team

Our Company benefits greatly from an experienced management team with deep industry know-how and knowledge. The management team is led by Yashovardhan Saboo, our Chairman and Managing Director. He was involved in promotion of KDDL Limited in 1981 and has since led it to the position of market leadership in India and abroad. He founded Ethos Limited in the year 2007, in name of Kamla Retail Limited. Our CEO, Pranav Shankar Saboo, who is also the founder and on the board of Dream Digital Technology Private Limited, a multi-faceted digital marketing company, has been instrumental in devising the strategy of making the online presence of our Company. Manoj Subramanian, our Chief Operating Officer, has been intrinsically linked with the watch industry for several years. Our Board member, Patrik Paul Hoffmann has over 30 years of experience in the watch industry and has been at leadership positions with global watch brands and retailers. Our management team understands the global luxury industry and the luxury customer in India. Our CFO, Ritesh Kumar Agarwal, has

over 18 years of experience including experience in retail sector.

The experience of our Company's committed and capable management team enables them to make informed decisions on key issues the business is facing. Our Company's management team has been instrumental in achieving growth in India and enhancing its relationships with owners of luxury watch brands. We believe that the collective industry knowledge and leadership of our management team combined with our record of accomplishment and ability to achieve profitable sales growth will enable us to continue to successfully execute its strategy.

Further, our trained and knowledgeable staff and dedicated after sales service team help our customers during the process of watch selection.

Our Strategies

Expanding our physical store network and increasing market share

We expect the luxury watch market to continue to grow in India. We will continue to focus on continued growth of our luxury watches business. Our strategy for continued growth and market share gain is focused on the following key limbs:

(a) successfully executing its pipeline of new store projects, as well as identifying attractive locations for opening new Company-branded stores or mono-brand stores or relocating existing stores and continuing to upgrade its existing stores as and when necessary;

(b) growing sales and improving margins in our existing stores and via the online channel through product, merchandising, marketing, training, logistics and technological initiatives; and

(c) proactively managing our store portfolio to improve operating margins

With the support of the owners of luxury malls, we will seek to grow our luxury watch sales by considering new retail developments for our own flagship Summit multi branded stores, Ethos multi brand store or other mono-brand stores, with an ongoing focus on areas it believes are prime locations for luxury spending with scale. In doing so, we will also seek to secure additional agencies for sale of luxury watches and to open additional mono-brand stores, building on our strong relationships with owners of luxury watch brands, with the aim of increasing our market share of luxury watch agencies relative to our competitors. New store locations are selected following a rigorous identification, screening and evaluation process (such as evaluation of demographics of the area, the customer profile, the presence of other retailers of luxury watches in the area and the local demand). We consider opening a new store only if management believes it would be located in an attractive location that is available at an appropriate cost.

Growing our certified pre-owned luxury watch retail business

The global CPO luxury watch market was valued at USD 18 billion in CY 2020. It is expected to grow at a CAGR of 8% from CY 2020 to CY 2028, creating an opportunity for brands and retailers to take proactive steps to shape demand. It is expected that, by CY 2028, the Global CPO Watch market would reach a value of USD 34 billion. The adoption of second-hand Luxury watch market is emerging as one the key reasons for the growth and acceptance of Luxury watches globally. *(Source: Industry Report)*. The global CPO market, which is a complimentary market, over and above the overall global market for premium & luxury watches, was almost 34% the size of the overall premium and luxury watch market globally in CY 2020, and its size is expected to be 31% of the overall market in CY 2028 *(Source: Industry Report)*.

The overall luxury pre-owned market in India was valued at approximately ₹ 40-50 crores in Fiscal 2020, which is largely dominated by the unorganised sector contributing almost 75% of the market. The organised sector offering certification on pre-owned luxury watches is at a nascent stage in India and was valued at approximately ₹ 10-15 crores in Fiscal 2020. In comparison, the overall premium & luxury watch market in India was valued at ₹ 6,610 crores in Fiscal 2020, making the Indian CPO market, which is a complimentary market, over and above the overall Indian market for premium & luxury watches, to be around 0.2% of the overall premium & luxury watch market. In comparison, the global CPO luxury market was approximately 30% of its Overall premium & luxury watch market in CY 2020. Hence the CPO share in India is currently miniscule and dominated by our CPO business. Hence, the CPO share in India is currently miniscule, and dominated by CPO Business of Ethos. In FY

23 the CPO business is valued at approximately INR 80-100 Cr forming approx. 40% of the overall second-hand market. This market, however, presents an opportunity to grow significantly from the current base, in line with the global trends. *(Source: Industry Report)*

Watches were traditionally seen as status symbols and have always been an essential part of the luxury goods segment as they communicate class and taste. The value of luxury watches is expected to depreciate as soon as the customer leaves the store. However, the value of some watches appreciate over time due to factors such as limited availability, limited edition option, rarity, increase in demand due to demand from collectors and the like.

Organized certified pre-owned watches provides a channel of sale of such vintage watches. This proves to be a suitable environment for trade of luxury and high-luxury watches and can be thus considered to be an investment. Vintage watches are also considered as an emotional investment and are often kept as a family heirloom, passing down from one generation to other.

In order to be successful in certified pre-owned, scale is crucial as it is important to offer a wide choice of watches to the customers and scale also allows one to make the necessary investments in digital infrastructure, marketing, servicing, refurbishing and certification. The most crucial part in a successful certified preowned business in watches is the procurement and refurbishment of watches. Our retail stores network across India acts as off-line touch point with customers, allowing us to ask our patrons about trading in an older watch and get store-credit reimbursable on new watches. We have a dedicated website for certified pre-owned watches, which acts as a digital touch point. Website visitors can also share details and pictures of their timepieces for evaluation online, this allows us to capture procurement intent online as well. Our service centre helps in the quality checks, evaluation, refurbishing and certification of the pre-owned timepieces we receive. Our service centre also enables us to procure more timepieces, allowing our customers to trade-in or simply sell their watches to us. Our social media channels have a wide following and can be used to procure watches as well.

As of June 30, 2023, with access to over 3,15,000 customers, robust Omnichannel infrastructure, repair and refurbishment infrastructure and importantly, credibility with customers, we believe we have the necessary scale and infrastructure to drive sales under our CPO business.

Leveraging our luxury watch retail business and access to luxury customers to expand into other luxury verticals

For category specialists in the luxury segment, growth through category extension is expected. Category extension can lead to category specialists retailers that have been in the business for some time to offer other luxury items in addition to sale of luxury watches. There is a potential for current vertical specialists to expand into adjacent luxury offerings like hard luxury in various product categories such as eyewear, jewellery, luggage, cosmetics, writing instruments *(Source: Industry Report)*. Vertical Specialist multi brand outlets of luxury watch brands have built and managed procurement relationships with global luxury brands and the same skill sets can be expanded to other luxury product categories. They have developed market connect to service the consumer segments of luxury products across India and are aware of their target audience and understand consumer insights that can be replicated for other product categories. They are well versed with the retail environment involving both online and offline and have addressed / managed issues like talent management, consumer service support, retail adjacency and processes that can be extended to luxury retail for other categories *(Source: Industry Report)*.

Our Company has a thorough understanding of the luxury customer and the related environment in India and have a ready database of HNIs in India. We believe that all of our retail platforms are well maintained and appeal to customers interested in purchasing luxury products. We intend to leverage our strength of understanding of the luxury market, customers and products, reputation for authentic, high-end luxury products complemented by consistent customer service to foray into other luxury products in a short to medium term. Through our CPO platform, we have ventured into sale of pre-owned luxury watches and intend to expand into other luxury category goods such as luggage, eye-wear, writing instruments, jewellery among other luxury products. We have in the past also entered into arrangements with different brands for retailing their range of luxury luggage and for retailing their range of luxury Jewellery in India. We aim to increase the product offerings in our current brand portfolio of luxury watches and add newer long-term focused brands in other product categories.

Our experience shows that the luxury customer base is rapidly evolving. We aim to increase the product offerings in our current brand portfolio of luxury watches and add newer long-term focused brands in other product categories. We seek to achieve our growth strategy by leveraging our advantageous scale and best-in-class operations, including marketing, merchandising and IT capabilities combined with strong customer relationship

management built around in-depth customer knowledge to cater to new category of goods in the luxury retail segment.

Increasing our watch brands portfolio

We believe in our track record of being brand custodians, and not solely being focused on transactional commerce, resonates with brands around the world. Presently, we have exclusive retail arrangements with several brands. As part of our continuous efforts to offer the widest assortment of brands to our customer base, we will continue to invest in entering into new brand relationships.

We will also continue to nurture our existing brand relationships. We endeavour to improve sales and hence create value for our brand relationships through improved merchandising, refined marketing and new data driven brand specific experiences. We want to ensure that our platform maintains its position as a go-to premium and luxury watch retail destination for its diverse brand relationships. Many of the world's leading watch brands are not yet present in India and we intend to partner with them and bring these brands to India.

In addition to increasing our brand portfolio, we also intend to enter into and increase our exclusive arrangements for sale and marketing of premium and luxury watch brands in India. Presently, we have brands like Jacob & Co., Gerard Perregaux, Bell & Ross, Carl F. Bucherer, Raymond Weil, Oris, Corum, Parmigiani among others *(Source: Industry Report)*, which are retailed only through us in the Indian market. With our Omnichannel model and access to customer data through our website, we believe, that brands will find it easier to work with a single partner in India and/or give us the distribution of the brand with an understanding of offline retail through our stores and online retail through our website and other third party market-place platforms serviced through us. This, we believe, enables us to create a great differentiation from our competitors offerings along with giving us increased gross margins as there will be no competitive discounting. This has already happened in several markets abroad and we believe will also happen in India.

Investing in our Brand

We seek to allocate significant resources in positioning 'Ethos' and 'Ethos Summit' as premium store having variety of luxury and prestigious watch collections. Our branding plan comprises of activities including online marketing, electronic media, print media, outdoor and event and sponsorship. We understand that the Indian consumer mindset for wrist watches have shifted from being a basic necessity and gift items to high living standard within the society and has led to increased awareness and brand consciousness. Accordingly, we believe that investment in brand is critical to increase our brand-recognition and market-share and also help us capitalise on the growing consumer preference for branded products. Our total expenses on advertisement and sales promotion for three month period ended June 30, 2023, Fiscals 2023, 2022, 2021, were ₹537.87 lakhs, ₹2,683.39 lakhs, ₹2,225.30 lakhs and ₹ 1,470.39 lakhs respectively. We will continue to invest in sales promotion including online marketing to become preferred choice for our customers and brands. Please refer to "*Risk Factor – If we are unable to effectively manage or expand our retail network and operations or pursue our growth strategy, our stores may not achieve our expected level of profitability which may adversely affect our business prospects, financial condition and results of operations.*" on page 47 for understanding the risks relating to our brand.

Investing in Brand – Favre Leuba

As part of our continuous efforts to offer new product lines to our consumers, we will continue to invest in entering into new brand relationships. We have acquired the Brand "Favre Leuda" through our wholly owned subsidiary company Silvercity Brands AG (A Swiss Company). The brand Favre Leuba' with its establishment in the year 1737 *(Source: Industry Report)* has a rich history of Swiss watch-making and it has imprinted a lasting mark on horology and continues to conquer frontiers across domains.

We believe in the immense heritage offered by the brand and leveraging Favre Leuba's experience and partnership to offer new product lines, we aim to work with multiple watch designers to create such new product lines that embody the legacy and craftsmanship of Favre Leuba. Through this association, we aim to increase the current product offerings.

Drive Sales and gather data through Technological Innovations

With increased internet penetration and adoption of artificial intelligence and machine learning in retailing, luxury brands have started adopting these technologies to make their products available to the customers. By adopting

technologies such as virtual reality, brands are trying to bridge the gap between offline and online retailing by giving the customers a virtual touch-and-feel experience to imagine products and enable conversion. E.g. Global watch marketplace Chrono24 offers Virtual Showroom on its app which enables customers to virtually try on the watch through augmented reality, giving customers an experience and enabling them to view and feel how the watch will look on wearing. Through such features, brands & retailers are providing a differentiated experience to customers *(Source: Industry Report).*

Technology adoption has now emerged as a key retail proposition for luxury brands and they expect their retail partners to embark on it. Luxury watch retailers are expected to adopt AR/VR for a better customer experience both within the stores and online. Tools like chatbots have reduced the time required for customer support and resolving customer queries. These technological and digital adoption tools would pave way for unique customer experiences, and hence driving the luxury watch market in coming years. *(Source: Industry Report)*

We have an Omnichannel presence, and have systems aligned to give consumers an Omnichannel experience using technology, implying both offline and online access to products, sales and customer support. The offline penetration and online technology advancement also gives it an edge to succeed in the luxury category *(Source: Industry Report)*. We understand the importance of assisted buying to drive awareness and make sales and in order to further enhance our efficiency, optimisation and driving sales. We believe, this would greatly reduce human errors while informing the features to a customer and educate the customer about the brand lineage and history.

We plan to launch an application during the year to further increase our digital offering to customers and luxury watch enthusiasts. The application will offer a personalised experience for customers and guide them through rich shoppable content. It will allow customers to shop through thousands of watches, create wish lists which can be shared with friends, get advice from luxury watch consultants. They can buy the watches through the application, request a viewing at home or setup an appointment at any of our stores. The application will feature several features like virtual reality, augmented reality, chatbots, voice search among other features. It will also feature watch recognition - a feature which will allow the user to click the picture of any watch seen on someone's wrist and then display to the user the entire data of the watch. It will then connect the user to a luxury watch consultant for more information about the watch. Visitors can upload their collections on the application and our consultants from the pre-owned department can give valuations on these watches. We will also launch an app for our certified pre-owned business which will have similar features but will focus only on pre-owned luxury products. First party and third party data collected with user consent will be used for pinpoint marketing through digital ad networks and social media. Data will also be used to make better purchase decisions to improve stock turns.

Description of our Business

According to the *'Industry Report'*, our Company is a category leader in premium and luxury watch retail in India having a healthy market share of 21% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (*Source: Industry Report)*. We operate an Omnichannel retail platform across India and sell our products through our (i) stores categorised as Ethos Summit Stores, multi-brand stores, Ethos Boutiques, Airport Store, CPO luxury watch lounge and mono-brand boutiques, and (ii) via online channel (including Online Leads). The following table sets forth the sales to our customers, and the percentage of total sales to our customers contribution from each channel, for the three months period ended June 30, 2023 and the Fiscals 2023, 2022, 2021:

(₹ in lakhs, except percentages)

Sales Channel	Three months period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Sales	% Sales	Sales	% Sales	Sales	% Sales	Sales	% Sales
Stores	15,955.55	69.37%	54,788.96	69.48%	39,003.79	67.56%	24,105.37	62.36%
Online	7,046.6	30.63%	24,064.41	30.52%	18,724.58	32.44%	14,551.69	37.64%
Total	**23,002.16**	**100.00%**	**78,853.37**	**100.00%**	**57,728.37**	**100.00**	**38,657.067**	**100.00**

We sell our products primarily through our stores and, increasingly, online. For the three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, 69.37%, (₹ 15,955.55 lakhs), 69.48 %, (₹ 54,788.96 lakhs), 67.56 % (₹ 39,003.79 lakhs) and 62.36% (₹ 24,105.37 lakhs) of our sale of products was derived from in-store sales respectively and 30.63% (₹ 7,046.61 lakhs), 30.52% (₹ 24,064.41 lakhs), 32.44% (₹ 18,724.58 lakhs) and 37.64% %(₹ 14,551.69 lakhs) was derived from online sales respectively. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online

sales'. As an Omnichannel retailer with both in-store and online offerings that are fully integrated on a single digital platform, we are able to reach customers simultaneously across all channels. The owners of the luxury watch brands sold by us are supportive of our omni-channel retail proposition (to the extent that such brands allow sales of their products online).

Retail Store

As of June 30, 2023, we had a network of 60 retail stores across 23 cities in India, which are categorised into Ethos Summit Stores, multi-brand stores, Ethos Boutiques, Airport Store, CPO luxury watch lounge and mono-brand boutiques. Our networks of retail stores allow us to cater to a large section of visitors / customers and ensure effective penetration of the luxury watch brands that we retail. Our trained and knowledgeable staff and dedicated after sales service team help our customers not only during the process of watch selection but also in keeping that watch ticking for a long time. We believe that our strategically located retail stores also enable us to offer a wide range of luxury and high-luxury watches attracting a diverse customer base, ensure effective inventory management and provide benefits of scale.

Our Ethos Summit stores are our experiential flagship boutiques across all regions, gives a far superior experience to our customers on account of a wider range of products. Our flagship stores are strategically located in cities with higher propensity to spend on luxury and we believe are a better alternative to having smaller stores spread across major cities, offer us better unit metrics. The table below sets out the details of our stores in India.

S. No.	City	Location	Area	Category
Ethos Summit Stores				
1.	Bengaluru, Karnataka	UB City Mall	approximately 1,217 square feet	Summit – Multi Brand
2.	Bengaluru, Karnataka	Forum Mall	approximately 330 square feet	Summit – Multi Brand
3.	Union Territory of Chandigarh	Elante Mall	approximately 1,758 square feet	Summit – Multi Brand
4.	Chennai, Chennai	Palladium Mall	approximately 1,198 square feet	Summit – Multi Brand
5.	Gurgaon, Haryana	Ambience Mall	approximately 1,573 square feet	Summit - Multi Brand
6.	Hyderabad, Telangana	Roxana Fortune	approximately 4,212 square feet	Summit – Multi Brand
7.	Kolkata, West Bengal	Orbit Victoria	approximately 3,084 square feet	Summit – Multi Brand
8.	Lucknow, Uttar Pradesh	Palassio Mall	approximately 1,359 square feet	Summit – Multi Brand
9.	Ludhiana, Punjab	MBD Mall	approximately 1,090 square feet	Summit - Multi Brand
10.	Mumbai, Maharashtra	Jio World Drive	approximately 1,958 square feet	Summit – Multi Brand
11.	Mumbai, Maharashtra	Palladium Mall	approximately 887 square feet	Summit – Multi Brand
12.	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 1,354 square feet	Summit – Multi Brand
13.	National Capital Territory of New Delhi	The Chanakya Mall	approximately 1,024 square feet	Summit – Multi Brand
14.	Pune, Maharashtra	Phoenix Market City	approximately 1,350 square feet	Summit - Multi Brand
15.	Ahmedabad, Gujarat	Palladium Mall, Sarkhej - Gandhinagar Highway	approximately 1,581 square feet	Summit - Multi Brand
16.	Surat, Gujarat	Solaris	Approximately 3,658 square feet	Summit - Multi Brand

S. No.	City	Location	Area	Category
Multi-brand – Duty Free Store				
17.	National Capital Territory of New Delhi	Terminal 3, Delhi International Airport	approximately 966 square feet	Multi Brand – Duty Free
Mono-brand Boutiques (Luxury Segment)				
18.	Bengaluru, Karnataka	U.B. City Mall	approximately 310 square feet	Rolex Boutique
19.	Chennai, Tamil Nadu	Palladium Mall	approximately 1,115 square feet	Omega Boutique
20.	Jaipur, Rajasthan	World Trade Park Mall	approximately 325 square feet	Omega Boutique
21.	Mumbai, Maharashtra	Palladium Mall	approximately 447square feet	Hublot Boutique
22.	Mumbai, Maharashtra	Palladium Mall	approximately 376 square feet	Omega Boutique
23.	National Capital Territory of New Delhi	The Chanakya Mall	approximately 529 square feet	Rolex Boutique
24.	National Capital Territory of New Delhi	The Chanakya Mall	approximately 413 square feet	Panerai Boutique
25.	National Capital Territory of New Delhi	The Chanakya Mall	approximately 413 square feet	Jaegar LeCoultre Boutique
26.	National Capital Territory of New Delhi	The Chanakya Mall	approximately 785 Square feet	Girard Perregaux Boutique
27.	National Capital Territory of New Delhi	DLF Emporio Mall	approximately 829 Square feet	Bovet Boutique
28.	Mumbai, Maharashtra	Palladium Mall	approximately 523 square feet	Jacob & Co. Boutique
Ethos Multi-brand Stores				
29.	Ahmedabad, Gujarat	Ahmedabad One	approximately 925 square feet	Ethos - Multi Brand
30.	Bengaluru, Karnataka	Forum Mall	approximately 767 square feet	Ethos - Multi Brand
31.	Bengaluru, Karnataka	Orion Mall	approximately 1,100 square feet	Ethos - Multi Brand
32.	Bengaluru, Karnataka	The Touchstone	approximately 2,500 square feet	Ethos - Multi Brand
33.	Bengaluru, Karnataka	Forum Falcon Mall	approximately 864 square feet	Ethos - Multi Brand
34.	Bhopal, Madhya Pradesh	DB City Mall	approximately 506 square feet	Ethos - Multi Brand
35.	Bhubaneshwar, Odisha	Utkal Kanika Galleria Mall	approximately 1,283 square feet	Ethos - Multi Brand
36.	Chennai, Tamil Nadu	Forum Mall	approximately 800 square feet	Ethos - Multi Brand
37.	Chennai, Tamil Nadu	Phoenix Marketcity	Approximately 1,009 square feet	Ethos - Multi Brand
38.	Guwahati, Assam	City Centre	approximately 653 square feet	Ethos - Multi Brand
39.	Jaipur, Rajasthan	World Trade Park Mall	approximately 644 square feet	Ethos - Multi Brand
40.	Indore, Madhya Pradesh	Phoenix Citadel Mall	approximately 1,350 square feet	Ethos - Multi Brand
41.	Mumbai, Maharashtra	Inorbit Mall	approximately 603 square feet	Ethos - Multi Brand
42.	Mumbai, Maharashtra	Oberoi Mall	approximately 754 square feet	Ethos - Multi Brand

S. No.	City	Location	Area	Category
43.	Nagpur, Maharashtra	VR Mall	approximately 1,015 square feet	Ethos - Multi Brand
44.	Raipur, Chhattisgarh	Sandesh Bandhu Building	approximately 2,700 square feet	Ethos - Multi Brand
45.	Siliguri, West Bengal	ML Acropolis Mall	approximately 941 square feet	Ethos - Multi Brand
46.	National Capital Territory of New Delhi	Vegas Mall	approximately 920 square feet	Ethos - Multi Brand
47	Noida, Uttar Pradesh	Mall of India	approximately 509 square feet	Ethos - Multi Brand
48.	Thane, Maharashtra	Viviana Mall	approximately 585 square feet	Ethos - Multi Brand
Ethos Boutiques				
49.	Ahmedabad, Gujarat	Palladium Mall	approximately 381 square feet	Rado Boutique
50.	Bengaluru, Karnataka	UB City Mall	approximately 105 square feet	Seiko Boutique
51.	Union Territory of Chandigarh	Elante Mall	approximately 453 square feet	Rado Boutique
52.	Chennai, Chandigarh	Palladium Mall	approximately 254 square feet	Oris Boutique
53.	Indore, Madhya Pradesh	Phoenix Citadel Mall	approximately 315 square feet	Rado Boutique
54.	Jaipur, Rajasthan	World Trade Park Mall	approximately 344 square feet	Rado Boutique
55.	Lucknow, Uttar Pradesh	Palassio Mall	approximately 406 square feet	Rado Boutique
56.	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 318 square feet	Rado Boutique
57.	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 224 square feet	Tissot Boutique
58.	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 584 square feet	Longines Boutique
59.	Thane, Maharashtra	Viviana Mall	approximately 344 square feet	Rado Boutique
Lounge for Certified Pre-Owned Watches				
60.	National Capital Territory of New Delhi	Square One Mall	approximately 1,217 square feet	Certified Pre-owned

In addition to our retail stores, we also have warehouses at National Capital Territory of New Delhi, Mumbai, Maharashtra; Bengaluru, Karnataka and Ahmedabad, Gujarat for storing our inventory on leasehold basis.

Online Sales

Our website, www.ethoswatches.com provides a seamless experience to customer both online and offline. It provides information about international brands to our customers with smart search facilities by gender, price and its features and valuable customer education touch points. As of September 30, 2023, our digital presence is supported by an in-house digital team of over 80 people with trained watch specialist and 27 online luxury watch consultant to respond to customer queries coming through the online portal helping them to research and choose watch they want. We believe, this platform is a powerful tool for the consumer to choose from a wide assortment of watches across the different categories and better awareness of our product. Online customers visit to our store, improves our credibility and sales. Through our website, we are able to cater our customers located at cities where our stores are not present. We believe that our online – offline omni retail business model helps us in adding more customers and expanding our reach and providing better watch buying experience to our customers. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'.

We work progressively on the improvements of website based on user tracking giving us the ability to influence purchase decisions. We continue to focus on omni-channel with a great focus on people researching online with our watch consultants assisting them. We provide our customers greater shopping flexibility by arranging home delivery, showing watches at home and integrating store visits with website visits. The use of data from all our sources helps to focus our marketing content with great accuracy. We intend to integrate our online data with the offline experience by infusing technology at our stores. For further details, please refer to "*Our Strategies - Drive Sales and gather data through Technological Innovations*."

We operate our businesses primarily through arrangements with watch brands, delivery companies, shopping malls and other high street locations and other vendors. Additionally, we have arrangements with other intermediaries such as digital services providers who provide certain digital services including digital marketing and search engine optimization services, payment gateway operators who facilitate consumer payments on our platform. Our customer sales arrangements are based on the terms and conditions listed on our websites. We do not have definitive supply agreements with most of the suppliers of premium and luxury brands and we procure our products on a purchase order basis. While our suppliers supply product to us, many of our suppliers work with us on a non-exclusive basis and may engage with other retailers that compete with us or supply other products to our competitors or other entities globally. Please refer to "*Risk Factor -. Our many suppliers work with us on a non-exclusive basis, in absence of exclusivity with our suppliers we may be subject to competition from the entities which may have more resources than us"* on page 43 of this Placement Document.

Our Products

We are retailers of premium and luxury watches and pre-owned luxury watches. We source all of our products directly from third-party brand owners or their authorised dealers. Watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹2.5 lakhs per watch), premium segment (₹0.25 lakhs - ₹ 1 lakh per watch), fashion segments (₹0.05 lakhs per watch - ₹0.25 lakhs per watch) and mass and mid segment (below ₹0.05 lakhs per watch) *(Source: Industry Report)*. We retail watches in the category of premium, bridge to luxury, luxury and high luxury category. In three months period ended June 30, 2023 and Fiscals 2023, 2022, 2021, the various categories we deal in contributed to the following towards our total sale of products:

(₹ in lakhs)

Category	**Three months period ended June 30, 2023**		**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Sales	**% Sales**	**Sales**	**% Sales**	**Sales**	**% Sales**	**Sales**	**% Sales**
Fashion	653.49	2.84%	2,541.84	3.22%	2,053.70	3.56%	2,169.02	5.61%
Premium	2,474.59	10.76%	9,329.02	11.83%	7,435.75	12.88%	6,806.53	17.61%
Bridge to luxury	4,421.81	19.22%	15,045.07	19.08%	10,813.44	18.73%	7,259.97	18.78%
Luxury	6,362.38	27.66%	27,291.72	34.61%	21,190.32	36.71%	15,082.62	39.02%
High luxury	9,089.90	39.52%	24,645.73	31.26%	16,235.16	28.12%	7,338.94	18.98%
Total	**23,002.16**	**100.00%**	**78,853.37**	**100.00%**	**57,728.37**	**100.00%**	**38,657.07**	**100.00%**

We endeavour to provide our customers a coherent experience of the horological world with the widest selection of premium and luxury watch brands under our portfolio. We have a large collection of brands like Jacob & Co., Gerard Perregaux, Bell & Ross, Carl F. Bucherer, Raymond Weil, Oris, Corum, Parmigiani among others *(Source: Industry Report)*, which are retailed only through us in the Indian market, which enables us to create a great differentiation from our competitors offerings.

Our Services

We offer watch aftercare services, including repairs, restoration, movement overhauling, ultrasonic cleaning, engraving and alterations. Our state of the art service centre, 'Ethos Watch Care' and collection centre is based in New Delhi and repairs several leading global watch brands Our service centre ensures that the service concierge is always at the customers' service for all repair and service-related matter. Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our service centre is a key

infrastructure for our CPO business and undertakes the servicing, refurbishing and certification activities which are essential for operating the CPO retail business.

As per the *Industry Report*, the rise of organized players in luxury watch business would lead to an increase in customer trust and availability & acceptability of luxury watches in India. Organised players often provide better after sales services such as repairs and refurbishments with additional warranty and guarantee which positively influences the purchasing decisions of customers.

Technology

We consider our digital platform to be a key enabler and pillar to our business strategy. We use a combination of licensed and open-source technologies. We license third-party information technology systems, including Navision, for our financial reporting, inventory management, order fulfilment, and merchandising. Our IT systems integrate retail space planning and traffic, master data management, inventory, Omnichannel retail, warehouse management, CRM, financial, accounting, insurance, repair systems, business intelligence and other facets of its operations. Our systems have been optimised to support our operations on a pan India basis, and we share our digital assets and CRM across all our sales channels and operations. We have a technology team that focuses on enhancing the platform capabilities and the customer shopping experience. We have designed and developed and will soon launch our mobile application to increase convenience, improve user engagement, and improve the overall customer experience. The application will feature auto populated dynamic pages with details of the products along with their images. With an advanced search mechanism and gamified user interface, the mobile application will enhance customer engagement.

We focus our efforts on creating and enhancing the features and functionality of our digital presence across multiple platforms as well as further refining our order processing and fulfilment systems to deliver a high-quality customer experience. We also use our technology systems for data analytics to refine continuously our merchandising and inventory management. Through productivity analysis of each brand and individual product that we carry and to engage in inventory forecasting.

Providing a seamless integration between the click and the brick, our digital platform ensures that while customers get a unique and convenient shopping experience online, they also have access to a wide variety of luxury and premium watches that they can purchase at our physical points of sale. An integrated business model such as this enables us to elevate our standards of customer experience, customer satisfaction and the overall conversion rate at our retail stores. It acts as a powerful tool for the consumer to choose from a wide assortment of watches across different categories while giving them in-depth product information and knowledge, thus leading to an informed buying decision. We believe that the growing internet penetration in Indian cities, especially Tier-II and Tier-III cities have increased the potential of growth in the e-commerce segment. In the light of this trend, we believe that foraying into the online retail business will assist us in expanding and diversifying our customer base.

Our digital platform has carved a niche in the online luxury market through various unique services including a highly specialized team of luxury watch consultants and 'The Watch Guide' as in house digital magazine that curates relevant and exclusive content for watch enthusiasts. Our digital platform provides numerous value-added services including watch insurance, easy instalments and dedicated after sales service to our customers. Exclusive benefits such as these, help us to strengthen our presence and customer loyalty in the market.

Loyalty Programme

Our loyalty programme 'Club Echo' is designed to build relationships with our customers. Club Echo is a unique consumer relationship management initiative which aims to provide a rewarding experience in the luxury retail category. As of June 30, 2023, we have over 3,15,000 registered members to our Club Echo. Through Club Echo, we understand the buying pattern of our customers and reward them for their loyalty. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated through Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Club Echo also helps us to generate profitability by reducing servicing costs, reducing price sensitivity, increased spending and favourable recommendations passed on to potential customers. Our customer engagement and loyalty program intend to impart a delightful shopping experience to our patrons and inculcate a lasting and mutually rewarding relationship whilst continually delivering value to our customers. We also have Club Echo outbound call centre at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. We utilise the data from our Club Echo

to drive highly accurate social media and digital campaigns by targeting known watch customers.

Data

We capture data across various online and offline touch points. For online, website visitors generate leads for products that they are interested in; further we generate leads via our social media platforms as well. Offline touch points such as our store also share data on product enquiries, sales, Club ECHO (our loyalty program). All this data collected, plus third-party data is used for communications and campaigns e.g. emailers, newsletter, product launches etc. and especially used to run accurately targeted advertisements. Every touchpoint in our platform generates data, based on which we develop customer insights. These insights help us create personalised consumer journeys and drive operational efficiencies adding value to the participants in our ecosystem. We continue to strengthen our data science capabilities to better our merchandising, targeting and product discovery while keeping in mind our customer security and privacy.

Privacy and Data Protection

We lay a strong emphasis on information security and data privacy of our systems. The foundation of our information security program is our information security policies. These policies set forth the guidelines for protection against security threats to safeguard the integrity of our information systems. The policies are implemented by setting controls across all platforms and infrastructure using security solutions and a dedicated team that focuses on application, network and system security, as well as security compliance and awareness to ensure that our employees adhere to the policies for the protection of information and assets. We employ appropriate privacy policies to ensure the protection of customer data.

Merchandising

The manufacturing of key luxury watch brands is highly concentrated among a limited number of brand owners that are primarily based in Switzerland. Brand owners control distribution through strict, selective distribution retail arrangements and many brands do not permit online distribution. In addition, the owners of luxury watch brands take proactive measures to preserve the exclusivity and rarity value of luxury watches and seek to avoid excess stock in the market. Many owners of luxury watch brands do not have their own stores or retail distribution systems and look to retailers to sell their products through the retailers' stores. They typically grant selected retailers the right to sell their product ranges on a store-by-store basis per country, and work with a limited number of retailers in each country. Typically, such approved stores are announced "as authorised retailer" for public information on the website of respective watch brands.

We follow a centralised procurement process and orders are placed in accordance with norms after consultation with operations team, and brands, and taking into account relevant sales trends. Our annual purchase budgets are derived basis the existing stocks, planned sales and planned closing stocks. The budgets are further divided at store level as per the planned sales. Our ERP (Navision) acts as a control mechanism ensuring purchases are within the defined price norms and budgets. Budgets are reviewed on an ongoing basis to account for deviancy in sales. We purchase the premium and luxury watches only from the brand owners or their authorised dealers. For procurement through subsidiaries of global watch brands in India, merchandise is received either directly at the stores or in our central office. For all merchandise that is imported by us it is cleared after duty payment and customs approvals and then distributed to the various stores as per requisitions.

We monitor and evaluate the sales and profitability performance of each brand and adjust our future purchasing decisions from time to time to ensure we maintain an updated and relevant product offering for customers. We communicate with our brand partners frequently, providing feedback on current demand for their products, suggesting changes to specific product categories or items and providing insight into future trends.

We engage with most of our luxury watch brand partners on marketing, merchandising product launches and training. Our marketing is often in conjunction with the luxury watch brand owners, with the advertisement carrying both our brand name and the relevant product brand name. We believe that we have been successful in shifting marketing from limited cooperative advertising to sharply focused campaigns for targeted audience, such as brand events. Through our merchandising team, merchandising tools and its long-term relationships with suppliers, we seek to ensure that our inventory is appropriate and that we have the desired inventory depth.

Our merchandising capabilities are underpinned by a customer-centric analytical approach which focuses on store profiling, productivity, trend analyses, seasonal changes, and sales and inventory forecasting through advanced

market trend analysis on our ERP software. Our product range structure is defined by store type and product category and is continually refined to match our strategy and market conditions. We also manage our inventory on a store-by-store and brand-by-brand basis, with a focus on monitoring weekly sales and inventory using an inventory planning and forecasting tool run on Navision software, as well as analysing demographics, product attributes, trends and seasonal changes to allow for better planning and forecasting of inventory turn, allocation of space in-store based on profits per metre and more informed decisions based on developing trends (including seasonal merchandising). We also assess the average price of inventory against the average selling price of such inventory to facilitate aligning product ranges to our customers. Our merchandising function enable us to provide feedback to our suppliers on existing inventory and forecasts in advance of ordering additional inventory, to facilitate achieving higher inventory turns and customer satisfaction through availability of products. We continuously seek to improve the turnover of our inventory, limit aged inventory and align the range of our products to match customers' preferences so many months of stock.

Inventory Management

The majority of our inventory is comprised of premium and luxury watches, which tend to maintain their value over time, making us less dependent on the rapid turnover of inventory. We continuously seek to limit aged inventory and align the range of our products to match customers' preferences and to optimise inventory turn. Our average inventory turn varies depending on the type of product.

We track back order levels together with the sales of inventory and adapt order quantities as appropriate. Our assortment of products for any given brand seeks to have a balanced representation of new products and established good selling models, across various price ranges, and also balanced between male and female models, depending on the product offering of the brand. Further, many brands also have guidelines for 'suggested assortments' and often also link this to some incentives. All these points are taken into consideration in the planning and monitoring of assortments and over all inventory management. When certain products experience a slower rate of sale than expected, we modify the assortment planning to exclude or limit the re-ordering of such products; further such slow-moving stock may then be sold through increased marketing and promotional activities. In some cases, stock can also be returned to suppliers or exchanged for other models. In addition, we also carry some products on consignment, which reduces risks with respect to some new or high value products.

We manage our inventory such that our staff in one store can source an out-of-stock item from any other store across our stores in India in a short period of time. This ensures that the overall use of inventory throughout the system is optimised, and especially that slower moving stock in one geography is used by our stores in other geographies if required.

Marketing and Advertising

We pursue marketing strategy focused on increasing store footfall and online traffic. As of September 30, 2023, we have a dedicated in-house marketing team with 12 members, constituting of writers, editors, photographers, graphic designers and the like, that is focused on creating and executing our marketing strategy.

Owners of major luxury watch brands invest heavily in marketing. As a luxury watch retailer, we benefit from the increased awareness generated by traditional marketing activities as well as promotional activities, such as watch fairs, exhibitions and flagship store openings. We often collaborate with luxury watch brands, holding events together and running cooperative marketing campaigns (where our brand is paired with the relevant third-party brand's name). With numerous watch brands in our portfolio, it becomes imperative to deploy a set of initiatives that target the right audience and accordingly, we follow a 360° approach towards the customers, providing them with a coherent experience of the horological world.

The Omnichannel marketing approach includes several strategies such as email marketing, search engine marketing, social media marketing, display marketing and blogs. In the digital marketing space, we invest in content-based campaigns. Even across all social media platforms, we have built a following of watch enthusiasts, who constantly engage with our posts.

Our social media campaigns are supported by our in-house team of photographers and editors that help in delivering the best quality photographs. This is further complemented by a team of digital marketing specialists that enhance the marketing spectrum. We also invest on the google network in search and display marketing. The search engine marketing is a paid tool that helps us capture the intent of the prospective customer that is triggered by search queries on a particular search engine, whereas display marketing achieves the attention of the prospect

consumer by employing interactive mediums on the advertisements.

The digital chapter of our marketing strategy also include email marketing, where we curate the latest releases and novelties, with the latest creative in a well-drafted email. This email is further distributed to the list of subscribers that have signed up for the email notifications.

Further expanding on providing and engaging the customers with the information on brands and the timepieces, we employ a team of writers and editors for 'The Watch Guide'. A digital magazine from Ethos Watch Boutiques, the Watch Guide is a leading blog on luxury watches, which covers exciting and inspiring stories from the horological landscape, covering the illustrious backgrounds of some of the biggest brands in horology, and the stories behind their latest and most innovative collections and timepieces. The website also features interviews with big names from the watch industry. We try and always put content and storytelling at the heart of our digital experience.

Apart from the magazine, we organise events and meetups for watch enthusiasts that are specially designed to allow customers to experience these watches in person. Here they can try out these timepieces, and this also allows brands to directly communicate with the buyers and get their feedback.

We employ a strategy of Omnichannel marketing. This includes formulating a strategy that provides the customers with a coherent experience of the product offerings. Apart from a valuable buying experience, our marketing strategy aims at creating and building the current watch retailing landscape in the country.

Health, Safety and Environmental Matters

We are committed to ensuring high standards of health, safety and environmental practices in our organisation and our offices. We aim to comply with all applicable health, safety and environmental regulations and other requirements in our operations. During Covid -19 period, we actively undertook to promote health, safety in our workplace by providing support to our employees, such as a helpdesk, vaccination camp and a number of oxygen concentrators, among others. We are committed to ensuring that the appropriate resources are provided, and that appropriate actions are taken, to implement and maintain sustainable health, safety and environmental practices and effective management systems.

Our Corporate Social Responsibility Initiatives

Corporate social responsibility has been important to us, and we are committed to giving back and making a positive social impact. We have undertaken The Million – Tree Project as a part of our CSR initiatives, pursuant to which we have pledged our support to plant one million trees over the 10 years in partnership with responsible organisations.

For the three months period ended June 30, 2023 and Fiscals 2023, 2022 and 2021, we undertook the following CSR activities:

1. Isha Foundation – Towards Million Tree Projects (Fiscal 2023);
2. Youth Technical Training Society Towards promoting education (Fiscal 2023);
3. KDDL – Ethos Foundation (Fiscal 2023); and
4. Mrittika Earthy Talks Foundation towards waste management (Fiscal 2023)

For three months period ended June 30, 2023, Fiscals 2023, 2022 and 2021, our corporate social responsibility expenditure aggregated to ₹19.50 lakhs, ₹ 25.63 lakhs, ₹ 17.32 lakhs, ₹ 16.61 lakhs respectively.

Employees

As of September 30, 2023, we have 553 employees, out of which 101 are women representing 18.30% of total employees. None of our employees are represented by a labour union and we believe that our employee relations are strong. The following table provides a breakdown of our employee base by function as of September 30, 2023:

Function	**No. of employees**
Operations	392
Finance	18
Human Resource	16

Function	No. of employees
Digital Team	86
Information Technology	6
Merchandising	23
Marketing	12
Total	**553**

Our human resource policies focus on recruiting talented and qualified personnel, who we believe integrate well with our current workforce. We endeavour to develop and train our employees in order to facilitate the growth of our operations. We promote teamwork initiatives for our employees. We have in place a rewards and recognition program and conduct regular events to recognize and award employees based on performance and the impact they have made, irrespective of their seniority, department or location. Our employee induction procedures are focussed on taking regular feedback and facilitating interaction between new employees and senior management. We conduct regular training workshops and performance reviews. We have medical and accident insurance for our employees. For the three months period ended June 30, 2023 and Fiscals 2023, 2022, 2021, our employee benefits expense were ₹ 1,737.42 lakhs, ₹ 5,268.17 lakhs, ₹ 4,238.15 lakhs and ₹ 2,920.31 lakhs respectively, constituting 7.55%, 6.68%, 7.34% and 7.55% respectively, of our revenue from operations.

Competition

Our competition for the premium and luxury segment watch retail is mainly from other watch retailers in the country. Most other premium and luxury watch retailers have presence in one or two cities with a few stores and no one enjoys a pan India presence like us. Further, no other retailer has a comparable digital footprint, whether in terms of website traffic or social media following. The only competitor with a pan India retail presence operates at entry level or premium price points.

Intellectual Property

As on the date of this Placement Document, we own the trademarks of "ETHOS" in classes 35 and 14. Previously, brand- name "ETHOS" and "SUMMIT" have been assigned from our promoter, KDDL Limited to our Company pursuant to the deed of assignment dated October 19, 2022. However, we are still in the process of registering brand name "SUMMIT" as a trademark in India.

Insurance

Our Company maintains insurance to cover risks associated with the ordinary operation of its business, including losses caused to stock and furniture by fire and burglary, losses caused by commercial crime, losses to our electronic equipment and directors' and officers' liability. We also maintain insurance policies for, among others, commercial general liability and product recall and group personal accident and medical claim insurance covering our employees. We insure our offices, warehouse, stores and vehicles against such hazards as fire, explosion, theft, hurricanes, flood and accidents. We also insure buildings when they are not insured under leasehold arrangements by the landlord. All policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We believe that our insurance coverage is sufficient for the risks associated with our operations. However, no assurances can be given that this coverage will be sufficient to cover the cost of defence or damages in the event of a significant claim.

Properties

As of June 30, 2023, we operated entirely out of leased premises. We operate on leasehold basis for our offices, warehouses and physical stores in India, and while we do not own the underlying property, we invest in furniture, fixtures and equipment, IT infrastructure. Typically, the term of our leases ranges from eleven months to nine years, and we are required to pay security deposits, specified monthly rentals and common area maintenance charges for the duration of the relevant agreement, subject to periodic adjustments at agreed rates. The registered office of our Company is situated on the property owned by our Promoter. Our registered and corporate offices are being used on a leasehold basis. For further details relating to risks arising from leased premises, please refer to "*Risk Factor – The premises of all our stores and warehouses are leased. If we fail to renew these leases on competitive terms or if we are unable to manage our lease rental costs, our results of operations would be materially and adversely affected."* on page 48 of this Placement Document.

ORGANIZATIONAL STRUCTURE

Corporate History

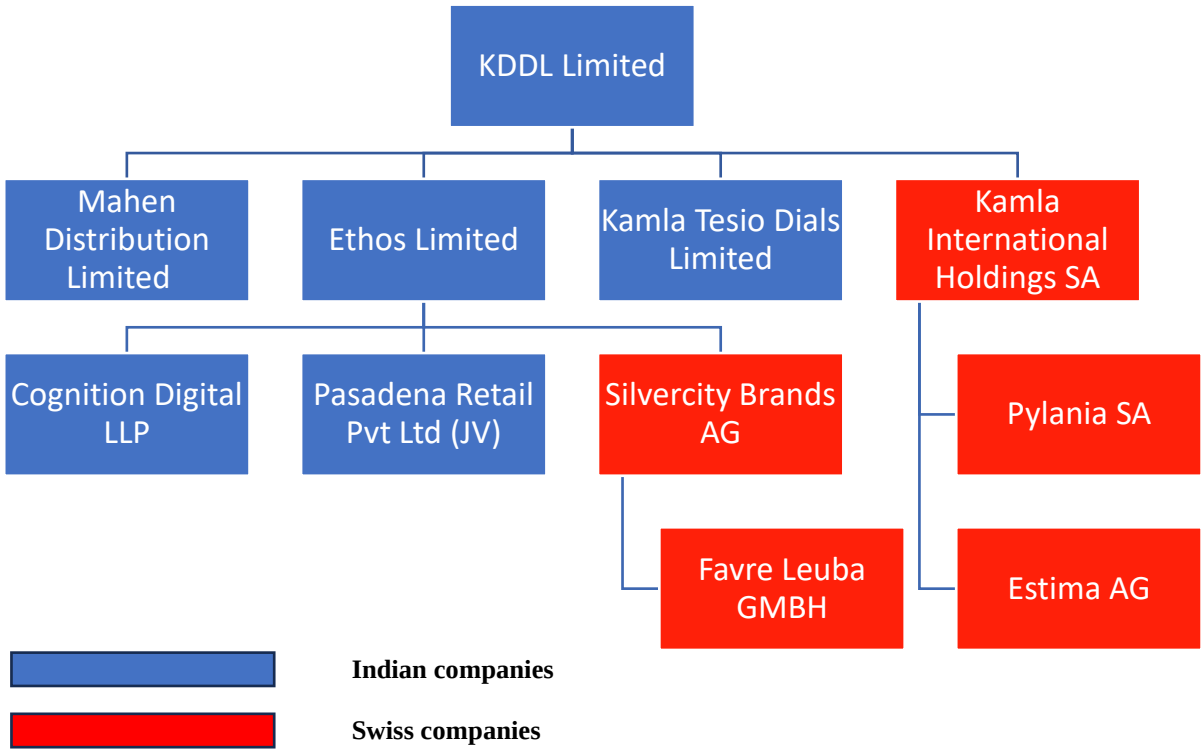
Our Company was originally incorporated as '*Kamla Retail Limited*' under the provisions of Companies Act, 1956, at Parwanoo, Himachal Pradesh, pursuant to the certificate of incorporation dated November 5, 2007, issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company was granted certificate for commencement of business on November 16, 2007, by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to '*Ethos Limited*' pursuant to a special resolution passed by the Shareholders of our Company on March 2, 2012, and a fresh certificate of incorporation consequent upon change of name was issued by Registrar of Companies, Himachal Pradesh on March 5, 2012.

The Registered Office of our Company is located at Plot No. 3, Sector- III, Parwanoo – 173 220, Himachal Pradesh, India and the Corporate Office of our Company is located at Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160 009, India.

Change in the Registered Office

There has been no change in the registered office of our Company since the date of incorporation.

Organisational Structure



Holding company

As on the date of this Placement Document, KDDL Limited, one of our Promoters, is our holding company.

Joint Venture

As on the date of this Placement Document, our Company has one Joint Venture, namely Pasadena Retail Private Limited.

Subsidiaries

As of the date of this Placement Document, we have two wholly owned Subsidiaries and one step down subsidiary, namely:

Wholly owned Subsidiaries

1. Cognition Digital LLP; and
2. Silvercity Brands AG.

Step Down Subsidiary

1. Favre Leuba GmBH.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

In terms of the Articles of Association of our Company and Act, our Company shall not have less than 3 (three) Directors and not more than 15 (fifteen) Directors, unless otherwise determined by the Company in a general meeting. As of the date of this Placement Document, our Board comprises of 9 (nine) Directors, of which 2 (two) are Executive Directors, 1 (one) is a Non-Executive and Non-Independent Director and 6 (six) Directors are Independent Directors (including 1 (one) woman director). The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and SEBI Listing Regulations.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table sets forth the details regarding our Board as on the date of this Placement Document:

S. No.	Name, Address, Occupation, Date of Birth, Age, Nationality, DIN and Period of Directorship	Designation and Current Term
1.	**Yashovardhan Saboo** **Address**: House no. 1, Sector 5, Chandigarh- 160009 ***Occupation:*** Industrialist ***Date of Birth****:* August 24, 1958 ***Age****:* 65 ***Nationality:*** Indian ***DIN:*** 00012158 ***Period of Directorship****:* Director since November 5, 2007	***Designation*****:** Chairman and Managing Director ***Current Term****:* Re-appointment for a term of 3 (three) years with effect from April 1, 2023 up to March 31, 2026
2.	**Anil Khanna** ***Address:*** House No. 515, Sector 36-B, Chandigarh 160036 ***Occupation:*** Professional ***Date of Birth:*** March 20, 1959 ***Age****:*64 ***Nationality:*** Indian ***DIN:*** 00012232 ***Period of Directorship:*** Director since November 5, 2007	***Designation:*** Independent Director ***Current Term:*** Re-appointed for a second term of 5 years with effect from September 27, 2022

S. No.	Name, Address, Occupation, Date of Birth, Age, Nationality, DIN and Period of Directorship	Designation and Current Term
3.	**Sundeep Kumar** ***Address:*** A-176A, Sushant Lok 1, Near MG Road Metro Station, Gurgaon, Haryana - 122001 ***Occupation:*** Service ***Date of Birth:*** January 5, 1958 ***Age:*** 65 ***Nationality:*** Indian ***DIN:*** 02750717 ***Period of Directorship:*** Director since October 6, 2016	***Designation:*** Independent Director ***Current Term:*** Re-appointed for a second term of 5 years with effect from September 27, 2022
4.	**Dilpreet Singh** ***Address:*** House No. 1347, D.L.F. Phase – IV, Block B, Gurgaon, Haryana ***Occupation:*** Corporate Executive ***Date of Birth:*** June 17, 1958 ***Age:*** 65 ***Nationality:*** Indian ***DIN:*** 03042448 ***Period of Directorship:*** Director since April 9, 2018	***Designation:*** Independent Director ***Current Term:*** Re-appointed for a second term of 5 years with effect from September 29, 2023
5.	**Manoj Gupta** ***Address:*** House no. 6072, Modern Housing Complex, NA, Manimajra, Union Territory of Chandigarh-160 101 ***Occupation:*** Professional ***Date of Birth:*** March 22, 1969 ***Age:*** 54 ***Nationality:*** Indian ***DIN:*** 08700786 ***Period of Directorship:*** Director since February 12, 2020	***Designation:*** Whole time Director ***Current Term:*** Re-appointed for a term of 2 (two) years with effect from April 1, 2022, liable to retire by rotation
6.	**Patrik Paul Hoffmann** ***Designation:*** Independent Director	***Designation:*** Independent Director ***Current Term:*** Appointed for a term of 5 years with effect from September 27, 2022

S. No.	Name, Address, Occupation, Date of Birth, Age, Nationality, DIN and Period of Directorship	Designation and Current Term
	Address: Rue Abraham-Robert 62A, 2300 LA, Chaux-de-Fonds, Switzerland ***Occupation:*** Professional ***Date of Birth:*** November 30, 1964 ***Age:*** 59 ***Nationality:*** Swiss national ***DIN:*** 09208027 ***Period of Directorship:*** Director since June 11, 2021	
7.	**Chitranjan Agarwal** ***Address:*** House No. 116, Sector 18-A, Chandigarh 160018 ***Occupation:*** Professional ***Date of Birth:*** January 28, 1967 ***Age:*** 56 ***Nationality:*** Indian ***DIN:*** 00095715 ***Period of Directorship:*** Director since April 1, 2022	***Designation:*** Non- Executive and Non-Independent Director ***Current Term:*** Appointed on September 27, 2022, liable to retire by rotation
8.	**Munisha Gandhi** ***Address:*** House No. 62, Sector – 2, New Sectt, Chandigarh – 160001 ***Occupation:*** Lawyer ***Date of Birth:*** July 22, 1967 ***Age:*** 56 ***Nationality:*** Indian ***DIN:*** 09684474 ***Period of Directorship:*** Director since September 27, 2022	***Designation:*** Independent (Woman) Director* ***Current Term:*** Appointed for a term of 5 years with effect from September 29, 2023
9.	**Charu Sharma** ***Address:*** 1B3 Regency Palace, 07 Richmond Road, Richmond Town, Bangalore Museum Road, Bangalore Karnataka- 560 025 ***Occupation:*** Sports Management & Broadcasting	***Designation:*** Independent Director ***Current Term:*** Appointed for a term of 5 years with effect from November 3, 2022

S. No.	Name, Address, Occupation, Date of Birth, Age, Nationality, DIN and Period of Directorship	Designation and Current Term
	Date of Birth: September 27, 1959 ***Age: 64*** ***Nationality: Indian:*** Indian ***DIN:*** 02276310 ***Period of Directorship:*** Director since November 3, 2022	

** Munisha Gandhi's appointment as an Independent (Woman) Director is subject to approval of the Shareholders of the Company*

Relationship between our Directors and Key Managerial Personnel or Senior Management

Except as disclosed below, none of our Directors are related to each other, or to any of the Key Managerial Personnel or Senior Management:

Sr. No.	Name of the Director	Related To	Nature of Relationship
1.	Yashovardhan Saboo	Pranav Shankar Saboo	Son

Details of the terms and conditions of appointment of our Chairman and Managing Director and Whole time Directors:

The terms and conditions of appointment of our Chairman and Managing Director as well as our Whole Time Director are as follows:

Yashovardhan Saboo, Chairman and Managing Director

Yashovardhan Saboo, has been a Director on our Board of our Company since incorporation. He was designated as the Managing Director of our Company with effect from November 5, 2007. He has been appointed as the Chairman and Managing Director for a period of 1 (one) year with effect from December 1, 2022, pursuant to a resolution passed by our Board on November 3, 2022. This re-appointment was approved by the shareholders' through a resolution passed by postal ballot on March 6, 2023. Currently, the Board of our Company, thereafter, at its meeting held on March 28, 2023, re-appointed Yashovardhan Saboo as the Chairman and Managing Director for a term of 3 (three) years with effect from April 1, 2023 up to March 31, 2026, along with the payment of remuneration, which was further approved by shareholders by way of a postal ballot on May 20, 2023.

The details of remuneration that Yashovardhan Saboo entitled to are as follows:

The terms and conditions relating to remuneration of as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee and Audit Committee of the Company, are given below:

(Amount in ₹)

Particulars	w.e.f. April 1, 2023 to March 31, 2024	w.e.f. April 1, 2024 to March 31, 2025	w.e.f. April 1, 2025 to March 31, 2026
Fixed salary	1,93,00,000	2,12,30,000	2,33,53,000
Variable pay*	38,60,000	42,46,000	46,70,600
Total remuneration	**2,31,60,000**	**2,54,76,000**	**2,80,23,600**

**Not Exceeding 20% of the Fixed Pay as decided by the Nomination and Remuneration Committee, Audit Committee and Board, every year on the basis of Key Responsibility Areas fixed for the Chairman and Managing Director.*

Manoj Gupta, Whole Time Director

Manoj Gupta was appointed as a Whole Time Director with functional designation of 'Executive Director'

pursuant to resolutions passed by the Board in its meeting held on February 12, 2020 and shareholders' in its meeting held on April 10, 2020. Further, pursuant to resolutions passed by the Board in its meeting held on March 28, 2022 and shareholders in its meeting held on September 27, 2022, he has been further re-appointed along with revision in terms of payment of remuneration as Executive Director of our Company with effect from April 1, 2022 for a further term of 2 years.

The details of remuneration along with perquisites to Manoj Gupta on his re-appointment as Whole Time Director with functional designation of Executive Director with effect from April 1, 2022 for a further term of 2 years:

Particulars	**Per annum** *(Amount in ₹)*
Basic salary	32,30,682
House Rent Allowance (60% of Basic salary)	19,38,409
Other Allowances	29,50,011
PF contribution	3,87,681
Maximum yearly variable*	9,50,480
Total Payable	**94,57,263**

**as may be approved by the Nomination and Remuneration Committee and the Board of Directors.*

Perquisites/allowances not considered in the computation of ceilings of the remuneration as specified in Section IV of Part II of Schedule V of Companies Act, 2013:

1. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service i.e. upto Rs. 20,00,000/-.
2. Other Allowances:
   i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961) upto an amount of ₹ 2,50,000/-.
   ii. Provision of company owned car for use on Company's business (Limit of Perquisite is ₹3,300 per month).
   iii. Provision of telephone(s) or mobile(s) at residence.
3. Encashment of leave at the end of the tenure i.e., is at actuals:
   a. The appointment of Manoj Gupta is for a term of 2 (two) years commencing from April 1, 2022 and ending on March 31, 2024.
   b. He shall not be entitled to sitting fee for attending Board/Committee meetings of the Company.
   c. He shall be liable to retire by rotation as per provisions of the Companies Act, 2013.
   d. He shall exercise such powers and functions on such terms as the Board of Directors of the Company may prescribe from time to time.
   e. The Board of Directors shall have the power to alter, modify, revoke, or withdraw all or any of the powers so conferred on him at any time during his tenure.
   f. His office may be terminated by the Company or by him by giving the other 2 (two) months' prior notice in writing. The Executive Director will continue in this position only if he continues to be engaged with the company.

Payments made to Whole Time Directors

(₹ in lakhs)

Sr. No.	**Name of the Director**	**For Fiscal 2024 (up to June 30, 2023)**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
1.	Yashovardhan Saboo	48.21	5.33 *	5.78 *	3.90 *
2.	Manoj Gupta	31.64	69.53	70.42	64.82

** Not paid any monthly remuneration, paid sitting fees for attending the board meetings and committee meetings.*

Payment or benefits to Non-Executive Directors by our Company

Pursuant to the resolution of the Board of Directors dated November 3, 2022, the Non-Executive Directors are entitled to receive sitting fees for attending each meeting of the board and/or its committees, as per details given below:

Particulars	Amount in ₹
For meetings of the Board and Audit Committee	
For half day (4 hours or less)	40,000/-
For full day	60,000/-
For meetings of specified committees*	
For half day (4 hours or less)	30,000/-
For full day	40,000/-
For meetings of all other committees	
For half day (4 hours or less)	20,000/-
For full day	30,000/-
Notes:-	
**Specified committees will be the following: - (a) Nomination & Remuneration Committee (b) Corporate Social Responsibility Committee (c) Stakeholders' Relationship Committee.*	
Designated Chairperson of the board or a committee will be entitled to 1.5 times of the fees stated above. *For meetings lasting more than 1 (one) day, the fee will increase pro-rata. Sitting fees for any meeting's attendance via audio and video conferencing will be paid at 0.75* factor.*	

The payment of commission of 1% of the profit as per prevailing practice, has been discontinued with effect from April 1, 2023 as per the aforesaid board resolution. The sitting fees/ commission paid to Non-Executive and Independent Directors is set forth below:

(₹ in lakhs)

Sr. No.	Name of Director	Payment including sitting fees and commission for Fiscal 2024 (up to June 30, 2023)	Payment including sitting fees and commission Fiscal 2023*	Payment including sitting fees and commission Fiscal 2022*	Payment including sitting fees and commission Fiscal 2021*
1.	Anil Khanna	0.75	22.47	12.67	5.63
2.	Sundeep Kumar	0.30	11.70	5.18	2.45
3.	Dilpreet Singh	0.30	10.60	7.10	3.20
4.	Patrik Paul Hoffmann(1)	0.30	7.63	3.30	Nil
5.	Chitranjan Agarwal(2)	0.60	17.53	Nil	Nil
6.	Munisha Gandhi(3)	0.53	3.69	Nil	Nil
7.	Charu Sharma(4)	0.30	2.86	Nil	Nil
8.	Nagarajan Subramanian(5)	Nil	7.35	9.87	2.10
9.	Neelima Tripathi(5)	Nil	2.91	5.14	2.56
10	Mohaimin Altaf(6)	0.83	13.32	7.02	3.39

** including commission of 1% net profit.*

(1) *Patrik Paul Hoffmann was re-designated as Independent Director of the Company with effect from September 27, 2022.*
(2) *Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022.*
(3) *Munisha Gandhi was appointed as a Non - Independent and Non- Executive (Woman) Director with effect from September 27, 2022.*
(4) *Charu Sharma was appointed as an Independent Director with effect from November 3, 2022.*
(5) *Nagarajan Subramanian and Neelima Tripathi retired as Independent Directors at the 15th (Fifteenth) Annual General Meeting of the Company held on September 27, 2022.*
(6) *Mohaimin Altaf retired as Independent Director of the Company on September 29, 2023.*

Shareholding of our Directors

As per our Articles, our Directors are not required to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of filing this Placement Document, on a fully diluted basis, is set forth below:

Name of the Directors	Designation	Number of Equity Shares	Percentage of Shareholding
Yashovardhan Saboo	Chairman and Managing Director	138	Negligible*
Manoj Gupta	Executive Director	8,500	0.04%
Anil Khanna	Independent Director	6,071	0.03%

**less than 0.01%*

Borrowing powers of our Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a resolution passed by our shareholders at annual general meeting of our Company held on August 6, 2014, our Board has been authorized to borrow any sum or sums of monies (including by way of advances, loans, issue of debentures or bonds and/or other instruments), notwithstanding that the moneys to be borrowed by our Company together with monies already borrowed (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), will or may exceed our Company's aggregate paid-up share capital, free reserves and securities premium, provided that the total amount of money so borrowed by the Board shall not at any time together with interest payable exceed a sum of ₹ 5,000 lakhs.

Bonus or profit-sharing plan

Except as disclosed under the section titled *"-Payment or benefits to Non-Executive and Independent Directors by our Company"* above, the Company does not have any bonus or profit-sharing plan with the Directors.

Further, our Company is entitled to 50% profits of its joint ventures Pasadena Retail Private Limited pursuant to shareholder's agreement dated February 3, 2019 between Yashovardhan Saboo and Luxury Time Private Limited (Shareholder's Agreement) and subsequent transfer of shareholding by Yashovardhan Saboo to our Company.

Interest of our Directors

Our Directors may also be interested to the extent of their remuneration, reimbursement of expenses and other benefits to which they are entitled as per their terms of appointment. Our Non-Executive Directors may also be deemed to be interested to the extent of sitting fees and commission payable to them for attending meetings of the Board or committees thereof as well as to the extent of other reimbursement of expenses payable to them.

Our Chairman and Managing Director, Yashovardhan Saboo is also promoter of our Group Company and may be deemed to be interested to the extent of payments made between our Company and Group Company if any.

Our Directors may also be interested to the extent of Equity Shares and to the extent of any dividend payable to them, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue. For details of the Equity Shares held by our Directors, please refer to *"– Shareholding of Directors*" above.

Our Directors may also be interested to the extent of deposit placed with Company under the 'Circular for inviting deposits' in terms of provisions of Section 73 of the Companies Act, 2013 held by them or their relatives, pursuant to the Issue and to the extent of any interest thereon payable to them, if any.

None of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, etc.

Interest in the promotion and formation of our Company

Other than Yashovardhan Saboo, who is interested in the promotion of our Company, none of our Directors have any interest in the promotion of our Company other than in the ordinary course of business.

Related Party Transactions

Except as stated above and as provided in "*Related Party Transactions*" on page 40, our Company has not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Placement Document, in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Corporate Governance

As of the date of this Placement Document, our Board comprises of 9 (nine) Directors, of which 2 (two) are Executive Directors, 1 (one) is a Non-Executive Director and Non-Independent Director and 6 (six) Directors are Independent Directors (including 1 (one) woman director). The provisions of the Companies Act along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations, pertaining to the constitution of the Board and committees thereof and formulation and adoption of policies. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act, 2013.

Committees of our Board

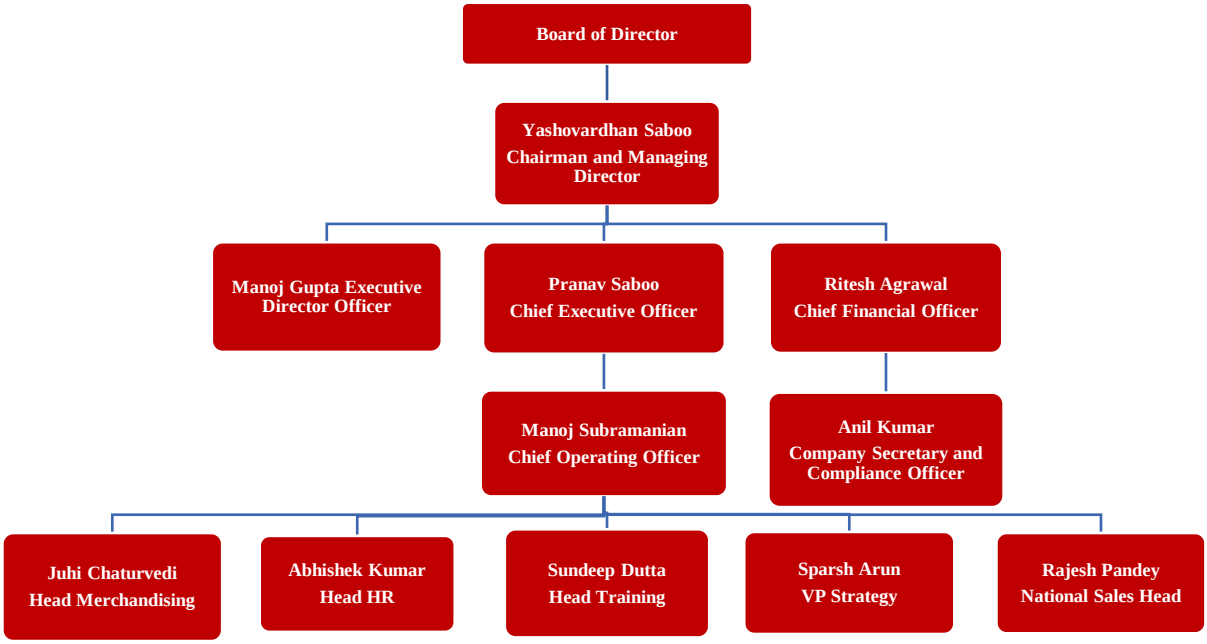
In terms of the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, our Company has constituted/ reconstituted the following Board-level committees:

i. Audit Committee;
ii. Nomination and Remuneration Committee;
iii. Stakeholders Relationship Committee;
iv. Risk Management Committee;
v. Corporate Social Responsibility Committee; and
vi. Fund Raising Committee.

The following table set forth details of the aforesaid committees, as on the date of this Placement Document:

Sr. No.	Name of the Committee	Members
1.	Audit Committee	i. Anil Khanna (Chairman); ii. Munisha Gandhi (Member); and iii. Chitranjan Agarwal (Member)
2.	Nomination and Remuneration Committee	i. Dilpreet Singh (Chairman); ii. Anil Khanna (Member); iii. Sundeep Kumar (Member); and iv. Chitranjan Agarwal (Member)
3.	Stakeholders Relationship Committee	i. Anil Khanna (Chairman); ii. Yashovardhan Saboo (Member); and iii. Manoj Gupta (Member)
4.	Risk Management Committee	i. Sundeep Kumar (Chairman); ii. Manoj Gupta (Member); iii. Pranav Shankar Saboo (Member); and iv. Ritesh Kumar Agrawal (Invitee)
5.	Corporate Social Responsibility Committee	i. Yashovardhan Saboo (Chairman); ii. Manoj Gupta (Member); iii. Pranav Shankar Saboo (Member); iv. Munisha Gandhi (Member); and v. Malvika Saboo (Invitee)
6.	Fund Raising Committee	i. Yashovardhan Saboo (Chairman); ii. Anil Khanna (Member); and iii. Ritesh Kumar Agrawal (Member)

ORGANISATION STRUCTURE OF OUR COMPANY



Key Managerial Personnel

In addition to Yashovardhan Saboo, our Chairman and Managing Director and Manoj Gupta, our Executive Director, our other Key Management Personnel as on the date of this Placement Document are set out below:

S.No.	Key Managerial Personnel	Designation
1.	Pranav Shankar Saboo	Chief Executive Officer
2.	Ritesh Kumar Agrawal	Chief Financial Officer
3.	Anil Kumar	Company Secretary and Compliance Officer

Senior Management

The details of our members of the Senior Management as on the date of this Placement Document are set out below:

Sr.No.	Key Managerial Personnel	Designation
1.	Manoj Subramanian	Chief Operating Officer
2.	Juhi Chaturvedi	Head - Merchandising
3.	Rajesh Pandey	National Sales Head
4.	Sparsh Arun	Vice President - Strategy
5.	Abhishek Kumar	Head - Human Resources
6.	Sandeep Dutta	Head - Training

Relationship amongst the Key Managerial Personnel and Senior Management and Directors

Except as disclosed under "-*Relationship between our Directors and Key Managerial Personnel or Senior Management*" on page 210, none of our Key Managerial Personnel or members of Senior Management are related to each other or to the Directors of our Company.

Shareholding of the Key Managerial Personnel and Senior Management

Except as disclosed under "-*Shareholding of Directors*" on page 212, none of our Key Managerial Personnel and Senior Management hold any Equity Shares as on date of this Placement Document:

Sr. No.	Name of Key Managerial Personnel and Senior Management	Number of shares held	Percentage
1.	Pranav Shankar Saboo	100,201	0.43%
2.	Ritesh Kumar Agrawal	51	Negligible*
3.	Anil Kumar	22	Negligible*
4.	Juhi Chaturvedi	6,663	0.03%
5.	Sparsh Arun	3,588	0.02%
6.	Sandeep Dutta	2,500	0.01%

**less than 0.01%*

Interests of the Key Managerial Personnel and Senior Management

Other than the interest of our Executive Directors in our Company, as disclosed under "*– Interest of our Directors*" on page 213, our Key Managerial Personnel and Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel and Senior Management and their shareholding, public deposits, as may be applicable. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, interest on deposit as placed in our Company as may be applicable. Our CEO, Pranav Shankar Saboo, may also be said to be interested to the extent of 0.001% of the annual profit/(loss) of Cognition Digital LLP. None of the Key Management Personnel have been paid any consideration of any nature from our Company other than their remuneration.

Further, except as provided in *"Related Party Transactions"* on page 40, our Key Managerial Personnel and Senior Management do not have any interest in our Company.

Other Confirmation

Except as otherwise stated above in *"-Interest of our Directors", "-Interest of our Key Managerial Personnel and Senior Management",* none of our Directors, Promoter, Key Managerial Personnel or Senior Management has any financial or other material interest in Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

All the KMPs and Senior Management are the permanent employees of our Company.

Neither the Company, nor Directors, Promoter, Key Managerial Personnel or Senior Management have been identified as a wilful defaulters (as defined in the SEBI ICDR Regulations), fraudulent borrower and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.

Neither the Company nor our Directors, Promoter Key Managerial Personnel or Senior Management have been declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations, nor have been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of the Directors or the companies with which they are or were associated as promoter or director, are debarred from accessing the capital markets under any order or direction passed by the SEBI or any other governmental authority. Neither our Company, nor our Promoter or the companies with which our Promoter is or has been associated with as a promoter or a person in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other governmental authority.

None of the Directors, Promoter, Key Managerial Personnel or members of the Senior Management of our Company intend to subscribe to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct for prohibition of insider trading, as approved by our Board on December 30, 2021,

which lays down the procedure for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information. Our Company Secretary acts as the compliance officer of our Company under the aforesaid code of conduct for the prevention of insider trading. The above mentioned code is uploaded on the website of our Company at the link https://www.ethoswatches.com/investors-information/download/policies/Insider_Trading_Codes.pdf.

SHAREHOLDING PATTERN OF OUR COMPANY

The tables below represent the information regarding the ownership of Equity Shares by the Shareholders:

Summary of statement holding of specified securities as of September 30, 2023

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	No. of locked in share		No. of equity shares held in dematerialised form	Sub-categorization of shares (XV Shareholding (No. of shares) under		
							No. (a)	As a % of total shares held (b)		Sub-Category I	Sub-Category II	Sub-Category III
(A) Promoter & Promoter Group	16	1,49,01,414	1,49,01,414	63.82	1,49,01,414	63.82	46,69,847	31.34	1,49,01,414	-	-	-
(B) Public	21,641	84,47,819	84,47,819	36.18	84,47,819	36.18	-	0.00	84,02,450	-	-	-
(C1) Shares underlying DRs	-	-	-	0.00	-	0.00	-	0.00	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-	0.00	-	0.00	-	-	-	-
(C)Non-Promoter Non-Public	-	-	-	0.00	-	0.00	-	0.00	-	-	-	-
Grand Total	**21,657**	**2,33,49,233**	**2,33,49,233**	**100.00**	**2,33,49,233**	**100.00**	**46,69,847**	**20.00**	**2,33,03,864**	**-**	**-**	**-**

Statement showing shareholding pattern of the Promoter and Promoter Group as of September 30, 2023

Category of shareholder	Entity type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of voting rights held in each class of securities		Number of locked in shares		Number of equity shares held in dematerialised form
						No. (a)	As a % of total shares held (b)	Class eg. X	Total	
A1) Indian	-	-	-	-	0.00	-	0.00	-	0.00	-
Individuals / Hindu undivided family	**-**	**9**	**1,23,225**	**1,23,225**	**0.53**	**1,23,225**	**0.53**	**-**	**0.00**	**1,23,225**
Pushpa Manjari Mohatta	Promoter Group	1	1	1	0.00	1	0.00	-	0.00	1
Narendra Kumar Mohtta	Promoter Group	1	19,734	19,734	0.08	19,734	0.08	-	0.00	19,734
Alok Mohatta	Promoter Group	1	1	1	0.00	1	0.00	-	0.00	1
Rajendra Kumar Saboo	Promoter Group	1	1	1	0.00	1	0.00	-	0.00	1
Yashovardhan Saboo	Promoter	1	138	138	0.00	138	0.00	-	0.00	138
Pranav Shankar Saboo	Promoter Group	1	1,00,201	1,00,201	0.43	1,00,201	0.43	-	0.00	1,00,201
Usha Devi Saboo	Promoter Group	1	1	1	0.00	1	0.00	-	0.00	1
Anuradha Saboo	Promoter Group	1	1,147	1,147	0.00	1,147	0.00	-	0.00	1,147
Satvika Saboo	Promoter Group	1	2,001	2,001	0.01	2,001	0.01	-	0.00	2,001
Any other (specify)	**-**	**6**	**1,46,74,767**	**1,46,74,767**	**62.85**	**1,46,74,767**	**62.85**	**46,69,847**	**31.82**	**1,46,74,767**

Category of shareholder	Entity type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of voting rights held in each class of securities		Number of locked in shares		Number of equity shares held in dematerialised form
						No. (a)	As a % of total shares held (b)	Class eg. X	Total	
Saboo Ventures LLP	Promoter Group	1	3,48,559	3,48,559	1.49	3,48,559	1.49	-	0.00	3,48,559
KDDL Limited	Promoter	1	1,20,03,877	1,20,03,877	51.41	1,20,03,877	51.41	46,69,847	38.90	1,20,03,877
Vardhan Properties and Investment Private Limited	Promoter Group	1	50,000	50,000	0.21	50,000	0.21	-	0.00	50,000
VBL Innovations Private Limited	Promoter Group	1	17,558	17,558	0.08	17,558	0.08	-	0.00	17,558
Saboo Housing Projects LLP	Promoter Group	1	1	1	0.00	1	0.00	-	0.00	1
Mahen Distribution Limited	Promoter	1	22,54,772	22,54,772	9.66	22,54,772	9.66	-	0.00	22,54,772
Dream Digital Technologies Private Limited	Promoter Group	-	-	-	0.00	-	0.00	-	0.00	-
Sub Total A1	**-**	**15**	**1,47,97,992**	**1,47,97,992**	**63.38**	**1,47,97,992**	**63.38**	**46,69,847**	**31.56**	**1,47,97,992**
A2) Foreign	-	-	-	-	0.00	-	0.00	-	0.00	-
Individuals (Non Resident Individuals/ Foreign Individuals	-	1	1,03,422	1,03,422	0.44	1,03,422	0.44	-	0.00	1,03,422

Category of shareholder	Entity type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of voting rights held in each class of securities		Number of locked in shares		Number of equity shares held in dematerialised form
						No. (a)	As a % of total shares held (b)	Class eg. X	Total	
Jai Vardhan Saboo	Promoter Group	1	1,03,422	1,03,422	0.44	1,03,422	0.44	-	0.00	1,03,422
Sub Total A2	**-**	**1**	**1,03,422**	**1,03,422**	**0.44**	**1,03,422**	**0.44**	**-**	**0.00**	**1,03,422**
A=A1+A2	**-**	**16**	**1,49,01,414**	**1,49,01,414**	**63.82**	**1,49,01,414**	**63.82**	**46,69,847**	**31.34**	**1,49,01,414**

Statement showing shareholding pattern of the Public Shareholder as of September 30, 2023

Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2)	No. of voting rights	Total as a % of total voting rights	No of locked in shares		No. of equity shares held in dematerialised form (Not Applicable)	Sub-categorization of shares (XV)		
							No. (a)	As a % of total shares held (b)		Shareholding (no. of shares) under		
										Sub-Category I	Sub-Category II	Sub-Category III
B1) Institutions	**0**	**0**	**-**	**0.00**	**-**	**0.00**	**-**	**0.00**	**-**	**-**	**-**	
B2) Institutions (Domestic)	**0**	**0**	**-**	**0.00**	**-**	**0.00**	**-**	**0.00**	**-**	**-**	**-**	**-**
Mutual Funds	**3**	**17,66,414**	**17,66,414**	**7.57**	**17,66,414**	**7.57**	**-**	**0.00**	**17,66,414**	**-**	**-**	**-**
Union Tax Saver (ELSS) Fund	1	2,68,936	2,68,936	1.15	2,68,936	1.15	-	0.00	2,68,936	-	-	-
ICICI Prudential Flexicap Fund	1	14,90,797	14,90,797	6.38	14,90,797	6.38	-	0.00	14,90,797	-	-	-
Alternate Investment Funds	**3**	**4,87,013**	**4,87,013**	**2.09**	**4,87,013**	**2.09**	**-**	**0.00**	**4,87,013**	**-**	**-**	**-**
Abakkus Growth Fund 2	1	3,02,663	3,02,663	1.30	3,02,663	1.30	-	0.00	3,02,663	-	-	-
Sub Total B1	6	22,53,427	22,53,427	9.65	22,53,427	9.65	-	0.00	22,53,427	-	-	-
B3) Institutions	**0**	**0**	**-**	**0.00**	**-**	**0.00**	**-**	**0.00**	**-**	**-**	**-**	**-**

Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2)	No. of voting rights	Total as a % of total voting rights	No of locked in shares		No. of equity shares held in dematerialised form (Not Applicable)	Sub-categorization of shares (XV)		
							No. (a)	As a % of total shares held (b)		Shareholding (no. of shares) under		
										Sub-Category I	Sub-Category II	Sub-Category III
(Foreign)												
Foreign Portfolio Investors Category I	**14**	**11,32,645**	**11,32,645**	**4.85**	**11,32,645**	**4.85**	**-**	**0.00**	**11,32,645**	**-**	**-**	**-**
Jupiter India Fund	1	5,11,000	5,11,000	2.19	5,11,000	2.19	-	0.00	5,11,000	-	-	-
Foreign Portfolio Investors Category II	**4**	**4,30,701**	**4,30,701**	**1.84**	**4,30,701**	**1.84**	**-**	**0.00**	**4,30,701**	**-**	**-**	**-**
Eastspring Investments India Fund	1	3,70,056	3,70,056	1.58	3,70,056	1.58	-	0.00	3,70,056	-	-	-
Sub Total B2	**18**	**15,63,346**	**15,63,346**	**6.70**	**15,63,346**	**6.70**	**-**	**0.00**	**15,63,346**	**-**	**-**	**-**
B4) Central Government/ State Government(s)/ President of India	**0**	**0**	**-**	**0.00**	**-**	**0.00**	**-**	**0.00**	**-**	**-**	**-**	**-**
B5) Non-Institutions	**0**	**0**	**-**	**0.00**	**-**	**0.00**	**-**	**0.00**	**-**	**-**	**-**	**-**
Key Managerial Personnel	3	8,573	8,573	0.04	8,573	0.04	-	0.00	8,573	-	-	-
Resident individuals holding nominal share capital up to Rs. 2 lakhs	20,497	16,47,570	16,47,570	7.06	16,47,570	7.06	-	0.00	16,33,312	-	-	-
Resident individuals holding nominal share capital in	12	17,73,689	17,73,689	7.60	17,73,689	7.60	-	0.00	17,42,578	-	-	-

Category and name of the shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2)	No. of voting rights	Total as a % of total voting rights	No of locked in shares		No. of equity shares held in dematerialised form (Not Applicable)	Sub-categorization of shares (XV)		
							No. (a)	As a % of total shares held (b)		Shareholding (no. of shares) under		
										Sub-Category I	Sub-Category II	Sub-Category III
excess of Rs. 2 lakhs												
Pulkit N. Sekhsaria	1	2,72,728	2,72,728	1.17	2,72,728	1.17	-	0.00	2,72,728	-	-	-
Siddharth Iyer	1	3,75,000	3,75,000	1.61	3,75,000	1.61	-	0.00	3,75,000	-	-	-
Mukul Mahavir Agrawal	1	6,40,000	6,40,000	2.74	6,40,000	2.74	-	0.00	6,40,000	-	-	-
Non Resident Indians (NRIs)	568	1,26,875	1,26,875	0.54	1,26,875	0.54	-	0.00	1,26,875	-	-	-
Bodies Corporate	152	10,11,639	10,11,639	4.33	10,11,639	4.33	-	0.00	10,11,639	-	-	-
Alchemy Capital Management Private Limited	1	5,12,500	5,12,500	2.19	5,12,500	2.19	-	0.00	5,12,500	-	-	-
Any other (specify)	385	62,700	62,700	0.27	62,700	0.27	-	0.00	62,700	-	-	-
Trusts	1	250	250	0.00	250	0.00	-	0.00	250	-	-	-
HUF	382	62,300	62,300	0.27	62,300	0.27	-	0.00	62,300	-	-	-
Clearing members	2	150	150	0.00	150	0.00	-	0.00	150	-	-	-
Sub Total B4	21,617	46,31,046	46,31,046	19.83	46,31,046	19.83	-	0.00	45,85,677	-	-	-
B=B1+B2+B3+B4	**21,641**	**84,47,819**	**84,47,819**	**36.18**	**84,47,891**	**36.18**	**-**	**0.00**	**84,02,450**	**-**	**-**	**-**

Statement showing the shareholding pattern of the Non-Promoter Non-Public Shareholder as of September 30, 2023

Category and name of the shareholder (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. of shares held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2) (VIII)	Number of locked in shares (XII)		Number of equity shares held in dematerialised form (XIV) (Not applicable)
					No.	As a % of total shares held	
C1) Custodian/ DR Holder	0	0	-	0.00	-	0.00	-

Category and name of the shareholder (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. of shares held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2) (VIII)	Number of locked in shares (XII)		Number of equity shares held in dematerialised form (XIV) (Not applicable)
					No.	As a % of total shares held	
C2) Employee Benefit Trust	0	0	-	0.00	-	0.00	-

Details of Disclosure by Trading Members (TM) holding 1% or more of the Total no. of Shares as of September 30, 2023

Sl. No.	Name of the trading member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	NIL	NIL	NIL	NIL	NIL

Statement showing foreign ownership limits as of September 30, 2023

Particulars	Approved Limits %	Limits Utilized %
As on shareholding date	51.00	7.02
As on the end of previous 1st quarter	51.00	6.67
As on the end of previous 2nd quarter	51.00	7.54
As on the end of previous 3rd quarter	51.00	7.64
As on the end of previous 4th quarter	51.00	7.48

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the bidding application, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Lead Manager. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. For further details, see "Selling Restrictions" and "Transfer Restrictions" on pages 241 and 249, respectively.

Our Company, the Lead Manager and their directors, shareholders, employees, counsel, officers, agents, advisors, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THIS ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

This Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a Qualified Institutions Placement ("**QIP**"). Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must specify (a) that the Allotment of Equity Shares is proposed to be made pursuant to the QIP; and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose among other things, the particulars of the Issue, including the date of passing the board resolution, the kind of securities being offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of Issue, the contribution made by the promoters or directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be Allotted through this Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution;

- the Issue must be made through a private placement offer cum application letter (i.e., this Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- the Promoter and Directors of our Company are not fugitive economic offenders;

- the Promoters or Directors are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 01, 2016;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- our Company shall have completed allotments with respect to any previous offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter (i.e., the Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom this Issue will be made. This Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe; and

- our Company acknowledges that the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about this Issue is prohibited.

- At least 10% of the Equity Shares issued to Eligible QIBs shall be Allotted to Mutual Funds, provided that, if this portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Fund Raising Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the approval of the Shareholders on September 29, 2023 our Company offered a discount of 4.95% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as mentioned in Regulation 176 (4) of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving this Issue being September 29, 2023 and within 60 days from the date of receipt of Application Amount from the Successful Bidders. For details of Allotment, see **"–** *Pricing and Allocation" and "Designated Date and Allotment of Equity Shares*" on page 226 and 236.

The Equity Shares issued pursuant to this Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document. The Preliminary Placement Document and this Placement Document shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under the PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue has been approved by our Board of Directors on September 5, 2023 subject to approval of the shareholders. Subsequently, our Shareholders, through special resolution, approved the Issue on September 29, 2023.

The minimum number of Allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 25,000 lakhs; and
- five, where the issue size is greater than ₹ 25,000 lakhs.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of this Issue. For details of what constitutes "same group" or "common control", see "— *Bid Process—Application Form*" on page 232.

Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on floor of recognised stock exchange. Allotments made to VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in reliance on Regulations S. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 241. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions set forth under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 241 and 249, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Our Company have filed a copy of the Preliminary Placement Document and this Placement Document with each of the Stock Exchanges. We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE, dated October 31, 2023.

Issue Procedure

1. Our Company in consultation with the Lead Manager have circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form and shall circulate serially numbered copies of this Placement Document, either in electronic or physical form, to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the serially numbered copies of the Preliminary Placement Document and this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules.

2. **The list of Eligible QIBs to whom this Placement Document cum Application Form will be delivered, shall be determined by our Company in consultation with the Lead Manager, at their sole discretion. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is was deposited, were addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be

treated as invalid.

3. Eligible QIBs were required to submit the Application Form, including any revisions thereof along with the Application Amount transferred to the escrow account specified in the Application form and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Lead Manager.

4. Bidders were required to indicate the following in the Application Form:

- full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, phone number, permanent account number, e-mail address and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

- details of the beneficiary account maintained with a depository participant to which the Equity Shares should be credited pursuant to this Issue;

- an undertaking that they will deliver an offshore transaction letter to our Company prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the U.S. Securities Act; and

- a representation that it is outside the United States and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 4 and "*Transfer Restrictions*" on page 249 and certain other representations made in the Application Form.

Note: Eligible FPIs were required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodians of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund were treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them did not exceed the investment limits or maximum number of Equity Shares that could be held by them under applicable laws.

5. Each Bidder shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares should have been made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders should have been paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment and the filing of return of Allotment by our Company with the RoC or receipt of final listing and trading approval from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event, among others, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to the Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in *"– Refunds"* below.

6. Once a duly completed Application Form was submitted by a Bidder and the Application Amount was transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid could not be withdrawn or revised downwards after the Issue Closing Date. In case of upward revision before the

Issue Closing Date, an additional amount was required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case of Bids being made on behalf of the Eligible QIBs where the Application Form is unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.

7. Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, upon Allocation, our Company were required to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

8. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

9. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, after the Issue Closing Date, our Company, in consultation with the Lead Manager, determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. The Lead Manager, on behalf of our Company, will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated and the Refund Amount (if any) due to the Successful Bidders. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company, in consultation with the Lead Manager.**

10. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Lead Manager, shall, on our behalf, send a serially numbered Placement Document to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to this Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final

trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible Qualified Institutional Buyers

Eligible QIBs are who have not been prohibited by the SEBI from buying, selling or dealing in securities can participate in this Issue. Provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs and non-resident multinational and bilateral development financial institutions are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in this Issue and also as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹ 25 crores;
- provident funds with minimum corpus of ₹ 25 crores;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies,

subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA NON-DEBT RULES, IN THIS ISSUE.

ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means common ownership of more than fifty per cent or common control) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI including its investor group shall be below 10% of the total paid-up Equity Share capital of our Company. In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates. The existing aggregate investment limit for FPIs in our Company is not exceeding the sectoral cap i.e., 51% of the post issue of the paid-up capital of our Company.

In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be reclassified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Subject to receipt of valid Bids, a minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, our Promoters or any person related to our Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to our Promoters:

- rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of our Promoter Group;
- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that a Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to our Promoters.

Our Company and the Lead Manager and any of their respective shareholders, employees, counsel, officers, directors, advisors, representatives, agents or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under-subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs were only to use the serially numbered Application Forms (which were addressed to them) supplied by our Company and/or the Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period, and in such case, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB was deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 4, 241 and 249, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Eligible QIB confirms and consents to its name and percentage of post-Issue shareholding (assuming full subscription in the Issue) will be included as a 'proposed allottee' in the Issue in the Placement Document;

4. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

5. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

6. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to this Issue, if any. The Eligible QIB further confirms that its holding of the Equity Shares, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Eligible QIB confirms that its Bids would not result in triggering an open offer under the SEBI Takeover Regulations;

9. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Lead Manager. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

10. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that the disclosure of such details in relation to it in the Placement Document will not guarantee Allotment to it, as Allotment in the Issue shall continue to be at the sole discretion of our Company;

11. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

- QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

- "Control" shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

12. The Eligible QIB confirms that it is outside the United States, it is purchasing the Equity Shares in an "offshore transaction" as defined in, and in compliance with, Regulation S and is not our affiliate or a person acting on behalf of such an affiliate.

13. The Eligible QIB acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. The Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

15. The QIBs confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals

for the Equity Shares are issued by the Stock Exchanges.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020.

ELIGIBLE QIBs WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LEAD MANAGER, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE LEAD MANAGER TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE LEAD MANAGER, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

Once a duly completed Application Form is submitted by a Bidder, whether signed or not, the submission of such Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares that may be Allotted to such Bidder and shall become a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be duly completed with information including the number of Equity Shares applied for along with payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount were required to be deposited in the Escrow Account as is specified in the Application Form and the Application Form were required to be submitted to the Lead Manager either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact person	Email	Telephone
ICICI Securities Limited	ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra, India	Gaurav Mittal / Kristina Dias	ethos.qip@icicisecurities.com	+91 22 6807 7100

The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such application constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the

Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

The Lead Manager were not required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

All Bidders submitting a Bid in the Issue, were required to pay the entire Application Amount within the Issue Period.

Payment of Application Amount

Our Company has opened the "*Ethos Limited – QIP Escrow Account*" with Kotak Mahindra Bank Limited, the Escrow Bank, in terms of the arrangement among our Company, the Lead Manager and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments were made only through electronic fund transfer.

Note: Payments were made only through electronic fund transfer. Payments through cheque or demand draft or cash were be rejected.

If the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) refund of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "*-Refunds*" on page 237.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act in the Application Form. A copy of PAN card is required to be submitted with the Application Form. Further, Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Lead Manager. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Lead Manager.

Price Determination and Allocation

Our Company, in consultation with the Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company, in consultation with the Lead Manager, offered a discount of 4.95% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders pursuant to a resolution adopted on September 29, 2023.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and is filing such document with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Company has determined the Allocation on a discretionary basis in consultation with the Lead Manager and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price were grouped together to determine the total demand. The Allocation to all such Eligible QIBs was made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size was required to be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGER AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the Application Forms and Application Amount, our Company in their sole and absolute discretion, in consultation with the Lead Manager, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price, the Application Amount for the Equity Shares Allotted and the Refund Amount (if any) shall be notified to such Successful Bidders.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, the Eligible QIB would be deemed to have made the representations and warranties as set forth in "*Notice to Investors*" and "*Representation by Investors*" on pages 1 and 4, respectively, and such Eligible QIBs shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by the Stock Exchanges.

Designated Date and Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is completed by the Designated Date provided in the respective CANs. The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, transfer of securities

of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares pursuant to the Issue into the QIBs' beneficiary accounts maintained with the Depository Participant, our Company will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in this Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Lead Manager and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and is filing such document with the Stock Exchanges as this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Successful Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Successful Bidder, or the Application Amount paid by a Successful Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Successful Bidder and the Issue Price, the excess Application Amount paid by such Successful Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the CAN issued to such Successful Bidder. The Refund Amount will be transferred to the relevant Successful Bidders within two Working Days from the date of issuance of the CAN.

In the event that a Bidder withdraws the Application Form prior to the Issue Closing Date or does not receive any Allocation in the Issue, or the Issue is cancelled prior to Allocation or at any time after that for any reason, the Application Amount paid by such Bidder (or all Bidders, if the Issue is cancelled) will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue within 60 days from the date of receipt of the Application Amount, or the Issue is cancelled post Allocation, or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges, our Company shall repay the Application Amount within 15 days from expiry of 60 days or such other time period as applicable under applicable law, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Lead Manager in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For further details see – "*Bid Process*" and – "*Refund*" on pages 232 and 237, respectively.

Equity Shares in Dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a successful QIB will be credited in electronic form directly to the specified beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the QIBs.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the Escrow Account to our Company until receipt of notice from the Lead Manager, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

PLACEMENT AND LOCK-UP

Placement Agreement

The Lead Manager and our Company have entered into the Placement Agreement dated October 31, 2023 pursuant to which the Lead Manager have agreed, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis to be placed with the QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations and warranties, as well as indemnity from our Company and the Issue is subject to the satisfaction of certain conditions and subject to the termination of the Placement Agreement in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold by our Company outside the United States, in "offshore transactions", as defined in, and in compliance with, Regulation S and the applicable laws of the jurisdiction where those offers, and sales occur.

For further details, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 241 and 249, respectively.

Relationship with the Lead Manager

In connection with the Issue, the Lead Manager (or its affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Lead Manager (or its affiliates) may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Manager may purchase Equity Shares, see "*Offshore Derivative Instruments*" on page 10.

From time to time, the Lead Manager and its affiliates may engage in transactions with and perform services for our Company, its affiliates, shareholders or their respective affiliates in the ordinary course of business and have engaged, or may in the future engage, in, investment banking, advisory services relating to debt syndication and any other transactions in this regards with our Company, its affiliates, shareholders or their respective affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Our Company undertakes that it will not, for a period commencing the date hereof and ending 60 days from the date of allotment of equity shares pursuant to the Issue ("**Lock-up Period**"), without the prior written consent of the Lead Manager, do the following:

1. directly or indirectly, offer, issue, contract to issue, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any of the Equity Shares or any securities convertible into or exercisable for the Equity Shares or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing, or

2. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of the Equity Shares or such other securities, in cash or otherwise), or

3. enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or

4. publicly announce any intention to enter into any transaction falling within 1 to 3 above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within 1 to 3 above.

Our Promoters, severally and not jointly, agree that they will not, without the prior written consent of the Lead Manager (which such consent shall not be unreasonably withheld), we will not, during the period commencing on the date hereof and ending 60 days after the date of allotment of the Equity Shares pursuant to the Issue (the "**Lock-up Period**", which shall be communicated by the Lead Manager in writing immediately on the completion of the allotment of the Equity Shares), directly or indirectly:

a) sell, lend, pledge, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose off, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing (regardless of whether any of the transactions described in this clause (a) is to be settled by the delivery of the Promoter and Promoter Group Shares or such other securities, in cash or otherwise);

b) enter into any swap or other agreement or any transaction that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Promoter and Promoter Group Equity Shares or any securities convertible into or exercisable or exchangeable for any of the Promoter and Promoter Group Equity Shares (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of the Promoter and Promoter Group Shares or such other securities, in cash or otherwise); or

c) deposit any of the Promoter and Promoter Group Equity Shares or any securities convertible into or exercisable or exchangeable for the Promoter and Promoter Group Equity Shares or which carry the right to subscribe to or purchase the Promoter and Promoter Group Equity Shares or which carry the right to subscribe to or purchase Equity Shares in depository receipt facilities or enter into any such transactions (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or

d) publicly announce any intention to enter into any transaction whether any such transaction described in a), b) or c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise;

provided however that the foregoing restrictions will not be applicable to (i) pledge or mortgage of the Equity Shares already existing on the date of this Agreement or transfer of such existing pledge or mortgage; and (ii) any inter group transfer made to any member of Promoter Group, subject to compliance with applicable laws and subject to observance by the transferee Promoter Group Entities of the foregoing restrictions on transfer of Promoter Shares until the expiry of the Lock-up Period.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations the Companies Act and Rule 14 of the PAS Rules. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under sections entitled "Notice to Investors" and "Representations by Investors" on pages 1 and 4, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document and this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. This Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under the section entitled *"Transfer Restrictions"* on page 249.

Republic of India

The Preliminary Placement Document and this Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. The Preliminary Placement Document and this Placement Document has not been and will not be registered as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

The Preliminary Placement Document and this Placement Document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The Preliminary Placement Document and this Placement Document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of the Preliminary Placement Document and this Placement Document, and any offers made under the Preliminary Placement Document and this Placement Document, you represent to our Company and the Lead Manager that you will not provide the Preliminary Placement Document and this Placement Document or communicate any offers made under the Preliminary Placement Document and this Placement Document to, or make any applications or receive any offers for the Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or the Lead Manager) under this Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in the Preliminary Placement Document and this Placement Document or the performance of the Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. All applications for investment should be received, and any allotments should be made, in each case from outside the Kingdom of Bahrain. The Preliminary Placement Document and this Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Issuer has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Preliminary Placement Document and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency has not reviewed, nor has it approved, the Preliminary Placement Document and this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a "BVI Company"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands. The Preliminary Placement Document and this Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

People's Republic of China

The Preliminary Placement Document and this Placement Document may not be circulated or distributed in the People's Republic of China (excluding, for the purposes of this paragraph, the Hong Kong and Macau Special Administrative Regions and Taiwan Province) and the Equity Shares may not be offered or sold directly or indirectly to any resident of the People's Republic of China, or offered or sold to any person for reoffering or re-sale directly or indirectly to any resident of the People's Republic of China except under applicable laws and regulations of the People's Republic of China.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to this Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus

Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Equity Shares shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Lead Manager and our Company that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in the Prospectus Regulation, each such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in this Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Manager have been obtained to each such proposed offer or resale. Our Company, its directors, the Lead Manager, their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Equity Shares may be offered or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.
If an offeree does not fall under a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article

23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

The Preliminary Placement Document and this Placement Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, the Preliminary Placement Document and this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as

may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of the Preliminary Placement Document and this Placement Document is subject to Malaysian laws. The Preliminary Placement Document and this Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Preliminary Placement Document and this Placement Document nor any offering material or information contained herein relating to the offer of the Equity Shares may be released or offered to the public in Mauritius or used in connection with any such offer. The Preliminary Placement Document and this Placement Document does not constitute an offer to sell the Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

The Preliminary Placement Document and this Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

(a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
(b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
(c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
(d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Equity Shares are issued or sold elects to sell any Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Sultanate of Oman

The Preliminary Placement Document and this Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**Oman CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of Equity Shares described in the Placement Document will not take place inside Oman. The Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof. This Issue does not constitute a public offer of the Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the "**CMAL**"), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of Oman CMA. Additionally, the Preliminary Placement Document and this Placement Document and the Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of the Preliminary Placement Document and this Placement Document and the Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the CMAL) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar (excluding the Qatar Financial Centre)

The Preliminary Placement Document and this Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in

the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of the Preliminary Placement Document and this Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

The Preliminary Placement Document and this Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

The Preliminary Placement Document and this Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Book Running Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

The Preliminary Placement Document and this Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Preliminary Placement Document and this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the "**SFA**")), (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which

is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. The Preliminary Placement Document and this Placement Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or this Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Equity Shares or this Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and this Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and this Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

The Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Equity Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with this Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Preliminary Placement Document and this Placement Document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the UAE or any other authority in any of the free zones established and operating in the UAE. The Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. The Preliminary Placement Document and this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

1. an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and

2. made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA provided that no such offer of the Equity Shares shall require the Issuer or any placement agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see sections entitled "*Representations By Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 4, 241 and 249, respectively.

Other Jurisdictions

The distribution of the Preliminary Placement Document and this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession the Preliminary Placement Document and this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on a recognized Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in this Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see section entitled *"Selling Restrictions"* on page 241.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

By accepting delivery of this Placement Document, submitting a bid to purchase the Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in its jurisdiction and it has obtained or will obtain any consent, approval or authorization required for it to purchase and accept delivery of Equity Shares, and it acknowledges and agrees that none of our Company or the Lead Manager and its respective affiliates shall have any responsibility in this regard.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in "offshore transactions" as defined in, and in reliance on, Regulation S, and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S

- It understands and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred in compliance with the U.S. Securities Act and other applicable securities laws only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction

otherwise exempt from the registration requirements of the U.S. Securities Act and, in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Lead Manager for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. It is seeking to subscribe to the Equity Shares in this Issue for its own investment and not with a view to distribution.

- It has been provided access to this Placement Document and will be provided access to the Placement Document which it has read in its entirety.

- It agrees to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold our Company or the Lead Manager liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. It acknowledges that our Company and the Lead Manager and its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify our Company and the Lead Manager. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by our Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes our Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on- market" are exchanged through the National Securities Clearing Corporation Limited. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing

Regulations and byelaws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time, such company shall increase its public shareholding to at least 25%, within a period of twelve months from the date of such fall, respectively, in the manner specified by SEBI. Further, every listed public sector company whose public shareholding falls below 25% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier. In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 5%, 10% and 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available. The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both, the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with the BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading

platform, BOLT Plus. The NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/ voting rights/ control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the System Driven Disclosures (SDD).

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The SEBI Insider Trading Regulations prohibit and penalize insider trading in India and impose certain restrictions on the communication of information by listed companies. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"), subject to certain limited exceptions. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. Further, the SEBI Insider Trading Regulations makes it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders.

The SEBI Insider Trading Regulations also provides for initial and continuing disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their

shareholding in the company, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI has framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organization under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares

Share capital

The Authorised Share Capital of the Company is ₹ 61,40,00,120 (Rupees Sixty one crores forty lacs one hundred and twenty only) divided into 3,07,00,000 (Three crores and seven lacs only) Equity Shares of ₹10 (Ten) each; 12,00,000 (Twelve lakhs) 12% Cumulative Compulsorily Convertible Preference Shares of ₹110 each; 5,76,924 (Five lakhs seventy six thousand nine hundred and twenty four) 14% Cumulative Compulsorily Convertible Preference Shares of ₹130 each and 10,00,000 (Ten lakhs) 12% Non-Cumulative Redeemable Preference Shares having face value of ₹100 each and term of 1 year.

Dividends

Under the Companies Act, a company may pay dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. Bonus shares cannot be issued in lieu of dividend.

Pursuant to the Articles of Association of our Company, if our Company declares a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, our Company shall, within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days, transfer the total amount of dividend, which remains so unpaid or unclaimed to a special account to be opened by our Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account".

Further, any money so transferred to the unpaid dividend account of our Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by our Company to the fund established under Section 125 of the Companies Act, *viz*. "Investor Education and Protection Fund".

The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to capitalise its profits or reserves for the purpose of issuing fully paid-up bonus shares, which are similar to stock dividend. The Companies Act permits the issue of fully paid up bonus shares from its free reserves, securities premium account or capital redemption reserve account, provided that bonus shares shall not be issued by capitalising reserves created by revaluation of assets. These bonus Equity Shares must be distributed to shareholders in proportion to the number of Equity Shares owned by them as recommended by the board of directors.

Any issue of bonus shares by a listed company would be subject to the SEBI regulations. The relevant SEBI regulations prescribe that no company shall make a bonus issue of Equity Shares if it has outstanding fully or partly convertible debt instruments at the time of making the bonus issue, unless it has made reservation of the Equity Shares in the same class in favour of the holders of the outstanding convertible debt instruments in proportion to the convertible part thereof and the Equity Shares reserved for the holders of fully or partly convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms or same proportion on which the bonds were issued. Further, for issuance of such bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of a dividend cannot be made. The bonus issuance shall be made out of free reserves built out of genuine profits or share premium collected in cash only. The reserves created by revaluation of fixed assets cannot be capitalised. Further, a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees, such as contributions to provident funds, gratuities and/or bonuses.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss and that such sum be available for distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. The aforesaid sum shall not be paid in cash but shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a share premium account and a capital redemption reserve fund may, be applied in the paying up of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

Pursuant to the terms of our Articles of Association, our Company may, from time to time: (a) increase its share capital by such amount as it thinks expedient by issuing new shares; (b) consolidate and divide all or any of its share capital into shares of larger denomination than its existing shares; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; and (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person. Further, our Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,— (a) its share capital; (b) any capital redemption reserve account; or (c) any share premium account.

General meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit. Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95.00% of the shareholders entitled to vote. Further, a general meeting, other than an annual general meeting may be called after giving a shorter notice if consent is received, by the majority in number of shareholders of the company who are entitled to vote and who represent not less than 95.00% of the paid up share capital of the company. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with, unless exempted by appropriate authority.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Pursuant to the terms of our Articles of Association, and subject to any rights or restrictions for the time being attached to any class or classes of shares, — (a) on a show of hands, every member holding equity shares present in person or proxy shall have one vote; and (b) on a poll or voting through electronic means, the voting rights of members shall be in proportion to their share in the paid-up equity share capital of our Company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee

any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than 3 and not more than 15. The Articles of Association also permit our Directors to appoint any other person as a director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number of 15, as fixed under the Articles of Association. However, any director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated, but shall be eligible for re-election at such meeting.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Ethos Limited
Kamla Centre
SCO 88-89, Sector 8-C,
Chandigarh, 160009,
India

Dear Sirs,

Statement of possible tax benefits available to Ethos Limited ("the Company") and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexures, prepared by Ethos Limited ('**the Company**') provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax-Act 1961, ('**the act**') as amended by the Finance Act, 2023 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, presently in force in India (referred to as the ***"Direct tax laws").*** Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this Annexure is only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Direct Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of face value Rs 10 each by the Company in a Qualified Institutions Placement in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**Offering**"). We are neither suggesting nor advising the investors to invest in the Offering relying on this statement.

3. We do not express any opinion or provide any assurance as to whether:

    - the Company or its shareholders will obtain/ continue to obtain these benefits in future;
    - the conditions prescribed for availing the benefits have been / would be met with; or
    - the revenue authorities/courts will concur with the views expressed herein.

4. We assume no obligation to update the Annexures on any events subsequent to this date, which may have a material effect on the discussions herein.

5. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This statement is prepared solely for inclusion in the Preliminary Placement Document (PPD) and the Placement Document (PD) in connection with the Offering, to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited and the Securities and Exchange Board of India and is not to be used, referred to or distributed for any other purpose.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants

ICAI Firm registration number: 301003E/E300005

_____

per Anil Gupta
Partner
Membership No.: 087921

UDIN: 23087921BGXAWY7852
Place: New Delhi
Date: October 31, 2023

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

UNDER THE INCOME TAX ACT, 1961 (HEREIN AFTER REFERRED TO AS 'THE ACT'), READ WITH THE INCOME-TAX RULES, 1962, ('RULES') REGULATIONS, CIRCULARS AND NOTIFICATIONS ISSUED THEREON, APPLICABLE FOR THE FINANCIAL YEAR ('FY') 2023-24 RELEVANT TO ASSESSMENT YEAR ('AY') 2024-25

GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

A. Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The Company has opted for the beneficial tax rate under section 115BAA of the Act from FY 2019-20 onwards. As the Company has opted for the beneficial tax rate introduced by the ordinance, they are not eligible to avail the exemptions/ incentives as specified under Section 115BAA of the Act. Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other FY.

B. Deductions from Gross Total Income

- Section 80JJAA: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

The deduction u/s 80JJAA of the Act shall be applicable even if the Company avails the benefits of the special rate u/s 115BAA of the Act

- Section 80M of the Act: Deduction in respect of inter-corporate dividends

A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

C. Other benefits while computing total taxable income

(i) Section 32 of the Act — Depreciation Allowance

As per section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates in respect of its tangible and intangible assets.

The Company shall not be entitled for the additional depreciation under section 32(l)(iia) as it has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para-A above.

The Finance Act, 2021 amended the definition of block of assets provided under section 2(11) of the Act, section 32(1)(ii) of the Act and Explanation 3 to Section 32 of the Act to specifically exclude goodwill of business or profession from being eligible for depreciation. Further, the said amendments are made applicable from AY 2021-22 and thus, taxpayers would not be eligible to claim depreciation on goodwill from FY 2020-21 onwards.

(ii) Deduction against/ with respect to income by way of dividends

As per amendment *vide* Finance Act, 2020 with effect from 1 April 2020, dividend income is taxable in the hands of shareholders/ unitholders at the applicable rates and the domestic company is not required to pay dividend distribution tax.

Deduction of interest expense wholly and exclusively incurred for earning of such dividend income can be claimed under section 57 of the Act. However, such deduction is restricted to 20 per cent of the amount of dividend received.

Further, the Finance Act, 2020 has inserted Section 80M to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date of filing return of income for such year. The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para-B above.

(iii) Section 10(34A) of the Act - Income from buy back of shares

The provisions of section 115QA mandate domestic companies to pay an additional tax at the rate of 20% (plus applicable surcharge and cess) on buy-back of shares. Correspondingly, income arising from buy-back of shares shall not be taxable as per section 10(34A) of the Act in the hands of the Company, being a shareholder.

In view of the provisions of Section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in accordance with the provisions of Section 14A read with Rule 8D of the Income tax Rules, 1962 ('the Rules').

(iv) Section 36(1)(vii) of the Act — Allowance of bad debts written off

Under Section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction for computing the income under the head "Profits and gains of business or profession", subject to the fulfilment of the conditions as specified in section 36(2) read with Section 36(1)(vii) of the Act.

(v) Taxability of income from capital gains

As per Section 2(42A) of the Act, If the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity-oriented fund or a zero-coupon bond is more than 12 months, it will be considered a long-term capital asset.

With respect to immovable property (being land or building or both) and shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long term capital asset.

With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long term capital asset. Asset not considered as long term capital asset shall be regarded as short term capital assets.

Long-term capital gains (exceeding Rs 1,00,000) from equity shares, equity oriented mutual fund units and units of a business trust shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) under section 112A of the Act, if Securities Transaction Tax ('STT') has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. In such case, the Company shall not be entitled for benefit of indexation under the second proviso to section 48 of the Act.

As per Section 112A(4) of the Act read with Notification No. 60/2018 dated 1 October 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:
(a) share acquisitions undertaken prior to October 1, 2004
(b) share acquisitions undertaken on or after October 1, 2004, subject to following specified exceptions.

- where acquisition is of existing listed equity share in a company, whose equity shares are not frequently traded in a recognised stock exchange (RSE) of India, is made through a preferential issue, subject to certain exceptions specified in the said notification;
- where acquisition of existing listed equity share is not entered through an RSE in India, subject to certain exceptions specified in the said notification; and
- acquisition of equity share during the period beginning from the date on which the company is delisted from an RSE and ending on the date immediately preceding the date on which the company is again listed on an RSE.

As per the provisions of Section 111 A of the Act, any income arising from transfer of a short-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of an eligible business trust, transacted through a recognized stock exchange and subject to STT, shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

The requirement of chargeability to STT under Section 112A and Section 111A is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency.

Section 48 of the Act provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration, to arrive at the amount of Capital Gains. However, in respect of long-term capital assets, Section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per the provisions of Section 112(1)(d) of the Act, gains arising on the transfer of long-term capital assets shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to Section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than those covered under section 112A) and Zero-coupon Bonds shall be the lower of the following:
a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit.

The short-term capital gains are chargeable to tax at a normal tax rate (plus applicable surcharge and cess).

In accordance with, and subject to the conditions, including the limit of investment of Rs. 0.50 crore, capital gains arising on transfer of a long-term capital asset (being land or building) shall be exempt from capital gains under Section 54EC if the gains are invested within 6 months from the date of transfer in long term specified asset (as defined in said section). In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

As per Section 70 read with Section 74 of the Act, short term capital loss arising during an year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Income from House property

Under Section 24 of Income Tax Act a sum equal to 30% of the Annual Value is allowed as Standard Deduction. This 30% is allowed as deduction irrespective of actual expenditure.

GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

I. For resident shareholders

A. Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before the due date of filing return of income for such year.

B. Taxability of gain/ loss arising from sale of shares of the Company

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

a. Taxability under the head 'capital gains'

(i) Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112 A) shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit.

As per the provisions of section 111 A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111 A of the Act.

In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long term capital gains arising on transfer of the shares of the company shall be exempt from capital gains under section 54F, if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years. If the

whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains.

Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

(ii) Higher cost of acquisition benefit in relation to long term capital asset being shares of a company referred to in section 112A of the Act

A new section 55(2)(ac) of the Act has been inserted to provide grandfathering of gains on the specified assets (as defined u/s 112A of the Act) acquired prior to 1 February 2018. The Cost of acquisition would be higher of:-

a) Cost of acquisition and
b) Lower of
- Fair market value* of such shares
- Full value of consideration received or accruing as result of transfer of capital asset

*'fair market value' means —

In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

(iii) Surcharge on all long-term capital gains capped at 15%

The Finance Act 2022 has capped the surcharge on LTCG on sale of unlisted equity shares to 15% from erstwhile graded surcharge up to 37%, resulting in reduction in highest slab of effective LTCG tax rate from 28.50% to 23.92%.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act.

II. For non-resident shareholders being Foreign Portfolio Investors ('FPTs')/ Foreign Institutional Investors (FIIs')

A. Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder.

B. Taxability of gain/ loss arising from sale of shares of the Company

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD read with section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares.

The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 115AD of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be 10% (plus applicable surcharge and cess) without indexation benefit.

Under section 115AD(l)(ii) of the Act, income by way of short term capital gains arising to the FPI/ FII on transfer of shares of the Company shall be chargeable at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Other aspects:

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the FIT/ FPI or the provisions of the Act, to the extent they are more beneficial to the FII/ FPI.

Pursuant to Central Board of Direct Tax press release dated 24 September 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

III. For non-resident shareholders, other than FPIs/ FIIs

A. Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

B. Taxability of gain/ loss arising from sale of shares of the Company

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

Separately, section 55(2)(ac) provides that cost of acquisition of the specified capital asset (referred to in the aforesaid section 112A of the Act) acquired prior to 1 February 2018, shall be higher of—

(a) Cost of acquisition of asset; and
(b) Lower of-

a. the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and
b. the full value of consideration received or accruing as a result of the transfer of the capital asset.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:
a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit.

As per the provisions of section 111 A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(l)(xv) of the Act.

Other aspects:

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation ('AADT') between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

As per Explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having AADT with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant AADT, or the foreign company is a resident of a country which does not have a AADT with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

IV. For shareholders who are Mutual Funds:

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

V. For Venture Capital Companies/ Funds:

Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before 21 May 2012 or as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 20 1 2, under the SEBI Act, 1 992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein.

As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

VI. For Investment Funds:

Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration is granted under and is regulated under SEBI (Alternative Investment Funds Regulations), 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head 'profits and gains of business and profession', shall be exempt from tax under 10(23FBA).

As per Section 115UB of the Act, any income derived by a person from his investment in an Investment Fund covered under section 10(23FBA), other than that proportion which is of the same nature as 'profits and gains of business and profession', would be taxable in the hands of the person making such investment in the same manner as if it were the income accruing or arising to or received by such person had the investments made by the Investment Fund been made directly by him.

TAX DEDUCTION AT SOURCE UNDER THE ACT

a) Section 194 - Dividend distribution by the Company to resident shareholders:

As per section 194 of the Act, dividend income distributed/ paid by the Company shall be subject to withholding tax at the rate of 1 0%. However, such withholding tax requirement is not applicable in case of distribution/ payment of dividend to Life Insurance Corporation of India, General Insurance Corporation of India and any other insurer. Also, in case of individual resident shareholders where the amount does not exceed INR 5,000, no TDS is required to be deducted.

b) Section 195 — Dividend distribution by the Company to non-resident shareholders:

As per the provisions of Section 195 of the Act, any income by way of dividend payable to non-residents may be subject to withholding of tax at the rate of 20% under the domestic tax laws or under the AADT, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

c) Section 196 — Dividend distribution by the Company to Mutual Funds:

As per section 196 of the Act, no tax is to be deducted from dividend income distributed/ paid by the Company to a Mutual Fund specified under section 1 0(23D) of the Act.

d) Section 196D - Dividend distribution by the Company to Foreign Institutional Investors:

As per the provisions of Section 196 D of the Act, any income by way of dividend payable to non-residents may be subject to withholding of tax at the rate of 20% under the domestic tax laws or under the AADT, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

Withholding tax provisions for capital gains:

No income tax is required to be withheld at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

As per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

Other aspects:

For claiming the beneficial provisions under the DTAA, the non-resident investor will have to furnish a certificate of him being a tax resident ('TRC') in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable AADT and such other document as may be prescribed as per the provision of section 90(4) of Act. Where the TRC reflects a few details, for it to be considered valid viz. name, address, legal entity status, country of incorporation, the tax identification / unique identification number in the country of residence, residential status, and the period for which such TRC pertains. In case all these details are not coming in the TRC, a declaration in Form 10F would have to be furnished.

Further, pursuant to amendment in section 206AA *vide* notification 53/2016 dated 24 June 2016 introducing Rule 37BC, requirement of quoting permanent account number ('PAN') in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said Rule.

Other benefits available to individuals

Surcharge on personal income capped at 25% for individuals opting concessional tax regime under section 115BAC

The Finance Act 2023 has capped surcharge on total income of individual assessee's opting for concessional tax regime under section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding) Rs. 5 crores.

NOTES:

1. The above statement of possible general tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain general tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the tax laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of the above.

3. The above statement of possible general tax benefits is as per the current direct tax laws relevant for the assessment year 2024-25. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Ethos Limited

Ritesh Agarwal
Chief Financial Officer

Place: Chandigarh
Date: October 31, 2023

STATUTORY AUDITORS

Our Company's current Statutory Auditor, S.R. Batliboi & Co. LLP, Chartered Accountants is an independent auditor with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI and has been appointed as the statutory auditor of our Company.

S.R. Batliboi & Co. LLP, Chartered Accountants, have audited the Audited Consolidated Financial Statements which are included in this Placement Document in "*Financial Statements*" on page 278.

S.R. Batliboi & Co. LLP, Chartered Accountants, have reviewed the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements as at and for the three months ended June 30, 2023 and have issued a review report dated October 31, 2023 on the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements, which is included in this Placement Document in "*Financial Statements*" on page 278.

LEGAL PROCEEDINGS

We involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of criminal cases, civil case, tax proceedings etc. We assess each such legal proceedings filed by or against us and monitor the legal position on an ongoing basis.

*Except as disclosed in this section, there is no outstanding legal proceeding which has been considered material in accordance with our Company's 'Policy for Determination of Materiality for Disclosure of Information/Events to the Stock Exchanges' framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Materiality Policy**").*

However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable:

- *All outstanding criminal proceedings involving our Company, our Subsidiaries, our Promoters and our Directors;*
- *All outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) which is outstanding and involves our Company, our Subsidiaries, our Promoters and our Directors;*
- *Any outstanding civil litigations involving our Company, our Subsidiaries, our Promoters and our Directors, where the amount involved in such proceedings exceeds ₹ 301.49 lakhs i.e. 5% of profit after tax, as per the Audited Consolidated Financial Statement of the Company as on March 31, 2023, on a consolidated basis ("**Materiality Threshold**");*
- *Consolidated disclosure of the direct and indirect tax matters involving our Company and our Subsidiaries; and*
- *Any other outstanding litigation involving our Company wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Company.*

Except as disclosed elsewhere, this section of the Placement Document also discloses (i) any inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of this Placement Document involving our Company, its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries; (ii) any material fraud committed against our Company in the last three years, and if so, the action taken by our Company; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of this Placement Document and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action, if any, will be disclosed; or (vii) there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Subsidiaries, our Promoters or our Directors as the case may be, from third parties (excluding statutory/ regulatory/ governmental authorities or notices threatening criminal action) shall not, unless otherwise decided by the board of directors of the Company, be considered material until such time that the relevant party, as the case may be, is impleaded as a defendant in litigation before any judicial or arbitral forum.

Capitalised terms used herein shall, unless otherwise specified, have the same meanings ascribed to such terms in this section.

I. Litigations involving our Company

A. Criminal Proceedings involving our Company

Criminal Proceedings filed by our Company

1. Our Company received an email on September 18, 2020, from the official email ID of one of our vendors i.e. Oris ("**Vendor**") to make payment of outstanding invoices amounting to CHF 56,833.45 equivalent to ₹ 45.66 lakhs. Our Company sought the pdf copy of the invoices on same date. Thereafter, on September 21, 2020, the Vendor supplied the copies of relevant invoices. Our Company received another email from our Vendor, sharing the details of their new bank account and requested our Company to remit the funds to the new bank account. Our Company paid the amount to the new account as informed by the Vendor. Thereafter, our Company asked the Vendor to dispatch the spares, as ordered by our Company. However, the Vendor replied that they cannot dispatch the spares as the payment is still pending. On further discussion, it was informed by the Vendor that a spam mail has been circulated from its email ID stating that a new bank account has been created to receive funds. On this our Company, filed an online complaint with the Cyber Crime Cell of Delhi Police on October 15, 2020. However, the Delhi Police failed to take any action in respect of the said matter. Our Company thereafter filed a Criminal Complaint number 6384 of 2020 under Section 156(3) of the Criminal Procedure Code, 1973, before the Chief Metropolitan Magistrate, Saket Court, New Delhi, praying for direction to Delhi Police for registration of F.I.R. under Section 415 and 420 of the Indian Penal Code and Section 66 (a) & (d) of the Information Technology Act, 2000. The Court has *vide* its order dated December 24, 2022, directed the Police Authorities to register the complaint and file a final report of charge sheet post completion of the investigation. The matter is currently pending.

Criminal Proceedings filed against our Company

As on the date of this Placement Document, there are no outstanding criminal proceedings filed against our Company.

B. Material Civil Proceedings involving our Company

Civil Proceedings filed by our Company

As on the date of this Placement Document, there are no outstanding civil proceedings filed against our Company.

Civil Proceedings filed against our Company

1. Matrix Distributor Private Limited ("**Plaintiff Company**"), one of the distributors of Vertu phones and accessories and Montegrappa pens in India supplied phones to our Company for our business. In the course of business, certain disputes arose regarding payment of dues by our Company. The Plaintiff Company stated that our Company has from time to time made on account payments towards part payment of various dues and ₹64.43 lakhs are pending from our Company. The Parties tried to solve the matter amicably however the parties failed to reach any negotiation. The Plaintiff Company issued a legal notice dated December 26, 2017, to our Company directing our Company to pay an amount of ₹70.95 lakhs together with interest @ 2% per annum. Our Company through its lawyer's replied to the said legal notice of the Plaintiff Company *vide* letter dated January 9, 2018. The Plaintiff Company through its lawyer issued a rejoinder dated February 10, 2018. Thereafter, the Plaintiff Company filed a commercial suit bearing number 317 of 2020, against our Company and all its Directors and KMP namely at the relevant time, Yashovardhan Saboo, Anil Khanna, Rajat Kakar, Nagarajan Subramanian, Sundeep Kumar, Neelima Tripathi, C Raja Sekhar, and Anil Kumar, before the High Court of Judicature at Bombay, claiming an amount of ₹ 110.22 lakhs towards its dues together with interest @ 21% per annum on ₹64.43 lakhs from the date of filing the suit till passing of the decree and thereafter interest @ 21% per annum on ₹64.43 lakhs till payment or realization. Our Company has filed a written statement in the said matter. This matter is currently pending.

C. Tax proceedings involving our Company

We have set out below claims relating to direct and indirect taxes involving our Company in a consolidated manner giving details of number of cases and total amount involved in such claims:

Nature of case	Number on cases	Amount involved (₹ in lakhs)
Direct Tax	11	364.86
Indirect Tax	5	72.19

D. Actions taken by Regulatory and Statutory Authorities against our Company

As on the date of this Placement Document, there are no action taken by regulatory and statutory authorities against our Company.

II. Litigations involving our Subsidiaries

A. Criminal Proceedings involving our Subsidiaries

Criminal Proceedings filed by our Subsidiaries

As on the date of this Placement Document, there are no criminal proceedings filed by our Subsidiaries.

Criminal Proceedings filed against our Subsidiaries

As on the date of this Placement Document, there are no criminal proceedings filed against our Subsidiaries.

B. Material Civil Proceedings involving our Subsidiaries

Civil Proceedings filed by our Subsidiaries

As on the date of this Placement Document, there are no civil proceedings filed by our Subsidiaries.

Civil Proceedings filed against our Subsidiaries

As on the date of this Placement Document, there are no civil proceedings filed against our Subsidiaries.

C. Tax proceedings involving our Subsidiaries

We have set out below claims relating to direct and indirect taxes involving our Subsidiaries in a consolidated manner giving details of number of cases and total amount involved in such claims:

Nature of case	Number on cases	Amount involved (₹ in lakhs)
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

D. Actions taken by Regulatory and Statutory Authorities against our Subsidiaries

As on the date of this Placement Document, there are no action taken by regulatory and statutory authorities against our Subsidiaries.

III. Litigations involving our Promoters

A. Criminal Proceedings involving our Promoters

Criminal Proceedings filed by our Promoters

As on the date of this Placement Document, there are no criminal proceedings filed by our Promoter.

Criminal Proceedings filed against our Promoters

As on the date of this Placement Document, there are no criminal proceedings filed against our Promoters.

B. Material Civil Proceedings involving our Promoters

Civil Proceedings filed by our Promoters

As on the date of this Placement Document, there are no civil proceedings filed by our Promoter.

Civil Proceedings filed against our Promoters

1. The workers union ("**Claimant**") of KDDL Limited filed a claim petition dated September 11, 2011, before the Labour Court cum Industrial Tribunal, Shimla, stating that the workers of KDDL Limited have been illegally transferred from Parwanoo to Baddi without any reason. The Claimant claimed that the workers were transferred with an intention to deprive them from taking benefits of the settlement arrived between the Claimant and management of KDDL Limited at Parwanoo and that due to the transfer, the workers have been harassed mentally as well as financially. KDDL Limited in its written reply to the claim petition stated that the said claim petition is neither competent nor maintainable since transfer is an incidence of service and that there was no change in service condition of workers when transferred. KDDL Limited prayed for the dismissal of the petition. The matter is currently pending.

2. The workers union ("**Claimant**") of KDDL Limited filed a claim petition dated September 11, 2011, before the Labour Court cum Industrial Tribunal, Shimla, stating that the Workers Union had approached the management of KDDL Limited for settlement of their demands including demand for increase in salary in the last week of October, 2009, as the settlement entered earlier between the Claimant and the management of Promoter was about to expire in October 31, 2009. The Claimant has stated that the management of KDDL Limited intentionally did not accept their demands to increase salary and transferred some of the workers to Baddi with an intention to deprive them from taking benefits of settlement arrived. KDDL Limited in its written reply to the claim petition stated that after expiry of the settlement, a fresh settlement was entered into considering the financial health of the workers. KDDL Limited prayed for the dismissal of the claim petition. The matter is currently pending.

C. Actions taken by Regulatory and Statutory Authorities against our Promoters

1. The executive engineer (enforcement) of the Punjab State Electricity Board ("**PSEB**") visited the premises of our Promoter, KDDL Limited at Dera Bassi and alleged to have detected connected load of 1271.42 KW as against the sanctioned load of 598.830 KW. Accordingly, PSEB issued a demand notice to KDDL Limited for depositing a load surcharge of ₹ 5.04 lakhs. KDDL Limited made representation before the Zonal Dispute Settlement Committee ("**ZDSC**"). The ZDSC decided the matter against KDDL Limited. Aggrieved by the decision of the ZDSC, KDDL Limited filed an appeal before the Electricity Grievances Redressal Forum, Patiala ("**EGRF**"). The EGRF dismissed the appeal filed by KDDL. Aggrieved by the decision passed by EGRF, KDDL Limited filed an appeal before the Ld. Ombudsman (Electricity) Punjab, Chandigarh, which granted relied to the extent of 175.50 KW amounting to ₹ 1.32 lakhs, however declined to grant entire relief. KDDL. Thereafter, KDDL Limited filed an appeal before High Court of Punjab and Haryana for quashing the order passed by PSEB, ZDSC, and EGRF. Presently disputed amount to an extent of ₹ 3.72 lakhs is involved in the matter. The matter is currently pending.

IV. Litigations involving our Directors

A. Criminal Proceedings involving our Directors

Criminal Proceedings filed by our Directors

As on the date of this Placement Document, there are no criminal proceedings filed by our Directors.

Criminal Proceedings filed against our Directors

As on the date of this Placement Document, there are no criminal proceedings filed against our Directors

B. Material Civil Proceedings involving our Directors

Civil Proceedings filed by our Directors

As on the date of this Placement Document, there are no criminal proceedings filed by our Directors

Civil Proceedings filed against our Directors

Except as disclosed in "-*Civil Proceedings filed against our Company*" above on page 272, there are no outstanding civil proceedings filed against our Directors.

C. Actions taken by Regulatory and Statutory Authorities against our Directors

As on the date of this Placement Document, there are no action taken by regulatory and statutory authorities against our Directors

D. Inquiries, inspections, or investigations under the Companies Act initiated or conducted in the last three years

There have been no inquiries, inspections or investigations initiated or conducted against our Company or our Subsidiaries under the Companies Act, 1956 or the Companies Act in the last three years immediately preceding the year of issue of this Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or our Subsidiaries.

E. Details of acts of material frauds committed against our Company in the last three years, if any and if so, the action taken by our Company

Except for details as mentioned above under "-*Criminal Proceedings filed by our Company*", there have been no material frauds committed against our Company in the last three years preceding the date of this Placement Document.

F. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operation

There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

G. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

As on the date of this Placement Document, our Company has no outstanding defaults in repayment of undisputed statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution.

H. Details of defaults in annual filing of our Company under the Companies Act and the rules made thereunder

As on the date of this Placement Document, our Company has not made any default in filings of our Company under the Companies Act and the rules made thereunder.

GENERAL INFORMATION

- Our Company was originally incorporated as '*Kamla Retail Limited*' under the provisions of Companies Act, 1956, at Parwanoo, Himachal Pradesh, pursuant to the certificate of incorporation dated November 5, 2007, issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company was granted certificate for commencement of business on November 16, 2007, by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Subsequently, the name of our Company was changed to '*Ethos Limited*' pursuant to a special resolution passed by the Shareholders of our Company on March 2, 2012, and a fresh certificate of incorporation consequent upon change of name was issued by Registrar of Companies, Himachal Pradesh on March 5, 2012.

- The registered office of our Company is located at Plot No. 3, Sector -III, Parwanoo – 173 220, Himachal Pradesh, India. The CIN of our Company is L52300HP2007PLC030800.

- The website of our Company is www.ethoswatches.com.

- The Equity Shares of our Company are listed on BSE and NSE since May 30, 2022.

- The Issue has been approved by our Board of Directors on September 5, 2023 subject to approval of the shareholders. Subsequently, our Shareholders, through special resolution, approved the Issue on September 29, 2023.

- Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations to list the Equity Shares on the NSE and the BSE, each dated October 31, 2023. Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday between 10.00 A.M. to 5.00 P.M. (except public holidays) at our Corporate Office.

- No change in the control of our Company will occur consequent to the Issue.

- Except as disclosed in this Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- Except as disclosed in this Placement Document, there has been no material change in our financial or trading condition since June 30, 2023, the date of the Special Purpose Interim Unaudited Condensed Consolidated Financial Statements prepared and included herein.

- Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 271.

5. There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

- Our Company Secretary and Compliance Officer is Anil Kumar. His contact details are as follows:

Anil Kumar
Kamla Centre, S.C.O. 88-89,
Sector 8-C, Madhya Marg,
Union Territory of Chandigarh 160 009, India
Telephone: + (91) 97806 87553
E-mail: anil.dhiman@ethoswatches.com

- The Floor Price for the Issue is ₹ 1,627.49 per Equity Share, calculated in accordance with Regulation 176 of the SEBI ICDR Regulations. Our Company has offered a discount of 4.95% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations and in accordance with the approval of the Shareholders accorded through their resolution passed on September 29, 2023.

- Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing so at his or her own risk.

FINANCIAL STATEMENTS

Financial Statements	Page Number
Special Purpose Interim Unaudited Condensed Consolidated Financial Statements for the three months ended June 30, 2023 along with relevant review report issued	F1 – F49
Fiscal 2023 Audited Consolidated Financial Statements along with the audit report issued	F50 – F118
Fiscal 2022 Audited Consolidated Financial Statements along with the audit report issued	F119 – F188
Fiscal 2021 Audited Consolidated Financial Statements along with the audit report issued	F189 – F257

S.R. BATLIBOI & CO. LLP
Chartered Accountants

4th Floor, Office 405
World Mark – 2, Asset No. 8
IGI Airport Hospitality District, Aerocity
New Delhi – 110 037, India
Tel: +91 11 4681 9500

Review Report

Review Report to
The Board of Directors
Ethos Limited

We have reviewed the accompanying Special Purpose Interim Condensed Consolidated Financial Statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, comprising of the special purpose interim condensed consolidated balance sheet as at June 30, 2023, the special purpose interim condensed consolidated Statements of Profit and Loss including other comprehensive income, the special purpose interim condensed consolidated Cash Flow Statement and the special purpose interim condensed consolidated Statement of Changes in Equity for the three months period ended June 30, 2023, and condensed notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information (together hereinafter referred to as the "Special Purpose Interim Condensed Consolidated Financial Statements").

Management's Responsibility for the Financial Statements
The Holding Company's Board of Directors is responsible for the preparation and presentation of these Special Purpose Interim Condensed Consolidated Financial Statements in accordance with the requirements of Indian Accounting Standard - 34 "Interim financial reporting" (Ind AS-34) specified under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and other recognised accounting practices and policies. These Special Purpose Interim Condensed Consolidated Financial Statements has been prepared solely in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "Regulations"). Our responsibility is to express a conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements based on our review.

Scope of review
We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Interim Condensed Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the principles of Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of

Companies (Indian Accounting Standards) Rules, 2015, as amended and other recognised accounting practices and policies.

Other Matters

1. This report on the Special Purpose Interim Condensed Consolidated Financial Statements has been issued solely in connection with the purpose specified in note 2.1 of the Special Purpose Interim Condensed Consolidated Financial Statements and is intended solely for the information and use of the Board of Directors and should not be used for any other purpose or provided to other parties.

2. The Special Purpose Interim Condensed Consolidated Financial Statements includes the unaudited Interim financial statements in respect of two subsidiaries, whose Interim financial statements include total assets of Rs. 4,055.29 lakhs as at June 30, 2023, total revenues of Rs 71.16 lakhs, total net profit after tax of Rs. 6.37 lakhs, total comprehensive income of Rs. 6.37 lakhs and net cash inflows of Rs. 1,917.75 lakhs for the three months ended June 30, 2023 respectively, as considered in the Special Purpose Interim Condensed Consolidated Financial Statements. The Special Purpose Interim Condensed Consolidated Financial Statements also includes Group's share of net profit of Rs. 21.12 lakhs and Group's share of total comprehensive income of Rs. 21.12 lakhs for the three months ended June 30, 2023 respectively in respect of one joint venture, as considered in the Special Purpose Interim Condensed Consolidated Financial Statements. These unaudited interim financial statements have been reviewed by other auditors, whose reports have been furnished to us by the management of the Group. Accordingly, our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures includes in respect of these subsidiaries and joint venture are based solely on the reports of other auditors.
   One of these subsidiaries is located outside India whose interim financial statement have been prepared in accordance with accounting principles generally accepted in its country and which has been reviewed by its auditor under generally accepted auditing standards applicable in that country. The Company's management has converted the interim financial statement of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of the auditor and the conversion adjustments prepared by the management of the Company and reviewed by us.

3. The Special Purpose Interim Condensed Consolidated Financial Statements also include unaudited interim financial statement in respect of one subsidiary, which have not been reviewed by any auditor, whose interim financial statement reflect total assets of Rs. 18.34 lakhs as at June 30, 2023, total revenues of Nil, total net profit after tax of Nil and total comprehensive income of Nil and net cash inflows of Rs. 18.34 lakhs for the three months ended June 30, 2023. This subsidiary is located outside India whose interim financial statement have been prepared in accordance with accounting principles generally accepted in its country and which has not been reviewed. The Company's management has converted the interim financial statement of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. These interim financial statements have been approved and furnished to us by the Management and our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements, in so far as it relates to the affairs of this subsidiary, is based solely on such unaudited interim financial statement. According to the

information and explanations given to us by the Management, these interim financial statements are not material to the Group and its joint venture.
Our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Company's management.

4. We have not audited or reviewed the comparative financial information for the corresponding previous three months ended June 30, 2022 appearing in the Special Purpose Interim Condensed Consolidated Financial Statements, which are solely based on management certified accounts of the Group and its joint venture.

5. The Group and its joint venture had prepared separate statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2023, in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34, (Ind AS 34) "Interim Financial Reporting", on which we had issued a separate auditor's review report dated August 05, 2023. These Unaudited Consolidated Financial Results were prepared pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

ANIL GUPTA
Digitally signed by ANIL GUPTA
DN: cn=ANIL GUPTA, c=IN, o=Personal, email=anil.gupta@srb.in
Date: 2023.10.31 12:11:29 +05'30'

per Anil Gupta
Partner
Membership No. 87921

UDIN: 23087921BGXAWU5471

Place: New Delhi
Date: October 31, 2023

ETHOS LIMITED

CIN: L52300HP2007PLC030800

Special Purpose Interim Condensed Consolidated Balance Sheet as at June 30, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at June 30, 2023 (Unaudited)	As at March 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	**3**	6,412.62	5,284.41
Capital work-in-progress		162.63	401.45
Intangible assets	**4**	5,473.19	4,070.65
Right-of-use assets	**16**	12,407.69	10,345.04
Intangible assets under development		38.58	-
Investment in Joint Venture	**5a**	228.27	207.15
Financial assets			
- Investment	**5b**	112.76	-
- Loans		4.93	5.67
- Other financial assets		1,432.22	2,452.01
Non-current tax assets (net)		234.79	234.79
Deferred tax assets (net)		846.41	860.62
Other non-current assets		199.50	255.24
Total non-current assets		**27,553.59**	**24,117.03**
Current assets			
Inventories		37,210.86	33,987.29
Financial assets			
- Trade receivables		1,398.81	617.74
- Cash and cash equivalents	**6**	5,554.92	2,788.87
- Other bank balances	**7**	15,708.77	20,074.43
- Loans		50.29	25.28
- Other financial assets		1,481.23	1,500.93
Other current assets		5,446.91	4,858.06
Total current assets		**66,851.79**	**63,852.60**
Total Assets		**94,405.38**	**87,969.63**
EQUITY AND LIABILITIES			
Equity			
Equity share capital		2,334.92	2,334.92
Other equity		62,636.98	60,814.72
Equity attributable to owners of the Company		**64,971.90**	**63,149.64**
Non controlling interest		0.00	0.00
Total equity		**64,971.90**	**63,149.64**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	**8**	724.45	711.77
- Lease liabilities	**16**	10,724.21	8,916.80
- Other financial liabilities		58.96	47.15
Provisions		208.52	192.35
Total non-current liabilities		**11,716.14**	**9,868.07**
Current liabilities			
Financial liabilities			
- Borrowings	**8**	91.67	87.25
- Lease liabilities	**16**	2,570.26	2,356.75
-Trade payables			
-total outstanding dues of micro enterprises and small enterprises		195.06	50.95
-total outstanding dues of creditors other than micro enterprises and small enterprises		9,988.91	9,607.39
-Other financial liabilities		2,870.47	1,058.00
Other current liabilities		1,362.79	1,380.25
Provisions		410.59	390.56
Current tax liabilities (net)		227.59	20.77
Total current liabilities		**17,717.34**	**14,951.92**
Total liabilities		**29,433.48**	**24,819.99**
Total Equity and Liabilities		**94,405.38**	**87,969.63**
Summary of accounting policies	**2**		

The accompanying notes form an integral part of the special purpose interim condensed consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

ANIL GUPTA
Digitally signed by ANIL GUPTA
DN: cn=ANIL GUPTA, c=IN, o=Personal, email=anil.gupta@srb.in
Date: 2023.10.31 12:12:10 +05'30'

Place: New Delhi
Date: October 31, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Digitally signed by Yashovardhan Saboo
Date: 2023.10.31 10:51:21 +05'30'

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

RITESH KUMAR AGRAWAL
Digitally signed by RITESH KUMAR AGRAWAL
Date: 2023.10.31 10:37:47 +05'30'

Ritesh Kumar Agrawal
Chief Financial Officer

Anil Kumar
Digitally signed by Anil Kumar
Date: 2023.10.31 10:38:58 +05'30'

Anil Kumar
Company Secretary

Place: Chandigarh
Date: October 31, 2023

ANIL KHANNA
Digitally signed by ANIL KHANNA
Date: 2023.10.31 11:00:15 +05'30'

Anil Khanna
Director
DIN 00012232

Pranav Shankar Saboo
Digitally signed by Pranav Shankar Saboo
Date: 2023.10.31 10:33:24 +05'30'

Pranav Shankar Saboo
Chief Executive Officer

ETHOS LIMITED

Special Purpose Interim Condensed Consolidated Statement of Profit and Loss as at and for period ended June 30, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	Period ended June 30, 2023 (Unaudited)	Period ended June 30, 2022 (Unaudited, refer note 2.1)
Revenue from operations	9	23,002.16	17,356.05
Other income		468.59	223.42
Total Income (I)		**23,470.75**	**17,579.47**
Expenses			
Purchase of stock-in-trade		19,242.56	15,307.57
Changes in inventory of stock-in-trade		(3,223.57)	(3,417.71)
Employee benefits expense		1,737.42	1,239.46
Finance costs	10	379.77	423.69
Depreciation and amortization expense	11	1,072.66	813.00
Other expenses	12	1,853.67	1,524.50
Total expenses (II)		**21,062.51**	**15,890.51**
Profit before share of joint venture and tax (III= I-II)		**2,408.24**	**1,688.96**
Share of profit of joint venture (net of income tax) (IV)		**21.12**	**16.46**
Profit before tax (V= III-IV)		**2,429.36**	**1,705.42**
Tax expense, comprising			
- Current tax		599.51	465.76
- Deferred tax		14.20	(40.07)
Total tax expense (VI)		**613.71**	**425.69**
Profit for the period (VII = V-VI)		**1,815.65**	**1,279.73**
Other comprehensive income			
Items that will be reclassified subsiquently to profit or loss:			
- Exchange Differences on translation of foreign operations		6.61	-
Total other comprehensive income for the period		**6.61**	**-**
Total comprehensive income for the period		**1,822.26**	**1,279.73**
Earnings per equity share [nominal value of Rs. 10 (previous period Rs. 10)]	13		
Basic (Rs.)		7.78	6.56
Diluted (Rs.)		7.78	6.56
Summary of accounting policies	2		

The accompanying notes form an integral part of the special purpose interim condensed consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

ANIL GUPTA
Digitally signed by ANIL GUPTA
DN: cn=ANIL GUPTA, c=IN, o=Personal, email=anil.gupta@srb.in
Date: 2023.10.31 12:12:46 +05'30'

Place: New Delhi
Date: October 31, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Digitally signed by Yashovardhan Saboo
Date: 2023.10.31 10:31:34 +05'30'

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

ANIL KHANNA
Digitally signed by ANIL KHANNA
Date: 2023.10.31 11:00:56 +05'30'

Anil Khanna
Director
DIN 00012232

RITESH KUMAR AGRAWAL
Digitally signed by RITESH KUMAR AGRAWAL
Date: 2023.10.31 10:38:00 +05'30'

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Digitally signed by Pranav Shankar Saboo
Date: 2023.10.31 10:33:39 +05'30'

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Digitally signed by Anil Kumar
Date: 2023.10.31 10:40:16 +05'30'

Anil Kumar
Company Secretary

Place: Chandigarh
Date: October 31, 2023

ETHOS LIMITED

Special Purpose Interim Condensed Consolidated Cash Flow Statement for the period ended June 30, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

PARTICULARS	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited, refer note 2.1)
A. OPERATING ACTIVITIES		
Profit before income tax	2,429.36	1,705.42
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation and amortization expense	1,072.66	813.00
Write off / loss on sale of property, plant & equipment	-	0.27
Interest expense	379.77	413.97
Interest income	(407.67)	(149.35)
Provisions/liabilities no longer required written back	(47.61)	(35.54)
Share of profit of joint venture	(21.12)	(16.46)
Unrealized foreign exchange loss	15.32	73.19
Effect of exchange rate on translation of operating cash flows	6.61	-
Allowance for doubtful debts/(written back)	-	(5.68)
Allowance for doubtful advances/recoverable/security deposit	27.14	-
Advances/deposits/Bad debts written off (Net)	2.50	10.37
Cash generated from operations before working capital changes	**3,456.96**	**2,809.19**
Movements in working capital:		
(Increase)/ Decrease in loans	(24.27)	5.16
(Increase)/ Decrease in other financial assets	190.15	(240.78)
(Increase) in other assets	(592.56)	(2,157.06)
(Increase) in inventories	(3,223.57)	(3,417.71)
(Increase) in trade receivables	(783.71)	(1.84)
Increase in provisions	36.20	26.06
Increase in trade payables	510.52	978.31
Increase in other financial liabilities	125.66	59.16
Increase in other current liabilities	29.28	30.23
Cash (used in) operations	**(275.34)**	**(1,909.28)**
Income tax paid (net)	(392.68)	(249.13)
Net cash (used in) operating activities (A)	**(668.02)**	**(2,158.41)**
B. INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(879.60)	(131.29)
Proceeds from sale of property, plant and equipment	-	0.63
Investment in bank deposits (having original maturity of more than three months)	5,230.90	(28,576.95)
Interest received	118.96	10.04
Net cash flow from /(used in) investing activities (B)	**4,470.26**	**(28,697.57)**
C. FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including premium)	-	37,500.00
Share issue expenses	-	(3,672.64)
Proceeds from non-current borrowings	26.75	178.61
Repayment of non-current borrowings	(9.54)	(1,074.79)
Proceeds from/repayments of other current borrowings (net)	(0.08)	(2,199.40)
Payment of principal portion of lease liabilities	(686.77)	(731.89)
Interest paid on lease liabilities	(357.15)	(279.22)
Interest expense paid	(9.40)	(113.17)
Net cash (Used in) /flow from financing activities (C)	**(1,036.19)**	**29,607.50**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,766.05**	**(1,248.48)**
Cash and cash equivalents at the beginning of the period	2,788.87	3,768.32
Cash and cash equivalents at the end of the period	**5,554.92**	**2,519.84**

ETHOS LIMITED

Special Purpose Interim Condensed Consolidated Cash Flow Statement for the period ended June 30, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

PARTICULARS	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited, refer note 2.1)
Notes :		
1. Cash and cash equivalents include :		
Balance with banks in current accounts	3,101.70	2,357.19
Cheques and drafts on hand	83.11	10.34
Cash on hand	168.82	74.75
Credit cards receivable	127.29	77.56
Fixed Deposits with original maturity of less than three months	2,074.00	-
Cash and cash balance at the end of the period	**5,554.92**	**2,519.84**

2. The above cash flow statement has been prepared under indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

3. Refer note 16 for non-cash investing activities in form of additions to right of use assets.

The accompanying notes form an integral part of the special purpose interim condensed consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

ANIL GUPTA Digitally signed by ANIL GUPTA DN: cn=ANIL GUPTA, c=IN, o=Personal, email=anil.gupta@srb.in Date: 2023.10.31 12:13:36 +05'30'

Place: New Delhi
Date: October 31, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo Digitally signed by Yashovardhan Saboo Date: 2023.10.31 10:31:49 +05'30'

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

ANIL KHANNA Digitally signed by ANIL KHANNA Date: 2023.10.31 11:01:57 +05'30'

Anil Khanna
Director
DIN 00012232

RITESH KUMAR AGRAWAL Digitally signed by RITESH KUMAR AGRAWAL Date: 2023.10.31 10:38:17 +05'30'

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo Digitally signed by Pranav Shankar Saboo Date: 2023.10.31 10:33:56 +05'30'

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar Digitally signed by Anil Kumar Date: 2023.10.31 10:40:55 +05'30'

Anil Kumar
Company Secretary

Place: Chandigarh
Date: October 31, 2023

a. Equity share capital

	Number	Amount
Balance as at April 1, 2022	**1,90,78,163**	**1,907.82**
Issue of share capital during the period	42,71,070	427.10
Balance as at June 30, 2022	**2,33,49,233**	**2,334.92**

Equity share capital	**Number**	**Amount**
Balance as at April 1, 2023	**2,33,49,233**	**2,334.92**
Issue of share capital during the period	-	-
Balance as at June 30, 2023	**2,33,49,233**	**2,334.92**

b. Other Equity

	Deemed capital contribution	Reserves and surplus			Other comprehensive Income	Total
		Capital reserve	Securities premium	Retained earnings	Exchange differences on translation of foreign operations	
Balance as at April 1, 2023	**50.51**	**1.67**	**51,548.31**	**9,214.39**	**(0.16)**	**60,814.72**
- Profit for the period	-	-	-	1,815.65	-	1,815.65
-Other comprehensive income (net of tax)	-	-	-	-	6.61	6.61
Total comprehensive income for the period	**-**	**-**	**-**	**1,815.65**	**6.61**	**1,822.26**
-Issue of equity shares for cash	-	-	-	-	-	-
Balance as at June 30, 2023	**50.51**	**1.67**	**51,548.31**	**11,030.04**	**6.45**	**62,636.98**

	Deemed capital contribution	Reserves and surplus			Other comprehensive Income	Total
		Capital reserve	Securities premium	Retained earnings	Exchange differences on translation of foreign operations	
Balance as at April 1, 2022	**50.51**	**1.67**	**18,006.46**	**3,202.03**	**-**	**21,260.67**
- Profit for the period	-	-	-	1,279.73	-	1,279.73
-Other comprehensive income (net of tax)	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**1,279.73**	**-**	**1,279.73**
-Issue of equity shares for cash *	-	-	33,400.25	-	-	33,400.25
Balance as at June 30, 2022	**50.51**	**1.67**	**51,406.71**	**4,481.76**	**-**	**55,940.65**

* Net of share issue expenses of Rs. 3,672.64

The accompanying notes form an integral part of the special purpose interim condensed consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

ANIL GUPTA
Digitally signed by ANIL GUPTA
DN: cn=ANIL GUPTA, c=IN, o=Personal, email=anil.gupta@srb.in
Date: 2023.10.31 12:14:25 +05'30'

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: October 31, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Digitally signed by Yashovardhan Saboo
Date: 2023.10.31 10:32:05 +05'30'

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

ANIL KHANNA
Digitally signed by ANIL KHANNA
Date: 2023.10.31 11:02:56 +05'30'

Anil Khanna
Director
DIN 00012232

RITESH KUMAR AGRAWAL
Digitally signed by RITESH KUMAR AGRAWAL
Date: 2023.10.31 10:58:53 +05'30'

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Digitally signed by Pranav Shankar Saboo
Date: 2023.10.31 10:34:11 +05'30'

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Digitally signed by Anil Kumar
Date: 2023.10.31 10:40:54 +05'30'

Anil Kumar
Company Secretary

Place: Chandigarh
Date: October 31, 2023

1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on 05 November 2007 under the provisions of the Companies Act applicable in India. These special purpose interim condensed consolidated financial statements comprise the Company, its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh. The Corporate Identification Number of parent company is L52300HP2007PLC030800.

The Group's business consists of retail trading of premium and luxury watches, accessories and other luxury items, marketing and support services and rendering of related after sale services.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 17.

The special purpose interim condensed consolidated financial statements were approved for issue in accordance with a resolution of the directors on October 31, 2023

2. Accounting policy information

2.1 Basis of preparation

These Special purpose interim condensed consolidated financial statements of the Group, which comprise the Special purpose interim condensed balance sheet as at June 30, 2023; Special purpose interim condensed statement of Profit and Loss; Special purpose interim condensed Statement of Changes in Equity and Special purpose interim condensed Cash Flow Statement for the period then ended and other selected explanatory notes has been prepared in accordance with the principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting". This unaudited special purpose interim condensed financial statements has been prepared in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "Regulations").

The accounting policies adopted in the preparation of these unaudited special purpose interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual audited consolidated financial statements for the year ended March 31, 2023 except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in the financial position and performance since the last annual audited consolidated financial statements.

The special purpose interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at March 31, 2023.

The functional currency of the Group is the Indian rupee. These special purpose interim condensed consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The special purpose interim condensed consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The Parent Company, subsidiaries and joint venture have prepared the financial statements on the basis that they will continue to operate as a going concern.

2.2 Basis of Consolidation

The Special purpose interim condensed consolidated financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries and its joint venture as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affects its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the special purpose interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Special purpose interim condensed consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the special purpose interim condensed consolidated financial

statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the special purpose interim condensed consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the special purpose interim condensed consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the special purpose interim condensed consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The details of the consolidated entities are as follows:

Name of the Entity	**Principal Activities**	**Relationship**	**Country of incorporation**	**% of holding (30 June 2023)**	**% of holding (31 March 2023)**
Cognition Digital LLP*	IT based business solutions	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Trading of Watches	Joint Venture	India	50.00%	50.00%
Silvercity Brands AG ***	Trading of Watches and invest	Subsidiary	Switzerland	100%	100%

	in/create related brands				
Favre Leuba GmBH****	Trading of Watches	Subsidiary	Switzerland	100%	-

* The percentage of holding denotes the Share of Profits in LLP.
** w.e.f. May 03, 2019
*** w.e.f. March 31, 2023
**** w.e.f. June 26, 2023

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of accounting policies

a. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the

acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss outside the operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

c. Property, plant and equipment ('PPE')

Recognition and measurement

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and accumulated impairment loss, if any.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,

- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of property, plant and equipment that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation
Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years and furniture & fixture being in the nature of display furniture at stores which are depreciated over the estimated life of three years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided for the lease term or useful life of assets, whichever is lower. Refer lease policy at note no. '2.3(p)' below for period of leases.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided considered life reassessment if store is due for closure upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

d. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP) , Business Intelligence software and Website is 6 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Intangible assets with indefinite useful lives such as Brands are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

e. Inventories

Inventories comprises of traded goods are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, less duties and taxes those are recoverable from government authorities, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). Remeasurements are not reclassified to profit or loss in subsequent periods. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Group recognises gains and losses on the

settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shares-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 35(IV).

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total

fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

h. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

i. Financial guarantee contracts

Financial guarantee contracts are recognised as a deemed equity contribution if no premium was paid when guarantee is received. Deemed equity contribution is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

j. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

k. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

l. Revenue from contract with customers

The Group earns revenue primarily from retail trading of premium and luxury watches, accessories and other luxury items, marketing and support services and rendering of related after sale services. The Group has concluded that it is the principal in its revenue arrangement because it typically controls goods or services before transferring them to the customers.

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

1) identify the contract with a customer,
2) identify the performance obligations in the contract,
3) determine the transaction price,
4) allocate the transaction price to the performance obligations in the contract, and
5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

The method for recognizing revenues and costs depends on the nature of the products sold and services rendered.

Sale of goods

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points).

Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Customer loyalty programmes

For customer loyalty programmes, the transaction price in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Sale of services
Revenue from services rendered is recognised in profit or loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes at the time of completion of service.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a

customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

m. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

o. Taxes

Income tax expenses comprises of current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or

simultaneously.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/Goods and Service Tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax / GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

p. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 10 years
- Furniture 4 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

q. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (l) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI
A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable adoption to present subsequent changes in the fair value under other comprehensive income,. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from

OCI to the Profit or Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Profit or Loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet
Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss (FVTPL)

- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments
The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

r. Impairment of non-financial assets

The Group's non-financial assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

s. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The special purpose interim condensed consolidated financial statements are presented in INR, which is also the Parent Company's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates and is normally the currency in which the Group primarily generates and expends cash.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction. The gain or loss arising on translation of non-monetary items

measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

t. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer/Managing Director as Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

v. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

w. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

x. Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values used in preparing these special purpose interim condensed consolidated financial statements is included in the respective notes

2.4 Changes in accounting policies and disclosures

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 1, 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from annual reporting periods beginning April 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments do not have any impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1
The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments to Ind AS 1 are applicable for annual periods beginning April 1, 2023.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12
The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after April 1, 2023. The amendments does not have any impact on the Company's financial statements.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the special purpose interim condensed consolidated financial statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2023 is included in the following notes:

a) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

b) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

c) Contingencies

Refer Note 15 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

e) Determining the lease term of contracts with renewal and termination options – Group as lessee: The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and

liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases – Estimating the incremental borrowing rate: The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

f) **Useful life of Property, plant and equipment and intangibles:** The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

g) **Provision for slow and obsolete inventory:** The Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net realisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the Parent Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

3. Property, plant and equipment

Gross carrying amount (at deemed cost/ cost)	Leasehold improvement	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total
Balance as at April 1, 2022	2,723.07	353.35	2,205.14	451.85	443.03	**6,176.44**
Additions during the year	933.43	53.60	730.83	223.40	608.91	**2,550.17**
Disposals during the year	(234.41)	(30.83)	(128.84)	(120.19)	(129.98)	**(644.25)**
Balance as at March 31, 2023	**3,422.09**	**376.12**	**2,807.13**	**555.06**	**921.96**	**8,082.36**
Additions during the period	658.75	0.88	460.78	67.87	229.67	**1,417.95**
Disposals during the period	-	-	-	-	-	-
Balance as at June 30, 2023	**4,080.84**	**377.00**	**3,267.91**	**622.93**	**1,151.63**	**9,500.31**
Accumulated Depreciation						
Balance as at April 1, 2022	1,315.21	45.20	733.03	240.37	116.61	**2,450.42**
Depreciation charge for the year	418.16	21.46	263.89	111.17	80.99	**895.67**
Accumulated depreciation on disposals	(234.41)	(30.83)	(126.45)	(107.11)	(49.34)	**(548.14)**
Balance as at March 31, 2023	**1,498.96**	**35.83**	**870.47**	**244.43**	**148.26**	**2,797.95**
Depreciation charge for the period	137.27	5.86	80.97	36.45	29.19	**289.74**
Accumulated depreciation on disposals	-	-	-	-	-	-
Balance as at June 30, 2023	**1,636.23**	**41.69**	**951.44**	**280.88**	**177.45**	**3,087.69**
Net carrying amount						
At March 31, 2023	**1,923.13**	**340.29**	**1,936.66**	**310.63**	**773.70**	**5,284.41**
At June 30, 2023	**2,444.61**	**335.31**	**2,316.47**	**342.05**	**974.18**	**6,412.62**

Notes:

a. Refer note 8 for information on property, plant and equipment pledged as security by the Group.

b. Refer note 15 (ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Addition amount is net of reimbursement received for property, plant and equipment of Rs.Nil as at June 30, 2023 (March 31, 2023: 1.09) from brands.

d. Deletion amount includes re-imbursement received for property, plant and equipment of Rs.Nil as at June 30, 2023 (March 31, 2023: 2.36) from brands.

4. Intangible assets

Gross carrying amount (at deemed cost/ cost)	Brand	Business Intelligence	Website	Computer Softwares	Total
Balance as at April 1, 2022	-	51.15	41.90	51.11	**144.16**
Additions during the year	4,017.00	-	-	6.34	**4,023.34**
Disposals during the year	-	-	-	(1.14)	**(1.14)**
Balance as at March 31, 2023	**4,017.00**	**51.15**	**41.90**	**56.31**	**4,166.36**
Additions during the period (refer note 24)	1,407.36	-	-	-	1,407.36
Disposals during the period	-	-	-	-	-
Balance as at June 30, 2023	**5,424.36**	**51.15**	**41.90**	**56.31**	**5,573.72**
Accumulated Amortisation					
Balance as at April 1, 2022		21.28	21.00	35.58	**77.86**
Amortisation for the year	-	8.52	6.98	3.49	**18.99**
Disposals during the year	-	-	-	(1.14)	**(1.14)**
Balance as at March 31, 2023	**-**	**29.80**	**27.98**	**37.93**	**95.71**
Amortisation for the period	-	2.12	1.74	0.96	**4.82**
Disposals during the period	-	-	-	-	-
Balance as at June 30, 2023	**-**	**31.92**	**29.72**	**38.89**	**100.53**
Net carrying amount					
At March 31, 2023	**4,017.00**	**21.35**	**13.92**	**18.38**	**4,070.65**
At June 30, 2023	**5,424.36**	**19.23**	**12.18**	**17.42**	**5,473.19**

5a. Investments in Joint Venture

	As at June 30, 2023	As at March 31, 2023
Non-current investment		
(Investment carried at equity method of accounting)		
In equity shares of Joint venture		
Unquoted, fully paid up		
- Pasadena Retail Private Limited 17,50,000 equity shares of Rs. 10 each fully paid up (March 31, 2023: 17,50,000 equity shares of Rs. 10 each fully paid up)	175.00	175.00
- Share of Profit in Joint Venture	53.27	32.15
	228.27	207.15

5b. Investments

In equity shares of other Company (Fair value through profit and loss)		
Unquoted, fully paid up		
- Haute-rive Watches SA (Refer Note 22)	112.76	-

6. Cash and cash equivalents	As at June 30, 2023	As at March 31, 2023
Balances with banks in		
- Current accounts*	3,101.70	1,857.57
- Fixed Deposits with original maturity of less than three months**	2,074.00	500.00
Cheques and drafts on hand	83.11	71.94
Cash on hand	168.82	106.53
Others		
- Credit cards receivable	127.29	252.83
	5,554.92	2,788.87

* Balance as on June 30, 2023 included Rs. 16.41 (March 31, 2023: Rs.133.09) balance of unutilised Initial Public Offer (IPO) procced with monitoring agency bank account. Refer note 19.

** Fixed deposits include balance of Initial Public Offer (IPO) proceeds of Rs.375 (March 31, 2023: Rs. 500) which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on June 30, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 19.

7. Other bank balances	As at June 30, 2023	As at March 31, 2023
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	15,708.77	20,074.43
	15,708.77	20,074.43

These deposits include restricted bank deposits amounting to Rs.363.44 (March 31, 2023 : Rs.480.27) on account of deposits pledged as security for bank guarantees, credit card limit and earmarked against deposits from shareholders. Also, fixed deposits includes balance of Initial Public Offer (IPO) proceeds of Rs. 14,000 (March 31, 2023: Rs.19,000) which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on June 30, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 19.

8. Borrowings	Note	As at June 30, 2023	As at March 31, 2023
i) *Non-current borrowings*			
Term-loans			
From banks (secured)	(a)	135.68	118.08
Deposits from shareholders (unsecured)(refer to note 17 for related party disclosure)	(b)	636.65	637.07
Total non-current borrowings (including current maturities)		772.33	755.15
Less : Current maturities of non-current borrowings [refer to note 8(ii)]		(47.88)	(43.38)
		724.45	711.77

Notes:

a) Vehicle loans from banks amounting to Rs.135.68 (March 31, 2023: Rs.118.08) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2023: 7.10% to 9.25%). The above loans are repayable in monthly instalments within a period of next two to four years as per repayment schedule.

b) Deposits from Shareholders carry an interest rate ranging between 10.25% to 10.75% (March 31, 2023: 10.25% to 10.75%) per annum and carry a maturity period from 24 to 36 months from the respective date of deposits.

ii) Current borrowings		As at June 30, 2023	As at March 31, 2023
Other Loans			
-Deposits from shareholders (unsecured) [Refer Note 17 for related parties disclosure]	(c)	43.79	43.87
Current maturities of non-current borrowings [refer note 8 (i)]		47.88	43.38
		91.67	87.25

Notes

(c) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 9.5% per annum (March 31, 2023: 9.50% per annum).

9. Revenue from operations

	For the period ended June 30, 2023	For the period ended June 30, 2022
Revenue from contracts with customers		
Sale of products (net of applicable tax)	22,846.80	17,271.60
Sale of services	155.36	84.45
	23,002.16	17,356.05

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

Reconciliation of revenue recognised in the Special Purpose Interim Condensed Consolidated Statement of Profit and Loss with the contracted price.

Particulars	For the period ended June 30, 2023	For the period ended June 30, 2022
Revenue as per contracted price	23,017.39	17,371.21
Less: (Creation)/Redemption of loyalty points	(15.23)	(15.16)
	23,002.16	**17,356.05**

10. Finance costs

	For the period ended June 30, 2023	For the period ended June 30, 2022
Interest expense on borrowings	21.92	134.14
Interest on lease liabilities (Refer note 16)	357.15	279.22
Interest on delay in deposit of income tax	0.70	0.61
Other borrowing cost	-	9.72
	379.77	423.69

11. Depreciation and amortisation expense

	For the period ended June 30, 2023	For the period ended June 30, 2022
Depreciation of property, plant and equipment (Refer note 3)	289.74	193.35
Amortisation of intangible assets (Refer note 4)	4.82	4.66
Depreciation of Right-of-use of assets (Refer note 16)	778.10	614.99
	1,072.66	813.00

12. Other expenses

	For the period ended June 30, 2023	For the period ended June 30, 2022
Power and fuel	63.52	57.83
Service cost expense	107.67	84.62
Insurance	26.12	21.50
Rent (net of reimbursements of Rs. 3.01 (June 30, 2022: Rs. 1.04)) (Refer note 16)	196.12	237.53
Rates and taxes	25.81	17.34
Repair and maintenance- Others	194.99	151.50
Foreign exchange loss (net)	65.36	43.97
Travelling and conveyance	103.66	53.28
Advertisement and sales promotion (Refer note 17)	537.87	462.69
Directors sitting fees and commission (Refer note 17)	3.90	25.13
Printing and stationery	13.31	7.20
Recruitment expenses	27.30	8.15
Telephone and telex	21.29	19.11
Postage and telegram	97.65	62.58
Legal and professional fees	86.84	49.88
Bank charges	149.83	159.46
Advances/deposits/Bad debts written off (Net)	2.50	10.37
Allowance for doubtful advances/recoverable/security deposit	27.14	-
Loss on sale of property, plant and equipment	-	0.27
Corporate Social Responsibility expenditure	19.50	6.40
Miscellaneous expenses	83.29	45.69
	1,853.67	1,524.50

13. Earnings per share

		For the period ended June 30, 2023	For the period ended June 30, 2022
A.	Basic earnings per share		
i	*Profit for basic earning per share of Rs.10 each*		
	Profit for the period	1,815.65	1,279.73
ii	*Weighted average number of equity shares for (basic)*		
	Opening Balance	2,33,49,233	1,90,78,163
	Effect of fresh issue of shares	-	4,21,256
		2,33,49,233	1,94,99,419
	Basic Earnings per share (face value of Rs.10 each)	7.78	6.56
B.	Diluted earnings per share		
i	*Profit for diluted earning per share of Rs.10 each*	1,815.65	1,279.73
ii	*Weighted average number of equity shares for diluted*		
	Opening Balance	2,33,49,233	1,90,78,163
	Effect of fresh issue of shares	-	4,21,256
		2,33,49,233	1,94,99,419
	Diluted earnings per share (face value of Rs.10 each)	7.78	6.56

14. Financial instruments - fair values and risk management

Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at June 30, 2023			As at March 31, 2023		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
Financial assets								
Non-current								
Investment in equity shares - other companies	(d)	3	112.76	-	-	-	-	-
Loans	(c)	3	-	4.93	-	-	5.67	-
Other financial assets	(c)	3	-	1,432.22	-	-	2,452.01	-
Current								
Trade receivables	(a)	3	-	1,398.81	-	-	617.74	-
Cash and cash equivalents	(a)	3	-	5,554.92	-	-	2,788.87	-
Other bank balances	(a)	3	-	15,708.77	-	-	20,074.43	-
Loans		3	-	50.29	-	-	25.28	-
Other financial assets		2	-	1,481.23	-	-	1,500.93	-
Total			**112.76**	**25,631.17**	**-**	**-**	**27,464.93**	**-**
Financial liabilities								
Non-current								
Borrowings	(b)	3	-	724.45	-	-	711.77	-
Other Non current financial Liabilities	(c)		-	58.96	-	-	47.15	-
Current								
Borrowings (including current maturities)	(b)	3	-	91.67	-	-	87.25	-
Trade payables	(a)	3	-	10,183.97	-	-	9,658.33	-
Other financial liabilities	(a)	2	-	2,870.47	-	-	1,058.00	-
Total			**-**	**13,929.52**	**-**	**-**	**11,562.50**	**-**

Notes:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. The own non-performance risk as at balance sheet date was assessed to be insignificant.

(c) The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

(d) The fair value in respect of unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.

There are no transfers between Level 1, Level 2 and Level 3 during the period ended June 30, 2023 and Year March 31, 2023.

15. Contingent liabilities, commitments and other matters

i) *Claims against the Group not acknowledged as debts, under dispute*

	As at June 30, 2023	As at March 31, 2023
a) Income Tax matters	364.86	364.86
b) Excise Duty matters	47.08	47.08
c) Value Added Tax matters*	-	3,330.03
d) Customs duty matters	12.97	12.97
e) Goods and Services Tax matters	12.15	12.15

Based on the discussion with the solicitors/legal opinion taken by the Group, the management believes that the Group has a good chance of success in above mentioned case and hence, no provision there against was considered necessary.

*subsequent to the period ended June 30, 2023, the Company has received a favourable order where in the initial demand order passed has been remanded back to the assessing authority for framing the assessment afresh after giving the Company an opportunity of being heard.

ii) *Commitments*

-Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	267.43	471.71

iii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition. As on June 30, 2023, there is one open legal proceedings involving disputed amount of Rs.110.22 (March 31, 2023: Rs.110.22) against which the Group is carrying liability of Rs.49.26 (March 31, 2023: Rs.49.26)

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision. Further, management also believes that the impact of the same on the Group will not be material.

16. Leases

A. Group as a lessee

The Group has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
As at April 1, 2022	**9,020.37**	**138.76**	**9,159.13**
Additions	3,995.74	-	3,995.74
Deletions	(261.40)	-	(261.40)
Depreciation expense	(2,514.79)	(33.64)	(2,548.43)
As at March 31, 2023	**10,239.92**	**105.12**	**10,345.04**
Additions	2,811.30	68.63	2,879.93
Deletions	(39.18)	-	(39.18)
Depreciation expense	(766.75)	(11.35)	(778.10)
As at June 30, 2023	**12,245.29**	**162.40**	**12,407.69**

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at June 30, 2023	As at March 31, 2023
At the beginning of the year	**11,273.55**	**10,186.97**
Additions	2,746.87	3,774.47
Accretion of interest	357.15	1,152.91
Deletions	(39.18)	(285.17)
Payments (Principal and interest)*	(1,043.92)	(3,555.63)
Rent Concession	-	-
At the closing of the year	**13,294.47**	**11,273.55**
Current lease liabilities	2,570.26	2,356.75
Non-current lease liabilities	10,724.21	8,916.80
Total	**13,294.47**	**11,273.55**

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at June 30, 2023	As at March 31, 2023
Within one year	3,919.49	3,478.47
After one year but not more than five years	11,141.01	9,156.18
More than five years	2,841.24	2,476.32
Total	**17,901.74**	**15,110.97**

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.63%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	For the period ended June 30, 2023	For the period ended June 30, 2022
Depreciation expense of right-of-use assets	778.10	614.99
Interest expense on lease liabilities	357.15	279.22
Expense relating to short-term leases and variable rent (included in other expenses)**	199.13	238.57
Total amount recognised in profit or loss	**1,334.38**	**1,132.78**

*The Company had total cash outflows for leases excluding rent concession during the three months period ending June 30, 2023 for Rs.1,043.92 (June 30, 2022: Rs.1,011.11)

The Company also had non-cash additions to right of use assets and liabilities for the period ending June 30, 2023 of Rs.2678.24 (March 31, 2023: Rs.3,624.47)

** Gross of reimbursement received of Rs.3.01 (June 30, 2022: Rs.1.04).

17. Related parties

(i) Holding Company :

KDDL Limited (KDDL)

(ii) Joint venture :

Pasadena Retail Private Limited

(iii) Subsidiary body Corporate :

Cognition Digital LLP
Silvercity Brands AG (w.e.f March 31, 2023)
Favre Leuba GmBH (step down subsidiary w.e.f June 26, 2023)

(iv) Entities under common control (where transactions have taken place during the period / balances outstanding) :

Mahen Distribution Limited
Pylania SA
VBL Innovations Private Limited
Vardhan Properties & Investment Private Limited
Anacott Trading SA (upto 22 December 2021)
Dream Digital Technology Private Limited (DDTPL)
Saboo Ventures LLP
Saboo Housing Projects LLP
Saveeka Family Trust
KDDL Ethos Foundation

(v) Details of transactions entered into with the related parties:

Key Managerial Personnels	**Relative of Key Managerial Personnel**
Mr.Y.Saboo (Chairman and Managing Director)	Mr. R K Saboo (Father) Mrs. Usha Devi Saboo (Mother) Mrs. Anuradha Saboo (Spouse) Mr. Jai Vardhan Saboo (Brother) Mr. Pranav Shankar Saboo (CEO) (Son) Mrs. Satvika Suri (Daughter)
Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse) Mr. Saahil Khanna (Son) Mrs Poonam Prakash (Sister)
Mr. N. Subramanian - Independent Director (upto September 27, 2022)	
Mr. Sundeep Kumar - Independent Director	
Mrs. Neelima Tripathi - Independent Director (upto 27 September 2022)	Mr Apoorv P. Tripathi (Son) Ms Sanam Tripathi (Daughter)
Mr. Dilpreet Singh - Independent Director	
Mr. Mohaimin Altaf - Independent Director (upto September 29, 2023)	Mrs Nighat Altaf (Mother)
Mr. Patrik Paul Hoffman - Independent Director	
Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse) Mr. Amol Gupta (Son) Mrs. Saneh Lata (Mother) Mr. Deepak Gupta (Brother)
Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)
Mr. Ritesh Kumar Agrawal (CFO w.e.f August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)
Mr. Chitranjan Agarwal - Non Independent and Non Executive Director (w.e.f. 1 April 2022)	Mrs. Pallavi Agarwal (Spouse)
Mr. Charu Sharma - Independent Director (w.e.f. November 3, 2022)	
Mr. Munisha Gandhi - Non Independent and Non Executive Director (w.e.f. September 27, 2022)	Mr. Viraj Gandhi (Son) Ms. Shabnam Nath (Daughter)
Ms. Susanne Hurni	Director of Estima AG, Fellow Subsidiary

17. Related parties (Contd….)

(vi)

Particulars	Joint venture/Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
For the Period Ended	**June 30, 2023**	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Transactions								
Sale of goods	-	-	5.31	-	1.65	31.25	-	15.32
Other Income	2.39	-	-	-	-	-	10.92	10.00
Rent income	-	-	0.30	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	19.00	-	-	-
Short term employee benefits	-	-	-	-	329.58	111.70	-	-
Legal and professional fees	-	-	-	-	7.78	0.33	-	-
Advertisement and sales promotion	-	-	11.55	10.50	-	-	-	-
Recovery of expenses incurred	8.63	9.53	-	-	0.84	-	-	-
Rent expenses	-	-	3.15	3.00	-	-	10.51	5.49
Directors sitting fees and commission	-	-	-	-	3.90	25.13	-	-
Reimbursement of expenses	-	-	-	-	-	-	1.84	1.49
Interest Expenses	-	-	-	2.49	4.06	29.34	-	-
Financial guarantee expenses	-	-	-	-	-	-	-	4.97
Purchase of Property, Plant and Equipment and Intangible	-	-	1,407.36	-	-	-	-	-
Loan repaid	-	-	-	95.00	-	865.05	-	-

Balances outstanding :	Joint venture/Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	June 30, 2023	**March 31, 2023**	**June 30, 2023**	**March 31, 2023**	**June 30, 2023**	**March 31, 2023**	**June 30, 2023**	**March 31, 2023**
Balances outstanding :								
Investments	175.00	175.00	-	-	-	-	-	-
Receivable against sale of goods	-	-	87.39	152.03	5.48	68.09	-	-
Advances	13.02	12.41	1,341.56	1,342.98	6.20	6.35	15.70	17.18
Payable for Employee Benefits	-	-	-	-	102.29	117.65	-	-
Payable for Director fees & commission	-	-	-	-	-	79.59	-	-
Payable for services received	-	-	-	-	0.02	-	-	-
Interest accrued but not due	-	-	-	-	17.74	14.27	-	-
Unsecured loans	-	-	-	-	136.81	136.81	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51
Payable for Purchase of Intangible Asset	-	-	1,407.36	-	-	-	-	-

Notes:

1 The Group's principal related parties consist of KDDL Limited, its subsidiaries and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enters into transactions in the ordinary course of business.

2 Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.

3 Security being provided by KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.

4 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.

5 Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.

6 All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

18. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group and its joint venture will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

19. During the quarter ended June30, 2022, the Parent Company has completed its Initial Public Offering ('IPO') of 45,81,500 equity shares of face value of Rs. 10 each at an issue price of Rs. 878 per share (including securities premium of Rs.868 per share). The issue comprised of fresh issue of 42,71,070 equity shares aggregating to Rs. 37,500.00 and offer for sale of 3,10,430 equity shares aggregating to Rs.2,725.58.
Consequent to allotment of fresh issue, the paid-up equity share capital of the Parent Company stands increased from Rs.1,907.82 consisting of 1,90,78,163 equity shares of Rs.10 each to Rs.2,334.92 consisting of 2,33,49,233 Equity Shares of Rs.10 each.

The total offer expenses in relation to the fresh issue are Rs.3,531.05 (excluding taxes). The utilization of IPO proceeds from fresh issue (net of IPO related expense of Rs.3,531.05 is summarized below:

Particulars	**Amount**
Amount received from fresh issue	37,500.00
Less: Offer related expenses in relation to the Fresh Issue	(3,531.05)
Net Proceeds available for utilisation	33,968.95

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	**Amount to be utilised as per prospectus**	**Utilisation upto June 30, 2023**	**Unutilised as on June 30, 2023****
Repayment or pre-payment certain borrowings	2,989.09	2,989.09	-
Funding working capital requirements	23,496.22	12,870.77	10,625.45
Financing the establishment of new stores and renovation of the certain existing stores	3,327.28	552.42	2,774.86
Financing the upgradation of ERP	198.01	-	198.01
General corporate purpose*	3,958.35	3,165.26	793.09
Total	**33,968.95**	**19,577.54**	**14,391.41**

*Amount of Rs.3,609.87 was original proposed in offer document as part of general corporate purpose has been increased by Rs.348.48 on account of saving in offer expenses.

** Net unutilised proceeds as on June 30, 2023 have been temporarily invested in deposits with scheduled banks and kept in current account with scheduled bank and monitoring agency bank account.

20. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker of the Group. As the Chief operating decision maker of the Group assesses the financial performances and position of the Group as a whole and makes strategic decision, the management considers trading of watches, accessories and other luxury items and related services as a single operating segment as per Ind AS 108, hence separate segment disclosures, have not been furnished.

21. During the previous year ended March 31, 2023, the Company has acquired 100% stake in Silvercity Brands AG, the Swiss stock corporation having its registered seat in Grenchen, Switzerland from Philipp Schaller, c/o Badertscher Rechtsanwälte AG Mühlebachstrasse 32 8008 Zürich during March 2023. The Share Capital of the company is CHF 100,000, divided into 100,000 registered shares with a nominal value of CHF 1 each and paid-up Share Capital is 50,000 shares for CHF 1 each. The purchase consideration for acquisition of shares is at CHF 50,000 in an all-cash deal. The Company paid CHF 50,000 on March 31, 2023. Silvercity Brands AG is wholly owned subsidiary company of Ethos Limited as on March 31, 2023.

During the current quarter ended June 30, 2023, The Company has further infused CHF 20,50,000, for issue of 20,50,000 registered shares with nominal value of CHF 1 each in Silvercity Brands AG. As on date, company holds 21,00,000 equity shares of CHF 1 each (equivalent to Rs. 1,919.50 lakhs) in Silvercity Brands AG

22. The Company has acquired 6.25% of equity shares, in Switzerland based Company HAUTE-RIVE WATCHES SA, a new specialized watch making brand having registered office at Chemin des Virettes 11, Corcelles, NE for the consideration of CHF 1,25,000. The Company received the letter for allotment of equity shares on April 28, 2023.

23. During the current quarter, the Company's wholly owned subsidiary, Silvercity Brands AG has acquired 100% stake in Favre Leuba GmBH, the Swiss stock corporation having its registered seat in Grafenauweg 6, 6300 Zug, Switzerland during June 2023. The Share Capital of the Favre Leuba GmBH is CHF 20,000, divided into 20,000 registered shares with a nominal value of CHF 1 each and paid-up Share Capital is 20,000 shares for CHF 1 each. The purchase consideration for acquisition of shares is amounting to Rs. 18.34 Lakhs in an all-cash deal. The Company has paid CHF 20,000 on June 26, 2023. Favre Leuba GmBH is wholly owned subsidiary company of Silvercity Brands AG as on June 30, 2023.

24 During the current quarter, the Parent Company's wholly owned subsidiary, Silvercity Brands AG has acquired Favre Leuba Brand and all related trademarks, sub brands, Logos and brand material from a fellow subsidiary for CHF 15,34,541 (equivalent to Rs.1,407.36 Lakhs). The subsidiary company is in process of getting assignment right registered in its name in countries where this brand is already registered.

25. Interest in Joint Venture

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the special purpose interim condensed consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in special purpose interim condensed consolidated financial statements are set out below:

	As at June, 30 2023	As at March, 31 2023
Non-Current Assets, including right-of-use assets of Rs.38.17 (March 31, 2023: Rs.47.67)	71.71	82.09
Current Assets, including inventories of Rs.279.31 (March 31, 2023: Rs.249.97)	321.68	299.49
Non-Current Liabilities, including only lease liabilities	-	(8.73)
Current Liabilities, including lease liabilities of Rs.49.26 (March 31, 2023: Rs.51.33) and trade payables of	(165.11)	(165.70)
Equity	228.28	207.15
Proportion of the Group's ownership		
Share in Equity	228.28	207.15
Carrying value of the investment	228.28	207.15

	For the period ended June 30, 2023	For the period ended June 30, 2022
Revenue from operations	337.92	290.27
Other income	1.54	0.97
	339.46	291.24
Purchase of stock-in-trade	292.52	200.72
Changes in inventory of stock-in-trade	(58.67)	(0.24)
Finance costs	4.61	6.52
Depreciation and amortization expense	22.12	22.00
Other expenses	22.99	18.26
	283.57	247.26
Profit before tax	55.89	43.98
Tax expense	13.64	11.07
Profit for the year	42.25	32.91
Group's share of profit for the year (Share 50%)	**21.12**	**16.46**

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

ANIL GUPTA
Digitally signed by ANIL GUPTA
DN: cn=ANIL GUPTA, c=IN, o=Personal, email=anil.gupta@srb.in
Date: 2023.10.31 12:15:23 +05'30'

Place: New Delhi
Date: October 31, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

Yashovardhan Saboo
Digitally signed by Yashovardhan Saboo
Date: 2023.10.31 10:32:26 +05'30'

RITESH KUMAR AGRAWAL
Digitally signed by RITESH KUMAR AGRAWAL
Date: 2023.10.31 10:38:50 +05'30'

Ritesh Kumar Agrawal
Chief Financial Officer

Anil Kumar
Digitally signed by Anil Kumar
Date: 2023.10.31 10:39:14 +05'30'

Anil Kumar
Company Secretary

Place: Chandigarh
Date: October 31, 2023

ANIL KHANNA
Digitally signed by ANIL KHANNA
Date: 2023.10.31 11:03:59 +05'30'

Anil Khanna
Director
DIN 00012232

Pranav Shankar Saboo
Digitally signed by Pranav Shankar Saboo
Date: 2023.10.31 10:32:56 +05'30'

Pranav Shankar Saboo
Chief Executive Officer

Independent Auditor's Report

To
The Members of
Ethos Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture comprising of the consolidated Balance sheet as at March 31 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Inventory (as described in Note 11 of the consolidated Ind AS financial statements)	
The total value of inventory as at March 31, 2023 is INR 33,987.29 lakhs. These inventories mainly consist of watches at various stores of the Holding Company. The Holding Company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the Holding Company's management analyses the ageing of inventories to identify slow-moving and obsolete inventories and then estimates the amount of allowance.	Our audit procedures amongst others included the following: • We evaluated the design and tested the implementation of internal controls relating to physical inventory counts on a test basis, valuation of inventory and allowances for inventory; • We have assessed the physical verification reports for the verification conducted by the management during the year.

Key audit matters	How our audit addressed the key audit matter
We have identified the existence of inventory and allowance of inventories as a key audit matter because of number of stores at which inventory is kept and the judgement exercised by the Holding Company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories after considering the nature of the retail industry.	• Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2023. We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards. • We analyzed the ageing and quantitative movement to analyze any significant variances. • We understood how the Holding Company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories. • We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements. • We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability. • We read and assessed the adequacy of relevant disclosures related to inventories in the consolidated Ind AS financial statements.
Accounting of Leases as per Ind AS 116 (as described in Note 37 of the consolidated Ind AS financial statements)	
As described in Note 37 to the consolidated Ind AS financial statements, the Group and its joint venture is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Group. In case of the Holding Company, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS 116 in case of any changes in terms of existing leases. Ind AS 116 requires the Group to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease terms. We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.	Our audit procedures amongst others included the following: • We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116); • We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; • We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/modifications; • We tested the lease data by evaluating the reconciliation of company's lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management; • We read and assessed the key terms and conditions of lease with the underlying lease contracts on a sample basis; • We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term; • We assessed the adequacy of Group's presentation and disclosures related to Ind AS 116.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 544.18 lakhs as at March 31, 2023, and total revenues of Rs 422.06 lakhs and net cash inflows of Rs 1.11 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's report have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of Rs. 49.68 lakhs for the year ended March 31, 2023, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of Rs 44.97 lakhs as at March 31, 2023, and total revenues of Rs Nil and net cash inflows of Rs 44.97 lakhs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary and joint venture company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint venture, none of the directors of the Holding Company and its joint venture, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its subsidiaries and joint venture;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its subsidiaries and joint venture;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its consolidated Ind AS financial statements – Refer Note 36 (i) to the consolidated Ind AS financial statements;

ii. The Group and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India during the year ended March 31, 2023.

iv. a) The respective managements of the Holding Company and its subsidiary and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 47 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary and joint venture to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 47 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries and joint venture from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company, its subsidiary and joint venture company, incorporated in India.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiary and joint venture company incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 23087921BGXATY1214
Place of Signature: New Delhi
Date: May 12, 2023

ANNEXURE 1 REFERRED TO IN ARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR AUDIT REPORT OF EVEN DATE

Re: Ethos Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Group and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the order is not applicable to the Holding Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 23087921BGXATY1214
Place of Signature: New Delhi
Date: May 12, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ETHOS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**
Partner
Membership Number: 87921
UDIN: 23087921BGXATY1214
Place of Signature: New Delhi
Date: May 12, 2023

Consolidated Balance Sheet as at March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,284.41	3,726.02
Capital work-in-progress	3	401.45	-
Intangible assets	4	4,070.65	66.30
Right-of-use assets	37	10,345.04	9,159.13
Investment in joint venture	5	207.15	157.47
Financial assets			
- Loans	6	5.67	3.67
- Other financial assets	7	2,452.01	1,106.96
Non-current tax assets (net)	8	234.79	188.32
Deferred tax assets (net)	9	860.62	906.17
Other non-current assets	10	255.24	1,479.39
Total non-current assets		**24,117.03**	**16,793.43**
Current assets			
Inventories	11	33,987.29	24,993.29
Financial assets			
- Trade receivables	12	617.74	518.26
- Cash and cash equivalents	13	2,788.87	3,768.32
- Other bank balances	14	20,074.43	215.58
- Loans	6	25.28	26.94
- Other financial assets	7	1,500.93	710.52
Other current assets	15	4,858.06	3,409.35
Total current assets		**63,852.60**	**33,642.26**
Total Assets		**87,969.63**	**50,435.69**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	2,334.92	1,907.82
Other equity	17	60,814.72	21,260.67
Equity attributable to owners of the Company		**63,149.64**	**23,168.49**
Non controlling interest		0.00	0.00
Total equity		**63,149.64**	**23,168.49**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	18	711.77	2,764.42
- Lease liabilities	37	8,916.80	7,948.57
- Other financial liabilities	19	47.15	66.90
Provisions	20	192.35	142.35
Total non-current liabilities		**9,868.07**	**10,922.24**
Current liabilities			
Financial liabilities			
- Borrowings	18	87.25	3,177.81
- Lease liabilities	37	2,356.75	2,238.40
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	21	50.95	86.93
- total outstanding dues of creditors other than micro enterprises and small enterprises	21	9,607.39	8,267.15
- Other financial liabilities	19	1,058.00	952.64
Other current liabilities	22	1,380.25	1,276.88
Provisions	20	390.56	324.90
Current tax liabilities (net)	23	20.77	20.25
Total current liabilities		**14,951.92**	**16,344.96**
Total liabilities		**24,819.99**	**27,267.20**
Total Equity and Liabilities		**87,969.63**	**50,435.69**
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 12, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Company Secretary

Place: Chandigarh
Date: May 12, 2023

Consolidated Statement of Profit and Loss for year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	24	78,853.37	57,728.37
Other income	25	1,456.04	1,277.83
Total Income (I)		**80,309.41**	**59,006.20**
Expenses			
Purchase of stock-in-trade		63,432.49	46,328.61
Changes in inventory of stock-in-trade	26	(8,994.00)	(5,216.17)
Employee benefits expense	27	5,268.17	4,238.15
Finance costs	28	1,416.06	1,667.28
Depreciation and amortization expense	29	3,463.09	3,150.86
Other expenses	30	7,705.63	5,687.28
Total expenses (II)		**72,291.44**	**55,856.01**
Profit before share of joint venture and tax (III= I-II)		**8,017.97**	**3,150.19**
Share of profit of joint venture (net of income tax) (IV)		49.68	2.40
Profit before tax (V= III-IV)		**8,067.65**	**3,152.59**
Tax expense, comprising			
- Current tax	31	1,986.29	898.57
- Deferred tax	31	51.54	(84.78)
Total tax expense (VI)		**2,037.83**	**813.79**
Profit for the year (VII = V-VI)		**6,029.82**	**2,338.80**
Other comprehensive income / (expense)			
Items that will be reclassified subsequently to profit or loss:			
- Exchange Differences on translation of foreign operations		(0.16)	-
- Income tax relating to foreign Currency translation differences		-	-
Items that will not be reclassified subsequently to profit or loss:			
- Re-measurement of income/(loss) on defined benefit plans		(23.45)	1.63
- Income tax relating to defined benefit plans		5.99	(0.39)
Total other comprehensive income/(loss) for the year		**(17.62)**	**1.24**
Total comprehensive income for the year		**6,012.20**	**2,340.04**
Earnings per equity share [nominal value of Rs. 10 (previous period Rs. 10)]	32		
Basic (Rs.)		26.56	12.69
Diluted (Rs.)		26.56	12.69
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements			

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 12, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Company Secretary

Place: Chandigarh
Date: May 12, 2023

Consolidated Cash Flow Statement for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. OPERATING ACTIVITIES		
Profit before income tax	**8,067.65**	**3,152.59**
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation and amortization expense	3,463.09	3,150.86
Write off / loss on sale of property, plant & equipment	-	23.72
Profit on Sale of property, plant & equipment (net)	(12.81)	-
Interest expense	1,404.56	1,611.28
Effect of exchange rates on translation of operating cash flows	(0.16)	-
Interest income	(1,193.99)	(203.43)
Provisions/liabilities no longer required written back	(147.42)	(106.86)
Share of profit of joint venture	(49.68)	(2.40)
Share options lapsed	-	(9.41)
Unrealized foreign exchange gain	(2.15)	(9.35)
Rent waiver on lease liabilities	-	(804.46)
Gain on termination of lease contracts	(26.84)	(34.42)
Allowance for doubtful debts/(written back)	(5.73)	(86.70)
Allowance for doubtful advances/recoverable	-	15.00
Advances / deposits / Bad debts written off	15.98	269.19
Cash generated from operations before working capital changes	**11,512.50**	**6,965.61**
Movements in working capital:		
(Increase) in loans	(0.34)	(2.69)
(Increase) in other financial assets	(953.36)	(4.06)
(Increase) in other assets	(1,432.41)	(1,504.05)
(Increase) in inventories	(8,994.00)	(5,216.17)
(Increase)/ Decrease in trade receivables	(108.22)	693.82
Increase in provisions	92.21	62.34
Increase in trade payables	1,406.13	1,220.43
Increase in other financial liabilities	146.53	39.62
Increase in other current liabilities	148.67	387.06
Cash flow from operations	**1,817.71**	**2,641.91**
Income tax paid (net)	(2,032.24)	(977.31)
Net cash (used in) / flow from operating activities (A)	**(214.53)**	**1,664.60**
B. INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(5,663.64)	(2,373.36)
Proceeds from sale of property, plant and equipment	108.95	19.76
Payment towards purchase of investments	(112.76)	(75.00)
Investment in bank deposits (having original maturity of more than three months)	(20,708.48)	(10.93)
Interest received	754.56	62.03
Net cash (used in) investing activities (B)	**(25,621.37)**	**(2,377.50)**
C. FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including premium)	37,500.00	5,144.36
Share issue expenses	(3,531.05)	(384.58)
Proceeds from non-current borrowings	178.60	2,225.63
Repayment of non-current borrowings	(3,081.45)	(1,084.32)
Proceeds from/repayments of other current borrowings (net)	(2,240.36)	(397.91)
Payment of principal portion of lease liabilities	(2,402.73)	(1,204.74)
Interest paid on lease liabilities	(1,152.91)	(1,020.83)
Interest expense paid	(413.65)	(627.22)
Net cash flow from financing activities (C)	**24,856.45**	**2,650.39**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(979.45)**	**1,937.49**
Cash and cash equivalents at the beginning of the year	**3,768.32**	**1,830.83**
Cash and cash equivalents at the end of the year	**2,788.87**	**3,768.32**

Consolidated Cash Flow Statement for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Notes :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1. Cash and cash equivalents include :		
Balance with banks in current accounts	1,857.57	3,581.42
Cheques and drafts on hand	71.94	4.81
Cash on hand	106.53	64.18
Credit cards receivable	252.83	117.91
Fixed Deposits with original maturity of less than three months	500.00	-
Cash and cash balance at the end of the year (Refer Note 13)	**2,788.87**	**3,768.32**

2. The above cash flow statement has been prepared under indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

3. Refer note 18 for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. Refer note 37 for non-cash investing activities in form of additions to right of use assets.

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 12, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Company Secretary

Place: Chandigarh
Date: May 12, 2023

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

a. Equity share capital

Particulars	Note	Number	Amount
Balance as at April 01, 2021		1,82,12,812	1,821.28
Issue of share capital during the year		8,65,351	86.54
Balance as at March 31, 2022	16	**1,90,78,163**	**1,907.82**
Issue of share capital during the year		42,71,070	427.10
Balance as at March 31, 2023	16	**2,33,49,233**	**2,334.92**

b. Other Equity

Particulars	Deemed capital contribution	Reserves and surplus				Other comprehensive Income	Total
		Share options outstanding account	Capital reserve	Securities premium	Retained earnings	Exchange differences on translation of foreign operations	
Balance as at April 01, 2021	**50.51**	**47.37**	**1.67**	**12,910.67**	**861.99**	**-**	**13,872.21**
- Profit for the year	-	-	-	-	2,338.80	-	2,338.80
- Other comprehensive income (net of tax)	-	-	-	-	1.24	-	1.24
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,340.04**	**-**	**2,340.04**
- Share options lapsed	-	(9.41)	-	-	-	-	(9.41)
- Share options exercised	-	(37.96)	-	153.19	-	-	115.23
- Share allotted	-	-	-	4,942.60	-	-	4,942.60
Balance as at March 31, 2022	**50.51**	**-**	**1.67**	**18,006.46**	**3,202.03**	**-**	**21,260.67**
- Profit for the year	-	-	-	-	6,029.82	-	6,029.82
- Other comprehensive (loss) (net of tax)	-	-	-	-	(17.46)	(0.16)	(17.62)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**6012.36**	**(0.16)**	**6,012.20**
- Issue of equity shares for cash*	-	-	-	33,541.85	-	-	33,541.85
Balance as at March 31, 2023	**50.51**	**-**	**1.67**	**51,548.31**	**9,214.39**	**(0.16)**	**60,814.72**

* Net of share issue expenses of Rs. 3,531.05

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 12, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Company Secretary

Place: Chandigarh
Date: May 12, 2023

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on November 05, 2007 under the provisions of the Companies Act applicable in India. These consolidated financial statements comprise the Company, its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

Parent Company has completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on May 30, 2022.

The Group's business consists of retail trading of premium and luxury watches, accessories and other luxury items, marketing and support services and rendering of related after sale services.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 38.

The consolidated Ind AS financial statements (CFS) were approved for issue in accordance with a resolution of the directors on May 12, 2023.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements (CFS) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to CFS.

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements provide comparative information in respect of the corresponding previous period.

The functional currency of the Group is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The Parent Company, subsidiaries and joint venture have prepared the financial statements on the basis that they will continue to operate as a going concern.

2.2 Basis of Consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries and its joint venture as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affects its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to

that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The details of the consolidated entities are as follows:

Name of the Entity	Principal Activities	Relationship	Country of incorporation	% of holding (March 31, 2023)	% of holding (March 31, 2023)
Cognition Digital LLP*	IT based business solutions	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Trading of Watches	Joint Venture	India	50.00%	50.00%
Silvercity Brands AG ***	Trading of Watches and invest in/create related brands	Subsidiary	Switzerland	100%	100%

* The percentage of holding denotes the Share of Profits in LLP.

** w.e.f. May 03, 2019

*** w.e.f. March 31, 2023

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

2.3 Summary of significant accounting policies

a. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss outside the operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

c. Property, plant and equipment ('PPE')

Recognition and measurement

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and accumulated impairment loss, if any.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,

- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated August 29, 2014 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years and furniture & fixture being in the nature of display furniture at stores which are depreciated over the estimated life of three years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at note no. '2.3(p)' below for period of leases.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed off).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

d. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP) , Business Intelligence software and Website is 6 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Intangible assets with indefinite useful lives such as Brands are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal.

e. Inventories

Inventories comprises of traded goods are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, less duties and taxes those are recoverable from government authorities, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). Remeasurements are not reclassified to profit or loss in subsequent periods. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shares-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 35(IV).

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

h. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

i. Financial guarantee contracts

Financial guarantee contracts are recognised as a deemed equity contribution if no premium was paid when guarantee is received. Deemed equity contribution is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

j. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

k. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

l. Revenue from contract with customers

The Group earns revenue primarily from retail trading of premium and luxury watches, accessories and other luxury items, marketing

and support services and rendering of related after sale services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls goods or services before transferring them to the customers.

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

1) identify the contract with a customer,

2) identify the performance obligations in the contract,

3) determine the transaction price,

4) allocate the transaction price to the performance obligations in the contract, and

5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

The method for recognizing revenues and costs depends on the nature of the products sold and services rendered.

Sale of goods

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, customer loyalty points).

Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Sale of services

Revenue from services rendered is recognised in profit or loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes at the time of completion of service.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

m. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

o. Taxes

Income tax expenses comprises of current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/Goods and Service Tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax / GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

p. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Buildings	2 to 10 years
• Furniture	4 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

q. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (l) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Profit or Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Profit or Loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Groups's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

r. Impairment of non-financial assets

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

s. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The consolidated financial statements are presented in INR, which is also the Parent Company's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates and is normally the currency in which the Group primarily generates and expends cash.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

t. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

v. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

w. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares

outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

x. Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 —** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes

2.4 Changes in accounting policies and disclosures

New and amended standards

- Proceeds before Intended Use – Amendments to Ind AS 16 (Property, Plant and Equipment): The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.
- Fees in the '10 per cent' test for derecognition of financial liabilities - Ind AS 109 Financial Instruments: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

All aforesaid amendments had no impact on the consolidated financial statement of the Group for the year ended March 31, 2023.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2023 is included in the following notes:

a) Revenue from contracts with customers

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

d) Contingencies

Refer Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

e) Impairment of non-financial assets

Refer Note 2.3 (r)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts;

f) Impairment of financial assets

Refer Note 2.3 (q)- Impairment of financial assets.

g) Fair value measurement

Refer Note 2.3 (x) for Fair value measurement

h) Share based payments

Refer Note 2.3 (g) for Share based payments

i) Determining the lease term of contracts with renewal and termination options – Group as lessee: The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases – Estimating the incremental borrowing rate: The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

j) Useful life of Property, plant and equipment and intangibles: The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

k) Provision for slow and obsolete inventory: The Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net realisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the Parent Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

3. Property, plant and equipment and capital work-in-progress

Particulars	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work- in-progress
Gross carrying amount (at deemed cost/ cost)							
Balance as at April 01, 2021	2,360.53	349.39	1,774.05	240.76	296.74	5,021.47	375.73
Additions during the year	485.31	3.96	463.73	214.13	202.03	1,369.16	590.43
Disposals/Capitalisation during the year	(122.77)	-	(32.64)	(3.04)	(55.74)	(214.19)	(966.16)
Balance as at March 31, 2022	**2,723.07**	**353.35**	**2,205.14**	**451.85**	**443.03**	**6,176.44**	**-**
Additions during the year	933.43	53.60	730.83	223.40	608.91	2,550.17	401.45
Disposals/Capitalisation during the year	(234.41)	(30.83)	(128.84)	(120.19)	(129.98)	(644.25)	-
Balance as at March 31, 2023	**3,422.09**	**376.12**	**2,807.13**	**555.06**	**921.96**	**8,082.36**	**401.45**
Accumulated Depreciation							
Balance as at April 01, 2021	1,084.29	25.43	576.92	168.57	97.94	1,953.15	
Depreciation charge for the year	353.69	19.77	182.18	74.30	43.43	673.37	
Accumulated depreciation on disposals	(122.77)	-	(26.07)	(2.50)	(24.76)	(176.10)	
Balance as at March 31, 2022	**1,315.21**	**45.20**	**733.03**	**240.37**	**116.61**	**2,450.42**	
Depreciation charge for the year	418.16	21.46	263.89	111.17	80.99	895.67	
Accumulated depreciation on disposals	(234.41)	(30.83)	(126.45)	(107.11)	(49.34)	(548.14)	
Balance as at March 31, 2023	**1,498.96**	**35.83**	**870.47**	**244.43**	**148.26**	**2,797.95**	
Net carrying amount							
At March 31, 2022	**1,407.86**	**308.15**	**1,472.11**	**211.48**	**326.42**	**3,726.02**	**-**
At March 31, 2023	**1,923.13**	**340.29**	**1,936.66**	**310.63**	**773.70**	**5,284.41**	**401.45**

Notes:

a. Refer note 18 for information on property, plant and equipment pledged as security by the Group.

b. Refer note 36 (ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Addition amount is net of reimbursement received for property, plant and equipment of Rs.1.09 as at March 31, 2023 (March 31, 2022: Nil) from brands.

d. Deletion amount includes re-imbursement received for property, plant and equipment of Rs.2.36 as at March 31, 2023 (March 31, 2022: Nil) from brands.

e. The Group has capitalized following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP) in relation to stores opened/in process of opening.

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balances brought forward	**-**	**53.67**
Rent Expense	95.98	39.50
Power and Fuel	1.56	0.35
Rates and Taxes	27.17	4.11
Repair and maintenance - Others	24.15	15.68
Legal and professional fees	29.98	-
Sub Total	**178.84**	**113.31**
Less: Allocated to property, plant and equipment	(136.99)	(113.31)
Closing balance included under Capital Work in Progress	**41.85**	**-**

3. Property, plant and equipment and capital work-in-progress (Contd..)

Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2023	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	401.45	-	-	-	401.45
Total	**401.45**	**-**	**-**	**-**	**401.45**

As at March 31, 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

4. Intangible assets

Particulars	Brand	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development*
Gross carrying amount (at deemed cost/ cost)						
Balance as at April 01, 2021	**-**	**45.54**	**41.90**	**53.67**	**141.11**	**5.61**
Additions during the year	-	5.61	-	13.68	19.29	-
Disposals/Capitalisation during the year	-	-	-	(16.24)	(16.24)	(5.61)
Balance as at March 31, 2022	**-**	**51.15**	**41.90**	**51.11**	**144.16**	**-**
Additions during the year	4,017.00	-	-	6.34	4,023.34	-
Disposals/Capitalisation during the year	-	-	-	(1.14)	(1.14)	-
Balance as at March 31, 2023	**4,017.00**	**51.15**	**41.90**	**56.31**	**4,166.36**	**-**
Accumulated Amortisation						
Balance as at April 01, 2021	**-**	**12.94**	**14.02**	**49.67**	**76.63**	
Amortisation for the year	-	8.34	6.98	2.01	17.33	
Disposals during the year	-	-	-	(16.10)	(16.10)	
Balance as at March 31, 2022	**-**	**21.28**	**21.00**	**35.58**	**77.86**	
Amortisation for the year	-	8.52	6.98	3.49	18.99	
Disposals during the year	-	-	-	(1.14)	(1.14)	
Balance as at March 31, 2023	**-**	**29.80**	**27.98**	**37.93**	**95.71**	
Net carrying amount						
At March 31, 2022	**-**	**29.87**	**20.90**	**15.53**	**66.30**	**-**
At March 31, 2023	**4,017.00**	**21.35**	**13.92**	**18.38**	**4,070.65**	**-**

* included development of business intelligence software

5. Investments *

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current investment		
(Investment carried at equity method of accounting)		
In equity shares of Joint venture		
Unquoted, fully paid up		
- Pasadena Retail Private Limited 17,50,000 equity shares of Rs. 10 each fully paid up	175.00	175.00
- Share of Profit / (Loss) in Joint Venture	32.15	(17.53)
	207.15	**157.47**

* Refer Note 41

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

6. Loans* (at amortised cost)

i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
(unsecured, considered good)		
Loan to employees		
- to others	5.67	3.67
	5.67	**3.67**

ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
(unsecured, considered good)		
Loan to employees		
- to related party (refer note no. 38)	-	7.18
- to others	25.28	19.76
	25.28	**26.94**

*The Group's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 33.

7. Other financial assets (at amortised cost)

i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits		
- to others	1,469.00	1,090.92
Fixed Deposits with maturity of more than 12 months from the Balance sheet date#	865.45	15.82
Interest accrued but not due on fixed deposits	4.80	0.22
Application Money in a company##	112.76	-
	2,452.01	**1,106.96**

These deposits include restricted bank deposits amounting to Rs.115.24 (March 31, 2022 : Rs.9.61) on account of deposits pledged as security for bank guarantees.

The Company has applied for equity rights of 6.25 %, Switzerland based Company "HAUTE-RIVE WATCHES SA". The Company has received the letter for allotment of equity shares on April 28, 2023.

ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Security deposits		
- to related parties (refer note no. 38)	-	6.77
- to others	969.99	423.41
Right of return assets	6.84	34.74
Interest accrued but not due on fixed deposits*	329.74	8.17

7. Other financial assets (at amortised cost) (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances Recoverable		
- to others.	204.87	226.58
Others **	-	21.36
Less: Allowance for bad and doubtful advances recoverable		
- Advances Recoverable	(10.51)	(10.51)
	1,500.93	**710.52**

* Includes interest for the period from May 30, 2022 to March 31, 2023 on unutilised proceeds from IPO received amounitng to Rs.306.25 which have been temporarily invested in deposits with scheduled banks and kept in current account with scheduled bank and monitoring agency bank account. Refer note 49.

** related to claim receivable for disputed bank charges as March 31, 2022. During the year, this claim got settled.

8. Non-current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current tax assets (net of provision)	234.79	188.32
	234.79	**188.32**

9. Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Significant components of the Group's net deferred tax assets are as follows:		
Deferred tax assets	867.89	913.44
Deferred tax liabilities	(7.27)	(7.27)
Net deferred tax assets	**860.62**	**906.17**

Year ended March 31, 2023	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipment and Intangible assets	383.80	(186.00)	-	197.80
Allowance for doubtful debts and advances	13.50	(8.74)	-	4.76
Provision for employee benefits	145.30	97.27	5.99	248.56
Provision - other expense	37.95	0.62	-	38.57
Lease liabilities and Right of use assets (Net)	328.36	44.30	-	372.66
Others #	4.53	1.01	-	5.54
Deferred tax liability on				
Claim receivable taxable on receipt basis under Income tax Act	(7.27)	-	-	(7.27)
Net deferred tax assets	**906.17**	**(51.54)**	**5.99**	**860.62**

Include primarily deposits amortisation and interest income thereon as per Ind AS 109.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

9. Deferred tax assets (net) (Contd..)

Year ended March 31, 2022	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipment and Intangible assets	364.05	19.75	-	383.80
Allowance for doubtful debts and advances	25.79	(12.29)	-	13.50
Provision for employee benefits	124.17	21.52	(0.39)	145.30
Provision - other expense	36.41	1.54	-	37.95
Lease liabilities and Right of use assets (Net)	258.07	70.29	-	328.36
Others #	20.56	(16.03)	-	4.53
Deferred tax liability on				
Claim receivable taxable on receipt basis under Income tax Act	(7.27)	-	-	(7.27)
Net deferred tax assets	**821.78**	**84.78**	**(0.39)**	**906.17**

Include primarily deposits amortisation and interest income thereon as per Ind AS 109.

10. Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Capital advances (Refer note no 38 for related party)	144.05	1,351.90
Advances other than capital advances		
- Prepaid expenses	7.06	23.36
- CENVAT credit receivable	104.13	104.13
	255.24	**1,479.39**

11. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
(At lower of cost and net realisable value)		
Stock-in-trade [including goods-in-transit Rs.120.75 (March 31, 2022: Rs.203.11)]	33,987.29	24,993.29
	33,987.29	**24,993.29**

Note:- As on March 31, 2023, Rs.40.40 (March 31, 2022: Rs.40.40) was recognised as an expense for inventories carried at net realisable value.

The Parent Company mainly is in business of retail trading of premium and luxury watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the Parent Company mainly is into the business of trading of high-end luxury watches, the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

12. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Trade receivables #		
- Related parties (Refer note no. 38)	220.12	247.39
- Others	397.62	270.87
	617.74	**518.26**
Break-up of trade receivables:		
Trade Receivables		
Considered good	617.74	518.26
Significant increase in credit risk	3.91	15.79
	621.15	**334.05**
Impairment Allowance (allowance for doubtful debts)		
Significant increase in credit risk	(3.91)	(15.79)
	617.74	**518.26**

Trade receivables are non-interest bearing and generally on terms of 0 to 120 days.

Trade Receivables Ageing Schedule

As at March 31, 2023	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	443.93	10.27	0.02	-	163.52	617.74
Undisputed Trade Receivable- which have significant increase in credit risk	3.91	-	-	-	-	3.91
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	-	-
Total	**447.84**	**10.27**	**0.02**	**-**	**163.52**	**621.65**

As at March 31, 2022	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	259.90	-	-	10.97	247.39	518.26
Undisputed Trade Receivable- which have significant increase in credit risk	4.67	-	-	3.16	1.81	9.64
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	6.15	6.15
Total	**264.57**	**-**	**-**	**14.13**	**255.35**	**534.05**

#The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.

* Disputed amount mainly included amount recoverable on account of open reconciliations items with e-commerce platforms.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

13. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in		
- Current accounts*	1,857.57	3,581.42
- Fixed Deposits with original maturity of less than three months**	500.00	-
Cheques and drafts on hand	71.94	4.81
Cash on hand	106.53	64.18
Others		
- Credit cards receivable	252.83	117.91
	2,788.87	**3,768.32**

* Balance as on March 31, 2022 included Rs.2500 received on account of allotment of equity shares towards Pre-IPO placement. Balance as on March 31, 2023 included Rs.133.09 balance of unutiulised Initial Public Offer (IPO) procced with monitoring agency bank account. Refer note 49.

** Fixed deposits include balance of Initial Public Offer (IPO) proceeds of Rs.500 which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on March 31, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 49.

14. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	20,074.43	215.58
	20,074.43	**215.58**

These deposits include restricted bank deposits amounting to Rs.480.27 (March 31, 2022 : Rs.209.09) on account of deposits pledged as security for bank guarantees, credit card limit and earmarked against deposits from shareholders. Also, fixed deposits includes balance of Initial Public Offer (IPO) proceeds of Rs.19,000 which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on March 31, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 49.

15. Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	52.82	23.14
Advances for supply of goods		
- Related parties (Refer note 38)	1,372.57	5.76
- Others	484.57	404.03
Advances to employees		
- Related parties (Refer note 38)	6.35	17.88
- Others	30.15	42.69
GST credit receivable	2,797.84	1,442.74
VAT recoverable	3.40	3.40
Unamortised share issue expenses*	-	384.58
Deposit under protest	52.53	49.76
Duty Credit Scrips	16.17	1,010.94
Other recoverable #	46.15	51.77
Less: Provision for bad and doubtful advances/recoverable		
- other recoverable	-	(22.85)
- Advance for supply of goods	(4.49)	(4.49)
	4,858.06	**3,409.35**

includes primarily claims receivable and includes Rs. Nil as allowance for doubtful advances as at March 31, 2023 (March 31, 2022: Rs.22.85)

* During the year ended March 31, 2022, the Parent Company incurred expenses in connection with the Initial Public Offer (IPO) of equity shares of the Parent Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till that date, except for listing fees which has been solely borne by the Parent Company, all other expenses have been shared between the Parent Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by the Parent Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale.

16. Share capital

Particulars	As at March 31, 2023	
	Number of shares	Amount
Authorised		
Equity shares of Rs.10 each	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs.130 each	5,76,924	750.00
12% cumulative redeemable preference shares of Rs.110 each	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs.100 each	10,00,000	1,000.00
	3,34,76,924	**6,140.00**
Issued subscribed and fully paid up		
Equity shares of Rs.10 each fully paid up	2,33,49,233	2,334.92
	2,33,49,233	**2,334.92**

Particulars	As at March 31, 2022	
	Number of shares	Amount
Authorised		
Equity shares of Rs.10 each	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs.130 each	5,76,924	750.00
12% cumulative redeemable preference shares of Rs.110 each	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs.100 each	10,00,000	1,000.00
	3,34,76,924	**6,140.00**
Issued subscribed and fully paid up		
Equity shares of Rs.10 each fully paid up	1,90,78,163	1,907.82
	1,90,78,163	**1,907.82**

(a) Right preferences and restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Company. The Parent Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the ensuring Annual General Meeting. In the event of liquidation of the Parent Company the holders of equity shares will be entitled to receive the remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of shares outstanding

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up		
At the beginning of the year	1,90,78,163	1,907.82
Add: Issued during the year*	42,71,070	427.10
Add: Issued on exercise of employee stock options	-	-
Add: Issued on rights issue basis	-	-
Add: Issued on preferential allotment basis	-	-
At the end of the year	**2,33,49,233**	**2,334.92**

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

16. Share capital (Contd..)

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up		
At the beginning of the year	1,82,12,812	1,821.28
Add: Issued on exercise of employee stock options	1,04,750	10.48
Add: Issued on rights issue basis	4,57,938	45.79
Add: Issued on preferential allotment basis	3,02,663	30.27
At the end of the year	**1,90,78,163**	**1,907.82**

* The Parent Company, at its IPO meeting held on May 26, 2022 approved allotment of 42,71,070 Equity Shares of Rs.10 each pursuant to Initial Public Offering at a securities premium of Rs.868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs.878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited. The equity shares of the Parent Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. Refer Note 49

(c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited (holding company and ultimate holding company)	1,19,79,507	1,197.95
Mahen Distribution Limited (fellow subsidiary)	22,79,142	227.91

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited (holding company and ultimate holding company)	1,21,19,588	1,211.96
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32

(d) Particulars of shareholders holding more than 5% shares of the Parent Company

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited	1,19,79,507	51.31%
Mahen Distribution Limited	22,79,142	9.76%
ICICI Prudential Flexicap Fund	14,60,304	6.25%

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited	1,21,19,588	63.53%
Mahen Distribution Limited	22,93,150	12.02%
ICICI Prudential Flexicap Fund	-	-

(e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding March 31, 2023).

During the five years immediately preceding March 31, 2023 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

(i) The Parent Company had, during the year ended March 31, 2018, converted 1,100,010 12% cumulative compulsory convertible preference shares of face value of Rs.110 into 1,100,010 equity shares of Rs.10 each at a premium of Rs.100 each. Further, 21,250 equity shares of Rs.10 each had been issued under employee stock option plan for which exercise price has been received in cash.

16. Share capital (Contd..)

(ii) During the year ended March 31, 2020, 576,293 14% cumulative compulsory convertible preference shares of Rs.130 each were converted into 576,923 equity shares of Rs.10 each at a premium of Rs.120 per share. Further, 15,000 equity shares of Rs.10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(iii) During the year ended March 31, 2022, 104,750 equity shares of Rs.10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(f) Employee stock options

Terms attached to stock options granted to employees of the Parent Company and its holding company are described in note 35(iv) regarding employee share based payments.

(g) Promotors Shareholdings

Equity shares of Rs.10 each fully paid up held by

Promoter's name	As at March 31, 2023		
	No. of shares	% of total shares	% change during the year
1) KDDL Limited	1,19,79,507	51.31%	(12.22%)
2) Mahen Distribution Limited	22,79,142	9.76%	(2.26%)
3) Mr. Yashovardhan Saboo	1,50,138	0.64%	(1.34%)
Total	**1,44,08,787**	**61.71%**	

Equity shares of Rs.10 each fully paid up held by

Promoter's name	As at March 31, 2022		
	No. of shares	% of total shares	% change during the year
1) KDDL Limited	1,21,19,588	63.53%	0.88%
2) Mahen Distribution Limited	22,93,150	12.02%	(0.57%)
3) Mr. Yashovardhan Saboo	3,77,383	1.98%	0.43%
Total	**1,47,90,121**	**77.53%**	

17. Other equity

(also refer to Statement of Changes in Equity)

(i) Deemed capital contribution

a) Includes Rs.14.51 towards fair value of guarantees given by the holding company of parent company in the earlier years.

b) Includes Rs.36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

Nature and purpose of reserves

(ii) Share options outstanding account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

(iii) Capital reserve

Reserve created under the scheme of arrangement (Business Combination). This will be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

17. Other equity (Contd..)

(iv) Securities premium

Securities premium represents the excess consideration received by the Group over the face value of the shares issued to shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

The Group Company, at its IPO meeting held on May 26, 2022 approved allotment of 42,71,070 Equity Shares of Rs. 10 each pursuant to Initial Public Offering at a securities premium of Rs.868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs.878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. The total offer expenses in relation to share issued amounting to Rs.3,531.05 has been adjusted against securities premium. Refer note 49.

(v) Retained earnings

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

(vi) Exchange differences on translation of foreign operations

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

18. Borrowings

i) Non-current borrowings

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Term-loans			
From banks (secured)	(a)	118.08	1,080.58
Deposits from shareholders (unsecured)(refer to note 38 for related party disclosure)	(b)	637.07	2,577.42
Total non-current borrowings (including current maturities)		755.15	3,658.00

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Less : Current maturities of non-current borrowings [refer to note 18(ii)]		(43.38)	(893.58)
		711.77	**2,764.42**

Notes:

a) Vehicle loans from banks amounting to Rs.118.08 (March 31, 2022: Rs.194.75) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2022: 7.10% to 9.25%). The above loans are repayable in monthly instalments within a period of next two to four years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. Nil (March 31, 2022: Rs.389.00) carried interest rate equal to Nil (March 31, 2022: 7.50%). The loan was availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same was secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Parent Company. It was also secured by 360,000 shares of holding company held by Mr. Yashoverdan Saboo, Managing Director of the Parent Company and second charge on entire property, plant and equipment of the Parent Company. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 48

18. Borrowings (Contd..)

equal monthly instalments of Rs.8.10 as per the repayment schedule commencing from April 30, 2022 with one year of moratorium from the drawdown. However, during the year, the Parent Company has repaid all the outstanding loan amount.

Term loan from IDBI Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.320.83) carried interest rate equal to NIL (March 31, 2022: 8.80%). The loan was availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan was secured by second charge on all the current assets on pari passu basis of the Company both present and future and second charge on the fixed assets of the Parent Company both present and future. It was also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 35 equal monthly instalments of Rs.9.17 and 36th Instalment of Rs.9.05 as per the repayment schedule commencing from March 31, 2022 with one year of moratorium from the drawdown. However, during the year, the Parent Company has repaid all the outstanding loan amount.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.176.00) carried interest rate equal to Nil (March 31, 2022: 8.20%) was secured by Second charge on the stock and receivables on pari passu basis of the Parent Company. These limits were also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). It was further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 36 equal monthly instalments commencing from March 31, 2022 with one year of moratorium from the first drawdown. However, during the year, the Parent Company has repaid all the outstanding loan amount.

b) Deposits from Shareholders carry an interest rate ranging between 10.25% to 10.75% (March 31, 2022: 8% to 11.25%) per annum and carry a maturity period from 24 to 36 months from the respective date of deposits.

ii) Current borrowings

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Loan repayable on demand			
- From banks (secured)	(c)	-	1,676.27
Other Loans			
- Inter-corporate deposit (unsecured)	(d)	-	500.00
- Deposits from shareholders (unsecured) [Refer Note 38 for related parties disclosure]	(e)	43.87	107.96
Current maturities of non-current borrowings [refer note 18 (i)]		43.38	893.58
		87.25	**3,177.81**

Notes

(c) Loan repayable on demand from IDBI Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.633.09) were repayable on demand and were secured by first pari passu charge on all the current assets of the Parent Company both present and future and second pari passu charge on the fixed assets of the Company both present and future. These limits were also secured by exclusive mortgage and charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits were guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the Parent Company and relative of the director. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 9.50% to 10.50%) per annum. However, during the year, the Parent Company has repaid the oustanding amounts and closed the loan facility with Bank.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.454.34) were repayable on demand and were secured by first pari passu charge on the stock and receivables of the Parent Company. These limits were also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This was further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans were also guaranteed by the Holding Company and personal guarantees of the director of the Parent Company. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 8.35%) per annum. However, during the year, the Parent Company has repaid the oustanding amounts and closed the loan facility with Bank.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. Nil (March 31, 2022: Rs.588.84) were repayable on demand and were secured by first pari passu charge by way of hypothecation on entire current assets of the Parent Company. These limits were also secured by 360,000 shares of holding company held by Mr. V.Saboo, Managing Director of the Parent Company and second pari passu

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

18. Borrowings (Contd..)

charge on entire fixed assets of the Parent Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the Parent Company and relative of the director. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 11.00 %) per annum. During the year, the Parent Company has repaid the oustanding amounts and closed the loan facility with Bank.

(d) Inter corporate deposit amounting to Rs. Nil (March 31, 2022: Rs.500) carried an interest rate of Nil (March 31, 2022: 10% - 12%) per annum. During the year, the Parent Company has repaid the oustanding amount and closed the loan facility.

(e) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 9.5% per annum (March 31, 2022: 8% to 9.50% per annum).

Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance as at the beginning of the year (including current and non-current borrowings)	**5,942.23**	**5,198.83**
Proceeds from non-current borrowings	178.60	2,225.63
Repayment of non-current borrowings	(3,081.45)	(1,084.32)
Proceeds from/repayments of other current borrowings (net)	(2,240.36)	(397.91)
Balance as at the end of the year (including current and non-current borrowings)	**799.02**	**5,942.23**

Movement of Interest accrued

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance as at the beginning of the year	**216.10**	**252.87**
Interest Expense	1,404.56	1,611.28
Interest Paid	(1,566.56)	(1,648.05)
Balance as at the end of the year	**54.10**	**216.10**

19. Other financial Liabilities

i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Interest Accrued but not due on deposits*	47.15	66.90
	47.15	**66.90**

ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
Refund Liabilities	12.38	60.66
Capital creditors	190.99	87.49
Salaries, wages and bonus and other employee payable *	851.52	656.71
Interest accrued but not due on borrowings *	3.11	147.78
	1,058.00	**952.64**

* Refer note 38 for related parties disclosure

20. Provisions

i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 35)	192.35	142.35
	192.35	**142.35**

ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 35)	37.79	29.91
Provision for compensated absences	352.77	294.99
	390.56	**324.90**

21. Trade payables*

Particulars	As at March 31, 2023	As at March 31, 2022
- Micro enterprises and small enterprises #	50.95	86.93
- Trade payables to related parties (Refer to note 38)	79.60	32.78
- Other trade payables	9,527.79	8,234.37
	9,658.34	**8,354.08**

Trade Payable Ageing Schedule

As at March 31, 2023	Outstanding for following periods from due date of payment**					
	Not due ##	< 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	50.95	-	-	-	50.95
Total outstanding dues of creditors other than micro enterprises and small enterprises	948.43	8,171.92	0.04	-	-	9,120.39
Disputed dues of creditors other than micro enterprises and small enterprises	-	0.77	76.96	268.23	141.04	487.00
Total	**948.43**	**8,223.64**	**77.00**	**268.23**	**141.04**	**9,658.34**

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

21. Trade payables* (Contd..)

As at March 31, 2022	Outstanding for following periods from due date of payment**					
	Not due ##	< 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	86.93	-	-	-	86.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	997.26	6,825.56	-	-	-	7,822.82
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	284.20	22.12	115.16	444.33
Total	**997.26**	**6,935.34**	**284.20**	**22.12**	**115.16**	**8,354.08**

There are Rs.30.53 for March 31, 2023 (March 31, 2022: Nil) of micro enterprises and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the group.

**Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

includes unbilled dues of Rs.454.68 (March 31, 2022: Rs.499.79).

Particulars	As at March 31, 2023	As at March 31, 2022
(a) The principal amount remaining unpaid to any supplier at the end of the year	50.95	86.93
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	2.25	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	2.25	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

22. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue	422.84	262.65
Corporate Social Responsibility payable (Refer note 40)	-	5.54
Statutory dues	198.93	247.06
Advances from customers	754.64	732.63
Interest payable-others	3.84	1.42
Other Payables	-	27.58
	1,380.25	**1,276.88**

22. Other current liabilities (Contd..)

Below is the movement of Deferred revenue:-

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	**262.65**	**213.28**
Add: Loyalty points created during the year	494.01	260.61
Less: Loyalty points redeemed/expired during the year	(333.82)	(211.24)
Balance as at the end of the year	**422.84**	**262.65**

23. Current tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax (net)	20.77	20.25
	20.77	**20.25**

24. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from contracts with customers		
Sale of products (net of applicable tax)	78,380.01	57,289.42
Sale of services	473.36	438.95
	78,853.37	**57,728.37**

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

Reconciliation of revenue recognised in the Consolidated Statement of Profit and Loss with the contracted price.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price	79,013.56	57,777.74
Less: (Creation)/Redemption of loyalty points	(160.19)	(49.37)
	78,853.37	**57,728.37**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables (Refer Note No. 12)	617.74	518.26
Deferred revenue (Refer Note No. 22)	422.84	262.65
Advances from customers (Refer Note No. 22)	754.64	732.63

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

25. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income under the effective interest rate method on		
- Fixed Deposits	1,080.71	58.12
- Security deposits at amortised cost	113.28	143.77
- Others	-	1.54
Provisions/liabilities no longer required written back	147.42	106.86
Allowance for doubtful debts written back	5.73	86.70
Profit on disposal of property, plant & equipment (Net)	12.81	-
Rent waiver on lease liabilities	-	804.46
Miscellaneous Income*	96.09	76.38
	1,456.04	**1,277.83**

* mainly includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

26. Changes in inventory of stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	24,993.29	19,777.12
Less: Inventory at the end of the year	(33,987.29)	(24,993.29)
(Increase)/ Decrease in inventory	**(8,994.00)**	**(5,216.17)**

27. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	4,839.58	3,925.83
Contribution to provident and other funds (Refer Note 35)	218.22	185.03
Share based payments (Refer Note 35)	-	(9.41)
Staff welfare expenses	210.37	136.70
	5,268.17	**4,238.15**

28. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on borrowings	243.14	568.23
Interest on lease liabilities (Refer note 37)	1,152.91	1,020.83
Interest on delay in deposit of income tax	8.51	22.22
Other borrowing cost	11.50	56.00
	1,416.06	**1,667.28**

29. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 3)	895.67	673.37
Amortisation of intangible assets (Refer note 4)	18.99	17.33
Depreciation of Right-of-use of assets (Refer note 37)	2,548.43	2,460.16
	3,463.09	**3,150.86**

30. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	202.11	115.71
Service cost expense	449.20	183.76
Insurance	101.36	86.75
Rent (net of reimbursements of Rs. 46.93 (March 31, 2022: Rs. 45.55)) (Refer note 37)	955.65	502.02
Rates and taxes	66.54	126.78
Repair and maintenance- Others	667.08	541.95
Foreign exchange loss (net)	280.53	107.92
Travelling and conveyance	517.27	220.08
Advertisement and sales promotion (Refer note 38)	2,683.39	2,225.30
Directors sitting fees and commission	105.43	56.06
Printing and stationery	32.69	24.17
Recruitment expenses	45.87	44.66
Telephone and telex	75.58	54.25
Postage and telegram	296.60	231.19
Legal and professional fees [(a)]	293.25	195.24
Bank charges	601.80	480.51
Advances/deposits/Bad debts written off (Net)[(b)]	15.98	269.19
Allowance for doubtful advances/recoverable	-	15.00
Loss on sale of property, plant and equipment	-	11.77
Property, plant and equipment written off (net)	-	11.95
Corporate Social Responsibility expenditure (Refer note 40)	25.63	17.32
Donation	-	2.50
Miscellaneous expenses	289.67	163.20
	7,705.63	**5,687.28**

(a) Includes payment to auditors (excluding taxes as applicable)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As auditor		
Statutory audit	17.10	11.60
Limited review of special purpose quarterly results	7.50	6.00
In other capacity		
Certification work etc.*	2.43	3.93
Reimbursement of expenses	1.48	0.65
	28.51	**22.18**

* Excluding Rs.51.38 (31 March 2022: Rs.82.55) which are considered as part of offer expenses under initial public offer (Refer Note 49)

(b) Movement of Advances / deposits/Bad debts written off

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad debts / Advances written off	44.98	269.19
Less: Provision for doubtful debts / advances adjusted	(29.00)	-
	15.98	**269.19**

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

31. Tax expense

a) Income tax recognised in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
Current year	2,001.09	922.64
Changes in estimates related to prior years	(14.80)	(24.07)
	1,986.29	**898.57**
Attributable to–		
Deferred tax		
Origination and reversal of temporary differences	38.35	(91.89)
Changes in estimates related to prior years	13.19	7.11
	51.54	**(84.78)**
Total tax expense recognised during the period	**2,037.83**	**813.79**

The above tax expense for the period can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	**8,067.65**	**3,152.59**
Tax at the Indian tax rate *	2,029.12	802.61
Effect of expenses that are not deductible in determining taxable profit	10.31	28.15
Effect of tax (benefit) / expense pertaining to prior years	(1.60)	(16.97)
Income tax expense recognised in statement of profit and loss	**2,037.83**	**813.79**

* The tax rate used for the current tax reconciliation above is the corporate tax rate of 25.168% (Previous year 25.168%) for the parent company and 34.944% (Previous year 34.944%) for subsidiary payable by corporate entities in India on taxable profits under the Indian tax law.

b) Income tax expense recognised in other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	5.99	(0.39)
Total income tax recognised in other comprehensive income	**5.99**	**(0.39)**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	5.99	(0.39)
	5.99	**(0.39)**

32. Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Basic earnings per share		
i Profit for basic earning per share of Rs.10 each		
Profit for the year	6,029.82	2,338.80
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,90,78,163	1,82,12,812
Effect of fresh issue of shares	36,27,484	2,22,678
	2,27,05,647	**1,84,35,490**
Basic Earnings per share (face value of Rs.10 each)	26.56	12.69

32. Earnings per share (Contd..)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
B. Diluted earnings per share		
i Profit for diluted earning per share of Rs.10 each	6,029.82	2,338.80
ii Weighted average number of equity shares for diluted		
Opening Balance	1,90,78,163	1,82,12,812
Effect of fresh issue of shares	36,27,484	2,22,678
	2,27,05,647	**1,84,35,490**
Diluted earnings per share (face value of Rs.10 each)	26.56	12.69

33. Financial instruments - fair values and risk management

I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at March 31, 2023			As at March 31, 2022		
			FVPL	Amortised cost	FVOCI	FVPL	Amortised cost	FVOCI
Financial assets								
Non-current								
Loans	(c)	3	-	5.67	-	-	3.67	-
Other financial assets	(c)	3	-	2,452.01	-	-	1,106.96	-
Current								
Trade receivables	(a)	3	-	617.74	-	-	518.26	-
Cash and cash equivalents	(a)	3	-	2,788.87	-	-	3,768.32	-
Other bank balances	(a)	3	-	20,074.43	-	-	215.58	-
Loans		3	-	25.28	-	-	26.94	-
Other financial assets		2	-	1,500.93	-	-	710.52	-
Total			**-**	**27,464.93**	**-**	**-**	**6,350.25**	**-**
Financial liabilities								
Non-current								
Borrowings	(b)	3	-	711.77	-	-	2,764.42	-
Other Non current financial Liabilities	(c)		-	47.15	-	-	66.90	-
Current								
Borrowings (including current maturities)	(b)	3	-	87.25	-	-	3,177.81	-
Trade payables	(a)	3	-	9,658.33	-	-	8,354.08	-
Other financial liabilities	(a)	2	-	1,058.00	-	-	952.64	-
Total			**-**	**11,562.50**	**-**	**-**	**15,315.85**	**-**

Notes:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. The own non-performance risk as at balance sheet date was assessed to be insignificant.

(c) The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2023 and March 31, 2022.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

33. Financial instruments - fair values and risk management (Contd..)

II. Financial risk management

(i) Risk management framework

The Parent Company's risk management committe has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii));and
- Market risk (see (iv))

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

Trade receivables and Loans

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	**15.79**	**102.48**
Provision created during the year	-	2.50
Provision utilised/reversed during the year	(11.88)	(89.19)
Balance as at the end of the year	**3.91**	**15.79**

The movement in the allowance for doubtful advances/recoverable is as follows: (Refer Note 7 & 15)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	**37.85**	**22.85**
Provision created during the year	-	15.00
Provision utilised/reversed during the year	(22.85)	-
Balance as at the end of the year	**15.00**	**37.85**

33. Financial instruments - fair values and risk management (Contd..)

Cash and cash equivalents

The Group holds cash and cash equivalents of Rs.2,788.87 at March 31, 2023 (March 31, 2022: Rs.3,768.32). The cash and cash equivalents are mainly held with scheduled banks.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. Post completion of Initial Public Offer, The Company has repaid all working capital loans / limits and part of shareholder deposits and also, surrendered the sanctioned borrowing limits.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

March 31, 2023

Particulars	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	799.02	981.73	100.54	881.19	-
- Trade payables	9,658.33	9,658.33	9,658.33	-	-
- Lease liabilities	11,273.55	15,110.97	3,478.47	9,156.18	2,476.32
- Capital creditors	190.99	190.99	190.99	-	-
- Salaries, wages and bonus and other employee payable	851.52	851.52	851.52	-	-
- Interest accrued but not due on borrowings	50.26	50.26	3.11	47.15	-
- Refund Liabilities	12.38	12.38	12.38	-	-
	22,836.05	**26,856.18**	**14,295.34**	**10,084.52**	**2,476.32**

March 31, 2022

Particulars	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,942.23	6,097.67	3,252.27	2,845.40	-
- Trade payables	8,354.08	8,354.08	8,354.08	-	-
- Lease liabilities	10,186.97	13,409.83	3,176.78	8,188.90	2,044.16
- Capital creditors	87.49	87.49	87.49	-	-
- Salaries, wages and bonus and other employee payable	656.71	656.71	656.71	-	-
- Interest accrued but not due on borrowings	214.68	214.68	147.78	66.90	-
- Refund Liabilities	60.66	60.66	60.66	-	-
	25,502.82	**28,881.12**	**15,735.77**	**11,101.20**	**2,044.16**

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

33. Financial instruments - fair values and risk management (Contd..)

(iv) Market Risk

a) Product price risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in premium and luxury category watches, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavourably from the markets, the Group negotiates with its vendor for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

b) Interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings	799.02	4,265.96
Floating rate borrowings	-	1,676.27
	799.02	**5,942.23**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year-end was outstanding for the whole year.

Particulars	Profit / (Loss) before tax	
	Strengthening	Weakening
For the year ended 31 March 2023		
Interest rate (0.5 % movement)	-	-
For the year ended 31 March 2022		
Interest rate (0.5 % movement)	(8.38)	8.38

c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are CHF, USD, GBP, AED, AUD, CAD, SGD and EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

33. Financial instruments - fair values and risk management (Contd..)

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the group is as follows :

Particulars	As at March 31, 2023	As at March 31, 2022
CHF		
Trade payables (net of receivable)	1,693.59	1,362.68
Net exposure of recognised financial liability	**1,693.59**	**1,362.68**
USD		
Trade payables (net of receivable)	175.48	144.85
Less: Cash & Cash equivalents	4.28	4.14
Net exposure of recognised financial liability	**171.20**	**140.71**
AED		
Cash & Cash equivalents	-	0.39
Net surplus of recognised financial Assets	**-**	**0.39**
AUD		
Cash & Cash equivalents	-	0.13
Net surplus of recognised financial Assets	**-**	**0.13**
CAD		
Cash & Cash equivalents	-	1.82
Net surplus of recognised financial Assets	**-**	**1.82**
GBP		
Trade payables (net of receivable)	-	19.76
Net exposure of recognised financial liability	**-**	**19.76**
SGD		
Trade payables (net of receivable)	129.06	466.37
Net exposure of recognised financial liability	**129.06**	**466.37**
EUR		
Trade payables (net of receivable)	216.53	195.87
Less: Cash & Cash equivalents	1.96	0.98
Net exposure of recognised financial liability	**214.57**	**194.89**

Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, GBP, AED, AUD, CAD, SGD and EUR against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

As at March 31, 2023	Profit / (Loss) (before tax)	
	Strengthening	Weakening
CHF (1% movement)	(16.94)	16.94
SGD (1% movement)	(1.29)	1.29
EUR (1% movement)	(2.15)	2.15
USD (1% movement)	(1.71)	1.71
GBP (1% movement)	-	-
AED (1% movement)	-	-
AUD (1% movement)	-	-
CAD (1% movement)	-	-

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

33. Financial instruments - fair values and risk management (Contd..)

As at March 31, 2023	Equity (net of tax)	
	Strengthening	Weakening
CHF (1% movement)	(12.67)	12.67
SGD (1% movement)	(0.97)	0.97
EUR (1% movement)	(1.61)	1.61
USD (1% movement)	(1.28)	1.28
GBP (1% movement)	-	-
AED (1% movement)	-	-
AUD (1% movement)	-	-
CAD (1% movement)	-	-

As at March 31, 2022	Profit / (Loss) (before tax)	
	Strengtening	Weakening
CHF (1% movement)	(13.63)	13.63
SGD (1% movement)	(4.66)	4.66
EUR (1% movement)	(1.95)	1.95
USD (1% movement)	(1.41)	1.41
GBP (1% movement)	(0.20)	0.20
AED (1% movement)	(0.00)	0.00
AUD (1% movement)	(0.00)	0.00
CAD (1% movement)	(0.02)	0.02

As at March 31, 2022	Equity (net of tax)	
	Strengtening	Weakening
CHF (1% movement)	(10.20)	10.20
SGD (1% movement)	(3.49)	3.49
EUR (1% movement)	(1.46)	1.46
USD (1% movement)	(1.05)	1.05
GBP (1% movement)	(0.15)	0.15
AED (1% movement)	(0.00)	0.00
AUD (1% movement)	(0.00)	0.00
CAD (1% movement)	(0.01)	0.01

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar, EUR: Euro, AED: Emirati Dirham, AUD: Australian dollar, CAD: Canadian Dollar.

34. Capital Management

Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings and trade payables including lease liabilities net of cash and cash equivalents. Equity comprises all components of equity (as shown in the Balance Sheet). The Group always tries to minimize its adjusted net debt to equity ratio.

34. Capital Management (Contd..)

The Group's adjusted net debt to equity ratio was as follows.

Particulars	As at March 31, 2023	As at March 31, 2022
Total Debt including trade payable	21,730.91	24,483.28
Less: cash and cash equivalents	(2,788.87)	(3,768.32)
Adjusted net debt	**18,942.04**	**20,714.96**
Total equity	63,149.64	23,168.49
Adjusted net debt to equity ratio	**0.30**	**0.89**

35. Employee benefits

I. Assets and liabilities relating to employee benefits

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Liability for gratuity	192.35	142.35
	192.35	**142.35**
Current		
Liability for gratuity	37.79	29.91
Liability for compensated absences	352.77	294.99
	390.56	**324.90**
	582.91	**467.25**

For details about the related employee benefit expenses, refer to note no. 38.

II. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100 % of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

35. Employee benefits (Contd..)

b) Reconciliation of present value of defined benefit obligation

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period/ year	199.61	197.42
Benefits paid	(22.12)	(38.85)
Current service cost	37.09	28.55
Interest cost	14.42	14.03
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	23.37	(1.54)
Balance at the end of the year	**252.37**	**199.61**

c) Reconciliation of the present value of plan assets

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period/ year	27.35	36.04
Contributions paid into the plan	15.11	27.00
Interest Income	0.22	3.07
Benefits paid	(22.12)	(38.85)
Return on plan assets recognised in other comprehensive income	36.03	0.09
Balance at the end of the year	**56.59**	**27.35**

d) Expense recognised in profit or loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	37.09	28.55
Interest Income	(0.22)	(3.07)
Interest cost	14.41	14.03
	51.28	**39.51**

e) Remeasurements recognised in other comprehensive income

Particulars	As at March 31, 2023	As at March 31, 2022
Actuarial (Gain)/loss on defined benefit obligation	23.37	(1.54)
Actuarial (Gain)/loss on defined plan assets	(36.03)	(0.09)
	(12.66)	**(1.63)**

f) Plan assets

100% of the plan assets are managed by LIC

g) Actuarial assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate (per annum)	7.36% p.a.	7.22% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	56 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

35. Employee benefits (Contd..)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2023	
	Increase	Decrease
Discount rate (0.5 % movement)	(7.21)	7.63
Future salary growth rate (0.5 % movement)	7.07	(6.74)

Particulars	As at March 31, 2022	
	Increase	Decrease
Discount rate (0.5 % movement)	(5.60)	5.92
Future salary growth rate (0.5 % movement)	5.72	(5.25)
Attrition rate (5 % movement)		

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

h) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Within 1 year	37.79	29.91
1-2 year	38.08	33.13
2-3 year	15.97	12.40
3-4 year	14.40	11.07
4-5 year	15.89	11.40
5-10 years	130.24	101.70

i) Weighted average duration of the defined benefit plan

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average duration (in years)	8.33	16.39

III. Defined contribution plans

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs.166.33 during the period (March 31, 2022: Rs.142.90) as expense towards contribution to these plans.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

35. Employee benefits (Contd..)

IV. Share based payments

a) Description of share-based payment arrangement

As at March 31, 2023, the Parent Company does not have any share-based payment arrangements. Details of earlier share based payment arrangements are mentioned below.

b) Employee Stock Option Scheme (equity-settled)

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees and directors of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees and directors deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50 % of the options granted to the selected employee shall vest on 1st October,2017 in case there is continuation of his service till the date of vesting.

2. 50 % on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on August 04, 2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013".

The Parent Company, at its 14th Annual General Meeting, approved variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013' by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before August 16, 2021. The aforesaid scheme expired on August 16, 2021.

c) Reconciliation of outstanding share option

For the year ended March 31, 2023

Particulars	Options (numbers)	Weighted average exercise price per option (Rs.)
Ethos Employee Stock Option Scheme - 2013		
Option outstanding at the beginning of the year	-	-
Exercised during the period/year	-	-
Lapsed during the period/year	-	-
Options outstanding at the end of the period/year	-	-
No. of shares arising out of the options outstanding	-	-
Ethos Employee Stock Option Scheme - 2013		
Option outstanding at the beginning of the year	-	-
Lapsed during the period/year	-	-
Options outstanding at the end of the period/year	-	-
Options available for grant at the end of year	-	-
Options exercisable at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-

35. Employee benefits (Contd..)

For the year ended March 31, 2022

Particulars	Options (numbers)	Weighted average exercise price per option (Rs.)
Ethos Employee Stock Option Scheme - 2013		
Option outstanding at the beginning of the year	1,27,750	120
Exercised during the period/year	1,04,750	120
Lapsed during the period/year	23,000	120
Options outstanding at the end of the period/year	-	-
No. of shares arising out of the options outstanding	-	-
Ethos Employee Stock Option Scheme - 2013		
Option outstanding at the beginning of the year	3,500	120
Lapsed during the period/year	3,500	120
Options outstanding at the end of the period/year	-	-
Options available for grant at the end of year	-	-
Options exercisable at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-

d) Expense recognized in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expense arising from equity-settled share based payment transaction	-	(9.41)

e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair values of the equity settled share based payment plan are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Assumptions		
Fair value at grant date	-	35.54/56.08
Share price at grant date	-	120.00
Exercise price	-	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	-	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	-	4.56/4.16
Expected Annual Volatility of Shares*	-	40%-60%
Expected dividend yield (in %)	-	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Parent Company's share price, particularly over the historical period commensurate with the expected term.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

36. Contingent liabilities, commitments and other matters

i) Claims against the Group not acknowledged as debts, under dispute

Particulars	As at March 31, 2023	As at March 31, 2022
a) Income Tax matters	364.86	318.77
b) Excise Duty matters	47.08	47.08
c) Value Added Tax matters	3,330.03	3,330.03
d) Customs duty matters	12.97	12.90
e) Goods and Services Tax matters	12.15	-

Based on the discussion with the solicitors/legal opinion taken by the Group, the management believes that the Group has a good chance of success in above mentioned case and hence, no provision there against was considered necessary.

ii) Commitments

Particulars	As at March 31, 2023	As at March 31, 2022
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	471.71	2,600.00

iii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition. As on March 31, 2023, there is one open legal proceedings involving disputed amount of Rs.110.22 (March 31, 2022: Rs.110.22) against which the Group is carrying liability of Rs.49.26 (March 31, 2022: Rs.49.26)

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision. Further, management also believes that the impact of the same on the Group will not be material.

37. Leases

A. Group as a lessee

The Group has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
As at April 01, 2021	**8,122.03**	**-**	**8,122.03**
Additions	3,562.34	152.79	3,715.13
Deletions	(217.87)	-	(217.87)
Depreciation expense	(2,446.13)	(14.03)	(2,460.16)
As at March 31, 2022	**9,020.37**	**138.76**	**9,159.13**
Additions	3,995.74	-	3,995.74
Deletions	(261.40)	-	(261.40)
Depreciation expense	(2,514.79)	(33.64)	(2,548.43)
As at March 31, 2023	**10,239.92**	**105.12**	**10,345.04**

37. Leases (Contd..)

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	**10,186.97**	**8,819.37**
Additions	3,774.47	3,591.35
Accretion of interest	1,152.91	1,020.83
Deletions	(285.17)	(214.55)
Payments (Principal and interest)*	(3,555.63)	(2,225.57)
Rent Concession	-	(804.46)
At the closing of the year	**11,273.55**	**10,186.97**
Current lease liabilities	2,356.75	2,238.40
Non-current lease liabilities	8,916.80	7,948.57
Total	**11,273.55**	**10,186.97**

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	3,478.47	3,176.78
After one year but not more than five years	9,156.18	8,188.90
More than five years	2,476.32	2,044.16
Total	**15,110.97**	**13,409.84**

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.63%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use assets	2,548.43	2,460.16
Interest expense on lease liabilities	1,152.91	1,020.83
Expense relating to short-term leases and variable rent (included in other expenses)**	1,002.58	547.57
Total amount recognised in profit or loss	**4,703.92**	**4,028.56**

*The Company had total cash outflows for leases excluding rent concession of Rs.3,555.63 (March 31, 2022: Rs.2,225.57).

The Company also had non-cash additions to right of use assets and liabilities of Rs.3,624.47 (March 31, 2022: Rs.3,591.35)

** Gross of reimbursement received of Rs.46.93 (March 31, 2022: Rs.45.55).

38. Related parties

(i)	**Holding Company:**
	KDDL Limited (KDDL)
(ii)	**Joint venture:**
	Pasadena Retail Private Limited
(iii)	**Subsidiary body Corporate:**
	Cognition Digital LLP
	Silvercity Brands AG (w.e.f. March 31, 2023)

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

38. Related parties

(iii)	**Entities under common control (where transactions have taken place during the year / balances outstanding):**	
	Mahen Distribution Limited	
	Pylania SA	
	VBL Innovations Private Limited	
	Vardhan Properties & Investment Limited	
	Anacott Trading SA (upto December 22, 2021)	
	Dream Digital Technology Private Limited (DDTPL)	
	Saboo Ventures LLP	
	Saboo Housing Projects LLP	
	Saveeka Family Trust	
	KDDL Ethos Foundation	
(iv)	**Details of transactions entered into with the related parties:**	
	Key Managerial Personnels	**Relative of Key Managerial Personnel**
	Mr.Y.Saboo (Managing Director)	Mr. R K Saboo (Father)
		Mrs. Usha Devi Saboo (Mother)
		Mrs. Anuradha Saboo (Spouse)
		Mr. Jai Vardhan Saboo (Brother)
		Mr. Pranav Shankar Saboo (CEO) (Son)
		Mrs. Satvika Suri (Daughter)
	Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
	Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse)
		Mr. Saahil Khanna (Son)
		Mrs Poonam Prakash (Sister)
	Mr. Sundeep Kumar - Independent Director	
	Mr. Dilpreet Singh - Independent Director	
	Mr. Mohaimin Altaf - Independent Director	Mrs Nighat Altaf (Mother)
	Mr. Patrik Paul Hoffman - Independent Director	
	Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse)
		Mr. Amol Gupta (Son)
		Mrs. Saneh Lata (Mother)
		Mr. Deepak Gupta (Brother)
	Mr. Chitranjan Agarwal - Non Independent and Non Executive Director (w.e.f. April 01, 2022)	Mrs. Pallavi Agarwal (Spouse)
	Mr. Charu Sharma - Independent Director (w.e.f. November 03, 2022)	
	Mrs. Munisha Gandhi - Non Independent and Non Executive Director (w.e.f. September 27, 2022)	Mr. Viraj Gandhi (Son)
		Ms. Shabnam Nath (Daughter)
	Ms. Susanne Hurni	Director of Estima AG, Fellow Subsidiary
	Mr. N. Subramanian - Independent Director (upto September 27, 2022)	
	Mrs. Neelima Tripathi - Independent Director (upto September 27, 2022)	Mr Apoorv P. Tripathi (Son)
		Ms Sanam Tripathi (Daughter)
	Mr. Ritesh Kumar Agrawal (CFO w.e.f. August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
	Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)
	Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)

38. Related parties (Contd..)

(v)

Particulars	Joint venture		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
For the Year ended	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Transactions:								
Sale of goods	-	-	3.93	-	104.03	172.54	33.68	19.39
Other Income	-	1.53	-	-	-	-	43.68	40.00
Rent income	-	-	1.20	0.60	-	-	-	-
Purchases of stock-in-trade	-	-	-	2.10	18.00	64.25	17.68	-
Short term employee benefits	-	-	-	-	645.15	487.37	-	-
Legal and professional fees	-	-	-	-	27.78	20.49	-	0.60
Advertisement and sales promotion	-	-	42.00	30.00	-	-	-	-
Recovery of expenses incurred	39.96	30.19	-	0.09	8.02	-	-	4.27
Reimbursement to selling shareholders of IPO proceed (Net of share issue expenses)	-	-	468.06	-	834.92	-	1,111.78	-
Rent expenses	-	-	12.35	7.00	-	9.55	27.99	21.98
Directors sitting fees and commission	-	-	-	-	105.41	56.06	-	-
Reimbursement of expenses	-	-	-	1.37	-	-	11.00	4.14
Interest Expenses	-	-	4.16	15.81	61.22	103.35	-	-
Financial guarantee expenses	-	-	-	-	-	-	4.97	29.83
Sale of Property, Plant and Equipment	-	-	-	-	5.32	-	-	-
Purchase of Property, Plant and Equipment & Intangible Assets	-	-	-	-	-	-	3,900.00	-
Investment in Joint venture	-	75.00	-	-	-	-	-	-
Loan taken	-	-	-	295.00	-	618.14	-	-
Loan repaid	-	-	95.00	200.00	865.05	342.35	-	-
Loan given	-	-	-	-	-	5.50	-	-
Security Premium received	-	-	-	55.18	-	176.39	-	1,940.99
CSR Expenses	-	-	11.96	-	-	-	-	-
Equity shares issued	-	-	-	1.02	-	8.95	-	35.94
Balances outstanding:								
Investments	175.00	175.00	-	-	-	-	-	-
Receivable against sale of goods	-	-	152.03	247.39	68.09	-	-	-
Advances against Supply of Goods / services	12.41	3.96	1,342.98	-	6.35	16.14	17.18	1.81
Advance for capital goods	-	-	-	-	-	-	-	1,300.00
Loans	-	-	-	-	-	7.18	-	-
Security deposits paid	-	-	-	-	-	-	-	6.77
Payable for Employee Benefits	-	-	-	-	117.65	42.51	-	-
Payable for Director Fees	-	-	-	-	79.60	30.19	-	-
Payable for services received	-	-	-	2.59	-	0.01	-	-

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

38. Related parties (Contd..)

Particulars	Joint venture		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
For the Year ended	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest accrued but not due	-	-	-	-	14.27	93.49	-	-
Guarantees taken by the company	-	-	-	-	-	10,320.00	-	5,635.00
Unsecured loans	-	-	-	95.00	136.81	991.86	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51

Notes:

1 The Group's principal related parties consist of KDDL Limited, its subsidiaries and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enters into transactions in the ordinary course of business.

2 Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.

3 Security being provided by KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.

4 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.

5 Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.

6 All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

39. Segment information

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available.

Operarting segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker of the Group. As the chief operating decision maker of the Group assess the financial performances and position of the Group as a whole and makes strategic decision, the management considers retail trading of premium and luxury watches, accessories and other luxury items and including related after sale services as a single operating segment as per Ind AS 108, hence separate segment disclosure, have not been furnished.

40. Corporate Social Responsibility

In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs.25.62 (March 31, 2022: Rs.17.32) for CSR activities carried out during the current year.

S.No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i	Amount required to be spent by the company during the period	25.62	17.32
ii	Amount of expenditure incurred		
	a In cash	25.62	11.78
	b Yet to be paid in Cash	-	-
	c Balance for the remaining period	-	5.54
iii	Shortfall at the end of the year	-	5.54*
iv	Total of previous years shortfall	-	-
v	Reason for shortfall	To be incurred in the ongoing project for the forthcoming year	To be incurred in the ongoing project for the forthcoming year
vi	Nature of CSR activities	Isha Foundation-Towards Million Tree project	Isha Foundation-Towards Million Tree project
		Youth Technical Training Society - Towards promoting education	Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.
		Mrittika Earthy Talks Foundation - Towards waste management	
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Contribution to KDDL Ethos Foundation**	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable

*The unspent amount of Rs.5.54 lacs for the financial year ended March 31, 2022 as per sub section (5) of Section 135 of Companies Act, was spent in the ongoing project - Million Tree Project on September 30, 2022.

**During the year ending March 31, 2023, the Company has transferred an amount of Rs.11.96 to KDDL Ethos Foundation, a CSR registered implementing agency towards various objects as mentioned in Section 135 of the Companies Act, 2013. The CSR obligation transferred by the Company as at March 31, 2023 which has been set off with liability towards CSR activities and shall be utilised in various objects namely environmental sustainability, training etc.

41. Interest in Joint Venture

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Particulars	As at March 31, 2023	As at March 31, 2022
Non-Current Assets, including right-of-use assets of Rs.47.67 (March 31, 2022: Rs.84.95)	82.09	121.36
Current Assets, including inventories of Rs.249.97 (March 31, 2022: Rs.238.58)	299.49	290.20
Non-Current Liabilities, including only lease liabilities	(8.73)	(50.69)
Current Liabilities, including lease liabilities of Rs.51.33 (March 31, 2022: Rs.50.13) and trade payables of Rs.95.76 (March 31, 2022: Rs.115.72)	(165.70)	(203.40)
Equity	**207.15**	**157.47**

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

41. Interest in Joint Venture (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
Proportion of the Group's ownership		
Share in Equity	207.15	157.47
Carrying value of the investment	207.15	157.47

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	1,064.76	858.27
Other income	4.41	25.43
	1,069.17	**883.70**
Purchase of stock-in-trade	756.49	692.63
Changes in inventory of stock-in-trade	(22.79)	(37.25)
Finance costs	25.40	42.20
Depreciation and amortization expense	88.59	88.67
Other expenses	88.06	91.04
	935.75	**877.29**
Profit before tax	133.42	6.41
Tax expense	34.07	1.61
Profit for the year	99.35	4.80
Group's share of profit for the year (Share 50%)	**49.68**	**2.40**

42. Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Parent								
Ethos Limited								
As at March 31, 2023	100%	63,117.68	99%	5,979.60	96%	(16.91)	99%	5,962.69
As at March 31, 2022	100%	23,186.04	100%	2,336.30	108%	1.34	100%	2,337.64
Subsidiaries								
Cognition Digital LLP								
As at March 31, 2023	1%	478.95	1%	73.39	3%	(0.55)	1%	72.84
As at March 31, 2022	2%	406.12	3%	70.47	(8%)	(0.10)	3%	70.36
Silvercity Brands AG**								
As at March 31, 2023	0%	45.12	0%	-	0%	-	0%	-
As at March 31, 2022	0%	-	0%	-	0%	-	0%	-
Joint Venture (Investments as per the equity method)*								
Pasadena Retail Private Limited								
As at March 31, 2023	0%	207.15	1%	49.68	0%	-	1%	49.68
As at March 31, 2022	1%	157.47	0%	2.40	0%	-	0%	2.40

42. Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture (Contd..)

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Eliminations								
As at March 31, 2023	(1%)	(699.26)	(1%)	(72.84)	1%	(0.16)	(1%)	(73.00)
As at March 31, 2022	(3%)	(581.14)	(3%)	(70.36)	1%	0.01	(3%)	(70.35)
As at March 31, 2023	100%	63,149.64	100%	6,029.82	100%	(17.62)	100%	6,012.20
As at March 31, 2022	100%	23,168.49	100%	2,338.80	100%	1.24	100%	2,340.04

* Amounts given here in respect of joint venture is the share of the group in the net assets of the joint venture.

** The Parent Company has acquired 100% stake in Silvercity Brands AG, the Swiss stock corporation having its registered seat in Grenchen, Switzerland from Philipp Schaller, c/o Badertscher Rechtsanwälte AG Mühlebachstrasse 32 8008 Zürich during March 2023. The Share Capital of the company is CHF 100,000, divided into 100,000 registered shares with a nominal value of CHF 1 each and paid-up Share Capital is 50,000 shares for CHF 1 each. The purchase consideration for acquisition of shares is at CHF 50,000 in an all-cash deal. The Parent Company has paid 50,000 CHF on March 31, 2023.

43. Details of subsidiary and joint venture with ownership % and place of business :

Subsidiary	
Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2023	99.99%
Proportion of Ownership as at March 31, 2022	99.99%
Method used to account for the investment	At cost
Name of the entity	Silvercity Brands AG
Principal Place of Business	Switzerland
Proportion of Ownership as at March 31, 2023	100.00%
Proportion of Ownership as at March 31, 2022	Nil
Method used to account for the investment	At cost
Joint venture	
Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2023	50.00%
Proportion of Ownership as at March 31, 2022	50.00%
Method used to account for the investment	At cost

44. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

45. The Company has entered into an agreement dated January 1, 2022 with its Holding company i.e. KDDL Limited to purchase its brand-name "Ethos" and "Summit" (including trademarks, trade names, logos and all related rights) for an agreed amount of Rs.3,900 lakhs. The aforesaid brands have been capitalized as intangible assets during the year ended March 31, 2023.

46. During the previous year, The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 458,000 equity shares of face value Rs.10 each, to the existing shareholders of the Parent Company as on the record date i.e.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

46. (Contd..)

October 31, 2021, at a premium of Rs.540 per share, on Rights Issue basis, aggregating to upto an amount not exceeding Rs.2,550.00 for raising funds for the Parent Company in the ratio of 1 rights equity share of Rs.10 each for every 40 equity shares of Rs.10 each held by the eligible equity shareholder of the Parent Company as on the record date with the right to renounce.

Based on above, the Board of Directors, at its meeting held on December 01, 2021, approved the allotment of 457,938 equity shares of Rs.10 each at a premium of Rs.540 per share for an amount totalling to Rs.2,518.66 after taking into consideration the share subscriptions and renunciations received from the existing shareholders of the Parent Company upto November 24, 2021 (the date of close of offer), in pursuance to 'Ethos – Rights Issue 2021'.

47. Other Statutory Information

1) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

2) The Group does not have any transactions with companies struck off.

3) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

4) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

5) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or

   b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

6) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;

   b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

7) The Group not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

8) The Group is not declared as wilful defaulter by any bank or financial institution

9) The Group does not have projects as CWIP and Intangible assets under development where completion is overdue, exceeded its cost or activity is suspended

48. During the previous year, The Board of the Directors of the Parent Company, at its meeting held on March 28, 2022 has approved the allotment of 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,499.99, towards Pre-IPO placement through Preferential allotment. The paid up equity share capital of the Parent Company, after such allotment, stands revised to Rs.1,907.82.

49. During the year ended March 31, 2023, the Parent Company has completed its Initial Public Offering ('IPO') of 45,81,500 equity shares of face value of Rs. 10 each at an issue price of Rs. 878 per share (including securities premium of Rs.868 per share). The issue comprised of fresh issue of 42,71,070 equity shares aggregating to Rs. 37,500.00 and offer for sale of 3,10,430 equity shares aggregating to Rs.2,725.58. The equity shares of the Parent Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022.

Consequent to allotment of fresh issue, the paid-up equity share capital of the Parent Company stands increased from Rs.1,907.82 consisting of 1,90,78,163 equity shares of Rs.10 each to Rs.2,334.92 consisting of 2,33,49,233 Equity Shares of Rs.10 each.

The total offer expenses in relation to the fresh issue are Rs.3,531.05 (excluding taxes). The utilization of IPO proceeds from fresh issue (net of IPO related expense of Rs. 3,531.05) is summarized below:

Particulars	Amount
Amount received from fresh issue	37,500.00
Less: Offer related expenses in relation to the Fresh Issue	(3,531.05)
Net Proceeds available for utilisation	33,968.95

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2023	Unutilized as on March 31, 2023**
Repayment or pre-payment certain borrowings	2,989.09	2,989.09	-
Funding working capital requirements	23,496.22	8,682.66	14,813.56
Financing the establishment of new stores and renovation of the certain existing stores	3,327.28	450.48	2,876.80
Financing the upgradation of ERP	198.01	-	198.01
General corporate purpose*	3,958.35	2,213.63	1,744.72
Total	**33,968.95**	**10,968.66**	**19,633.09**

*Amount of Rs.3,609.87 was original proposed in offer document as part of general corporate purpose has been increased by Rs.348.48 on account of saving in offer expenses.

** Net unutilised proceeds as on March 31, 2023 have been temporarily invested in deposits with scheduled banks and monitoring agency bank account.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 12, 2023

For and on behalf of the Board of Directors of Ethos Limited

Yashovardhan Saboo
Chairman and Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Kumar Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Kumar
Company Secretary

Place: Chandigarh
Date: May 12, 2023

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Ethos Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its joint venture comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including statement of other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint venture as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Inventory (as described in Note 39 of the consolidated Ind AS financial statements)	
The total value of inventory as at March 31, 2022 is Rs. 24,993.29 lakhs. These inventories mainly consist of watches at various stores of the Holding Company. The Holding Company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the Holding Company's management analyses the ageing of inventories to identify slow-moving and obsolete inventories and then estimates the amount of allowance.	Our audit procedures amongst others included the following: • We evaluated the design and tested the implementation of internal controls relating to physical inventory counts on a test basis, valuation of inventory and allowances for inventory; • We have assessed the physical verification reports for the verification conducted by the management during the year.

Key audit matters	How our audit addressed the key audit matter
We have identified the existence of inventory and allowance of inventories as a key audit matter because of number of stores at which inventory is kept and the judgement exercised by the Holding Company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories after considering the nature of the retail industry.	• Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2022. We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards. • We analyzed the ageing and quantitative movement to analyze any significant variances. • We understood how the Holding Company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories. • We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements. • We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability. • We read and assessed the adequacy of relevant disclosures related to inventories in the consolidated Ind AS financial statements.
Accounting of Leases as per Ind AS 116 (as described in Note 37 of the consolidated Ind AS financial statements)	
As described in Note 37 to the consolidated Ind AS financial statements, the Group and its joint venture is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Group. In case of the Holding Company, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS 116 in case of any changes in terms of existing leases. Ind AS 116 requires the Group to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease terms. We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.	Our audit procedures amongst others included the following: • We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116); • We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; • We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/modifications; • We tested the lease data by evaluating the reconciliation of company's lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management; • We read and assessed the key terms and conditions of lease with the underlying lease contracts on a sample basis; • We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term. • We assessed the adequacy of Group's presentation and disclosures related to Ind AS 116.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture .

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of Rs 467.45 lakhs as at March 31, 2022, and total revenues of Rs 365.96 lakhs and net cash outflows of Rs 75.60 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 2.40 lakhs for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary and joint venture company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint venture, none of the directors of the Holding Company and joint venture, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its subsidiary company and joint venture;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its subsidiary and joint venture;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary and joint venture, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its consolidated Ind AS financial statements – Refer Note 36 (i) to the consolidated Ind AS financial statements;

ii. The Group and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 50 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary and joint venture to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 50 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiary and joint venture from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like

on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company, its subsidiary and joint venture company, incorporated in India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
UDIN: 22087921AJWIDP2919

Place of Signature: New Delhi
Date: May 30, 2022

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR AUDIT REPORT OF EVEN DATE

Re: Ethos Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Group and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No.	Name	CIN	Holding company/ subsidiary/ joint venture	Clause number of the CARO report which is qualified or is adverse
1.	Ethos Limited	U52300HP2007PLC030800	Holding Company	Clause 3(vii)

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
UDIN: 22087921AJWIDP2919

Place of Signature: New Delhi
Date: May 30, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ETHOS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated In AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the

risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

In our opinion, the Holding Company, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
UDIN: 22087921AJWIDP2919

Place of Signature: New Delhi
Date: May 30, 2022

Consolidated Balance Sheet as at March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,726.02	3,068.32
Capital work-in-progress	3	-	375.73
Intangible assets	4	66.30	64.48
Right-of-use assets	37	9,159.13	8,122.03
Intangible assets under development	4	-	5.61
Investment in joint venture	5	157.47	80.07
Financial assets			
- Loans	6	3.67	9.79
- Other financial assets	7	1,106.96	889.10
Non-current tax assets (net)	8	188.32	147.43
Deferred tax assets (net)	9	906.17	821.78
Other non-current assets	10	1,479.39	116.49
Total non-current assets		**16,793.43**	**13,700.83**
Current assets			
Inventories	11	24,993.29	19,777.12
Financial assets			
- Trade receivables	12	518.26	1,218.04
- Cash and cash equivalents	13A	3,768.32	1,830.83
- Other bank balances	13B	215.58	220.47
- Loans	6	26.94	18.13
- Other financial assets	7	710.52	1,011.70
Other current assets	14	3,409.35	1,576.50
Total current assets		**33,642.26**	**25,652.79**
Total Assets		**50,435.69**	**39,353.62**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,907.82	1,821.28
Other equity	16	21,260.67	13,872.21
Equity attributable to owners of the Company		**23,168.49**	**15,693.49**
Non controlling interest		0.00	0.00
Total equity		**23,168.49**	**15,693.49**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17A	2,764.42	1,708.22
- Lease liabilities	37	7,948.57	6,908.47
- Other financial liabilities	17B	66.90	90.00
Provisions	18	142.35	157.09
Total non-current liabilities		**10,922.24**	**8,863.78**
Current liabilities			
Financial liabilities			
- Borrowings	17A	3,177.81	3,490.61
- Lease liabilities	37	2,238.40	1,910.90
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	19	86.93	0.72
- total outstanding dues of creditors other than micro enterprises and small enterprises"	19	8,267.15	7,198.63
- Other financial liabilities	20	952.64	971.03
Other current liabilities	21	1,276.88	916.91
Provisions	18	324.90	249.45
Current tax liabilities (net)	22	20.25	58.10
Total current liabilities		**16,344.96**	**14,796.35**
Total liabilities		**27,267.20**	**23,660.13**
Total Equity and Liabilities		**50,435.69**	**39,353.62**
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date:May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date:May 30, 2022

Consolidated Statement of Profit and Loss for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	23	57,728.37	38,657.07
Other income	24	1,277.83	1,642.62
Total Income (I)		**59,006.20**	**40,299.69**
Expenses			
Purchase of stock-in-trade	25	46,328.61	26,084.91
Changes in inventory of stock-in-trade	26	(5,216.17)	2,081.89
Employee benefits expense	27	4,238.15	2,920.31
Finance costs	28	1,667.28	1,703.43
Depreciation and amortization expense	29	3,150.86	3,251.95
Other expenses	30	5,687.28	3,598.37
Total expenses (II)		**55,856.01**	**39,640.86**
Profit before share of joint venture and tax (III= I-II)		**3,150.19**	**658.83**
Share of profit of joint venture (net of income tax) (IV)	43	**2.40**	**13.50**
Profit before tax (V= III-IV)		**3,152.59**	**672.33**
Tax expense, comprising			
- Current tax	31	898.57	289.43
- Deferred tax		(84.78)	(92.82)
Total tax expense (VI)		**813.79**	**196.61**
Profit for the year (VII = V-VI)		**2,338.80**	**475.72**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of income/(loss) on defined benefit plans		1.63	(4.99)
- Income tax relating to items that will not be re-classified to profit and loss		(0.39)	1.04
Total other comprehensive income/(loss) for the year		**1.24**	**(3.95)**
Total comprehensive income for the year		**2,340.04**	**471.77**
Earnings per equity share [nominal value of Rs. 10 (previous period Rs. 10)]	32		
Basic (Rs.)		12.69	2.61
Diluted (Rs.)		12.69	2.59
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements			

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date: May 30, 2022

Consolidated Statement of Changes in Equity for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

a. Equity share capital

Particulars	Note	Number	Amount
Balance as at April 01, 2020	15	1,82,12,812	1,821.28
Balance as at March 31, 2021	15	**1,82,12,812**	**1,821.28**
Balance as at April 01, 2021		1,82,12,812	1,821.28
Issue of share capital during the year		865,351	86.54
Balance as at March 31, 2022	15	**1,90,78,163**	**1,907.82**

b. Other Equity

Particulars	Deemed capital contribution	Share application money pending allotment	Reserves and surplus				Total
			Share options outstanding account	Capital reserve	Securities premium	Retained earnings	
Balance as at April 01, 2020	**50.51**	**-**	**47.37**	**1.67**	**12,910.67**	**390.22**	**13,400.44**
- Profit for the year	-	-	-	-	-	475.72	475.72
-Other comprehensive loss (net of tax)	-	-	-	-	-	(3.95)	(3.95)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**471.77**	**471.77**
-Share application money pending allotment	-	7.50	-	-		-	7.50
-Share application money refunded	-	(7.50)		-	-	-	(7.50)
Balance as at March 31, 2021	**50.51**	**-**	**47.37**	**1.67**	**12,910.67**	**861.99**	**13,872.21**
- Profit for the year	-	-	-	-	-	2,338.80	2,338.80
-Other comprehensive income (net of tax)	-	-	-	-	-	1.24	1.24
Total comprehensive income for the year	**-**	**-**		**-**	**-**	**2340.04**	**2,340.04**
-Share options lapsed	-	-	(9.41)	-	-	-	(9.41)
-Share options exercised	-	-	(37.96)	-	153.19	-	115.23
-Share allotted	-		-	-	4,942.60	-	4,942.60
Balance as at March 31, 2022	**50.51**	**-**	**-**	**1.67**	**18,006.46**	**3,202.03**	**21,260.67**

The accompanying notes form an integral part of the consolidated financial statements
As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date: May 30, 2022

Consolidated Cash Flow Statement for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. OPERATING ACTIVITIES		
Profit before income tax	3,152.59	672.33
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation and amortization expense	3,150.86	3,251.95
Property, plant and equipment written off and loss on sale of property, plant & equipment	23.72	34.60
Profit on Sale of property, plant & equipments	-	(5.31)
Interest expense	1,611.28	1,695.17
Interest income	(203.43)	(110.34)
Provisions/liabilities no longer required written back	(106.86)	(75.64)
Share of profit of joint venture	(2.40)	(13.50)
Share options lapsed	(9.41)	-
Unrealized foreign exchange gain	(9.35)	(55.00)
Rent waiver on lease liabilities	(804.46)	(1,402.22)
Gain on termination of lease contracts	(34.42)	(46.25)
Allowance for bad and doubtful debts/(written back)	(86.70)	(2.90)
Allowance for bad and doubtful advances/recoverable	15.00	22.85
Advances / deposits / Bad debts written off	269.19	51.76
Cash generated from operations before working capital changes	**6,965.61**	**4,017.50**
Movements in working capital:		
(Increase) in loans	(2.69)	(8.93)
(Increase)/ Decrease in other financial assets	(4.06)	190.43
(Increase)/ Decrease in other assets	(1,504.05)	808.79
(Increase)/ Decrease in inventories	(5,216.17)	2,081.89
(Increase)/ Decrease in trade receivables	693.82	(315.19)
Increase in provisions	62.34	34.15
Increase in trade payables	1,220.43	21.26
Increase/(Decrease) in other financial liabilities	39.62	(125.14)
Increase/ (Decrease) in other current liabilities	387.06	(87.47)
Cash flow from operations	**2,641.91**	**6,617.29**
Income tax paid (net)	(977.31)	(272.13)
Net cash flow from operating activities (A)	**1,664.60**	**6,345.16**
B. INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(2,373.36)	(959.51)
Proceeds from sale of property, plant and equipment	19.76	15.00
Payment towards purchase of investments	(75.00)	-
Investment in bank deposits (having original maturity of more than three months)	(10.93)	(74.70)
Interest received	62.03	15.53
Net cash (used in) investing activities (B)	**(2,377.50)**	**(1,003.68)**

Consolidated Cash Flow Statement for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
C. FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including premium)	5,144.36	-
Share issue expenses	(384.58)	-
Proceeds from non-current borrowings	2,225.63	1,145.89
Repayment of non-current borrowings	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	739.78	218.30
Repayment of current borrowing having maturity period more than 3 months	(351.24)	(212.60)
Proceeds from/repayments of other current borrowings (net)	(786.45)	(2,678.70)
Payment of principal portion of lease liabilities	(1,204.74)	(467.64)
Interest paid on lease liabilities	(1,020.83)	(1,062.12)
Interest expense paid	(627.22)	(588.62)
Net cash flow from/(used in) financing activities (C)	**2,650.39**	**(4,494.25)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**1,937.49**	**847.23**
Cash and cash equivalents at the beginning of the year	**1,830.83**	**983.60**
Cash and cash equivalents at the end of the year	**3,768.32**	**1,830.83**

Notes :

1 Cash and cash equivalents include :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance with banks in current accounts	3,581.42	341.22
Cheques, drafts on hand	4.81	12.71
Cash on hand	64.18	35.03
Credit cards receivable	117.91	42.87
Fixed Deposits with original maturity period of less than 3 months	-	1,399.00
Cash and cash balance at the end of the year (Refer Note 13 A)	**3,768.32**	**1,830.83**

2. The above cash flow statement has been prepared under indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.
3. Refer note 17A for reconciliation of movements of liabilities to cash flows arising from financing activities.
4. Refer note 37 for non-cash investing activities in form of additions to right of use assets.

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date:May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date:May 30, 2022

1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on November 05, 2007 under the provisions of the Companies Act applicable in India. These consolidated financial statements comprise the Company, its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

The Group's business consists of trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 38.

The consolidated Ind AS financial statements (CFS) were approved for issue in accordance with a resolution of the directors on May 30, 2022.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements (CFS) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to CFS.

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements provide comparative information in respect of the corresponding previous period.

The functional currency of the Group is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

Items	Measurement basis
Certain financial assets and liabilities *(including derivative instruments) (Refer accounting policy regarding financial instruments)*	Fair value

The Parent Company, subsidiary and joint venture have prepared the financial statements on the basis that they will continue to operate as a going concern.

2.2 Basis of Consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiary and its joint venture as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affects its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and

ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The details of the consolidated entities are as follows:

Name of the Entity	Principal Activities	Relationship	Country of incorporation	% of holding (March 31, 2022)	% of holding (March 31, 2022)
Cognition Digital LLP*	IT based business solutions	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Trading of Watches	Joint Venture	India	50.00%	50.00%

* The percentage of holding denotes the Share of Profits in LLP.

** w.e.f. May 03, 2019

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.

- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

a. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss outside the operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

c. Property, plant and equipment ('PPE')

Recognition and measurement

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,

- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated August 29, 2014 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at note no. '2.3(p)' below for period of leases.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

d. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP) , Business Intelligence software and Website is 6 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal.

e. Inventories

Inventories which comprises traded goods which are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). Remeasurements are not reclassified to profit or loss in subsequent periods. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shares-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 35(IV).

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

h. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

i. Financial guarantee contracts

Financial guarantee contracts are recognised as a deemed equity contribution if no premium was paid when guarantee is received. Deemed equity contribution is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

j. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

k. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

l. Revenue from contract with customers

The Group earns revenue primarily from trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls goods or services before transferring them to the customers.

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the products sold and services rendered.

Sale of goods

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points).

Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Cost to obtain a contract

The group pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sales incentive are immediately recognised as an expense and included as part of employee benefits.

Sale of services

Revenue from services rendered is recognised in profit or loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes at the time of completion of service.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

m. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

o. Taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

p. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities

recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Buildings	2 to 10 years
• Furniture	4 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

q. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (1) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by

regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or

- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Groups's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

r. Impairment of non-financial assets

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

s. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The consolidated financial statements are presented in Rs., which is also the Parent Company's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates and is normally the currency in which the Group primarily generates and expends cash.

***Measurement* at the reporting date**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange

differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

t. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

v. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

w. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

x. Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset

or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values used in preparing these standalone financial statements is included in the respective notes

y. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.4 Changes in accounting policies and disclosures

New and amended standards

a. **Amendment to Ind AS 116 Leases: COVID-19 related Rent Concessions**

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. The Group has applied the practical expedient with effect from April 01, 2020. The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic received upto June 30, 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Group has accounted the unconditional rent concessions of Rs. 804.46 lakhs during the year ended March 31, 2022 (March 31, 2021: Rs. 1,402.22 lakhs) in "other income" in the statement of profit and loss.

b. The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the consolidated Ind AS financial statements.

i. Ind AS 103 Business Combination

ii. Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

iii. Conceptual framework for financial reporting under Ind AS issued by ICAI

iv. Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

c. On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rule 2015 are:

Balance Sheet:

Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work in- progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2022 is included in the following notes:

a) Revenue from contracts with customers

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a

defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

d) Contingencies

Refer Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

e) Impairment of non-financial assets

Refer Note 2.3 (r)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts;

f) Impairment of financial assets

Refer Note 2.3 (q)- Impairment of financial assets.

g) Fair value measurement

Refer Note 2.3 (x) for Fair value measurement

h) Share based payments

Refer Note 2.3 (g) for Share based payments

i) **Determining the lease term of contracts with renewal and termination options – Group as lessee:** The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases – Estimating the incremental borrowing rate: The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

j) Useful life of Property, plant and equipment and intangibles: The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

k) Provision for slow and obsolete inventory: The Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net relisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the Parent Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

3 Property, plant and equipment and capital work-in-progress

Particulars	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work- in-progress
Gross carrying amount (at deemed cost/ cost)							
Balance as at April 01, 2020	2,380.40	142.06	1,758.24	194.06	262.94	4,737.70	69.88
Additions during the year	315.75	207.61	167.19	56.28	33.80	780.63	725.03
Disposals/Capitalisation during the year	(335.62)	(0.28)	(151.38)	(9.58)	-	(496.86)	(419.18)
Balance as at March 31, 2021	**2,360.53**	**349.39**	**1,774.05**	**240.76**	**296.74**	**5,021.47**	**375.73**
Additions during the year	485.31	3.96	463.73	214.13	202.03	1,369.16	590.43
Disposals/Capitalisation during the year	(122.77)	-	(32.64)	(3.04)	(55.74)	(214.19)	(966.16)
Balance as at March 31, 2022	**2,723.07**	**353.35**	**2,205.15**	**451.85**	**443.04**	**6,176.44**	**-**
Accumulated Depreciation							
Balance as at April 01, 2020	983.29	16.61	483.08	130.36	65.00	1,678.34	-
Depreciation charge for the year	436.62	9.07	224.45	47.26	32.94	750.34	-
Accumulated depreciation on disposals	(335.62)	(0.25)	(130.61)	(9.05)	-	(475.53)	-
Balance as at March 31, 2021	**1,084.29**	**25.43**	**576.92**	**168.57**	**97.94**	**1,953.15**	**-**
Depreciation charge for the year	353.69	19.77	182.18	74.30	43.43	673.37	-
Accumulated depreciation on disposals	(122.77)	-	(26.08)	(2.50)	(24.75)	(176.10)	-
Balance as at March 31, 2022	**1,315.21**	**45.20**	**733.02**	**240.37**	**116.62**	**2,450.42**	**-**
Net carrying amount							
At March 31, 2021	**1,276.24**	**323.95**	**1,197.12**	**72.19**	**198.80**	**3,068.32**	**375.73**
At March 31, 2022	**1,407.86**	**308.16**	**1,472.13**	**211.48**	**326.42**	**3,726.02**	**-**

Notes:

a. Refer note 17 for information on property, plant and equipment pledged as security by the Group.

b. Refer note 36(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Deletion amount includes re-imbursement received for property, plant and equipment of Rs. Nil as at March 31, 2022 (March 31, 2021: Rs. 9.36) from brands.

d. The Group has capitalized the following expenses of revenue nature to the cost of property, plant and equipment/ capital work-in-progress (CWIP) in relation to stores opened/in process of opening.

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balances brought forward	**53.67**	**3.82**
Rent Expense	39.50	43.82
Power and Fuel	0.35	0.33
Rates and Taxes	4.11	14.94
Repair and maintenance - Others	15.68	3.37
Miscellaneous Expenses	-	4.49
Sub Total	**113.31**	**70.77**
Less: Allocated to property, plant and equipment	(113.31)	(17.10)
Closing balance included under Capital Work in Progress	**-**	**53.67**

Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As at March 31, 2021	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	318.87	56.86	-	-	375.73
Total	**318.87**	**56.86**	**-**	**-**	**375.73**

4 Intangible assets

Particulars	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development*
Gross carrying amount (at deemed cost/ cost)					
Balance as at April 01, 2020	45.16	41.90	52.27	139.34	5.61
Additions during the year	0.37	-	1.50	1.87	-
Disposals/Capitalisation during the year	-	-	(0.10)	(0.10)	-
Balance as at March 31, 2021	**45.54**	**41.90**	**53.67**	**141.11**	**5.61**
Additions during the year	5.61	-	13.68	19.29	-
Disposals/Capitalisation during the year	-	-	(16.24)	(16.24)	(5.61)
Balance as at March 31, 2022	**51.15**	**41.90**	**51.11**	**144.16**	**-**
Accumulated Amortisation					
Balance as at April 01, 2020	5.40	7.04	45.96	58.40	-
Amortisation for the year	7.54	6.98	3.81	18.33	-
Disposals during the year	-	-	(0.10)	(0.10)	-
Balance as at March 31, 2021	**12.94**	**14.02**	**49.67**	**76.63**	**-**
Amortisation for the year	8.34	6.98	2.01	17.33	-
Disposals during the year	-	-	(16.10)	(16.10)	-
Balance as at March 31, 2022	**21.28**	**21.00**	**35.58**	**77.86**	**-**
Net carrying amount					
At March 31, 2021	**32.60**	**27.88**	**4.00**	**64.48**	**5.61**
At March 31, 2022	**29.87**	**20.90**	**15.53**	**66.30**	**-**

* mainly included development of business intelligence software.

Intangible assets under development (IAUD) Ageing Schedule

As at March 31, 2022	Amount in IAUD for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As at March 31, 2021	Amount in IAUD for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	5.61	-	-	5.61
Total	**-**	**5.61**	**-**	**-**	**5.61**

5. Investments *

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current investment		
(Investment carried at equity method of accounting)		
In equity shares of Joint venture		
Unquoted, fully paid up		
- Pasadena Retail Private Limited of Rs.10 each 17,50,000 (March 31, 2021: 10,00,000) equity shares of Rs. 10 each fully paid up	175.00	100.00
- Share of (Loss) in Joint Venture	(17.53)	(19.93)
	157.47	**80.07**

* Refer Note 43

6. Loans* (at amortised cost)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
(unsecured, considered good)				
Loan to employees				
- to related party** (refer note no. 38)	7.18	-	6.16	6.81
- to others	19.76	3.67	11.97	2.98
	26.94	**3.67**	**18.13**	**9.79**

*The Group's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 33.

** represents loan to whole time director.

7. Other financial assets (at amortised cost)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
(Unsecured, considered good unless otherwise stated)				
Security deposits				
- to related parties (refer note no. 38)	6.77	-	6.77	-

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
- to others	423.41	1,090.92	632.57	889.10
Fixed Deposits with maturity of more than 12 months from the Balance sheet date#	-	15.82	-	-
Right of return assets	34.74	-	69.02	-
Interest accrued but not due on fixed deposits	8.17	0.22	10.76	-
Advances Recoverable	226.58	-	271.22	-
Others*	21.36	-	21.36	
Less: Provision for bad and doubtful advances recoverable				
- Advances Recoverable	(10.51)	-	-	-
	710.52	**1,106.96**	**1,011.70**	**889.10**

#These deposits include restricted bank deposits amounting to Rs. 9.61 (March 31, 2021 : Nil) earmarked against deposits from shareholders.

* related to claim receivable for disputed bank charges

8. Non-current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current tax assets (net of provision)	188.32	147.43
	188.32	**147.43**

9. Deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Significant components of the Group's net deferred tax are as follows:		
Deferred tax assets	913.44	829.05
Deferred tax liabilities	(7.27)	(7.27)
Net deferred tax assets	**906.17**	**821.78**

Year ended March 31, 2022	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	364.05	19.75	-	383.80
Allowance for bad and doubtful debts	25.79	(12.29)	-	13.50
Provision for employee benefits	124.17	21.52	(0.39)	145.30
Provision - other expense	36.41	1.54	-	37.95
Carry forward loss and unabsorbed depreciation*	-	-	-	-
Lease liabilities and Right of use assets (Net)	258.06	70.29	-	328.35
Others #	20.56	(16.03)	-	4.53
Deferred tax liability on				
Claim receivable taxable on receipt basis under Income tax Act	(7.27)	-	-	(7.27)
Net deferred tax assets	**821.78**	**84.78**	**(0.39)**	**906.17**

* related to subsidiary for year period ended March 31, 2022.

Includes primarily deposits amortisation and interest income there upon as per IND AS 109 and expenses allowable under Section 35D of Income Tax Act, 1961.

Year ended March 31, 2021	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	303.16	60.89	-	364.05
Allowance for bad and doubtful debts	26.52	(0.73)	-	25.79
Provision for employee benefits	201.47	(78.35)	1.04	124.17
Provision - other expenses	31.30	5.11	-	36.41
Lease liabilities and Right of use assets (Net)	152.68	105.38	-	258.06
Others #	12.78	7.78	-	20.56
Deferred tax liability on				
Claim receivable taxable on receipt basis under Income tax Act	-	(7.27)		(7.27)
Net deferred tax assets	**727.91**	**92.81**	**1.04**	**821.78**

Includes primarily deposits amortisation and interest income there upon as per IND AS 109.

10. Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Capital advances (Refer note no. 38)	1,351.90	11.79
Advances other than capital advances		
- Prepaid expenses	23.36	0.57
- CENVAT credit receivable	104.13	104.13
	1,479.39	**116.49**

11. Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost and net realisable value)		
Stock-in-trade [including goods-in-transit Rs. 203.11 (March 31, 2021: Rs. 464.89)]	24,993.29	19,777.12
	24,993.29	**19,777.12**

#Note :- During the year ended March 31, 2022, Rs 40.40 (March 31, 2021 : Rs. 14.82) was recognized as an expense for inventories carried at net realisable value.

12. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good unless otherwise stated)		
Trade receivables #		
- Related parties (Refer note no. 38)	247.39	282.49
- Others	270.87	935.55
	518.26	**1,218.04**

Break-up of trade receivables:

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables		
Considered good	518.26	1,218.04
Significant increase in credit risk	15.79	102.48
	534.05	**1,320.52**
Impairment Allowance (allowance for bad and doubtful debts)		
Significant increase in credit risk	(15.79)	(102.48)
	518.26	**1,218.04**

Trade receivables are non-interest bearing and generally on terms of 0 to 120 days.

Trade Receivables Ageing Schedule

As at March 31, 2022	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	259.90	-	-	10.97	247.39	518.26
Undisputed Trade Receivable- which have significant increase in credit risk	4.67	-	-	3.16	1.81	9.64
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	6.15	6.15
Total	**264.57**	**-**	**-**	**14.13**	**255.35**	**534.05**

As at March 31, 2021	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	908.51	-	40.61	0.73	268.18	1,218.03
Undisputed Trade Receivable- which have significant increase in credit risk	56.89	0.56	3.03	1.09	0.84	62.41
Disputed Trade Receivable- which have significant increase in credit risk	-	-	7.57	-	32.50	40.07
Total	**965.40**	**0.56**	**51.21**	**1.82**	**301.52**	**1,320.52**

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.

* Disputed amount mainly includes amount recoverable on account of open reconciliations items with e-commerce platforms.

13A Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in		
- Current accounts*	3,581.42	341.22
- Fixed Deposits with original maturity of less than three months	-	1,399.00
Cheques, drafts on hand	4.81	12.71
Cash on hand	64.18	35.03
Others		
- Credit cards receivable	117.91	42.87
	3,768.32	**1,830.83**

*includes Rs. 2,500 received on account of allotment of equity shares towards Pre-IPO placement. The amount received is parked in a separate bank account and remain unutilised as on the balance sheet date.

13B Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	215.58	220.47
	215.58	**220.47**

These deposits include restricted bank deposits amounting to Rs. 209.09 (March 31, 2021 : Rs. 207.21) on account of deposits pledged as security for bank guarantees and earmarked against deposits from shareholders.

14. Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	23.14	17.53
Advances for supply of goods		
- Related parties (Refer note 38)	5.76	18.11
- Others	404.03	411.62
Advances to employees		
- Related parties (Refer note 38)	17.88	-
- Others	42.69	31.10
GST credit receivable	1,442.74	1,013.29
VAT recoverable	3.40	6.45
Unamortised share issue expenses*	384.58	-
Deposit under protest	49.76	49.69
Duty Credit Scrips	1,010.94	-
Other recoverable #	51.77	51.56
Less: Provision for bad and doubtful advances/recoverable		
- Other recoverable	(22.85)	(22.85)
- Advance for supply of goods	(4.49)	-
	3,409.35	**1,576.50**

includes primarily claims receivable and includes Rs. 22.85 considered as allowance for bad and doubtful advances as at March 31, 2022 (March 31, 2021: Rs. 22.85)

* During the year ended March 31, 2022, the Parent Company incurred expenses in connection with the Initial Public Offer (IPO) of equity shares of the Parent Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till date, except for listing fees which shall be solely borne by the Parent Company, all other expenses will be shared between the Parent Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by the Parent Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale

15. Share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs. 10 each	3,07,00,000	3,070.00	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs. 130 each	5,76,924	750.00	5,76,924	750.00
12% cumulative redeemable preference shares of Rs. 110 each	12,00,000	1,320.00	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs. 100 each	10,00,000	1,000.00	10,00,000	1,000.00
	3,34,76,924	**6,140.00**	**3,34,76,924**	**6,140.00**
Issued subscribed and fully paid up				
Equity shares of Rs.10 each fully paid up (i)	1,90,78,163	1,907.82	1,82,12,812	1,821.28
	1,90,78,163	**1,907.82**	**1,82,12,812**	**1,821.28**

(a) Right preferences and restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Parent Company. The Parent Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the ensuring Annual General Meeting. In the event of liquidation of the Parent Company the holders of equity shares will be entitled to receive the remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of shares outstanding

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	1,82,12,812	1,821.28	1,82,12,812	1,821.28
Add: Issued on exercise of employee stock options	1,04,750	10.48	-	-
Add: Issued on rights issue basis	4,57,938	45.79	-	-
Add: Issued on preferential allotment basis	3,02,663	30.27	-	-
At the end of the year	1,90,78,163	1,907.81	1,82,12,812	1,821.28

(c) Shares held by ultimate holding Parent Company/ holding Parent Company and their subsidiaries/ associates

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
KDDL Limited (holding Parent Company and ultimate holding Parent Company)	1,21,19,588	1,211.96	11,410,146	1,141.01
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32	2,293,150	229.32

(d) Particulars of shareholders holding more than 5% shares of the Parent Company

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
Equity shares of Rs. 10 each fully paid up held by				
KDDL Limited	1,21,19,588	63.53	1,14,10,146	62.65
Mahen Distribution Limited	22,93,150	12.02	22,93,150	12.59

(e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding March 31, 2022).

During the five years immediately preceding March 31, 2022 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

(i) The Parent Company had, during the year ended 31 March 2018, converted 11,00,010 12% cumulative compulsory convertible preference shares of face value of Rs. 110 into 11,00,010 equity shares of Rs. 10 each at a premium of Rs. 100 each. Further, 21,250 equity shares of Rs. 10 each had been issued under employee stock option plan for which exercise price has been received in cash.

(ii) During the year ended 31st March 2020, 5,76,293 14% cumulative compulsory convertible preference shares of Rs. 130 each were converted into 5,76,923 equity shares of Rs. 10 each at a premium of Rs. 120 per share. Further, 15,000 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(iii) During the year ended March 31, 2022, 1,04,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(f) Employee stock options

Terms attached to stock options granted to employees of the Parent Company and its holding Parent Company are described in note 35(iv) regarding employee share based payments.

(g) Shares reserved for issue under options and contracts

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Under Ethos Employee Stock Option Scheme - 2013; 3,50,000 equity shares of Rs. 10 each, at an exercise price of Rs. 120 per share [Refer note 35(iv)]	-	-	1,31,250	13.13

(h) Promotors Shareholdings

Equity shares of Rs. 10 each fully paid up held by

S. No.	Promoter's name	As at March 31, 2022			As at March 31, 2021		
		Number of shares	% of total shares	% change during the period	Number of shares	Amount	% change during the period
1	KDDL Limited	1,21,19,588	63.53%	0.88%	1,14,10,146	62.65%	1.52%
2	Mahen Distribution Limited	22,93,150	12.02%	-0.57%	22,93,150	12.59%	0.00%
3	Mr. Yashovardhan Saboo	3,77,383	1.98%	0.43%	2,81,428	1.55%	0.75%
	Total	**1,47,90,121**	**77.52%**		**1,39,84,724**	**76.79%**	

16. Other equity

(also refer to Statement of Changes in Equity)

(i) Deemed capital contribution

a) Includes Rs. 14.51 towards fair value of guarantees given by the holding company of parent company in the earlier years.

b) Includes Rs. 36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

(ii) Share application money pending allotment

Share application money pending allotment represents monies received against shares to be issued under the employee stock option plan formulated by the parent company as at the year end.

Nature and purpose of reserves

(iii) Share options outstanding account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

(iv) Capital reserve

Reserve created under the scheme of arrangement (Business Combination). This will be utilised in accordance with the provisions of the Companies Act, 2013.

(v) Securities premium

Securities premium represents the excess consideration received by the Group over the face value of the shares issued to shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

(vi) Retained earnings

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

17A Borrowings

Particulars	Note	As at March 31, 2022	As at March 31, 2021
i) Non-current borrowings			
Term-loans			
From banks (secured)	(a)	1,080.58	843.90
Deposits from shareholders (unsecured)(refer to note 38 for related party disclosure)	(b)	2,577.42	1,672.78
Total non-current borrowings (including current maturities)		3,658.00	2,516.68
Less : Current maturities of non-current borrowings [refer to note 17A (ii)]		(893.58)	(808.46)
		2,764.42	**1,708.22**

Notes

a) Vehicle loans from banks amounting to Rs. 194.75 (March 31, 2021 : Rs.123.90) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2021 : 8.23% to 11.76%). The above loans are repayable in monthly instalments within a period of next two to five years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. 389.00 (March 31, 2021: Rs. 389.00) carrying interest rate equal to 7.50 % (March 31, 2021: 7.50%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Parent Company. This is also secured by 3,60,000 shares of holding company held by Mr. Y. Saboo, Managing Director of the Parent Company and second charge on entire property, plant and equipment of the Parent Company. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly instalments of Rs. 8.10 as per the repayment schedule commencing from April 30, 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on April 30, 2026.

Term loan from IDBI Bank Limited amounting to Rs. 320.83 (March 31, 2021: Rs. 330.00) carrying interest rate equal to 8.80 % (March 31, 2021: 8.80%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the Parent Company both present and future and second charge on the fixed

assets of the Parent Company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly instalments of Rs. 9.17 and 36th Instalment of Rs. 9.05 as per the repayment schedule commencing from March 31, 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on March 31, 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 176.00 (March 31, 2021: Rs 1.00) carrying interest rate equal to RLLR plus 1% (presently 8.20%) (March 31, 2021: RLLR plus 1%) is secured by Second charge on the stock and receivables on pari passu basis of the Parent Company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly instalments commencing from March 31, 2022 with one year of moratorium from the first drawdown. The last instalment would be repaid on March 31, 2025.

b) Deposits from Shareholders carry an interest rate ranging between 8% to 11.25% (March 31, 2021: 8% to 11.25%) per annum and carry a maturity period from 6 to 36 months from the respective date of deposits.

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ii) Current borrowings			
Loan repayable on demand			
- From banks (secured)	(c)	1,676.27	2,462.73
Other Loans			
- Inter-corporate deposits (unsecured)	(d)	500.00	-
- Deposits from shareholders (unsecured) [Refer Note 38 for related parties disclosure]	(e)	107.96	219.42
Current maturities of non-current borrowings [refer note 17A(i)]		893.58	808.46
		3,177.81	**3,490.61**

* Including payable to related parties. Refer note 38

Notes

c) Loan repayable on demand from IDBI Bank Limited amounting to Rs. 633.09 (March 31, 2021 : Rs. 698.14) are repayable on demand and are secured by first pari passu charge on all the current assets of the Parent Company both present and future and second pari passu charge on the fixed assets of the Parent Company both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits are guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the Parent Company and relative of the director. The rate of interest as on March 31, 2022 varies from 9.50% to 10.50% (March 31, 2021 : 10.50% to 10.90%) per annum.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. 454.34 (March 31, 2021 : Rs. 536.69) are repayable on demand and are secured by first pari passu charge on the stock and receivables of the Parent Company. These limits are also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans are also guaranteed by the Holding Company and personal guarantees of the director of the Parent Company. The rate of interest as on March 31, 2022 is 8.35%. (March 31, 2021 : 8.35% to 10.70%) per annum.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. 588.84 (March 31, 2021 : Rs. 1227.90) are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the Parent Company. These limits are also secured by 360,000 shares of holding company held by Mr. Y. Saboo, Managing Director of the Company and second pari passu charge on entire fixed assets of the Parent Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the Company and relative of the director. The rate of interest as on March 31, 2022 is 11.00% (March 31, 2021 : 11.00 %) per annum.

d) Inter corporate deposits amounting to Rs. 500.00 (March 31, 2021: Rs. Nil) carry an interest rate of 10% to 12% (March 31, 2021 : Nil) per annum. The same is repayable within 12 months from the date of receipt of loan.

e) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 8% to 9.50% per annum (March 31, 2021: 9.50% to 10.00% per annum).

f) The Parent Company has filed quarterly statements of current assets with the banks in agreement with the books of accounts.

Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as at the beginning of the year (including current and non-current borrowings)	**5,198.83**	**7,574.69**
Proceeds from non-current borrowings	2,225.63	1,145.89
Repayment of non-current borrowings	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	739.78	218.30
Repayment of current borrowing having maturity period more than 3 months	(351.24)	(212.60)
Proceeds from/repayments of other current borrowings (net)	(786.45)	(2,678.70)
Balance as at the end of the year (including current and non-current borrowings)	**5,942.23**	**5,198.83**

Movement of Interest accrued

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as at the beginning of the year	**252.87**	**208.45**
Interest Expense	1,611.28	1,695.17
Interest Paid	(1,648.05)	(1,650.74)
Balance as at the end of the year	**216.10**	**252.88**

Note: Refer note no. 37 for movement of lease liabilities.

17B Other Non current financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Accrued but not due on deposits (Refer to note 38 for related parties disclosure)	66.90	90.00
	66.90	**90.00**

18. Provisions

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Provision for gratuity (Refer note 35)	29.91	142.35	4.28	157.09
Provision for compensated absences	294.99	-	245.17	-
	324.90	**142.35**	**249.45**	**157.09**

19. Trade payables*

Particulars	As at March 31, 2022	As at March 31, 2021
- Micro enterprises and small enterprises#	86.93	0.72
- Trade payables to related parties (Refer to note 38)	32.78	65.72
- Other trade payables	8,234.37	7,132.91
	8,354.08	**7,199.35**

There are no micro enterprises and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the group.

Trade Payable Ageing Schedule

As at March 31, 2022	Outstanding for following periods from due date of payment**					
	Not due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	86.93	-	-	-	86.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	997.26	6,825.56	-	-	-	7,822.82
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	284.20	22.12	115.16	444.33
Total	**997.26**	**6,935.34**	**284.20**	**22.12**	**115.16**	**8,354.08**

As at March 31, 2021	Outstanding for following periods from due date of payment**					
	Not due ##	< 1 years	1 year to 2 years	2 years to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	0.72	-	-	-	0.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,057.56	5,468.60	-	-	-	6,526.16
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.84	257.33	123.47	268.83	672.47
Total	**1,057.56**	**5,492.16**	**257.33**	**123.47**	**268.83**	**7,199.35**

**Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

includes unbilled dues of Rs. 499.79 (March 31, 2021: Rs. 404.92)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) The principal amount remaining unpaid to any supplier at the end of the year	86.93	0.72
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

20. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Refund Liabilities	60.66	106.16
Capital creditors	87.49	142.41
Salaries, wages and bonus and other employee payable *	656.71	571.59
Interest accrued but not due on borrowings *	147.78	150.87
	952.64	**971.03**

* Refer note 38 for related parties disclosure

21. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue	262.65	213.28
Corporate Social Responsibility payable (Refer note 41)	5.54	-
Statutory dues	247.06	189.31
Advances from customers	732.63	474.66
Interest payable-others	1.42	12.02
Other Payables	27.58	27.64
	1,276.88	**916.91**

Below is the movement of Deferred revenue:-

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	**213.28**	**246.09**
Add: Loyalty points created during the year	260.61	191.23
Less: Loyalty points redeemed/expired during the year	(211.24)	(224.04)
Balance as at the end of the year	**262.65**	**213.28**

22. Current tax liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for income tax (net)	20.25	58.10
	20.25	**58.10**

23. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from contracts with customers		
Sale of products (net of applicable tax)	57,289.42	38,184.92
Sale of services	438.95	472.16
	57,728.37	**38,657.08**

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

Reconciliation of revenue recognised in the Interim Consolidated Statement of Profit and Loss with the contracted price.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue as per contracted price	57,777.74	38,624.27
Less: (Creation)/Redemption of loyalty points	(49.37)	32.81
	57,728.37	**38,657.08**

Revenue from operations disaggregated based on nature of products and services

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations		
- Watch and Watch Accessories	57,619.11	38,657.07
- Marketing Support and other Services	-	-
- Luxury cars	109.26	-
Total	**57,728.37**	**38,657.07**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables (Refer Note No. 12)	518.26	1,218.04
Deferred revenue (Refer Note No. 21)	262.65	213.28
Advances from customers (Refer Note No. 21)	732.63	474.66

24. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income under the effective interest rate method on		
- Fixed Deposits	58.12	12.08
- Security deposits at amortised cost	143.77	91.58
- Others	1.54	6.68
Provisions/liabilities no longer required written back	106.86	75.64
Allowance for bad and doubtful debts written back	86.70	2.90
Profit on Sale of property, plant & equipment	-	5.31
Rent waiver on lease liabilities (Refer note 2.4(a))	804.46	1,402.22
Miscellaneous Income*	76.38	46.21
	1,277.83	**1,642.62**

* mainly includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

25. Purchase of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases during the year	46,328.61	26,084.91
	46,328.61	**26,084.91**

26. Changes in inventory of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	19,777.12	21,859.01
Less: Inventory at the end of the year	(24,993.29)	(19,777.12)
(Increase)/ Decrease in inventory	(5,216.17)	2,081.89

27. Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	3,925.83	2,658.01
Contribution to provident and other funds (Refer Note 35)	185.03	186.86
Share based payments	(9.41)	-
Staff welfare expenses	136.70	75.44
	4,238.15	**2,920.31**

28. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense on borrowings	568.23	617.70
Interest on lease liabilities (Refer note 37)	1,020.83	1,062.12
Interest on delay in deposit of income tax	22.22	15.35
Other borrowing cost	56.00	8.26
	1,667.28	**1,703.43**

29. Depreciation & Amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	673.37	750.34
Amortisation of intangible assets (Refer note 4)	17.33	18.33
Depreciation of Right-of-use of assets (Refer note 37)	2,460.16	2,483.28
	3,150.86	**3,251.95**

30. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	115.71	95.69
Service cost expense	183.76	53.65
Insurance	86.75	84.33
Rent (net of reimbursements of Rs. 45.55 (previous period Rs. 44.22)) (Refer note 37)	502.02	196.70
Rates and taxes	126.78	26.22
Repair and maintenance - Others	541.95	495.72
Foreign exchange loss (net)	107.92	30.57
Travelling and conveyance	220.08	103.30
Advertisement and sales promotion (refer note 38)	2,225.30	1,470.39
Directors sitting fees	56.06	23.22
Printing and stationery	24.17	18.02
Recruitment expenses	44.66	33.43
Telephone and telex	54.25	60.05
Postage and telegram	231.19	190.14
Legal and professional fees (a)	195.24	154.45
Bank charges	480.51	287.31
Allowance for bad and doubtful debts	-	51.76
Advances/deposits/Bad debts written off	269.19	-
Allowance for bad and doubtful advances/recoverable	15.00	22.85
Loss on sale of property, plant and equipment	11.77	-
Property, plant and equipment written off (net)	11.95	34.60
Corporate Social Responsibility expenditure (Refer note 41)	17.32	16.61
Donation	2.50	2.50
Miscellaneous expenses	163.20	146.86
	5,687.28	**3,598.37**

(a) Includes payment to auditors (excluding taxes as applicable)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor		
Statutory audit	11.60	11.85
Limited review of special purpose quarterly results	6.00	6.00
In other capacity		
Certification work etc.*	3.93	6.33
Reimbursement of expenses	0.65	0.96
	22.18	**25.14**

* Excluding Rs. 82.55 (March 31, 2021: Nil) which are considered as unamortised share issue expenses under other current assets (Refer Note 14)

31. Tax expense

a) Income tax recognised in statement of profit and loss

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
Current year	922.64	288.49
Changes in estimates related to prior years	(24.07)	0.94
	898.57	**289.43**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Attributable to–	-	
Deferred tax		
Origination and reversal of temporary differences	(91.89)	(99.48)
Changes in estimates related to prior years	7.11	6.66
	(84.78)	**(92.82)**
Total tax expense recognised during the period	**813.79**	**196.61**

The above tax expense for the period can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	3,152.59	672.33
Tax at the Indian tax rate *	802.61	174.34
Effect of expenses that are not deductible in determining taxable profit	28.15	14.68
Effect of (profit)/loss that are exempt from tax	-	7.59
Effect of tax (benefit) / expense pertaining to prior years	(16.96)	-
Income tax expense recognised in statement of profit and loss	**813.79**	**196.61**

* The tax rate used for the current tax reconciliation above is the corporate tax rate of 25.168% (previous year 25.168%) for the parent company and 34.944% (Previous year 34.944%) for subsidiary payable by corporate entities in India on taxable profits under the Indian tax law.

b) Income tax expense recognised in other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	(0.39)	1.04
Total income tax recognised in other comprehensive income	**(0.39)**	**1.04**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	(0.39)	1.04
	(0.39)	**1.04**

32. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Basic earnings per share		
i Profit for basic earning per share of Rs. 10 each		
Profit for the year	2,338.80	475.72
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,82,12,812	1,82,12,812
Effect of fresh issue of shares	222,678	-
	1,84,35,490	**1,82,12,812**
Basic Earnings per share (face value of Rs 10 each)	12.69	2.61

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
B. Diluted earnings per share			
i.	Profit for diluted earning per share of Rs. 10 each	2,338.80	475.72
ii.	Weighted average number of equity shares for diluted		
	Opening Balance	1,82,12,812	1,82,12,812
	Effect of fresh issue of shares *	2,22,678	1,31,250
		1,84,35,490	**1,83,44,062**
	Diluted earnings per share (face value of Rs 10 each)	**12.69**	**2.59**

* includes Nil (March 31, 2021: 1,31,250) options under Ethos Employee Stock Option Plan – 2013.

33. Financial instruments - fair values and risk management

I. Accounting classification & Fair values

Financial instruments by category and fair value	Note	Level of hierarchy	As at March 31, 2022			As at March 31, 2021		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
Financial assets								
Non-current								
Loans	(c)	3	-	3.67	-	-	9.79	-
Other financial assets	(c)	3	-	1,106.96	-	-	889.10	-
Current								
Trade receivables	(a)	3	-	518.26	-	-	1,218.04	-
Cash and cash equivalents	(a)	3	-	3,768.32	-	-	1,830.83	-
Other bank balances	(a)	3	-	215.58	-	-	220.47	-
Loans		3	-	26.94		-	18.13	
Other financial assets		2		710.52		-	1,011.70	
Total			**-**	**6,350.25**	**-**	**-**	**5,198.06**	**-**
Financial liabilities								
Non-current								
Borrowings	(b)	3	-	2,764.42	-	-	1,708.22	-
Other Non current financial Liabilities	(c)			66.90			90.00	-
Current								
Borrowings (including current maturities)	(b)	3	-	3,177.81	-	-	3,490.61	-
Trade payables	(a)	3	-	8,354.08	-	-	7,199.35	-
Other financial liabilities	(a)	2		952.64			971.03	
Total			**-**	**15,315.85**		**-**	**13,459.21**	

Notes:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. The own non-performance risk as at balance sheet date was assessed to be insignificant.

(c) The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2022 and March 31, 2021.

II. Financial risk management

(i) Risk management framework

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee."

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii));and
- Market risk (see (iv))

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

Trade receivables and Loans

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	**102.48**	**105.38**
Provision created during the year	2.50	35.46
Provision utilised/reversed during the year	(89.19)	(38.36)
Balance as at the end of the year	**15.79**	**102.48**

The movement in the allowance for bad and doubtful advances/recoverable is as follows: (Refer Note 7 & 14)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	**22.85**	**-**
Provision created during the year	15.00	22.85
Provision utilised/reversed during the year	-	-
Balance as at the end of the year	**37.85**	**22.85**

Cash and cash equivalents

The Group holds cash and cash equivalents of Rs. 3,768.32 at March 31, 2022 (March 31, 2021: Rs. 1,830.83). The cash and cash equivalents are mainly held with scheduled banks.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. As at March 31, 2022, the Group has available Rs. 3,423.73 (March 31, 2021: Rs. 2,637.27) in form of undrawn committed borrowing limits."

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments

March 31, 2022

Particulars	Contractual cash flow				
	Carrying amount of liabilities	Total undiscounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,942.23	6,097.67	3,252.27	2,845.40	-
- Trade payables	8,354.08	8,354.08	8,354.08	-	-
- Lease liabilities	10,186.97	13,409.83	3,176.78	8,188.90	2,044.16
- Capital creditors	87.49	87.49	87.49	-	-
- Salaries, wages and bonus and other employee payable	656.71	656.71	656.71	-	-
- Interest accrued but not due on borrowings	214.68	214.68	147.78	66.90	-
- Refund Liabilities	60.66	60.66	60.66	-	-
	25,502.82	**28,881.12**	**15,735.77**	**11,101.20**	**2,044.16**

March 31, 2021

March 31, 2021	Carrying amount of liabilities	Contractual cash flow: Total undiscounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,198.83	5,320.24	3,501.50	1,818.74	-
- Trade payables	7,199.35	7,199.35	7,199.35	-	-
- Lease liabilities	8,819.37	11,990.22	2,760.55	6,644.64	2,585.03
- Capital creditors	142.41	142.41	142.41	-	-
- Salaries, wages and bonus and other employee payable	571.59	571.59	571.59	-	-
- Interest accrued but not due on borrowings	240.87	240.87	150.87	90.00	-
- Refund Liabilities	106.16	106.16	106.16	-	-
	22,278.58	**25,570.84**	**14,432.43**	**8,553.38**	**2,585.03**

(iv) Market Risk

a) Product price risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavourably from the markets, the Group negotiates with its principals for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

b) Interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate borrowings	4,265.96	2,736.10
Floating rate borrowings	1,676.27	2,462.73
	5,942.23	**5,198.83**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year-end was outstanding for the whole year.

Particulars	Profit / (Loss) before tax	
	Strengthening	Weakening
For the period ended December 31, 2021		
Interest rate (0.5% movement)	(8.38)	8.38
For the year ended March 31, 2021		
Interest rate (0.5% movement)	(12.31)	12.31

c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are CHF, USD, GBP, AED, AUD, CAD, SGD and EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the group is as follows :

March 31, 2022	CHF	USD	AED	AUD	CAD	GBP	SGD	EUR
Trade payables (net of receivable)	1,362.68	144.85	-	-	-	19.76	466.37	195.87
Less: Cash & Cash equivalents	-	4.14	0.39	0.13	1.82	-	-	0.98
Net exposure of recognised financial liability	**1,362.68**	**140.72**	**(0.39)**	**(0.13)**	**(1.82)**	**19.76**	**466.37**	**194.89**

March 31, 2021	CHF	USD	AED	AUD	CAD	GBP	SGD	EUR
Trade payables (net of receivable)	1,370.88	222.06	-	-	-	41.34	172.52	179.77
Less: Cash & Cash equivalents	-	-	-	-	-	-	-	-
Net exposure of recognised financial liability	**1,370.88**	**222.06**	**-**	**-**	**-**	**41.34**	**172.52**	**179.77**

Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, GBP, AED, AUD, CAD, SGD and EUR against Rs. (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

March 31, 2022	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
CHF (1% movement)	(13.63)	13.63	(10.20)	10.20
SGD (1% movement)	(4.66)	4.66	(3.49)	3.49
EUR (1% movement)	(1.95)	1.95	(1.46)	1.46
USD (1% movement)	(1.41)	1.41	(1.05)	1.05
GBP (1% movement)	(0.20)	0.20	(0.15)	0.15
AED (1% movement)	0.00	(0.00)	0.00	(0.00)
AUD (1% movement)	0.00	(0.00)	0.00	(0.00)
CAD (1% movement)	0.02	(0.02)	0.01	(0.01)

March 31, 2021	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengtening	Weakening	Strengtening	Weakening
CHF (1% movement)	(13.71)	13.71	(10.26)	10.26
SGD (1% movement)	(1.73)	1.73	(1.29)	1.29
EUR (1% movement)	(1.80)	1.80	(1.35)	1.35
USD (1% movement)	(2.22)	2.22	(1.66)	1.66
GBP (1% movement)	(0.41)	0.41	(0.31)	0.31
AED (1% movement)	-	-	-	-
AUD (1% movement)	-	-	-	-
CAD (1% movement)	-	-	-	-

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar, EUR: Euro, AED: Emirati Dirham, AUD: Australian dollar, CAD: Canadian Dollar.

34. Capital Management

Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings and trade payables including lease liabilities net of cash and cash equivalents. Equity comprises all components of equity (as shown in the Balance Sheet). The Group always tries to minimize its adjusted net debt to equity ratio.

The Group's adjusted net debt to equity ratio was as follows.

Particulars	As at March 31, 2022	As at March 31, 2021
Total Debt including trade payable	24,483.28	21,217.54
Less: cash and cash equivalents	(3,768.32)	(1,830.83)
Adjusted net debt	20,714.96	19,386.72
Total equity	23,168.49	15,693.49
Adjusted net debt to equity ratio	**0.89**	**1.24**

35 Employee benefits

I. Assets and liabilities relating to employee benefits

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Liability for gratuity	142.35	157.09
	142.35	**157.09**
Current		
Liability for gratuity	29.91	4.28
Liability for compensated absences	294.99	245.17
	324.90	**249.45**
	467.25	**406.54**

For details about the related employee benefit expenses, refer to note no. 38.

II. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

a) **Funding**

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

b) **Reconciliation of present value of defined benefit obligation**

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the period/ year	197.42	173.68
Benefits paid	(38.85)	(31.03)
Current service cost	28.55	40.72
Interest cost	14.03	12.39
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	(1.54)	1.66
Balance at the end of the period/year	**199.61**	**197.42**

c) **Reconciliation of the present value of plan assets**

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the period/ year	36.04	40.32
Contributions paid into the plan	27.00	27.30
Interest Income	3.07	2.78
Benefits paid	(38.85)	(31.03)
Return on plan assets recognised in other comprehensive income	0.09	(3.33)
Balance at the end of the period/year	**27.35**	**36.04**

d) Expense recognised in profit or loss

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	28.55	40.72
Interest Income	(3.07)	(2.78)
Interest cost	14.03	12.39
	39.51	**50.33**

e) Remeasurements recognised in other comprehensive income

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/loss on defined benefit obligation	(1.54)	1.66
Return on plan assets less than discount rate	(0.09)	3.33
	(1.63)	**4.99**

f) Plan assets

100% of the plan assets are managed by LIC

g) Actuarial assumptions

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (per annum)	7.22% p.a.	6.80% p.a
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	55 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(5.60)	5.92	(9.61)	10.40
Future salary growth rate (0.5% movement)	5.72	(5.25)	9.44	(8.79)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

h) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 year	29.91	4.29
1-2 year	33.13	15.99
2-3 year	12.40	24.38
3-4 year	11.07	3.46
4-5 year	11.40	2.74
5-10 years	101.70	146.56

i) Weighted average duration of the defined benefit plan

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average duration (in years)	16.39	16.54

III. Defined contribution plans

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs. 142.90 during the period (March 31, 2021: Rs. 131.67) as expense towards contribution to these plans.

IV. Share based payments

a) Description of share-based payment arrangement

As at March 31, 2022, the Parent Company has the following share-based payment arrangements.

b) Employee Stock Option Scheme (equity-settled)

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees and directors of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees and directors deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50% of the options granted to the selected employee shall vest on October 1st, 2017 in case there is continuation of his service till the date of vesting.

2. 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013"

The Company, at its 14th Annual General Meeting, approved variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013 by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before August 16th, 2021. The aforesaid scheme expired on August 16th, 2021.

c) Reconciliation of outstanding share option

Particulars	During the period ended March 31, 2022		During the year ended March 31, 2021	
	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)
Ethos Employee Stock Option Scheme - 2013				
Option outstanding at the beginning of the year	127,750	120	127,750	120
Exercised during the period/year	104,750	120	-	120
Lapsed during the period/year	23,000	120	-	120
Options outstanding at the end of the period/year	-	120	127,750	120
No. of shares arising out of the options outstanding	-	120	127,750	120
Ethos Employee Stock Option Scheme - 2013				
Option outstanding at the beginning of the year	3,500	120	3,500	120
Lapsed during the period/year	3,500	120	-	-
Options outstanding at the end of the period/year	-	-	3,500	120
No. of shares arising out of the options outstanding	-	-	3,500	120

d) Expense recognized in statement of profit and loss

Particulars	As at March 31, 2022	As at March 31, 2021
Expense arising from equity-settled share based payment transaction (including options lapsed during the year/period)	(9.41)	-

e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair values of the equity settled share based payment plan are as follows :

Assumptions	As at March 31, 2022	As at March 31, 2021
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120.00	120.00
Exercise price	120.00	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	7.60%/7.60%	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	4.56/4.16	4.56/4.16
Expected Annual Volatility of Shares*	40%-60%	40%-60%
Expected dividend yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Parent Company's share price, particularly over the historical period commensurate with the expected term.

36. Contingent liabilities, commitments and other matters

i) Claims against the Group not acknowledged as debts, under dispute

Particulars	As at March 31, 2022	As at March 31, 2021
a) Income Tax matters	318.77	310.30
b) Excise Duty matters	47.08	-
c) Value Added Tax matters	3,330.03	3,331.35
d) Customs duty matters	12.90	12.90
	3,708.78	**3,654.55**

Based on the discussion with the solicitors/legal opinion taken by the Group, the management believes that the Group has a good chance of success in above mentioned case and hence, no provision there against was considered necessary.

ii) Commitments

Particulars	As at March 31, 2022	As at March 31, 2021
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,600.00	122.45
	2,600.00	**122.45**

iii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition. As on March 31, 2022, there is one open legal proceedings involving disputed amount of Rs. 110.22.

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated February 28, 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision for the periods prior to February 28, 2019. Further, management also believes that the impact of the same on the Group will not be material.

37 Leases

A. Group as a lessee

The Group has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture.. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
As at April 1, 2020	**9,691.23**	**-**	**9,691.23**
Additions	1,255.20	-	1,255.20
Deletions	(341.12)	-	(341.12)
Depreciation expense	(2,483.28)	-	(2,483.28)
As at March 31, March 2021	**8,122.03**	**-**	**8,122.03**
Additions	3,562.34	152.79	3,715.13
Deletions	(217.86)	-	(217.86)
Depreciation expense	(2,446.13)	(14.03)	(2,460.16)
As at March 31, 2022	**9,020.37**	**138.76**	**9,159.13**

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	**8,819.37**	**9,890.43**
Additions	3,591.35	1,186.19
Accretion of interest	1,020.83	1,062.12
Deletions	(214.55)	(387.38)
Payments (Principal and interest)*	(2,225.57)	(1,529.77)
Rent Concession (Refer Note 2.4(a))	(804.46)	(1,402.22)
At the closing of the year	**10,186.97**	**8,819.37**
Current lease liabilities	2,238.40	1,910.90
Non-current lease liabilities	7,948.57	6,908.47
Total	**10,186.97**	**8,819.37**

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	3,176.78	2,760.55
After one year but not more than five years	8,188.90	6,644.64
More than five years	2,044.16	2,585.03
Total	**13,409.84**	**11,990.22**

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.63%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation expense of right-of-use assets	2,460.16	2,483.28
Interest expense on lease liabilities	1,020.83	1,062.12
Expense relating to short-term leases and variable rent (included in other expenses)**	547.57	240.92
Total amount recognised in profit or loss	**4,028.56**	**3,786.32**

*The Group had total cash outflows for leases excluding rent concession of Rs. 2,225.57 during the year ended March 31, 2022 (March 31, 2021: Rs. 1,529.77).

The Group also had non-cash additions to right of use assets and liabilities of Rs. 3,591.35 in March 31, 2022 (March 31, 2021: Rs.1,186.19)

** Gross of reimbursement received of Rs. 45.55 during year ended March 31, 2022 (March 31, 2021: Rs. 44.22).

38 Related parties

(i)	**Holding Company**	**KDDL Limited (KDDL)**
(ii)	**Joint venture**	**Pasadena Retail Private Limited**
(iii)	**Entities under common control (where transactions have taken place during the year / balances outstanding):**	
	Mahen Distribution Limited	Dream Digital Technology Private Limited (DDTPL)
	Pylania SA	Saboo Ventures LLP
	VBL Innovations Private Limited	Saboo Housing Projects LLP
	Vardhan Properties & Investment Limited	Saveeka Family Trust
	Anacott Trading SA (upto December 22, 2021)	
(iv)	**Details of transactions entered into with the related parties:**	
	Key Managerial Personnels	**Relative of Key Managerial Personnel**
	Mr. Y. Saboo (Managing Director)	Mr. R K Saboo (Father)
		Mr. Jai Vardhan Saboo (Brother)
		Mrs. Usha Devi Saboo (Mother)
		Mrs. Anuradha Saboo (Spouse)
		Mrs. Satvika Suri (Daughter)
		Mr. Pranav Shankar Saboo (CEO) (Son)
	Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
	Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse)
		Mrs Poonam Prakash (Sister)
		Mr. Saahil Khanna (Son)
	Mr. N. Subramanian - Independent Director	
	Mr. Sundeep Kumar - Independent Director	
	Mrs. Neelima Tripathi - Independent Director	Mr Apoorv P. Tripathi (Son)
		Ms Sanam Tripathi (Daughter)
	Mr. Dilpreet Singh - Independent Director	
	Mr. Mohaimin Altaf - Independent Director	Mrs Nighat Altaf (Mother)
	Mr. Patrik Paul Hoffman - Additional Director (w.e.f. June 11, 2021)	
	Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse)
		Mr. Amol Gupta (Son)
		Mrs. Saneh Lata (Mother)
		Mr. Deepak Gupta (Brother)
	Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)
	Mr. Ritesh Kumar Agrawal (CFO w.e.f. August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
	Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)

(VI)

Particulars	Joint venture/ Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
For the Year ended	**March 31, 2022**	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**
Transactions :								
Sale of goods	-	-	0.94	-	171.59	45.88	19.39	3.94
Interest Income	1.53	6.44	-	-	-	-	-	-
Rent income	-	-	0.60	0.60	-	-	-	-
Purchases of stock-in-trade	-	-	2.10	59.40	64.25	-	-	-
Short term employee benefits	-	-	-	-	487.37	401.77	-	-
Legal and professional fees	-	-	-	-	20.49	0.45	0.60	-

(VI)

Particulars	Joint venture/ Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
For the Year ended	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Advertisement and sales promotion	-	-	30.00	7.50	-	-	-	-
Recovery of expenses incurred	30.19	26.49	0.09	0.09	-	-	4.27	2.07
Rent expenses	-	-	7.00	-	9.55	22.19	21.98	20.72
Directors sitting fees and commission	-	-	-	-	56.06	23.23	-	-
Reimbursement of expenses	-	-	1.37	22.50	-	-	44.14	31.25
Interest Expenses	-	-	15.81	61.77	103.35	75.04	-	-
Financial guarantee expenses	-	-	-	-	-	-	29.83	28.29
Investment in subsidiary / Joint venture	75.00	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	7.50	-	-
Share application money refunded	-	-	-	-	-	7.50	-	-
Loan taken	-	-	295.00	-	618.14	371.27	-	-
Loan repaid	-	-	200.00	685.00	342.35	196.54	-	-
Loan given	-	-	-	-	5.50	14.35	-	-
Security Premium received	-	-	55.18	-	176.39	-	1,940.99	-
Equity shares issued	-	-	1.02	-	8.95	-	35.94	-
Balances outstanding :								
Investments	175.00	100.00	-	-	-	-	-	-
Receivable against sale of goods	-	-	247.39	268.18	-	14.31	-	-
Advances	3.96	18.11	-	-	16.14	-	1.81	-
Advance for capital goods	-	-	-	-	-	-	1,300.00	-
Loans	-	-	-	-	7.18	12.97	-	-
Security deposits paid	-	-	-	-	-	-	6.77	6.77
Payable for Employee Benefits	-	-	-	-	42.51	63.15	-	-
Payable for Director Fees	-	-	-	-	30.19	7.31	-	-
Payable for services received	-	-	2.59	54.73	0.01	-	-	3.67
Interest accrued but not due	-	-	-	-	93.49	97.53	-	-
Guarantees taken by the company	-	-	-	-	10,320.00	9,370.00	5,635.00	5,635.00
Lease Liabilities	-	-	26.94	-	-	14.78	16.82	35.83
Unsecured loans	-	-	95.00	-	991.86	786.91	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51

Notes:

1 The Group's principal related parties consist of KDDL Limited, its subsidiaries and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enters into transactions in the ordinary course of business.

2 Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.

3 Security being provided by Directors and relatives of directors for long term loan taken from India bulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan was repaid during the year ended March 31, 2021.

4 Security being provided by KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.

5 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited.

6 Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him.

7 All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

39. The Parent Company mainly is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the Parent Company mainly is into the business of trading of high-end luxury watches the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

40. Segment information

Operating segments

Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. The Group's Chairman and Managing Director is the Chief Operating Decision Maker (CODM) and monitors all operating segments' operating results to make decisions about resources to be allocated to the segments and assess their performance.

The Group has three reportable segments, as described below, which are the Groups's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports at least on quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions
Luxury Cars	Trading of Luxury Cars

Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
		(Audited)	(Audited)
1	**Segment revenue**		
	a) Watch and Watch Accessories	57,619.11	38,657.07
	b) Marketing Support and other Services	365.63	473.48
	c) Luxury cars	109.26	-
	Total	**58,094.00**	**39,130.55**
	Less: Inter segment revenue	(365.63)	(473.48)
	Revenue from operations	**57,728.37**	**38,657.07**
2	**Segment results profit before tax and interest from each segment**		
	a) Watch and Watch Accessories	4,514.09	2,175.55
	b) Marketing Support and other Services	102.35	89.87
	c) Luxury cars	-	-
	Total	**4,616.44**	**2,265.42**
	Add: Interest Income	203.43	110.34
	Less: Finance costs	1,667.28	1,703.43
	Profit before tax	**3,152.59**	**672.33**
3	**Segment Assets**		
	a) Watch and Watch Accessories	48,841.55	36,539.67
	b) Marketing Support and other Services	105.36	134.44
	c) Luxury cars	-	-
	d) Unallocated liabilities**	1,488.78	2,679.51
	Total Segement assets	**50,435.69**	**39,353.62**
4	**Segment liabilities**		
	a) Watch and Watch Accessories	10,922.25	9,296.11
	b) Marketing Support and other Services	41.11	46.85
	c) Luxury cars	-	-
	d) Unallocated liabilities**	16,303.84	14,317.17
	Total Segement liabilities	**27,267.20**	**23,660.13**
5	**Capital expenditure**		
	a) Watch and Watch Accessories	2,299.92	1,016.53
	b) Marketing Support and other Services	52.53	0.35
	c) Luxury cars	-	-
		2,352.45	**1,016.88**
	Depreciation and amortisation		
	a) Watch and Watch Accessories	3,141.18	3,247.35
	b) Marketing Support and other Services	9.68	4.60
	c) Luxury cars	-	-
		3,150.86	**3,251.95**
	Allowance for bad and doubtful debts/advances		
	a) Watch and Watch Accessories	(71.70)	19.95
	b) Marketing Support and other Services	-	-
	c) Luxury cars	-	-
		(71.70)	**19.95**

*Unallocated assets mainly includes deferred tax assets, non-current tax assets, investment in joint venture, other bank balance in the form of fixed deposit and interest thereon etc.

**Unallocated liabilities mainly includes borrowings, lease liabilities, current tax liabilities and interest accrued on borrowings etc

41. Corporate Social Responsibility

In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs. 17.32 (March 31, 2021: Rs 16.61) for CSR activities carried out during the current year.

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
i	Amount required to be spent by the company during the period	17.32	16.61
ii	Amount of expenditure incurred		
a	In cash	11.78	16.61
b	Yet to be paid in Cash	-	-
c	Balance for the remaining period	5.54	-
iii	Shortfall at the end of the year	5.54*	-
iv	Total of previous years shortfall	-	-
v	Reason for shortfall	To be incurred in the ongoing project for the forthcoming year	-
vi	Nature of CSR activities	Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.	SVP Philanthropy Foundation, New Delhi - Purchase and distribution of PPE kits"
		Isha Foundation- Towards Million Tree projects	Namma Chethana Initiative, through Bombay International Airport Limited's cafeteria partner - M/s SATIS Dining, Bengaluru - Contribution for serving food packages for COVID suffering people.
			"Isha Foundation for their "Cauvery Calling" project, Coimbatore for tree plantation "
			"Bharatiyam, New Delhi for Support for a specific project for forestation of a waste area in Ghaziabad"
			"I am Gurgaon, Haryana being the Champion projects for tree plantation and revival of the environment"

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Not applicable	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable

*The unspent amount of Rs. 5.54 as per sub section (5) of Section 135 of Companies Act, pursuant to ongoing project (Million Tree Project), has been transferred to special account in compliance of with provisions of sub section (6) of Section 135 of the said Act. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

42. COVID-19 Impact

The Group's operations and revenue were impacted during the previous year on account of disruption in economic activity due to COVID-19. The management believes that the overall impact of the pandemic is short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations.

43 Interest in Joint Venture

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current Assets, including right-of-use assets of Rs. 84.95 (March 31, 2021: Rs. 121.44)	121.36	160.60
Current Assets, including inventories of Rs. 238.58 (March 31, 2021: Rs. 219.95)	290.20	286.90
Non-Current Liabilities, including only lease liabilities	(50.69)	(85.72)
Current Liabilities, including lease liabilities of Rs. 50.13 (March 31, 2021: Rs. 46.12) and trade payables of Rs. 115.72 (March 31, 2021: Rs. 142.71)	(203.40)	(281.71)
Equity	**157.47**	**80.07**
Proportion of the Group's ownership		
Share in Equity	157.47	80.07
Carrying value of the investment	**157.47**	**80.07**
Revenue from operations	858.27	644.68
Other income	25.43	42.88
	883.70	687.56
Purchase of stock-in-trade	692.63	455.52
Changes in inventory of stock-in-trade	(37.25)	30.03
Finance costs	42.20	53.44
Depreciation and amortization expense	88.67	87.21
Other expenses	91.04	41.29
	877.29	667.50
Profit before tax	6.41	20.06
Tax expense	1.61	(6.94)
Profit for the year	4.80	27.00
Group's share of profit for the year (Share 50%)	**2.40**	**13.50**

44 Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Parent								
Ethos Limited								
As at March 31, 2022	99%	23,011.02	100%	2,336.30	108%	1.34	100%	2,337.64
As at March 31, 2021	99%	15,613.43	97%	463.67	136%	(5.38)	97%	458.29
Subsidiaries								
Cognition Digital LLP								
As at March 31, 2022	2%	406.11	3%	70.47	-8%	(0.10)	3%	70.36
As at March 31, 2021	2%	335.74	12%	56.85	-36%	1.43	12%	58.28
Joint Venture (Investments as per the equity method)*								
Pasadena Retail Private Limited								
As at March 31, 2022	1%	157.47	0%	2.40	0%	-	0%	2.40
As at March 31, 2021	1%	80.07	3%	13.50	0%	-	3%	13.50
Eliminations								
As at March 31, 2022	-2%	(406.11)	-3%	-70.36	0%	-	-3%	(70.36)
As at March 31, 2021	-2%	(335.74)	-12%	(58.30)	0%	-	-12%	(58.30)
As at March 31, 2022	100%	23,168.49	100%	2,338.80	100%	1.24	100%	2,340.04
As at March 31, 2021	100%	15,693.49	100%	475.72	100%	(3.95)	100%	471.77

* Amounts given here in respect of joint venture is the share of the group in the net assets of the joint venture.

45 Details of subsidiary and joint venture with ownership % and place of business :

Subsidiary	
Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2022	99.99%
Proportion of Ownership as at March 31, 2021	99.99%
Method used to account for the investment	At cost
Joint venture	
Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2022	50.00%
Proportion of Ownership as at March 31, 2021	50.00%
Method used to account for the investment	At cost

46 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

47 During the financial year 2020-21, the Parent Company had reported a cyber fraud wherein the e-mail account of one of the Vendor of the Parent Company was hacked and based on the communication received from the hacked account, the Parent Company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank. Cyber criminals using the authentic e-mail addresses and back-up mails informed the Parent Company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the Parent Company had made payment of CHF 56,833.45 to such fraudulent account. Later on the Parent Company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The Parent Company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.

The Parent Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Though the Parent Company put in its best efforts to recover the amount but could not recover the same; however, the management is under discussion with the Vendor to bear 50% of the total loss of Rs. 45.67, and for the balance amount of Rs. 22.85, the management has made provision.

48 The Parent Company is in the process of purchasing its brand-name "Ethos" and "Summit" from its Holding company i.e. KDDL Limited. The Parent Company has entered into an agreement dated January 1, 2022 with KDDL Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of Rs. 3,900. Out of Rs. 3,900, 1/3rd amount need to be paid by the Parent Company by March 31, 2022 as advance, 1/3rd of the payment will be made by the Parent Company when trademark "Ethos" is transferred and registered in the name of the Parent Company and remaining amount is to be paid when trademark "Summit" is transferred and registered in the name of the Parent Company. As per the terms of agreement the Parent Company has paid Rs. 1,300 as advance towards first tranche before March 31, 2022.

49 The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 4,58,000 equity shares of face value Rs.10 each, to the existing shareholders of the Parent Company as on the record date i.e. October 31, 2021, at a premium of Rs. 540 per share, on Rights Issue basis, aggregating to upto an amount not exceeding Rs. 2,550.00 for raising funds for the Parent Company in the ratio of 1 rights equity share of Rs. 10 each for every 40 equity shares of Rs. 10 each held by the eligible equity shareholder of the Parent Company as on the record date with the right to renounce.

Based on above, the Board of Directors, at its meeting held on December 01, 2021, approved the allotment of 4,57,938 equity shares of Rs. 10 each at a premium of Rs. 540 per share for an amount totalling to Rs. 2,518.66 after taking into consideration the share subscriptions and renunciations received from the existing shareholders of the Parent Company upto November 24, 2021 (the date of close of offer), in pursuance to 'Ethos – Rights Issue 2021'.

50 Other Statutory Information

1) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

2) The Group does not have any transactions with companies struck off.

3) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

4) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

5) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or

   b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

6) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;

   b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

7) The Group not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

51 The Board of the Directors of the Parent Company, at its meeting held on March 28, 2022 has approved the allotment of 3,02,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,499.99, towards Pre-IPO placement through Preferential allotment. The paid up equity share capital of the Parent Company, after such allotment, stands revised to Rs. 1,907.82.

52 Subsequent to March 31, 2022, the Parent Company completed its Initial Public Offering (IPO) of its equity shares which have been listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) with effect from May 30, 2022. The Parent Company has offered and issued 45,81,500 Equity Shares of Rs. 10 each in relation to Initial Public Offering ('IPO') comprising a fresh issue of Equity shares by the Parent Company and an offer for sale of the Equity Shares by certain existing shareholders of the Parent Company. The net proceeds from the fresh issue of IPO would be utilised towards following:

(i) Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Parent Company.

(ii) Funding of working capital requirements of the Parent Company

(iii) Financing of capital expenditure for (a) establishing new stores and renovation of certain existing stores and (b) upgradation of enterprise resource planning software

(iv) General Corporate Purpose

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

Ritesh Agrawal
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date:May 30, 2022

S.R. BATLIBOI & CO. LLP
Chartered Accountants

4th Floor, Office 405
World Mark - 2, Asset No. 8
IGI Airport Hospitality District, Aerocity
New Delhi - 110 037, India
Tel : +91 11 4681 9500

INDEPENDENT AUDITOR'S REPORT

To the Members of Ethos Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its joint venture comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss including the statement of Other Comprehensive Income, the consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint venture as at March 31, 2021, their consolidated profit including other comprehensive income and their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 41 to the Consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of second wave of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to these financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of Rs 411.51 lakhs as at March 31, 2021, and total revenues of Rs 477.38 lakhs and net cash inflows of Rs 112.18 lakhs for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 13.50 lakhs for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the reports of such other auditors.



Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint venture, none of the directors of the Holding Company and joint venture incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company incorporated in India, refer to our separate Report in "Annexure 1" to this report. Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its subsidiary company and joint venture;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its subsidiary company and joint venture;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary and joint venture, as noted in the 'Other matter' paragraph:



i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and joint venture in its consolidated Ind AS financial statements – Refer Note 36(i) to the consolidated Ind AS financial statements;

ii. The Group and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India during the year ended March 31, 2021.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921

UDIN: 21087921AAAABO7352

Place of Signature: New Delhi
Date: June 11, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ETHOS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and



the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated In AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Anil Gupta

per Anil Gupta
Partner
Membership Number: 87921

UDIN: 21087921AAAABO7352

Place of Signature: New Delhi
Date: June 11, 2021



ETHOS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,068.32	3,059.35
Capital work-in-progress	3	375.73	69.88
Right-of-use assets	37	8,122.03	9,691.23
Other intangible assets	4	64.48	80.94
Intangible assets under development	4	5.61	5.61
Investment in joint venture	5	80.07	66.57
Financial assets			
- Loans	6	898.89	804.90
- Other financial assets	7	-	128.93
Income tax assets (net)	8	147.43	144.63
Deferred tax assets (net)	9	821.78	727.91
Other non-current assets	10	116.49	214.72
Total non-current assets		13,700.83	14,994.68
Current assets			
Inventories	11	19,777.12	21,859.01
Financial assets			
- Trade receivables	12	1,218.04	938.32
- Cash and cash equivalents	13	1,830.83	983.60
- Other bank balances	13A	220.47	17.00
- Loans	6	657.47	721.04
- Other financial assets	7	351.00	550.37
Other current assets	14	1,597.86	2,402.88
Total current assets		25,652.79	27,472.22
Total Assets		39,353.62	42,466.90
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,821.28	1,821.28
Other equity	16	13,872.21	13,400.44
Equity attributable to owners of the Company		15,693.49	15,221.72
Non controlling interest		0.00	0.00
Total equity		15,693.49	15,221.72
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17A	1,708.22	1,575.94
- Lease liabilities	37	6,908.47	7,981.82
Other Non current financial Liabilities	17B	90.00	94.52
Provisions	18	157.09	130.04
Total non-current liabilities		8,863.78	9,782.32
Current liabilities			
Financial liabilities			
- Borrowings	17A	2,682.15	5,355.15
- Lease liabilities	37	1,910.90	1,908.61
-Trade payables			
-total outstanding dues of micro enterprises and small enterprises	19	0.72	1.93
-total outstanding dues of creditors other than micro enterprises and small enterprises	19	7,198.63	7,241.35
- Other financial liabilities	20	1,779.49	1,622.63
Other current liabilities	21	916.91	1,057.84
Provisions	18	249.45	237.36
Current tax liabilities (net)	22	58.10	38.00
Total current liabilities		14,796.35	17,462.86
Total liabilities		23,660.13	27,245.18
Total Equity and Liabilities		39,353.62	42,466.90
Summary of Significant accounting policies	2		

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: 11 June 2021

For and on behalf of the Board of Directors of Ethos Limited

Y.Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

C.Raja Sekhar
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date: 11 June 2021

ETHOS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	23	38,657.07	45,784.91
Other income	24	1,642.62	231.77
Total Income		40,299.69	46,016.67
Expenses			
Purchase of stock-in-trade	25	26,084.91	34,205.38
Changes in inventory of stock-in-trade	26	2,081.89	(1,302.07)
Employee benefits expense	27	2,920.31	3,317.02
Finance costs	28	1,703.43	1,945.95
Depreciation and amortization expense	29	3,251.95	3,463.78
Other expenses	30	3,598.37	4,375.44
Total expenses		39,640.86	46,005.50
Profit before share of joint venture and income tax		658.83	11.18
Share of Profit/(Loss) of joint venture (net of income tax)		13.50	(33.43)
Profit/(Loss) before tax		672.33	(22.25)
Income tax expense			
- Current tax	31		
- Current year		288.49	296.13
- Changes in estimates related to previous year		0.94	23.27
- 'Deferred tax			
- Current year		(99.48)	(254.02)
- Changes in estimates related to previous year		6.66	(24.45)
- Change in Deferred tax due to change in rate		-	183.22
Total income tax expense		196.61	224.15
Profit/(loss) for the year		475.72	(246.41)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
- Re-measurement of defined benefit (asset)/liability		(4.99)	(2.85)
Income tax relating to items that will not be reclassified to profit or loss			
- Re-measurement of defined benefit (asset)/liability		1.04	0.72
Total other comprehensive (expense)/ income for the year (net of income tax)		(3.95)	(2.13)
Total comprehensive income/(loss) for the year		471.77	(248.54)
Earnings per equity share [nominal value of Rs. 10 (previous year Rs. 10)]	32		
Basic (Rs.)		2.61	(1.39)
Diluted (Rs.)		2.59	(1.39)

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: 11 June 2021

For and on behalf of the Board of Directors of Ethos Limited

Y.Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

C.Raja Sekhar
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date: 11 June 2021

Ethos Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before income tax	672.33	(22.26)
Adjustments for :		
Depreciation and amortization expense	3,251.95	3,463.78
Property, plant and equipments written off and loss on sale of property, plant & equipments	34.60	91.38
Profit on sale of fixed assets	(5.31)	-
Interest Expenses	1,695.17	1,945.94
Interest income	(110.34)	(113.93)
Provisions/liabilities no longer required written back	(75.64)	(110.59)
Share of loss/(profit) of joint venture	(13.50)	33.43
Share options lapsed	-	(18.11)
Unrealized foreign exchange (gain) / loss	(55.00)	68.67
Rent Concessions	(1,402.22)	-
Profit on deletion of leased assets	(46.25)	-
Provision for doubtful debts	(2.90)	105.38
Provision for bad and doubtful advances	22.85	
Advances / deposits / Bad debts written off	51.76	63.50
Operating cash flow before working capital changes	**4,017.50**	**5,507.21**
Decrease/(Increase) in loans	47.76	(63.04)
Decrease/(Increase) in other financial assets	202.76	(284.19)
Decrease/(Increase) in other non-current assets & current assets	808.79	(477.07)
Decrease/(Increase) in inventories	2,081.89	(1,302.07)
(Increase) in trade receivables	(315.19)	(152.10)
Increase in provisions	34.15	118.79
Increase in trade payables	21.26	342.43
(Decrease)/Increase in other financial liabilities	(125.14)	64.33
(Decrease)/Increase in other current liabilities	(87.47)	501.35
Cash generated from operating activities	**6,686.31**	**4,255.63**
Income tax paid (net)	(272.13)	(610.23)
Net cash generated from operating activities	**6,414.18**	**3,645.40**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(959.51)	(1,426.43)
Proceeds from sale of property, plant and equipment	15.00	78.61
Payment for purchase of investments	-	(100.00)
(Investment) of bank deposits (having original maturity of more than three months)	(74.70)	(24.80)
Interest received	15.53	16.52
Net cash (used in) investing activities	**(1,003.68)**	**(1,456.10)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including premium)	-	2,100.00
Proceeds from non-current borrowings	1,145.89	602.17
Repayment of non-current borrowings	(848.75)	(784.85)
Proceeds from current borrowings having maturity period more than 3 months	218.30	237.11
Repayment of current borrowing having maturity period more than 3 months	(212.60)	(97.40)
Proceeds from/repayments of current borrowings (net)	(2,678.70)	(88.86)
Payment of principal portion of lease liabilities	(536.66)	(2,058.84)
Interest paid	(1,650.75)	(1,871.79)
Net cash flow (used in) financing activities	**(4,563.27)**	**(1,962.46)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**847.23**	**226.84**
Cash and cash equivalents at the beginning of the year	**983.60**	**756.76**
Cash and cash equivalents at the end of the year	**1,830.83**	**983.60**

S.R. BATLIBOI & CO. LLP NEW DELHI

Ethos Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

Notes :

1. Cash and cash equivalents include :

Balance with banks in current accounts	341.22	903.13
Cheques, drafts on hand	12.71	4.86
Cash on hand	35.03	66.63
Credit cards receivable	42.87	8.98
Fixed Deposits considered as Cash equivalents	1,399.00	
Cash and cash balance at the end of the year	**1,830.83**	**983.60**

2. The above cash flow statement has been prepared under indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.
3. Refer note 17A for reconciliation of movements of liabilities to cash flows arising from financing activities.
4. During the year, the Group paid in Cash Rs. 16.61 (previous year Rs. 10.03) towards corporate social responsibility (CSR) expenditure.

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

S.R. BATLIBOI & CO. LLP NEW DELHI

For and on behalf of the Board of Directors of Ethos Limited

Y.Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

C.Raja Sekhar
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: New Delhi
Date: 11 June 2021

Place: Chandigarh
Date: 11 June 2021

Ethos Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

a. Equity share capital

	Note	Total
Balance as at 01 April 2019	15	1,690.17
Changes in equity share capital during 2019-20		131.11
Balance as at 31 March 2020	15	1,821.28
Changes in equity share capital during 2020-21		-
Balance as at 31 March 2021		1,821.28

b. Other Equity

	Compulsory convertible cumulative preference shares	Deemed capital contribution	Share application money pending allotment	Reserves and surplus				Total
				Share options outstanding account	Capital reserve	Securities premium	Retained earnings	
Balance as at 31 March 2019	750.00	50.51	18.00	70.81	1.67	10,168.46	638.76	11,698.21
- Profit for the year	-	-	-	-	-	-	(246.41)	(246.41)
-Other comprehensive income (net of tax)	-	-	-	-	-	-	(2.13)	(2.13)
Total comprehensive income for the year	-	-	-	-	-	-	(248.54)	(248.54)
-Issue of equity shares for cash	-	-	-	-	-	2,736.88	-	2,736.88
of compulsory convertible cumulative preference shares	(750.00)	-	-	-	-	-	-	(750.00)
-Share options lapsed	-	-	-	(18.11)	-	-	-	(18.11)
-Preference dividend on redeemable preference shares no longer payable	-	-	-	(5.33)	-	5.33	-	-
-Share application money	-	-	(18.00)	-	-	-	-	(18.00)
As at 31 March 2020	-	50.51	-	47.37	1.67	12,910.67	390.22	13,400.44
-Profit/(loss) for the year	-	-	-	-	-	-	475.72	475.72
-Other comprehensive income (net of tax)	-	-	-	-	-	-	(3.95)	(3.95)
Total comprehensive income for the year	-	-	-	-	-	-	471.77	471.77
As at 31 March 2021	-	50.51	-	47.37	1.67	12,910.67	861.99	13,872.21

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: 11 June 2021

For and on behalf of the Board of Directors of Ethos Limited

V.Saboo
Managing Director
DIN: 00012158

Anil Khanna
Director
DIN 00012232

C.Raja Seldon
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date: 11 June 2021

F200

1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on 5th November 2007. These consolidated financial statements comprise the Company its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

The Group's business consists of trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services.

The consolidated financial statements (CFS) were approved for issue in accordance with a resolution of the directors on June 11, 2021.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements (CFS) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to CFS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements provide comparative information in respect of the previous year.

The functional currency of the Group is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

2.2 Basis of Consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiary and its joint venture as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affects its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.



- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The details of the consolidated entities are as follows:

Name of the Entity	Relationship	Country of incorporation	% of holding (31 March 2021)	% of holding (31 March 2020)
Cognition Digital LLP*	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Joint Venture	India	50.00%	50.00%

* The percentage of holding denotes the Share of Profits in LLP.
** w.e.f. 03 May 2019

2.3 Summary of significant accounting policies

a. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss outside the operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss

b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

c. Property, plant and equipment ('PPE')

Recognition and measurement

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,
- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate



Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at point 'p' below for period of leases.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derocogntion of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

d. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP) , Business Intelligence software and Website is 6 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal.



e. Inventories

Inventories which comprises traded goods which are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans



are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or lossess are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shared-based payments

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

h. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

i. Financial guarantee contracts

Financial guarantee contracts are recognised as a deemed equity contribution if no premium was paid when guarantee is received. Deemed equity contribution is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

j. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

k. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

l. Revenue from contract with customers

The Group earns revenue primarily from trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services.

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the products sold and services rendered.

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

Sale of goods

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points).

Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is



no longer probable that the award credits will be redeemed.

Cost to obtain a contract

The group pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sales incentive are immediately recognised as an expense and included as part of employee benefits.

Sale of services

Revenue from services rendered is recognised in profit or loss when the services are rendered and the related costs are incurred.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

m. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n. Borrowing costs



Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

o. Taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that



is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

p. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The Group applies the short-term lease recognition exemption to its short-term leases except in case of lease contracts



with related parties since there exist economic incentive for the Group to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

q. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI
A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL
FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets
The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.



Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet
Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities



Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Groups's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments
The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

r. Impairment of non-financial assets

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value



using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

s. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

t. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.



v. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

w. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the yearattributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

x. Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes

y. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.



On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.4 Changes in accounting policies and disclosures

New and amended standards

a. Amendment to Ind AS 116 Leases: COVID-19 related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. The Group has applied the practical expedient with effect from April 01, 2020. The Group has accounted the unconditional rent concessions of Rs. 1402.22 lacs during the year ended March 31, 2021 in "other income" in the statement of profit and loss.

b. The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the consolidated Ind AS financial statements.

(i) Ind AS 103 Business Combination
(ii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material
(iii) Amendment to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

MCA issued notification dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by a company in its financial statements. These amendments are effective for financial years starting on or after April 01, 2021.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the



accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.2(c) – Assessment of useful life of Property, plant and equipment
- Note 2.2(d) – Assessment of useful life of Intangible assets
- Note 2.2 (h) and (j) – Provisions and contingent liabilities
- Note 2.2 (o) – Income taxes

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 35 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 2.2 (r) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts;
- Note 2.2 (q) - Impairment of financial assets
- Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 33 - Fair value measurement
- Note 35 - Shared based payments



3 Property, plant and equipment and capital work-in-progress

	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work- in-progress	Total
Gross carrying amount								
Balance as at 01 April 2019	1,497.75	158.18	1,232.91	162.90	240.80	3,292.53	440.02	3,732.55
Additions	1,018.61	-	609.34	85.03	22.13	1,735.12	265.03	2,000.15
Disposals	(135.95)	(16.12)	(84.01)	(53.87)	-	(289.95)	(635.17)	(925.12)
Balance as at 31 March 2020	**2,380.40**	**142.06**	**1,758.24**	**194.06**	**262.93**	**4,737.69**	**69.88**	**4,807.58**
Balance as at 01 April 2020	2,380.40	142.06	1,758.24	194.06	262.93	4,737.69	69.88	4,807.58
Additions	315.75	207.61	167.19	56.29	33.80	780.64	725.03	1,505.67
Disposals	(335.62)	(0.28)	(151.38)	(9.58)	-	(496.86)	(419.18)	(916.04)
Balance as at 31 March 2021	**2,360.53**	**349.39**	**1,774.05**	**240.77**	**296.73**	**5,021.47**	**375.73**	**5,397.21**
Accumulated Depreciation								
Balance as at 01 April 2019	661.05	15.68	357.00	101.07	35.98	1,170.77	-	1,170.77
Depreciation for the year	383.55	6.05	163.21	47.32	29.02	629.14	-	629.14
Accumulated depreciation on disposals	(61.30)	(5.12)	(37.12)	(18.03)	-	(121.57)	-	(121.57)
Balance as at 31 March 2020	**983.29**	**16.61**	**483.09**	**130.36**	**64.99**	**1,678.34**	**-**	**1,678.34**
Balance as at 01 April 2020	983.29	16.61	483.09	130.36	64.99	1,678.34	-	1,678.34
Depreciation for the year	436.62	9.07	224.45	47.26	32.94	750.34	-	750.34
Accumulated depreciation on disposals	(335.62)	(0.25)	(130.61)	(9.05)	-	(475.53)	-	(475.53)
Balance as at 31 March 2021	**1,084.29**	**25.43**	**576.93**	**168.57**	**97.93**	**1,953.15**	**-**	**1,953.15**
Carrying amounts (net)								
At 31 March 2020	**1,397.11**	**125.45**	**1,275.15**	**63.70**	**197.94**	**3,059.35**	**69.88**	**3,129.24**
At 31 March 2021	**1,276.24**	**323.96**	**1,197.12**	**72.20**	**198.80**	**3,068.32**	**375.73**	**3,444.05**

Notes:

a. Refer note 17 for information on property, plant and equipment pledged as security by the Group.

b. Refer note 36(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Deletion amount includes re-imbursement received for property, plant and equipment of Rs. 9.36 (31 March 2020: Rs. 49.58) from brands.

d. The Group has capitalized the following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP).



	As at March 31, 2021	As at March 31, 2020
Opening balances brought forward	**3.82**	**107.56**
Rent	43.82	107.78
Power and Fuel	0.33	3.50
Rates and Taxes	14.94	10.53
Repiars and maintenance- Others	3.37	9.11
Miscellaneous Expenses	4.49	3.60
Sub Total	**70.77**	**242.08**
Less: Allocated to Fixed to Assets	**(17.10)**	**(238.26)**
Closing balance included under Capital Work in Progress	**53.67**	**3.82**

4 Intangible assets

	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development	Total
Gross carrying amount						
Balance as at 01 April 2019	-	41.90	55.85	97.75	38.21	135.96
Additions / acquired	45.16	-	1.60	46.76	11.07	57.83
Disposals	-	-	(5.18)	(5.18)	(43.67)	(48.85)
Balance as at 31 March 2020	**45.16**	**41.90**	**52.27**	**139.34**	**5.61**	**144.94**
Balance as at 01 April 2020	45.16	41.90	52.27	139.34	5.61	144.94
Additions / acquired	0.37	-	1.50	1.87	-	1.87
Disposals	-	-	(0.10)	(0.10)	-	(0.10)
Balance as at 31 March 2021	**45.53**	**41.90**	**53.67**	**141.11**	**5.61**	**146.71**
Amortisation						
Balance as at 01 April 2019	-	0.04	40.25	40.29	-	40.29
Amortisation for the year	5.40	7.00	9.28	21.68	-	21.68
Disposals	-		(3.57)	(3.57)	-	(3.57)
Balance as at 31 March 2020	**5.40**	**7.04**	**45.96**	**58.40**	**-**	**58.40**
Balance as at 01 April 2020	5.40	7.04	45.96	58.40	-	58.40
Amortisation for the year	7.54	6.98	3.81	18.33	-	18.33
Disposals	-		(0.10)	(0.10)	-	(0.10)
Balance as at 31 March 2021	**12.94**	**14.02**	**49.67**	**76.63**	**-**	**76.63**
Carrying amounts (net)						
At 31 March 2020	**39.77**	**34.86**	**6.31**	**80.94**	**5.61**	**86.54**
At 31 March 2021	**32.59**	**27.88**	**4.00**	**64.48**	**5.61**	**70.08**

S.R. BATLIBOI & CO. LLP NEW DELHI

5. Investments

	As at 31 March 2021	As at 31 March 2020
Non-current investment		
Unquoted investment		
- Investment in Pasadena Retail	100.00	100.00
- Share of Profit/(Loss) in Joint Venture	(19.93)	(33.43)
	80.07	66.57

6. Loans*

	As at 31 March 2021		As at 31 March 2020	
(unsecured, considered good)	Current	Non-current	Current	Non-current
Security deposits				
- to related parties (refer note no. 38)	6.77	-	-	6.77
- to others	632.57	889.10	706.85	793.33
Loan to employees				
- to related parties (refer note no. 38)	6.16	6.81	-	-
- to others	11.97	2.98	14.19	4.80
	657.47	898.89	721.04	804.90

*The Group's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 33.

7. Other financial assets

	As at 31 March 2021		As at 31 March 2020	
(Unsecured, considered good)	Current	Non-current	Current	Non-current
Fixed Deposits with maturity of more than 12 months from the Balance sheet date #	-	-	-	128.77
Right to return assets	69.02	-	-	-
Interest accrued but not due on fixed deposits	10.76	-	7.37	0.16
Advances Recoverable in cash or kind	271.22	-	543.00	-
	351.00	-	550.37	128.93

These deposits include restricted bank deposits amounting to Rs. Nil (31 March 2020 : Rs. 121.66) on account of deposits pledged as security for bank guarantees and for obtaining deposits from shareholders.

8. Income tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision)	147.43	144.63
	147.43	144.63

9. Deferred tax assets (net)

Significant components of the Company's net deferred tax are as follows:

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	829.05	727.91
Deferred tax liabilities	(7.27)	-
Net deferred tax assets	821.78	727.91

S.R. BATLIBOI & CO. LLP
NEW DELHI

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
2019-2020				
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	344.23	(41.07)	-	303.16
Provision for doubtful debts and sales return	-	26.52	-	26.52
Provision for employee benefits	194.86	5.89	0.72	201.47
Provision - others	92.84	(61.54)	-	31.30
Lease assets and liabilities	-	152.68	-	152.68
Others	-	12.78	-	12.78
Net deferred tax assets	631.93	95.26	0.72	727.91

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
2020-2021				
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	303.16	60.89	-	364.05
Provision for doubtful debts and sales return	26.52	(0.73)	-	25.79
Provision for employee benefits	201.47	(78.35)	1.04	124.17
Provision - others expenses	31.30	5.11	-	36.41
Lease assets and liabilities	152.68	105.38	-	258.06
Others	12.78	7.78	-	20.56
Deferred tax liability on				
Income taxable on receipt basis under Income tax Act	-	(7.27)		(7.27)
Net deferred tax assets	727.91	92.82	1.04	821.78

10. Other non-current assets (Unsecured, considered good)	As at 31 March 2021	As at 31 March 2020
Capital advances		
- to others	11.79	83.40
Advances other than capital advances		
- Prepaid expenses	0.57	2.99
- CENVAT credit receivable	104.13	128.33
	116.49	214.72

11. Inventories *(At lower of cost and net realisable value)*	As at 31 March 2021	As at 31 March 2020
Stock-in-trade [including goods-in-transit Rs. 464.89 (31 March 20: Rs. 116.57)]	19,777.12	21,859.01
	19,777.12	21,859.01

* During the year ended 31 March 2021, Rs. 14.82 (31 March 20: Rs. Nil) was recognised as an expense for inventories carried at net realisable value.

12. Trade receivables *(Unsecured, considered good unless otherwise stated)*	As at 31 March 2021	As at 31 March 2020
Trade receivables #		
- Related parties (refer to note 38)	282.49	354.01
- Others	1,038.03	689.69
Less : Provision for doubtful debts	(102.48)	(105.38)
	1,218.04	938.32

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.

13. Cash and cash equivalents	As at 31 March 2021	As at 31 March 2020
Balances with banks in		
- Current accounts	341.22	903.13
- Fixed Deposit with original maturity of less than 3 months	1,399.00	-
Cheques, drafts on hand	12.71	4.86
Cash on hand	35.03	66.63
Others		
- Credit cards receivable	42.87	8.98
	1,830.83	983.60

S.R. BATLIBOI & CO. LLP NEW DELHI

13A. Other bank balances	As at 31 March 2021	As at 31 March 2020
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	220.47	17.00
	220.47	17.00

These deposits include restricted bank deposits amounting to Rs. 207.21 lakhs (31 March 2020 : Rs. Nil) on account of deposits pledged as security for bank guarantees and obtaining deposits from shareholders.

14. Other current assets *(Unsecured, considered good unless otherwise stated)*	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	17.53	15.59
Advances for supply of goods		
- Related parties (Refer note 38)	18.11	15.35
- Others	411.62	587.12
Advances to employees		
- Others	31.10	51.82
GST credit receivable	1,013.29	1,629.33
VAT recoverable	6.45	7.31
Deposit under protest	71.05	68.86
Other recoverable	51.56	27.49
Less: Provision for bad and doubtful advances		
- Other recoverable	(22.85)	-
	1,597.86	2,402.88

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

15. Share capital		As at 31 March 2021 Number of shares	Amount	As at 31 March 2020 Number of shares	Amount
Authorised					
Equity shares of Rs. 10 each		3,07,00,000	3,070.00	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs. 130 each		5,76,924	750.00	5,76,924	750.00
12% cumulative redeemable preference shares of Rs. 110 each		12,00,000	1,320.00	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs. 100 each		10,00,000	1,000.00	10,00,000	1,000.00
		3,34,76,924	**6,140.00**	**3,34,76,924**	**6,140.00**
Issued subscribed and fully paid up					
Equity shares of Rs.10 each fully paid up	(i)	1,82,12,812	1,821.28	1,82,12,812	1,821.28
		1,82,12,812	**1,821.28**	**1,82,12,812**	**1,821.28**

(a) *Right preferences and restrictions attached to equity shares*

(i) The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the parent company. The Parent Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Parent Company the holders of equity shares will be entitled to receive the remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Certain holders of 14% cumulative compulsorily convertible preference shares of Rs 130 each had "tag along and put option rights" (converted into equity shares in previous year). Tag along rights would be triggered in the event of promoter selling a substantial portion (more than 10% of combined shareholding of the promoter) of his shares in the Parent Company to any person before the expiry of the term. The holder of equity shares would have the right to cause the promoter to ensure that the proposed transferee purchases all or part of its shares on a pro rata basis at the same terms and price as offered to the promoter. During the current year, the holders have exercised their put option rights and as on March 31, 2021 no tag along and put option rights are outstanding.

(b) *Reconciliation of shares outstanding*	As at 31 March 2021 Number of shares	Amount	As at 31 March 2020 Number of shares	Amount
i) Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	1,82,12,812	1,821.28	1,69,01,713	1,690.17
Add: issued during the year	-	-	7,19,176	71.92
Add: issued pursuant to conversion of 14% cumulative compulsorily convertible preference shares	-	-	5,76,923	57.69
Add: issued on exercise of employee stock options	-	-	15,000	1.50
At the end of the year	**1,82,12,812**	**1,821.28**	**1,82,12,812**	**1,821.28**
iii) 14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up				
At the beginning of the year	-	-	5,76,923	750.00
Less: Converted into equity shares	-	-	(5,76,923)	(750.00)
At the end of the year	-	-	-	-



(c) *Shares held by ultimate holding company/ holding company and their subsidiaries/ associates*

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
KDDL Limited (holding company and ultimate holding company)	1,14,10,146	1,141.01	1,11,33,146	1,113.31
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32	22,93,150	229.32

(d) *Particulars of shareholders holding more than 5% shares of the Parent Company*

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by				
KDDL Limited	1,14,10,146	62.65	1,11,33,146	61.13
Mahen Distribution Limited	22,93,150	12.59	22,93,150	12.59

(e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding 31 March 2021).

During the five years immediately preceding 31 March 2021 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

(i) The Parent Company had, during the year ended 31 March 2018, converted 1,100,010 12% cumulative compulsory convertible preference shares of face value of Rs. 110 into 1,100,010 equity shares of Rs. 10 each at a premium of Rs. 100 each. Further, 21,250 equity shares of Rs. 10 each had been issued under employee stock option plan for which exercise price has been received in cash.

(ii) During the year ended 31st March 2020, 576,293 14% cumulative compulsory convertible preference shares of Rs. 130 each were converted into 576,923 equity shares of Rs. 10 each at a premium of Rs. 120 per share. Further, 15,000 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(f) *Employee stock options*

Terms attached to stock options granted to employees of the parent company are described in note 35(iv) regarding employee share based payments

(g) Shares reserved for issue under options and contracts

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Under Ethos Employee Stock Option Scheme - 2013; 350,000 equity shares of Rs. 10 each, at an exercise price of Rs. 120 per share [Refer note 35(iv)]	1,31,250	13.13	1,31,250	13.13

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

16. Other equity

(also refer to Statement of Changes in Equity)

(i) *Compulsory convertible cumulative preference shares*

Terms attached to the compulsory convertible cumulative preference shares are described in note 15(a)(ii) Equity share capital.

(ii) *Deemed capital contribution*

a) Includes 14.51 towards fair value of guarantees given by the holding company of parent company in the earlier years.
b) Includes 36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

(iii) *Share application money pending allotment*

Share application money pending allotment represents monies received against shares to be issued under the employee stock option plan formulated by the parent company as at the year end.

(iv) *Share options outstanding account*

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

(v) *Capital reserve*

Accumulated capital surplus not available for distribution and is expected to remain invested permanently.

(vi) *Securities premium*

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the applicable provisions of the Companies Act, 2013.

(vii) *Retained earnings*

Retained earnings represents the profits that the Company has earned till date, less any dividends, or other distributions paid to shareholders.

17A Borrowings	**Note**	**As at 31 March 2021**	**As at 31 March 2020**
i) *Non-current borrowings*			
Term-loans			
From banks (secured)	(a)	843.90	138.91
From others (Unsecured)	(b)	-	254.24
Deposits			
Inter corporate deposits			
From related parties (unsecured) (refer to note 38)	(c)	-	35.00
From others (unsecured)	(d)	-	200.00
Deposits from shareholders (unsecured) (Refer to note 38 for related parties disclosure)	(e)	1,672.78	1,591.38
Total non-current borrowings (including current maturities)		2,516.68	2,219.54
Less : Current maturities of non-current borrowings (refer to note 20)		(808.46)	(643.60)
		1708.22	1575.94

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

Notes:

a) Vehicle loans from banks amounting to Rs. 123.90 (31 March 2020 : Rs.138.91) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 8.23% to 11.76% per annum (31 March 2020 : 8.23% to 11.76%). The above loans are repayable in monthly installments within a period of next two to five years as per repayment schedule.

Term loan from Bank of Maharasthra amounting to Rs. 389.00 (31 March 2020: Nil) carrying interest rate equal to 7.50 % (31 March 2020: Nil). The loan is availed under Gurantee Emergency Credit Line Scheme launched by the Goverment of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the parent company. This is also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the parent company and second charge on entire fixed assets of the parent company. Further, this is compulsorily covered under Guranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly installments of Rs. 8.10 as per the repayment schedule commencing from 30 April 2022 with one year of moratorium from the drawdown. The last installment would be repaid on 30 April 2026.

Term loan from IDBI Bank Limited amounting to Rs. 330.00 (31 March 2020: Nil) carrying interest rate equal to 8.80 % (31 March 2020: Nil). The loan is availed under Gurantee Emergency Credit Line Scheme launched by the Goverment of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the parent company both present and future and second charge on the fixed assets of the parent company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly installments of Rs. 9.17 and 36th Installment of Rs. 9.05 as per the repayment schedule commencing from 31 March 2022 with one year of moratorium from the drawdown. The last installment would be repaid on 31 March 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 1.00 (31 March 2020: Nil) carrying interest rate equal to RLLR plus 1% (presently 8.20%) (31 March 2020: Nil) is secured by Second charge on the stock and receivables on pari passu basis of the parent company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly installments commencing from 31 March 2022 with one year of moratorium from the first drawdown. The last installment would be repaid on 31 March 2025.

b) Term loan from others includes loan taken from Indiabulls Housing Finance Limited amounting to Rs. Nil (31 March 2020: Rs. 254.24). The same was secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the parent company. This loan was also guaranteed by the holding company, the director of the parent company and relatives of the director. The rate of interest varied from 11% to 14.50% per annum. The original loan was taken in March 2014. The same was repayable in 120 equal installments and was repaid during the year.

c) Inter corporate deposits from related parties amounting to Rs. Nil (31 March 2020: Rs. 35) carried an interest rate ranging between 8.50% to 16% (31 March 2020 : 8.50% to 16%) per annum. The same were repayable within 12-24 Months (31 March 2020: 12-36 Months) and were repaid during the year.

d) Inter corporate deposit from others amounting to Rs. Nil (31 March 2020: Rs. 200) carried an interest rate of 13.5% (31 March 2020 : 13.5% to 14%) per annum. The same was repayable within 24 months and was repaid during the year.

e) Deposits from Shareholders carry an interest rate ranging between 8% to 11.25% (31 March 2020: 8% to 10.75%) per annum and carries a maturity period from 6 to 36 months from the respective date of deposits.

ii) Current borrowings		As at 31 March 2021	As at 31 March 2020
Loan repayable on demand			
- From banks (secured)	(f)	2,462.73	4,241.45
Other Loans			
-Inter-corporate deposit from others (unsecured)	(g)	-	500.00
-Deposits from shareholders (unsecured) (Refer to note 38 for related parties disclosure)	(h)	219.42	613.70
		2,682.15	5,355.15

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

f) Loan repayable on demand from IDBI Bank Limited amounting to Rs. 698.14 (31 March 2020 : Rs. 1544.82) are repayable on demand and are secured by first pari passu charge on all the current assets of the parent company both present and future and second parri passu charge on the fixed assets of the parent company both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits are guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the parent company and relative of the director. The rate of interest as on 31 March 2021 varies from 10.50% to 10.90% (31 March 2020 : 10.75% to 11.50%) per annum.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. 536.69 (31 March 2020 : Rs. 859.29) are repayable on demand and are secured by first pari passu charge on the stock and receivables of the parent company. These limits are also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans are also guaranteed by the Holding Company and personal guarantees of the director of the parent company. The rate of interest as on 31 March 2021 varies from 8.35% to 10.70% (31 March 2020 : 10.70% to 11.40%) per annum.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. 1227.90 (31 March 2020 : Rs. 1837.34) are repayable on demand and are secured by first parri passu charge by way of hypothecation on entire current assets of the parent company. These limits are also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the parent company and second parri passu charge on entire fixed assets of the Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the parent company and relative of the director. The rate of interest as on 31 March 2021 is 11% (31 March 2020 : 11.00 %) per annum.

g) Inter corporate deposit from others carried an interest rate of 10% (31 March 2020 : 10.0% to 13.5%) per annum and was repaid during the year.

h) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is in the range of 9.50% to 10% per annum (31 March 2020: 10.00% to 10.50% per annum).

i) The Reserve Bank of India vide its circular dated March 27, 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments) including interest, falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020) for various categories of loans. The Parent Company had availed the permitted moratorium for some of its borrowings and interest thereon. The Parent Company has paid all its due EMI's within the extended moratorium period.

Reconciliation of movement of liabilities to cash flows arising from financing activities	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Balance as at the beginning of the year (including current and non-current borrowings)	**7,574.69**	**7,706.52**
Proceeds from non-current borrowings	1,145.89	602.17
Repayment of non-current borrowings	(848.75)	(784.85)
Proceeds from current borrowings having maturity period more than 3 months	218.30	237.11
Repayment of current borrowing having maturity period more than 3 months	(212.60)	(97.40)
Proceeds from/repayments of current borrowings (net)	(2,678.70)	(88.86)
Balance as at the end of the year (including current and non-current borrowings)	**5,198.83**	**7,574.69**

17B Other Non current financial Liabilities

Interest Accrued but not due on deposits (Refer to note 38 for related parties disclosure)	90.00	94.52
	90.00	94.52

18. Provisions

	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Provision for gratuity (Refer note 35)	4.28	157.09	3.32	130.04
Provision for compensated absences	245.17	-	234.04	-
	249.45	157.09	237.36	130.04



19. Trade payables*	As at 31 March 2021	As at 31 March 2020
- Micro and small enterprises #	0.72	1.93
- Trade payables to related parties (Refer to note 38)	65.72	382.89
- Other trade payables	7,132.91	6,858.46
	7,199.35	7,243.28

There are no micro and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the group.

Particulars	As at 31 March 2021	As at 31 March 2020
(a) The principal amount remaining unpaid to any supplier at the end of the year	0.72	1.93
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

20. Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Refund Liabilities	106.16	-
Current maturities of non-current borrowings (refer note 17)	808.46	643.60
Capital creditors	142.41	62.20
Salaries, wages and bonus and other employee payable *	571.59	802.89
Interest accrued but not due on borrowings *	150.87	109.58
Interest payable-others	-	4.36
	1,779.49	1,622.63

* Refer note 38 for related parties disclosure

21. Other current liabilities	As at 31 March 2021	As at 31 March 2020
Deferred revenue	213.28	246.09
Statutory dues	189.31	130.54
Advances from customers	474.66	653.57
Interest payable-others	12.02	-
Other Payables	27.64	27.64
	916.91	1,057.84

22. Current tax liabilities (net)	As at 31 March 2021	As at 31 March 2020
Provision for income tax (net)	58.10	38.00
	58.10	38.00

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

23. Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products (net of applicable tax)	38,184.91	44,905.72
Sale of services	472.16	879.19
	38,657.07	45,784.91

24. Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income under the effective interest rate method on		
- Fixed Deposits	12.08	14.42
- Security deposits at amortised cost	91.58	96.60
- Others	6.68	2.91
Provisions/liabilities no longer required written back	75.64	110.59
Provision for doubtful debts written back	2.90	-
Profit on Sale of property, plant & equipment	5.31	-
Rent Concessions (Refer note 2.4(a))	1402.22	-
Miscellaneous Income	46.21	7.25
	1642.62	231.77

25. Purchase of stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Purchases during the year	26,084.91	34,205.38
	26,084.91	34,205.38

26. Changes in inventory of stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Opening inventory	21,859.01	20,556.94
Less: closing inventory	(19,777.12)	(21,859.01)
(Increase)/ Decrease in inventory	2,081.89	(1,302.07)

27. Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	2,658.01	3,031.88
Contribution to provident and other funds	186.86	176.88
Share based payments	-	(18.11)
Staff welfare expenses	75.44	126.38
	2,920.31	3,317.02

28. Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	617.70	862.59
Interest on lease liabilities (Refer note 37)	1,062.12	1,055.31
Interest on delay in deposit of income tax	15.35	28.05
Other borrowing cost	8.26	-
	1,703.43	1,945.95

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

29. Depreciation and amortisation expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (Refer note 3)	750.34	629.14
Amortisation of other intangible assets (Refer note 4)	18.33	21.68
Depreciation of Right-of-use of assets (Refer note 37)	2,483.28	2,812.96
	3,251.95	3,463.78

30. Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Power and fuel	95.69	139.15
Service cost expense	53.65	110.20
Insurance	84.33	41.80
Rent (net of reimbursements of Rs. 53.22 (previous year Rs. 171.78)) (Refer note 37)	196.70	74.11
Rates and taxes	26.22	25.23
Repair and maintenance - Others	495.72	532.05
Foreign exchange loss (net)	30.57	167.01
Travelling and conveyance	103.30	277.99
Advertisement and sales promotion (refer note 38)	1,470.39	1,406.30
Directors sitting fees	23.22	14.11
Printing and stationery	18.02	19.30
Recruitment expenses	33.43	26.67
Telephone and telex	60.05	72.91
Postage and telegram	190.14	216.68
Legal and professional fees *	154.45	227.62
Bank charges	287.31	415.76
Provision for Doubtful debts	-	105.38
Advances/deposits/Bad debts written off	51.76	63.50
Provision for bad and doubtful advances	22.85	-
Loss on sale of Fixed assets	-	17.95
Property, plant and equipments written off (net)	34.60	73.43
Service tax deposit and credit written off/provided (Refer note 44)	-	218.56
Corporate Social Responsibility expenditure (Refer note 43)	16.61	10.03
Donation	2.50	4.32
Miscellaneous expenses	146.86	115.35
	3,598.37	4,375.44

	Year ended 31 March 2021	Year ended 31 March 2020
*Includes payment to auditors (excluding taxes as applicable and including payment to former Statutory auditors of Parent Company)		
As auditor		
Statutory audit	11.85	12.10
Limited review of special purpose quarterly results	6.00	7.35
In other capacity		
Certification work etc.	6.33	2.60
Reimbursement of expenses	0.96	2.95
	25.14	25.00

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

31. Tax expense

	Year ended 31 March 2021	Year ended 31 March 2020
a) Income tax recognised in statement of profit and loss		
Current tax		
Current year	288.49	296.13
Changes in estimates related to prior years	0.94	23.27
	289.43	319.41
Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(99.48)	(254.02)
Changes in estimates related to prior years	6.66	(24.45)
Change in Deferred tax due to change in Income tax rate	-	183.22
	(92.82)	(95.25)
Total tax expense recognised in the current year	196.61	224.15

The above tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax		
Tax at the Indian tax rate of 25.168% for parent company and 34.944% for Subsidiary (previous year 25.168% for parent company and 34.944% for subsidiary)	174.34	31.54
Effect of expenses that are not deductible in determining taxable profit	14.68	10.57
Effect of tax (benefit) / expense pertaining to prior years	7.59	(1.18)
Effect of increase in tax rate	-	183.22
Income tax expenses recognised in statement of profit and loss	196.61	224.15

The tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (previous year 25.168%) for the parent company and 34.944% (Previous Year 34.944%) for subsidiary payable by corporate entities in India on taxable profits under the Indian tax law.

b) Income tax expense recognised in other comprehensive income

	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
-Remeasurement of defined benefit obligation	1.04	0.72
Total income tax recognised in other comprehensive income	**1.04**	**0.72**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	1.04	0.72
Items that may be reclassified to profit or loss	-	-
	1.04	**0.72**

32. Earnings per share

	Year ended 31 March 2021	Year ended 31 March 2020
A. Basic earnings per share		
i *Profit / (loss) for basic earning per share of Rs. 10 each*		
Profit / (loss) for the year	475.72	(246.41)
ii *Weighted average number of equity shares for (basic)*		
Opening Balance	1,82,12,812	1,69,01,713
Effect of fresh issue of shares	-	8,00,532
	1,82,12,812	1,77,02,245
Basic Earnings per share (face value of Rs 10 each)	2.61	(1.39)

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

B. Diluted earnings per share		
i *Profit / (loss) for diluted earning per share of Rs. 10 each*	475.72	(246.41)
ii *Weighted average number of equity shares for diluted*		
Opening Balance	1,82,12,812	1,69,01,713
Effect of fresh issue of shares *	1,31,250	9,31,782
	1,83,44,062	1,78,33,495
Diluted earnings per share (face value of Rs 10 each)	2.59	(1.39)

* includes 1,31,250 (31 March 2020: 1,31,250) options under Ethos Employee Stock Option Plan – 2013

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

33. Financial instruments - fair values and risk management

I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2021			As at 31 March 2020		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
Financial assets								
Non-current								
Loans	(b)	3	-	898.89	-	-	804.90	-
Other financial assets	(b)	3	-	-	-	-	128.93	-
Current								
Trade receivables	(a)	3	-	1,218.04	-	-	938.32	-
Cash and cash equivalents	(a)	3	-	1,830.83	-	-	983.60	-
Other bank balances	(a)	3	-	220.47	-	-	17.00	-
Loans	(b)	3	-	657.47		-	721.04	
Other financial assets	(a)	2		351.00		-	550.37	
Total			-	**5,176.70**	-	-	**4,144.17**	-
Financial liabilities								
Non-current								
Borrowings (including current maturities)	(c)	3	-	2,516.68	-	-	2,219.53	-
Other Non current financial Liabilities				90.00			94.52	-
Current								
Borrowings	(c)	3	-	2,682.15	-	-	5,355.15	-
Trade payables	(a)	3	-	7,199.35	-	-	7,243.26	-
Other financial liabilities	(a)	2		971.04			979.03	
Total			-	**13,459.22**		-	**15,891.49**	

Notes:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.

(c) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2021 and 31 March 2020.



II. Financial risk management

(i) *Risk management framework*

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:
-Credit risk (see (ii)),
-Liquidity risk (see (iii));and
-Market risk (see (iv))

(ii) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

Trade receivables and Loans

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

Cash and cash equivalents

The Group holds cash and cash equivalents of Rs. 1830.83 at 31 March 2021 (31 March 2020: Rs. 983.60). The cash and cash equivalents are mainly held with scheduled banks.

(iii) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary.



Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2021			Contractual cash flow		
	Carrying amount of liabilities	Total undiscounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings(including current maturities)	5,198.83	5,198.83	3,490.61	1,708.22	-
- Trade payables	7,199.35	7,199.35	7,199.35	-	-
- Lease liabilities	8,819.37	11,990.22	2,760.55	6,644.64	2,585.03
- Capital creditors	142.41	142.41	142.41	-	-
- Salaries, wages and bonus and other employee payable	571.59	567.72	567.72	-	-
- Interest accrued but not due on borrowings	240.87	240.87	150.87	90.00	-
- Refund Liabilities	106.16	106.16	106.16	-	-
	22,278.58	**25,445.56**	**14,417.67**	**8,442.86**	**2,585.03**

31 March 2020			Contractual cash flow		
	Carrying amount of liabilities	Total undiscounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings(including current maturities)	7,574.69	7,574.69	5,998.75	1,575.94	-
- Trade payables	7,243.26	7,243.26	7,243.26	-	-
- Lease liabilities	9,890.43	13,872.61	2,912.80	8,392.46	2,567.35
- Capital creditors	62.20	62.20	62.20	-	-
- Salaries, wages and bonus and other employee payable	802.89	802.89	802.89	-	-
- Interest accrued but not due on borrowings	204.10	204.10	109.58	94.52	-
- Interest Payable Others	4.36	4.36	4.36	-	-
- Refund Liabilities	-	-	-	-	-
	25,781.93	**29,764.11**	**17,133.85**	**10,062.92**	**2,567.35**

(iv) *Market Risk*

a) Product price risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavorably from the markets, the Group negotiates with its principals for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.



b) Interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2021	As at 31 March 2020
Fixed rate borrowings	2,736.10	3,333.24
Floating rate borrowings	2,459.76	4,241.45
	5,198.83	7,574.69

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year-end was outstanding for the whole year.

	Profit / (Loss) before tax	
	Strengthening	Weakening
For the year ended 31 March 2021		
Interest rate (0.5% movement)	(12.30)	12.30
For the year ended 31 March 2020		
Interest rate (0.5% movement)	(21.21)	21.21

c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are CHF, USD, EUR, SGD,GBP. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the group is as follows :

	CHF	USD	GBP	SGD	EUR
31 March 2021					
Trade payables (net of receivable)	1,370.88	222.06	41.34	172.52	179.77
Net exposure of recognised financial liability	1,370.88	222.06	41.34	172.52	179.77
31 March 2020					
Trade payables (net of receivable)	1,564.78	63.97	-	73.84	81.04
Net exposure of recognised financial liability	1,564.78	63.97	-	73.84	81.04

Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, SGD, EUR, GBP against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

	Profit / (Loss) (before tax)		Equity (net of tax)	
31 March 2021	Strengthening	Weakening	Strengthening	
CHF (1% movement)	(13.71)	13.71	(10.26)	10.26
SGD (1% movement)	(1.73)	1.73	(1.29)	1.29
EUR (1% movement)	(1.80)	1.80	(1.35)	1.35
USD (1% movement)	(2.22)	2.22	(1.66)	1.66
GBP (1% movement)	(0.41)	0.41	(0.31)	0.31
31 March 2020				
CHF (1% movement)	(15.65)	15.95	(11.71)	10.38
SGD (1% movement)	(0.74)	0.06	(0.55)	0.04
EUR (1% movement)	(0.81)	0.29	(0.61)	0.19
USD (1% movement)	(0.64)	0.18	(0.48)	0.12

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar,EUR: Euro.

34. Capital Management

Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Group's adjusted net debt to equity ratio was as follows.

	31 March 2021	31 March 2020
Total liabilities	23,660.13	27,245.16
Less: cash and cash equivalents	(1,830.83)	(983.60)
Adjusted net debt	21,829.30	26,261.56
Total equity	15,693.49	15,221.72
Adjusted net debt to equity ratio	**1.39**	**1.73**

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

35 Employee benefits

I. Assets and liabilities relating to employee benefits	As at 31 March 2021	As at 31 March 2020
Non-current		
Liability for gratuity	157.08	130.04
	157.08	130.04
Current		
Liability for gratuity	4.29	3.32
Liability for compensated absences	245.17	234.04
	249.46	237.36
	406.54	367.40

For details about the related employee benefit expenses, refer to note no. 38.

II. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

Interest rate risk:
The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:
Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:
This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

a) *Funding*
Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

b) *Reconciliation of present value of defined benefit obligation*	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	173.68	147.21
Benefits paid	(31.03) *	(12.83)
Current service cost	40.72	27.74
Interest cost	12.39	11.04
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	1.66	0.52
Balance at the end of the year	**197.42**	**173.68**

* Includes Rs. Nil (31 March 2020 Rs. 8.98 lakhs) directly paid by the Company

c) *Reconciliation of the present value of plan assets*	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	40.32	33.86
Contributions paid into the plan	27.30	10.10
Interest Income	2.78	2.54
Benefits paid	-31.03	(3.85)
Return on plan assets recognised in other comprehensive income	-3.33	(2.33)
Balance at the end of the year	**36.04**	**40.32**

d) *Expense recognised in profit or loss*	As at 31 March 2021	As at 31 March 2020
Current service cost	40.72	27.74
Interest Income	-2.78	(2.54)
Interest cost	12.39	11.04
	50.33	**36.24**

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

e) *Remeasurements recognised in other comprehensive income*

	As at 31 March 2021	As at 31 March 2020
Actuarial loss on defined benefit obligation	1.66	0.53
Return on plan assets less than discount rate	3.33	2.33
	4.99	2.85

f) *Plan assets*

100% of the plan assets are managed by LIC

g) *Actuarial assumptions*

	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	6.80% p.a	6.91% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	55 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(9.61)	10.40	(9.12)	9.89
Future salary growth rate (0.5% movement)	9.44	(8.79)	8.94	(8.30)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

h) *Expected benefit payments*

Undiscounted amount of expected benefit payments for next 10 years are as follows:

	As at 31 March 2021	As at 31 March 2020
Within 1 year	4.29	3.32
1-2 year	15.99	3.29
2-3 year	24.38	14.70
3-4 year	3.46	17.25
4-5 year	2.74	3.17
5-10 years	146.56	131.94

III. Defined contribution plans

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs. 131.67 (previous year Rs. 135.90) during the year as expense towards contribution to these plans.

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

IV. Share based payments

a) *Description of share-based payment arrangement*

As at 31 March 2021, the Parent Company has the following share-based payment arrangements.

b) *Employee Stock Option Scheme (equity-settled)*

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50% of the options granted to the selected employee shall vest on 1st October,2017 in case there is continuation of his service till the date of vesting.

2. 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013"

c) *Reconciliation of outstanding share option*

Particulars	During the year ended 31 March 2021		During the year ended 31 March 2020	
	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)
Ethos Employee Stock Option Scheme - 2013				
Option outstanding at the beginning of the year	1,27,750	120	1,50,750	120
Exercised during the year	-	120	15,000	120.00
Lapsed during the year	-	120	8,000	120.00
Options outstanding at the end of the year	1,27,750	120	1,27,750	120
No. of shares arising out of the options outstanding	1,27,750	120	1,27,750	120
Ethos Employee Stock Option Scheme - 2013				
Option outstanding at the beginning of the year	3,500	120	3,500	120
Options outstanding at the end of the year	3,500	120	3,500	120
No. of shares arising out of the options outstanding	3,500	120	3,500	120

d) *Expense recognized in statement of profit and loss*

Particulars	As at 31 March 2021	As at 31 March 2020
Expense arising from equity-settled share based payment transaction (including options lapsed during the year)	-	(18.11)

e) *The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair*

Assumptions	As at 31 March 2021	As at 31 March 2020
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120.00	120.00
Exercise price	120.00	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	7.60%/7.60%	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	4.56/4.16	4.56/4.16
Expected Annual Volatility of Shares	40%-60%	40%-60%
Expected dividend yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.



36. Contingent liabilities, commitments and other matters
(to the extent not provided for)

i) *Claims against the Group not acknowledged as debts, under dispute*

	As at 31 March 2021	As at 31 March 2020
a) Income Tax matters	310.30	314.05
b) Value Added Tax matters	3,331.35	1.32
c) Customs duty matters	12.90	17.85
	3,654.55	**333.22**

ii) *Commitments*

-Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	122.45	306.82
	122.45	**306.82**

iii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Group will not be material.



37 Leases

A. Group as a lessee

The Group has lease contracts for various retail stores used for its operations. The Leases generally have lease terms 3 - 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	9,691.23	7,980.81
Additions	1,255.20	4,381.41
Reclassified from prepaid expenses (if any)	-	360.34
Deletions/Modification	341.12	218.36
Depreciation expense	2,483.28	2,812.96
At the closing of the year	8,122.03	9,691.23

The carrying amounts of lease liabilities and the movements during the year:

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	9,890.43	7,980.81
Additions	1,186.19	4,199.28
Accretion of interest	1,062.12	1055.31
Deletions/Modification	318.36	230.82
Payments	1,598.78	3,114.15
Rent Concession	1,402.22	-
At the closing of the year	8,819.37	9,890.43

Current lease liabilities	1,910.90	1908.61
Non-current lease liabilities	6,908.47	7981.82
Total	8,819.37	9,890.43

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	2,760.55	2,912.80
After one year but not more than five years	6,644.64	8,392.46
More than five years	2,585.03	2,567.35
Total	11,990.22	13,872.61

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.63%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	As at 31 March 2021	As at 31 March 2020
Depreciation expense of right-of-use assets	2,483.28	2812.96
Interest expense on lease liabilities	1,062.12	1055.31
Expense relating to short-term leases (included in other expenses)*	249.92	245.89
Total amount recognised in profit or loss	3,795.32	4,114.16

The Group had total cash outflows for leases of Rs. 1,598.78 during the year ended 31 March 2021 (31 March 2020: Rs. 3,114.15)

* Gross of reimbursement received of Rs. 53.22 during the year ended 31 March 2021 (31 March 2020: Rs. 171.78).

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

38. Related parties

I. *Related parties and nature of related party relationship, where control exists:*

Description of Relationship	Name of the Party
Holding / Ultimate Holding Company	KDDL Limited (KDDL)
Joint Venture	Pasadena Retail Private Limited

II. *Other related parties with whom transactions have taken place:*

Description of Relationship	Name of the Party
Fellow Subsidiaries	Mahen Distribution Limited Pylania SA
Entities over which significant influence is exercised by the Key Management Personnel	VBL Innovations Private Limited Vardhan Properties & Investment Limited Anacott Trading SA
Entities over which significant influence is exercised by relative of the Key Management Personnel	Dream Digital Technology Private Limited (DDTPL) Saboo Ventures LLP Saboo Housing Projects LLP Saveeka Family Trust
Key Management Personnel and relatives	Mr.Y.Saboo (Managing Director) Mr. Manoj Gupta (Executive Director) Relatives of Managing Director and Key Management Personnel Mr. Pranav Shankar Saboo (CEO) Mr. R K Saboo Mr. Jai Vardhan Saboo Mrs. Malvika Saboo Mrs. Usha Devi Saboo Mrs. Anuradha Saboo Mrs. Satvika Suri Mr. C. Raja Sekhar (CFO) Mr. Anil Dhiman (CS) Mrs. Navita Verma (Wife of Mr. Anil dhiman) Mrs. Anju Chilumuri (Wife of Mr. Raja shekhar)
Directors	Mr. Anil Khanna Mr. N. Subramanian Mr. Sundeep Kumar Mrs. Neelima Tripathi Mr. Dilpreet Singh Mr. Mohaimin Altaf
Relatives of Director	Mrs Alka Khanna (Wife of Mr Anil Khanna) Mrs Poonam Prakash (Sister of Mr Anil Khanna) Mr Apoorv P. Tripathi (Son of Mrs Neelima Tripathi) Mrs Nighat Altaf (Mother of Mr. Mohaimin Altaf) Mrs. Lalit Gupta (Wife of Mr. Manoj Gupta) Mr. Amol Gupta (Son of Mr. Manoj Gupta) Mrs. Saneh Lata (Mother of Mr. Manoj Gupta)

III. *Transactions with related parties*

Nature of transactions	As at 31 March 2021	As at 31 March 2020
a) Purchase of goods	59.40	273.41
- Anacott Trading SA	59.40	268.41
- Mr. Y. Saboo	-	5.00

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

b) Sales of goods	**49.82**	**60.19**
- Mr. Dilpreet Singh	1.03	-
- KDDL Limited	3.94	4.54
- Mr. R K Saboo	5.31	16.77
- Mr. Y. Saboo	9.38	9.18
- Mr. Pranav Shankar Saboo	1.95	3.81
- Mr. Jai Vardhan Saboo	-	14.32
- Mrs. Satvika Suri	10.68	0.37
- Mr. Mohaimin Altaf	10.73	4.56
- Mr. Nigat Altaf	-	6.64
- Mrs Malvika Saboo	6.64	-
- Mr. Anil Dhiman	0.17	-
c) Employee benefits*	**401.77**	**238.27**
Short-term employee benefits		
- Mrs. Anuradha Saboo	5.68	6.44
- Mr. Raja Sekhar	70.62	79.41
- Mr. Anil Dhiman	9.96	10.50
- Mr. Pranav Shankar Saboo	250.69	141.92
- Mr. Manoj Gupta	64.82	-
*Excluding provision for leave encashment and gratuity, as they are determined on an actuarial basis for the Company as a whole. In previous year the amount is excluding provision for leave encashment, gratuity and bonus as well.		
d) Interest expenses	**136.81**	**91.84**
- Mr. R K Saboo	23.43	9.05
- Vardhan Properties & Investment Limited	20.34	6.26
- Dream Digital Technology Private Limited	1.54	6.14
- Mr. Y Saboo	13.19	8.08
- Saboo Ventures LLP	39.89	40.11
- Saboo Housing Projects LLP	-	0.53
- Mr. Anil Khanna	3.06	2.60
- Mrs. Alka Khanna	0.71	0.63
- Mrs. Poonam Prakash	0.70	0.69
- Mrs. Usha Devi Saboo	14.72	10.06
- Mr. C. Raja Sekhar	7.76	6.49
- Mrs. Anuradha Saboo	1.79	1.18
- Mrs. Lalit Gupta	3.47	-
- Mr. Amol Gupta	3.89	-
- Mrs. Saneh Lata	1.60	-
- Mrs. Anju Chilumuri	0.65	-
- Mrs. Navita Verma	0.07	-
e) Rent expense	**42.93**	**36.96**
- KDDL Limited	20.73	15.83
- Mr. Y Saboo	22.19	21.14
f) Rent Received	**0.60**	**10.15**
- Dream Digital Technology Private Limited	0.60	-
- Mahen Distribution Limited	-	10.15
g) Publicity and advertisement	-	**5.20**
- KDDL Limited	-	5.20
h) Reimbursement of expenses incurred on behalf of Ethos Limited	**53.75**	**9.98**
- KDDL Limited	31.25	9.98
- Dream Digital Technology Private Limited	22.50	-
i) Reimbursement received for expenses	**28.65**	**22.38**
- KDDL Limited	2.07	0.62
- Mahen Distribution Limited	-	4.80
- Pasadena Retail Private Limited	26.49	13.65
- Anacott Trading	-	3.32
- Dream Digital Technology Private Limited	0.09	-
j) Sale of Property, plant and equipment	-	**4.76**
- KDDL Limited	-	4.76
k) Purchase of Property, plant and equipment	-	**0.09**
- KDDL Limited	-	0.09

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

l) Consultancy fees paid	**0.45**	**4.29**
- Mr. Apoorv P. Tripathi (Advocate)	0.45	4.29
m) Director Fees	**23.23**	**14.11**
- Mr.Y.Saboo	3.90	3.38
- Mr. Anil Khanna	5.63	3.31
- Mr. N. Subramanian	3.43	2.57
- Mr. Sundeep Kumar	2.45	0.98
- Mrs. Neelima Tripathi	1.23	0.35
- Mr. Dilpreet Singh	3.20	1.37
- Mr. Mohaimin Altaf	3.39	2.16

Nature of transactions	As at 31 March 2021	As at 31 March 2020
n) Loan taken	**371.27**	**571.00**
- Vardhan Properties & Investment Limited	-	200.00
- Mr. R K Saboo	56.00	180.00
- Mr. Y Saboo	152.54	140.00
- Mr. C Raja Sekhar	7.00	20.00
- Mrs. Usha Devi Saboo	50.00	11.00
- Mrs. Anuradha Saboo	21.79	20.00
- Mr. Anil Khanna	40.00	-
- Mrs. Saneh Lata	33.94	-
- Mrs. Lalit Gupta	10.00	-
o) Loan repaid	**881.54**	**82.00**
- Dream Digital Technology Private Limited	25.00	75.00
- Saboo Ventures LLP	400.00	-
- Saboo Housing Projects LLP	-	7.00
- Vardhan Properties & Investment Limited	210.00	-
- Mr. Y Saboo	140.00	-
- Mr. C Raja Sekhar	5.00	-
- Mrs. Saneh Lata	25.00	-
- Mrs. Poonam Prakash	6.54	-
- Saveeka Family Trust	50.00	-
- Mrs. Anuradha Saboo	20.00	-
p) Loan given	**14.35**	-
- Mr. Manoj Gupta	14.35	-
q) Investment made during the year	-	**100.00**
- Pasadena Retail Pvt ltd	-	100.00
r) Financial guarantee expenses	**28.29**	**0.45**
- KDDL Limited	28.29	0.45
		-
s) Equity shares issued / converted	-	**88.03**
- KDDL Limited	-	73.84
- Mr. Y Saboo	-	1.92
- Mr. R K Saboo	-	4.62
- Mrs. Anuradha Saboo	-	4.23
- Mr. N. Subramanian	-	1.92
- Mr. Jai Vardhan Saboo	-	1.50
* Including fresh equity shares allotted & 14% cumulative convertible preference shares		
t) Share premium received	-	**2,229.20**
- KDDL Limited	-	2,051.15
- Mr. R K Saboo	-	55.39
- Mr. Y Saboo	-	23.08
- Mrs. Anuradha Saboo	-	50.77
- Mr. N. Subramanian	-	23.08
- Mr. Jai Vardhan Saboo	-	16.50
- Dream Digital Technology Private Limited	-	9.23
u) Other Income	6.44	-
- Pasadena Retail Private Limited	6.44	-



IV. *Outstanding balances as at year end*

Particulars	As at 31 March 2021	As at 31 March 2020
Payables	**58.40**	**103.88**
- Dream Digital Technology Private Limited	9.05	0.68
- KDDL Limited	3.67	37.85
- Vardhan Properties & Investment Limited	-	4.96
- Saboo Ventures LLP	-	8.98
- Anacott Trading SA	45.68	51.41
Interest accrued but not due	**97.53**	**52.75**
- Mr. Y Saboo	8.14	7.27
- Mr. C. Raja Sekhar	14.08	5.53
- Mr. R K Saboo	29.34	11.50
- Mrs. Anuradha Saboo	1.19	1.06
- Mrs. Anju Chilumuri	1.30	0.65
- Mr. Anil Khanna	7.06	4.30
- Mrs. Usha Devi Saboo	19.41	6.84
- Mrs. Lalit Gupta	6.56	3.36
- Mr. Amol Gupta	7.51	3.91
- Mrs. Saneh Lata	1.48	6.97
- Mrs. Alka Khanna	1.28	0.62
- Mrs. Navita Verma	0.18	0.11
- Mrs. Poonam Prakash	-	0.62
Lease Liabilities	**50.61**	**84.67**
- KDDL Limited	35.83	50.46
- Mr. Y Saboo	14.78	34.21
Director Fees Payable	**7.31**	**1.97**
- Mr. Anil Khanna	1.56	0.61
- Mr. N. Subramanian	1.47	0.49
- Mr. Sundeep Kumar	1.09	0.20
- Mrs. Neelima Tripathi	0.61	0.04
- Mr. Dilpreet Singh	1.09	0.29
- Mr. Mohaimin Altaf	1.28	0.33
- Mr. Y Saboo	0.21	-
Receivables / Advances	**313.57**	**373.37**
- Mr. Manoj Gupta	12.97	-
- KDDL Limited	-	4.30
- Pasadena Retail Private Limited	18.11	15.35
- Mahen Distribution Limited	268.18	329.02
- Mr. Y saboo	-	5.83
- Mr. R K Saboo	-	13.95
- Mr. Pranav Shankar Saboo	1.71	4.49
- Mrs. Satvika Suri	12.60	0.43
Investments	**100.00**	**100.00**
- Pasadena Retail Private Limited	100.00	100.00
Security deposit given	**6.77**	**6.77**
- KDDL Limited	6.77	6.77

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

Particulars	As at 31 March 2021	As at 31 March 2020
Share application money received	**7.50**	-
- Mr. N. Subramanian	7.50	-
Share application money refunded	7.50	-
- Mr. N. Subramanian	7.50	-
Equity Share Capital	**1,453.26**	**1,423.29**
- Mahen Distribution Limited	229.32	229.32
- KDDL Limited	1,141.01	1,113.31
- Mr. Y Saboo	28.14	14.44
- Mr. C. Raja Sekhar	1.06	1.06
- Mr. R K Saboo	-	13.71
- Mrs. A Saboo	6.50	6.50
- Saboo Ventures LLP	32.27	32.27
- Vardhan Properties & Investment Limited	5.00	5.00
- Mr. N. Subramanian	7.06	7.06
- Mr. Anil Khanna	0.63	0.63
- Mr. Jai Vardhan Saboo	1.50	-
- Dream Digital Technology (P) Limited	0.77	-
- Mrs. Usha Devi Saboo	0.00	-
- Mr. Pranav Shankar Saboo	0.00	-
- Ms. Satvika Suri	0.00	-
- Saboo Housing Projects LLP	0.00	-
Unsecured loans	**786.91**	**1,297.17**
- Dream Digital Technology Private Limited	-	24.99
- Vardhan Properties & Investment Limited	-	210.00
- Mr. R K Saboo	236.00	180.00
- Mr. Y Saboo	152.54	140.00
- Saboo Ventures LLP	-	400.00
- Mr. Anil Khanna	60.00	20.00
- Mrs. Alka Khanna	5.61	5.61
- Mrs. Poonam Prakash	-	6.54
- Mrs. Usha Devi Saboo	146.00	96.00
- Saveeka Family Trust	-	50.00
- C Raja Sekhar	61.51	59.51
- Anuradha Saboo	21.79	20.00
- Mrs. Lalit Gupta	34.06	24.06
- Mr. Amol Gupta	29.85	29.85
- Mrs. Saneh Lata	33.94	25.00
- Mrs. Anju Chilumuri	5.11	5.11
- Mrs. Navita Verma	0.50	0.50
Deemed capital contribution	**50.51**	**50.51**
- KDDL Limited - 12% cumulative redeemable preference shares	36.00	36.00
- KDDL Limited - financial guarantee	14.51	14.51
Employee benefits*	**63.16**	**4.82**
Short-term employee benefits		
- Mr. Raja Sekhar	6.11	1.90
- Mr. Pranav Shankar Saboo	48.23	1.82
- Mr. Anil Dhiman	1.60	-
- Mrs. Anuradha Saboo	0.52	0.59
- Mr. Manoj Gupta	6.69	0.51

*Excluding provision for leave encashment and gratuity, as they are determined on an actuarial basis for the Company as a whole. In previous year the amount is excluding provision for leave encashment, gratuity and bonus as well.

Guarantees taken by the company	**15,005.00**	**16,971.96**
- KDDL Limited	5,635.00	5,889.24
- Mr. R K Saboo	4,685.00	4,939.24
- Mr. Y Saboo	4,685.00	5,889.24
- Mrs. Usha Saboo	-	254.24

S.R. BATLIBOI & CO. LLP SRB NEW DELHI

V. **Other transactions**

1 Security being provided by Directors and relatives of directors for long term loan taken from India bulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan is repaid during the year.

2 Security being provided by KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.

3 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited.

4 Security being provided by Manging Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him.

VI. ***Terms and conditions***

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

39. **Additional information- Reconciling Gross Sales (including billing under consignment arrangement and Sales tax / Goods and services tax) with net sales:**

	As at 31 March 2021	As at 31 March 2020
Sales (gross including Sales tax / Goods and services tax)	45,327.53	53,190.39
Less: Sales tax / GST	(6,670.46)	(7,405.48)
Net sales	**38,657.07**	**45,784.91**

The Group's sales model comprises of outright sales of purchased goods to customers.

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

40 Segment information

Operating segments

Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chairman and Managing Director to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports at least on quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions

Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

S.No.	Particulars	Year Ended 31 March (Audited) 2021	Year Ended 31 March (Audited) 2020
1	**Segment revenue**		
	a) Watch and Watch Accessories	38,657.07	45,784.91
	b) Marketing Support and other Services	473.48	802.81
	Total	**39,130.55**	**46,587.72**
	Less: Inter segment revenue	(473.48)	(802.81)
	Revenue from operations	**38,657.07**	**45,784.91**
2	**Segment results profit/(loss) before tax and interest from each segment)**		
	a) Watch and Watch Accessories	2,175.55	1,512.56
	b) Marketing Support and other Services	89.87	297.21
	Total	**2,265.42**	**1,809.77**
	Add: Interest Income	110.34	113.93
	Less: Finance costs	1,703.43	1,945.95
	Profit/(loss) before tax	**672.33**	**(22.25)**
3	**Segment Assets**		
	a) Watch and Watch Accessories	36,539.67	41,331.59
	b) Marketing Support and other Services	134.44	42.90
	c) Unallocated assets	2,679.51	1,092.41
	Total Segement assets	**39,353.62**	**42,466.90**
4	**Segment liabilities**		
	a) Watch and Watch Accessories	9,296.11	9,495.14
	b) Marketing Support and other Services	46.85	38.47
	c) Unallocated liabilities	14,317.17	17,711.57
	Total Segement liabilities	**23,660.13**	**27,245.18**
5	**Capital expenditure**		
	a) Watch and Watch Accessories	1,016.53	1,381.96
	b) Marketing Support and other Services	0.35	0.98
		1,016.88	**1,382.94**
	Depreciation and amortisation		
	a) Watch and Watch Accessories	3,247.35	3,457.56
	b) Marketing Support and other Services	4.60	6.22
		3,251.95	**3,463.78**
	Provision for doubtful debts		
	a) Watch and Watch Accessories	(2.90)	105.38
	b) Marketing Support and other Services	-	-
		(2.90)	**105.38**

S.R. BATLIBOI & CO. LLP NEW DELHI SRB

41 COVID-19 Impact

The Group's operations, revenue and consequently profit during the year ended March 31, 2021 were impacted due to Covid-19. Further, second wave of Covid-19 pandemic has hit India recently. Currently, the state Governments have implemented regional lockdowns based on situation in individual states/regions. The Group has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these standalone financial statements.

42 During the financial year 2019-20, the Parent Company had elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Parent Company had recognised provision for taxation and re-measured its deferred tax assets basis the rate prescribed in the said Section. The impact of such change was recognized in statement of profit and loss of the financial year 2019-20.

43 In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs. 16.61 (March 31, 2020: Rs. 10.03) for CSR activities carried out during the current year.

	31 March 2021	31 March 2020
a) Gross amount required to be spent by the Parent Company during the year	16.61	9.85
b) Amount spent during the year on the following in cash :	16.61	10.03
1. Construction/ acquisition of any asset		
2. On purposes other than (i) above		
Education and Health		10.03
Environmental sustainability, ecological balance, protection of flora and fauna	14.11	
Eradicating hunger. poverty and malnutrition	2.50	

44 Regarding service tax matter, the Parent Company had opted Sabka Vishwas (Legacy Dispute Resolution) Scheme during the financial year 2019-20. As per the scheme, keeping in view of the amount involved, 50% of the disputed amount was required to be deposited to avail immunity from interest & penalty. The Parent Company had written off the amount of payment made under the scheme of Rs 170 during the financial year 2019-20. In addition to this, Parent Company had provided Rs. 48.56 during the financial year 2019-20. Accordingly, profits in the financial year 2019-20 was reduced by Rs. 218.56. The Parent Company, based on the opinion sought from a legal counsel, had filed a writ petition for the opening of TRAN-1 in the Punjab and Haryana High Court for the transition remaining credit and the next date of hearing is yet to be received.



45 Interest in Joint Venture

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	31 March 2021	31 March 2020
Total Assets	447.50	480.65
Total Liabilities	(367.43)	(414.07)
Equity	80.07	66.57
Proportion of the Group's ownership		
Share in Equity	80.07	66.57
Add: Goodwill	-	-
Carrying value of the investment	80.07	66.57
Revenue from operations	644.68	291.68
Other income	42.88	1.54
	687.56	293.22
Purchase of stock-in-trade	455.52	699.51
Changes in inventory of stock-in-trade	30.03	(469.94)
Finance costs	53.44	35.71
Depreciation and amortization expense	87.21	47.37
Other expenses	41.29	47.42
	667.50	360.07
Profit/(Loss) before income tax	20.06	(66.85)
Tax expense	(6.94)	-
Profit/(loss) for the year	27.00	(66.85)
Group's share of profit/(loss) for the year (Share 50%)	**13.50**	**(33.43)**

S.R. BATLIBOI & CO. LLP
SRB
NEW DELHI

46 During the current year, the Parent Company has reported a cyber fraud wherein the e-mail account of one of the Vendor of the Parent Company was hacked and based on the communication received from the hacked account, the Parent Company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank.
Cyber criminals using the authentic e-mail addresses and back-up mails informed the Parent Company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the Parent Company had made payment of CHF 56,833.45 to such fraudulent account. Later on the Parent Company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The Parent Company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.

The Parent Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Furthermore, the Vendor also filed a complaint with the Swiss Authorities to recover the amount involved. Though, the Parent Company is putting in its best efforts to recover the amount, the management has made provision amounting to Rs. 22.85 against the total amount of Rs. 45.67 involved in the said fraud.

47 Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Parent								
Ethos Limited								
As at March 31, 2021	100%	15,713.44	97%	463.67	136%	-5.38	97%	458.29
As at March 31, 2020	100%	15,255.14	-2%	4.12	100%	-2.13	-1%	1.99
Subsidiaries								
Cognition Digital LLP								
As at March 31, 2021	2%	335.72	12%	56.85	-36%	1.43	12%	58.28
As at March 31, 2020	2%	277.45	-77%	190.41	-	-	-77%	190.41
Joint Venture (Investments as per the equity method)*								
Pasadena Retail Private Limited								
As at March 31, 2021	0%	-19.93	3%	13.50	-	-	3%	13.50
As at March 31, 2020	0%	66.57	14%	-33.43	-	-	13%	-33.43
Eliminations/adjustments								
As at March 31, 2021	-2%	-335.74	-12%	-58.30	0%	-	-12%	-58.30
As at March 31, 2020	-2%	-377.44	165%	-407.51	-	-	164%	-407.51
Total As at March 31, 2021	100%	15,693.49	100%	475.72	100%	-3.95	100%	471.77
Total As at March 31, 2020	100%	15,221.72	100%	-246.41	100%	-2.13	100%	-248.54

* Amounts given here in respect of joint venture is the share of the group in the net assets of the joint venture.



48 Details of subsidiary and joint venture with ownership % and place of business :

Subsidiary	
Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2021	99.99%
Proportion of Ownership as at March 31, 2020	99.99%
Method used to account for the investment	At cost
Joint venture	
Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2021	50.00%
Proportion of Ownership as at March 31, 2020	50.00%
Method used to account for the investment	At cost

49 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921

Place: New Delhi
Date: 11 June 2021

For and on behalf of the Board of Directors of Ethos Limited

Y.Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

C.Raja Sekhar
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhiman
Company Secretary

Place: Chandigarh
Date: 11 June 2021

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Lead Manager, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in this Placement Document to be sent to such proposed Allottees.

Sr. No.	Name of the proposed allottees	Percentage of the post-Issue share capital held (%)^
1.	GOLDMAN SACHS FUNDS - GOLDMAN SACHS INDIA EQUITY PORTFOLIO	0.98%
2.	BANK OF INDIA SMALL CAP FUND	0.16%
3.	BANK OF INDIA MID & SMALL CAP EQUITY & DEBT FUND	0.11%
4.	JUPITER INDIA FUND	2.33%
5.	THE JUPITER GLOBAL FUND - JUPITER INDIA SELECT	0.09%
6.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD.	0.32%
7.	ICICI PRUDENTIAL BHARAT CONSUMPTION FUND	0.46%
8.	EASTSPRING INVESTMENTS INDIA CONSUMER EQUITY OPEN LIMITED	1.29%
9.	INVESCO INDIA FLEXI CAP FUND	0.17%
10.	INVESCO TR PVT LTD - AC INVESCO INDIA SMALLCAP FUND	0.80%
11.	ITPL INVESCO INDIA MIDCAP FUND	0.65%

^ *Based on beneficiary position as on October 27, 2023 and adjusted for Equity Shares Allocated in the Issue. The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees is disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.*

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

SIGNED ON BEHALF OF BOARD OF DIRECTORS

_____

Yashovardhan Saboo
Chairman and Managing Director

Date: November 3, 2023

Place: Union Territory of Chandigarh

DECLARATION

We, the Board of Directors of the Company certify that:

I. the Company has complied with the provisions of the Companies Act and the rules made thereunder;

II. the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

III. the monies received under the Issue shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF BOARD OF DIRECTORS

_____

Yashovardhan Saboo
Chairman and Managing Director

Date: November 3, 2023

Place: Union Territory of Chandigarh

I am authorized by the Fund Raising Committee of the Board of Directors of our Company, through resolution dated November 3, 2023 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

SIGNED ON BEHALF OF BOARD OF DIRECTORS

_____

Yashovardhan Saboo
Chairman and Managing Director

Date: November 3, 2023

Place: Union Territory of Chandigarh

ETHOS LIMITED

Registered Office: Plot No. 3, Sector- III, Parwanoo – 173 220,
Himachal Pradesh, India;
Telephone: + (91) 179 2232 462/233 402
Corporate Office: Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg,
Union Territory of Chandigarh 160 009, India;
Telephone: + (91) 172 2548 223/24;
Website: www.ethoswatches.com;

Contact Person: Anil Kumar, Company Secretary and Compliance Officer
Kamla Centre, S.C.O. 88-89, Sector 8-C,
Madhya Marg, Union Territory of Chandigarh 160 009, India
E-mail: anil.dhiman@ethoswatches.com; **Telephone**: + (91) 9780687553

LEAD MANAGER

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025, Maharashtra, India

LEGAL COUNSEL TO OUR COMPANY

Dentons Link Legal
Aiwan-e-Ghalib Complex,
Mata Sundri Lane,
New Delhi 110 002, India

LEGAL COUNSEL TO THE LEAD MANAGER

M/s. Crawford Bayley & Co.
State Bank Buildings, 4th Floor
N.G.N. Vaidya Marg, Fort
Mumbai 400 023
Maharashtra, India

INTERNATIONAL LEGAL COUNSEL

Dentons US LLP
2000 McKinney Avenue
Suite 1900,
Dallas, Texas – 75201
United States

STATUTORY AUDITORS OF OUR COMPANY

S.R. Batliboi & Co. LLP,
Chartered Accountants
4th Floor, Office 405,
World Mark – 2, Asset No. 8,
IGI Airport Hospitality District, Aerocity,
New Delhi – 110 037, India