

Ref. No.: Ethos/Secretarial/2025-26/30

Dated: June 3, 2025

Corporate Service Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra,
Mumbai - 400051

Scrip Code: 543532
ISIN: INE04TZ01018

Trading Symbol: ETHOSLTD

Subject: Proposed Rights Issue of the Fully Paid-up Equity Shares of Ethos Limited (“the Company”).

Dear Sir/Madam,

Further to our earlier announcement dated June 3, 2025, and with regard to the captioned subject, please note that the Company has proposed a Rights Issue of Fully Paid-up Equity Shares of face value of Rs. 10/- each for an amount not exceeding Rs. 410 Crores on Rights basis to the eligible shareholders of the Company.

In this regard, please find enclosed the soft copy of the Draft Letter of Offer dated June 3, 2025

You are requested to kindly take the same on records.

Thanking You,
Sincerely,

For Ethos Limited

Shubham Kandhway
Company Secretary & Compliance Officer

— **ETHOS LIMITED** —

Registered Office:
Plot No. 3, Sector III, Parwanoo,
Himachal Pradesh - 173220, India

Corporate Office:
Kamla Centre, S.C.O. 88-89, Sector 8-C,
Chandigarh - 160009, India

Head Office:
Global Gateway Towers A, 1st Floor, MG Road,
Sector 26, Gurugram, Haryana - 122002, India



Please scan the QR Code to view the DLOF

Draft Letter of Offer
Dated June 3, 2025
For eligible equity shareholders only



ETHOS LIMITED

Our Company was originally incorporated as 'Kamla Retail Limited' under the provisions of the 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. 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 revised certificate of incorporation was issued by the Registrar of Companies, Himachal Pradesh on March 5, 2012. For further details in relation to the change in name and Registered Office of our Company, please see "General Information" on page 47.

Registered Office: Plot No. 3, Sector- III, Parwanoo - 173220, Himachal Pradesh, India

Corporate Office: Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Chandigarh 160009, India

Head Office: Global Gateway Towers A, 1st Floor, Near Guru Dronacharya Metro Station, Sector-26, Gurugram, Haryana – 122 002, India

Telephone: + (91) 124- 6932100

Contact Person: Shubham Kandhway, Company Secretary and Compliance Officer

E-mail: investor.communication@ethoswatches.com; **Website:** www.ethoswatches.com

Corporate Identity Number: L52300HP2007PLC030800

PROMOTERS OF OUR COMPANY: YASHOVARDHAN SABOO, KDDL LIMITED AND MAHEN DISTRIBUTION LIMITED

FOR PRIVATE CIRCULATION TO ELIGIBLE EQUITY SHAREHOLDERS OF ETHOS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹ 41,000.00 LAKHS* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 81.

*Assuming full subscription. Subject to finalization of Basis of Allotment.

WILFUL DEFAULTER OR FRAUDULENT BORROWER CONFIRMATIONS

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers by the Reserve Bank of India ("RBI") or any other Government Authority.

GENERAL RISKS

Investment in equity and equity-related securities involves a degree of risk, and investors should not invest any funds in this offer unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue, including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the section of "Risk Factors" beginning on page 22.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of the Issue, and that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held, and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE," and together with BSE, the "Stock Exchanges"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated [●], 2025, and [●], 2025, respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular (as defined hereinafter). For the purposes of the Issue, the Designated Stock Exchange is NSE.

REGISTRAR TO THE ISSUE



KFin Technologies Limited,

Selenium, Tower-B Plot 31 and 32, Financial District, Nanakramguda, Serilingampally, Rangareddi, Hyderabad, Telangana, 500032, India

Tel: +(91) 40-67162222

E-mail: ethosltd@kfintech.com

Investor Grievance Email: einward.ris@kfintech.com

Website: www.kfintech.com

Contact Person: M Murali Krishna

SEBI Registration No.: INR000000221

ISSUE PROGRAMME

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENT	DATE OF OPENING THE ISSUE	LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS*	DATE OF CLOSING OF THE ISSUE**
[●]	[●]	[●]	[●]
DATE OF FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	DATE OF ALLOTMENT (ON OR ABOUT)	DATE OF CREDIT OF RIGHTS EQUITY SHARES (ON OR ABOUT)	DATE OF LISTING (ON OR ABOUT)
[●]	[●]	[●]	[●]

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.

** Our Board or the Fund Raising Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

(This page has intentionally been left blank)

TABLE OF CONTENTS

SECTION I - GENERAL	1
DEFINITIONS AND ABBREVIATIONS	1
NOTICE TO INVESTORS.....	11
PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION	14
FORWARD LOOKING STATEMENTS	16
SUMMARY OF THE DRAFT LETTER OF OFFER.....	18
SECTION II RISK FACTORS	22
SECTION III- INTRODUCTION	45
THE ISSUE.....	45
GENERAL INFORMATION	47
CAPITAL STRUCTURE	51
OBJECTS OF THE ISSUE.....	54
STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS	61
SECTION IV- OUR MANAGEMENT.....	68
SECTION V- FINANCIAL INFORMATION.....	71
FINANCIAL STATEMENTS	71
FINANCIAL INFORMATION	72
SECTION VI: REGULATORY APPROVALS AND STATUTORY DISCLOSURES	75
GOVERNMENT AND OTHER APPROVALS	75
OTHER REGULATORY AND STATUTORY DISCLOSURES	76
SECTION VII: ISSUE INFORMATION	81
TERMS OF THE ISSUE	81
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	112
RESTRICTIONS ON PURCHASES AND REALES.....	113
SECTION VIII: OTHER INFORMATION	117
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION.....	117
DECLARATION	119

SECTION I - GENERAL
DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, or implies or unless otherwise specified, shall have the meaning as provided below.

References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The words and expressions used in this Draft Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI Listing Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive. However, terms used in the sections entitled “Summary of the Draft Letter of Offer”, “Risk Factors”, “Statement of Possible Special Tax Benefits” and “Terms of the Issue” on pages 18, 22, 61 and 81 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

General Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer” 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, Associates and Joint Venture.

Company Related Terms

Term	Description
“Articles of Association” or “Articles”	Articles of association of our Company, as amended from time to time.
Associates	Associates of our Company being: (i) Silvercity Brands AG; and (ii) Favre Leuba GmbH (<i>a subsidiary of Silvercity Brands AG</i>)
Audit Committee	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“ SEBI Listing Regulations ”) and Section 177 of the Companies Act, 2013.
“Auditors” or “Statutory Auditors”	The statutory auditors of our Company, being M/s Walker Chandiook & Co LLP, Chartered Accountants.
“Board of Directors” or “Board” or “our Board”	The board of directors of our Company, as described in section titled, “ <i>Our Management – Board of Directors</i> ” on page 68.
Chairman and Managing Director	The chairman and managing director of our Company, Yashovardhan Saboo, as described in section titled “ <i>Our Management - Board of Directors</i> ” on page 68.
“Chief Financial Officer” or “CFO”	The chief financial officer of our Company, Munish Gupta, as described in section titled “ <i>Our Management– Details of Key Managerial Personnel and Senior Management</i> ” on page 70.

Term	Description
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Shubham Kandhway, as described in section titled “ <i>Our Management– Details of Key Managerial Personnel and Senior Management</i> ” on page 70.
Corporate Office	The corporate office of our Company located at Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Chandigarh 160009, India.
Directors	The directors on our Board, as may be appointed from time to time as described in section titled “ <i>Our Management– Board of Directors</i> ” on page 68.
Equity Shares	Equity shares of our Company of face value of ₹10 each.
Fiscal 2025 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company and its Subsidiaries for the Financial Year 2025 (with the comparative prior full year period i.e. Financial Year 2024), comprising of the Balance Sheet as at March 31, 2025 (with the comparative prior full year period i.e. Financial Year 2024), and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, which have been prepared in accordance with the with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013.
Fiscal 2025 Audited Standalone Financial Statements	Audited standalone financial statements of our Company for the Financial Year 2025 (with the comparative prior full year period i.e. Financial Year 2024), comprising of the Balance Sheet as at March 31, 2025 (with the comparative prior full year period i.e. Financial Year 2024), and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, which have been prepared in accordance with the with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013.
Fund Raising Committee	The committee of our Board constituted for purposes of the Issue and incidental matters thereof.
Head Office	Global Gateway Towers A, 1 st Floor, Near Guru Dronacharya Metro Station, Sector-26, Gurugram, Haryana – 122 002, India.
Independent Director(s)	The Independent Directors of our Company, as described in section titled “ <i>Our Management– Board of Directors</i> ” on page 68.
Independent Chartered Accountant	N B T and Co., Chartered Accountants
Joint Venture	Joint Venture of our Company being Pasadena Retail Private Limited
Key Managerial Personnel	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations, and as described in section titled “ <i>Our Management– Details of Key Managerial Personnel and Senior Management</i> ” on page 70.
Managing Director and Chief Executive Officer	The managing director and chief executive officer of our Company, Pranav Shankar Saboo, as described in section titled “ <i>Our Management - Board of Directors</i> ” on page 68.
Materiality Threshold	The materiality threshold for the disclosure of outstanding material legal proceedings involving our Company and/or our Subsidiaries, where the amount involved in such proceedings is equivalent to or in excess of five percent of the average of absolute value of profit or loss after tax, as per the last three annual audited consolidated financial statements which is determined to be ₹ 399.80 lakhs, adopted by the Board of Directors through its resolution dated June 3, 2025, in conformity with the ‘Policy on Determination of Materiality of Disclosures’ framed in accordance with Regulation 30 of the SEBI Listing Regulations and

Term	Description
	adopted by our Board. For further information, please see “ <i>Summary of this Draft Offer Letter- Summary of outstanding litigation and defaults</i> ” on page 21.
“Memorandum of Association” or “Memorandum”	Memorandum of association of our Company, as amended from time to time.
Promoter(s)	The promoters of our Company being, Yashovardhan Saboo, KDDL Limited and Mahen Distribution Limited.
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company located at at Plot No. 3, Sector- III, Parwanoo – 173 220, Himachal Pradesh, India.
Senior Management	Senior management personnel of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as described in section titled “ <i>Our Management– Details of Key Managerial Personnel and Senior Management</i> ” on page 70.
“Shareholder”/ “Shareholders”	“Equity” The Equity Shareholders of our Company, from time to time.
Subsidiaries	Subsidiaries of our Company being: <ul style="list-style-type: none"> 1. Cognition Digital LLP; 2. Ethos Lifestyle Private Limited (formerly known as RF Brands Private Limited); and 3. Ficus Trading LLC* <p>* w.e.f. April 16, 2025</p>

Issue Related Terms

Term	Description
Additional Rights Equity Shares	The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement.
“Allotment” or “Allot” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account(s)	The account(s) opened with the Banker(s) to the Issue, into which the amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, HDFC Bank Limited.
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue.
“Applicant(s)” or “Investor(s)”	Eligible Equity Shareholder(s), Renouncee(s) and/ or Specific Investor(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer.
Application	Application made through submission of the Application Form or plain paper application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price.

Term	Description
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB.
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application.
ASBA Circulars	Collectively, SEBI circular pertaining to Applications Supported by Blocked Amount (ASBA) facility for right issues, as subsumed under the SEBI ICDR Master Circular (to the extent it pertains to the rights issue process), and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Banker(s) to the Issue	Collectively, Escrow Collection Bank(s), Allotment Account Bank(s), and the Refund Bank(s).
Banker(s) to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue and the Banker(s) to the Issue for among other things, collection of the Application Money from Applicants/Investors and transfer of funds to the Allotment Account, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” beginning on page 81.
“Controlling Branches” or “Controlling Branches of the SCSBs”	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI’s website, updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited or NSE.
Draft Letter of Offer	This draft letter of offer dated June 3, 2025, filed with the Stock Exchanges in accordance with the SEBI ICDR Regulations.
“Eligible Equity Shareholder(s)” or “Equity Shareholder(s)”	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue excludes certain overseas shareholders. For further details, please see “ <i>Notice to Investors</i> ” and “ <i>Restrictions on Purchases and Resales</i> ” beginning on pages 11 and 113, respectively.
Escrow Account	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from Eligible Equity Shareholders as on record date making an Application through the ASBA facility.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom an escrow account will be opened, in this case being, HDFC Bank Limited.
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(III) of the SEBI ICDR Regulations.

Term	Description
“Gross Proceeds” or “Issue Proceeds”	The gross proceeds raised through the Issue.
“Issue”/ “Rights Issue”	This issue of up to [●] fully paid-up Equity Shares of face value of ₹10 each of our Company for cash at a price of ₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹ ₹ 41,000.00* lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date, that is on [●]. <i>*Assuming full subscription in the Issue. Subject to finalization of Basis of Allotment.</i>
Issue Closing Date	[●]
Issue Materials	Collectively, the Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue.
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ [●] per Rights Equity Share.
Issue Size	The issue of up to [●] Rights Equity Shares of face value of ₹10 each aggregating up to ₹ 41,000.00 lakhs*. <i>*Assuming full subscription in the Issue. Subject to finalization of Basis of Allotment.</i>
“Letter of Offer” or “LOF”	The final letter of offer to be filed with the Stock Exchanges/ Designated Stock Exchange.
Listing Agreements	The uniform listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations.
Monitoring Agency	CRISIL Limited.
Monitoring Agency Agreement	Agreement to be entered between our Company and the Monitoring Agency in relation to monitoring of Gross Proceeds.
Multiple Application Forms	More than one application form submitted by an Eligible Equity Shareholder/Renouncee/ Specific Investor (if applicable), in respect of the same Rights Entitlement available in their demat account. However, additional applications in relation to Additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications.
Net Proceeds	Issue Proceeds less the estimated Issue related expenses. For further details, please see “ <i>Objects of the Issue</i> ” beginning on page 54.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring its Rights Entitlements through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular, circulars issued by the Depositories from time to time and other applicable laws. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading its Rights Entitlements over the secondary market platform of the Stock Exchanges through a registered stockbroker in accordance with the SEBI ICDR Master Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●].
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Equity Shareholders who would be eligible to apply for the Rights Equity Shares in the Issue subject to terms and conditions set out in the Issue Materials, to be decided prior to the filing of the Letter of Offer, being [●].

Term	Description
Refund Bank	The Banker(s) to the Issue with whom the refund account will be opened, in this case being HDFC Bank Limited.
Registrar Agreement	Agreement dated June 3, 2025, entered into by and between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
“Registrar to the Issue” or “Registrar” or “Share Transfer Agent”	KFin Technologies Limited.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI ICDR Master Circular.
Renunciation Period	The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Share for every [●] Equity Share of face value of ₹ 10 each held by an Eligible Equity Shareholder on the Record Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue, on a fully paid-up basis on Allotment.
Rights Equity Shareholders	Holder of the Rights Equity Shares pursuant to this Issue.
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 , or such other website as updated from time to time.
Specific Investor(s)	Specific investor would mean any investor who is eligible to participate in Rights Issue of the Company and whose name has been disclosed by the Company in issue related advertisements as per Regulation 84(1)(f) of the SEBI ICDR Regulations.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed <i>i.e.</i> BSE and NSE.
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or Fraudulent Borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Days	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Issue Period, Working Day shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Issue Closing Date and listing of the Equity Shares on the Stock Exchanges, Working Days shall mean all trading days excluding Sundays and bank holidays in India, as per the circulars issued by SEBI.

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupee

Term/Abbreviation	Description/ Full Form
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Arbitration Act	Arbitration and Conciliation Act, 1996
“Ind AS” or “Indian Accounting Standards”	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Basic EPS	Net Profit for the year attributable to owners of the Company/ weighted average number of Equity Shares outstanding during the year
BSE	BSE Limited
CAGR	Compounded annual growth rate
Calendar Year	Calendar year ending December 31
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered 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.
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Central Government	Central Government of India
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013 along with the relevant rules made thereunder
CSR	Corporate social responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DP/Depository Participant	Depository participant as defined under the Depositories Act.
Diluted EPS	Net Profit for the year attributable to owners of the Company/weighted average number of Equity Shares outstanding during the year as adjusted for effective of dilutive equity shares
DIN	Director identification number
“DP” or “Depository Participant”	Depository participant as defined under the Depositories Act
DP ID	Depository participant’s identification
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion)
EBIT	Earnings before interest and taxes
EBITDA	EBITDA is calculated as profit before exceptional items and tax plus finance costs, depreciation and amortization expenses, excluding other income (other than other non-operating income)
EPS	Earnings per share
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“Financial Year” or “Fiscal Year” or “Fiscal” or “FY”	Period of 12 months ending March 31 of that particular year

Term/Abbreviation	Description/ Full Form
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020, issued by DPIIT, effective from October 15, 2020
FIR	First information report
FPI	Foreign portfolio investors as defined and registered under the SEBI FPI Regulations
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 and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GNI	Gross National Income
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and services tax
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
“Indian GAAP” or “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.
India	Republic of India
Income-Tax Act	Income-tax Act, 1961
ISIN	International securities identification number
IST	Indian standard time
IT	Information technology
“Lac” or “L”	Lakh(s)
MCA	Ministry of Corporate Affairs, Government of India
MSME	Micro, Small and Medium Enterprise
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NBFC	Non-banking financial company
NEFT	National electronic fund transfer
Non-GAAP Financial Measure	A financial measure not presented in accordance with generally accepted accounting principles
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non-resident external
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non-resident ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

Term/Abbreviation	Description/ Full Form
“OCBs” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003, and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas citizen of India
PAN	Permanent account number
PAT	Profit/ (Loss) after tax
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Himachal Pradesh at Union Territory of Chandigarh
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI ICDR Master Circular	The SEBI master circular bearing number SEBI/HO/CFD/PoD-1/P/CIR/2024/0154 dated November 11, 2024
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
STT	Securities transaction tax
State Government	Government of a state of India
UPI	Unified Payment Interface
USD	United States Dollar
“U.S.” or “USA” or “United States”	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
US GAAP	Generally accepted accounting principles in the U.S.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

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 segment	Watches in the range of INR 1 lakh to 2.5 lakhs
CAGR	Compound Annual Growth Rate

Terms	Description
COD	Cash on delivery
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
D2C	Direct to Consumer
EBO	Exclusive brand outlets
Ethos Boutique	A multi-brand store with a mix of premium, niche and luxury watch brands
Ethos Summit Boutique	A luxury multi-brand store featuring top watch brands from fine luxury to haute horology
Fashion segment	Watches in the range of (₹0.05 lakhs per watch - ₹0.25 lakhs per watch)
HNI	High net worth individuals
High luxury segment	Products in the range of (₹ 10 lakhs and above per watch)
Luxury marketplace	Marketplace dealing in luxury goods
Luxury Merchandise	Goods belonging to the luxury market
Luxury watch segment	Watches in the range of (₹2.5 lakhs - ₹10 lakhs per watch)
LFS	Large Format Store
Mass and mid segment	Watches in the range of (below ₹0.05 lakhs per watch)
MBO	Multi Brand Outlet
Modern Retail	Organized retail channels utilizing IT in its trade
Mono Boutiques	Brand-exclusive stores made in partnership with the watchmakers
Offline models	Retail models which only operate physically
Omnichannel	Multichannel retail approach which provides customers seamless shopping experience across online channel (website) and physical boutiques.
Premium segment	Watches in the range of (₹0.25 lakhs - ₹1 lakh per watch)
Premium Watches	Watches in the range of ₹ 0.25 lakhs to ₹ 1 lakhs
Second Movement Boutique	Luxury watch lounge which is a destination for selling and buying pre-owned luxury watches
QR Codes	Quick response code
Y-o-Y	Year over year

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email and physical dispatch through speed post the Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the “**Issue Materials**”) who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Draft Letter of Offer, the Letter of Offer and the Application Form from the websites of our Company, the Registrar and the Stock Exchanges.

Our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, Letter of Offer, and any other Issue Materials may not be distributed, in whole or in part, in or into any jurisdiction (other than in India), except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, and any other Issue Materials should not distribute or send this Draft Letter of Offer, Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer or Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer or any of the Issue Materials.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person’s jurisdiction and India, without requirement for our Company to make any filing or registration (other than in India).

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it is either in India or is in compliance with laws of its jurisdiction, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, reserves the right to treat as invalid any Application Form that: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including that such person submitting

and/or renouncing the Application Form is outside the United States and that such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Draft Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information. The contents of this Draft Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED 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. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT ("REGULATION S") AND IN COMPLIANCE WITH THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR THE RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OF ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, ANY DOCUMENTS RELATING TO THE ISSUE SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where

it would be illegal to make an offer of securities under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, the Application Form and other applicable Issue materials primarily to the e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any other federal or state securities commission in the United States, the securities authorities of any non-United States jurisdiction or any other U.S. or non-U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in certain other jurisdictions.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) ‘India’ are to the Republic of India and its territories and possessions; and (iii) the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in IST. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a Calendar Year. Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer. In this Draft Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Financial Data

Unless stated otherwise, or unless the context requires otherwise, the financial data in this Draft Letter of Offer is derived from the Fiscal 2025 Audited Consolidated Financial Statements. The Fiscal 2025 Audited Consolidated Financial Statements were audited by our Statutory Auditors.

Our Company’s Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular ‘Financial Year’ or ‘Fiscal Year’ or ‘Fiscal’ are to the financial year ended March 31.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. 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. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees, in lakhs.

Non-GAAP Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively “**Non-GAAP Financial Measures**”, and each, a “**Non-GAAP Financial Measure**”) in this Draft Letter of Offer, which are as return on net worth and net asset value per share. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial 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 other companies in our industry. Further, these Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, 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, GAAP, IFRS or US GAAP. Other companies may calculate these Non-GAAP Financial Measures differently from us, limiting its usefulness as a comparative measure. However, these Non-GAAP Financial Measures may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to

financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. Accordingly, such Non-GAAP Financial Measures have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations as reported under GAAP.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information as well as various industry publications and sources, as referred to herein (collectively, the “Sources”). Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed.

Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based solely on such information.

Currency of Presentation

All references to

- ‘INR’, ‘₹’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of the Republic of India;
- ‘US\$’, ‘USD’, ‘\$’ and ‘U.S. Dollars’ are to the legal currency of the United States of America;
- “CHF”, is to the Swiss Franc, the official currency of Switzerland;

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “Risk Factors” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Fiscal 2025 Audited Consolidated Financial Statements.

Exchange Rates for Foreign Currency:

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

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

<i>(in ₹)</i>			
Sr. No.	Currency	As of March 31, 2025*	As of March 31, 2024
1.	1 USD	85.58	83.37
2.	1 CHF	97.14	92.09

Source: www.oanda.com

Note: The exchange rates are rounded off to two decimal places.

* Since March 31, 2025 and March 31, 2024 were public holidays, the previous Working Day has been considered.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer 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’, ‘expected to’, ‘intend’, ‘is likely’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the 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. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- 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.
- 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.
- Many of our 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.
- 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.
- Our inability to identify customer demand accurately and maintain an optimal level of inventory in our boutiques may impact our operations adversely.
- If we are unable to effectively manage or expand our retail network and operations or pursue our growth strategy, our boutiques may not achieve our expected level of profitability which may adversely affect our business prospects, financial condition and results of operations.
- In the past we have closed and/or relocated our boutiques due to commercial considerations.
- The premises of all our boutiques and warehouses are on held by us on lease hold basis. 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.
- 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 operate in a competitive market and any increase in competition may adversely affect our business and financial condition.

The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of our Company’s

management, as well as the assumptions made by, and information currently available to, the management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, 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 Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SUMMARY OF THE DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, the sections entitled “Risk Factors”, “Capital Structure” and “Objects of the Issue” beginning on pages 22, 51 and 54, respectively.

Summary of the business

We are a luxury retail watch seller in India and operate a chain of luxury watch boutiques and offer a wide selection of premium and luxury watch brands. As of March 31, 2025, in addition to our chain of seventy three (73) physical retail boutiques (including lifestyle stores) in twenty six (26) cities in India in brand exclusive store, multi brand store and Second Movement Boutique format, we offer an Omnichannel experience to our customers through our website and social media platforms. As of March 31, 2025, we have a sizeable portfolio of premium and luxury watches in India enabling us to retail more than 72 premium and luxury watch brands, of which we have exclusive retail arrangements with several of these brands. Additionally, recently, we launched five exclusive brand boutiques and two multi-brand boutiques at Gurugram, Haryana, India. 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 website for premium and luxury watches in terms of the number of brands of watches offered. In our industry, watches are categorised on the basis of price segments as follows:

Sr. No.	Category	Price Segment
1.	High luxury price segment	₹ 10 lakhs and above per watch
2.	Luxury watch segment	₹2.5 lakhs - ₹10 lakhs per watch
3.	Bridge to luxury segment	₹1 lakh - ₹2.5 lakhs per watch
4.	Premium segment	₹0.25 lakhs - ₹1 lakh per watch
5.	Fashion segment	₹0.05 lakhs per watch - ₹0.25 lakhs per watch
6.	Mass and mid segment	Below ₹0.05 lakhs per watch

On our website visitors can research about the latest watch launches, reviews and choose from more than 5,800 premium, bridge to luxury, luxury and high luxury watches over 72 brands and as of March 31, 2025, our website had over 188 lakhs of visitor sessions. On our website, visitors are assigned to trained digital assistance team, 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 boutiques. 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 boutique 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 Second Movement Boutique located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. Second Movement Boutique is a luxury watch lounge which 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 up to one year 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 boutique 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 strengthened our business.

As of March 31, 2025, we have an extensive network of seventy-three (73) retail boutiques spread across twenty six (26) cities of National Capital Territory of Delhi; Mumbai, Maharashtra; Bengaluru, Karnataka; Hyderabad, Telangana; Chennai, Tamil Nadu; Dehradun, Uttarakhand; Kolkata, West Bengal; Siliguri, West Bengal; Indore, Madhya Pradesh; Bhopal, Madhya Pradesh; Raipur, Chhattisgarh; Bhubaneswar, Odisha; Union Territory of Chandigarh; Ahmedabad, Gujarat; Surat, Gujarat; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Gurugram, Haryana; Guwahati, Assam; Ludhiana, Punjab; Nagpur, Maharashtra; Noida, Uttar Pradesh; Pune, Maharashtra; Kochi, Kerala; Mohali, Punjab; and Mangalore, Karnataka in India. Further, as of March 31, 2025, our seventy three (73) retail boutiques are categorised into nineteen (19) Ethos Summit Boutiques out of which one (1) is at the duty-free boutique at Bengaluru International Airport, twenty six (26) Ethos Boutiques out of which one (1) is at the duty-free boutique at the Delhi International Airport, twenty seven (27) Mono Boutiques and one (1) Second Movement Boutique . Our distinct retail formats address various market segments like luxury and High Luxury, exclusive boutiques and airport boutique. Ethos Summit Boutique are our large flagship stores, which gives a far superior experience to our customers on account of a wider range of products in these stores.

Our physical boutiques 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 boutiques openings. We often collaborate with luxury watch brands, holding events together and running co-operative marketing campaigns (where our brand is paired with the relevant third-party brand’s name).

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 digitally assisted concierge service is 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 March 31, 2025, we have over 329,700 registered members to our Club Echo.

Our business is supported by our 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, Ethos Lifestyle Private Limited (*formerly known as RF Brands Private Limited*), engaged in the business of retail of luxury lifestyle products in Fiscal 2025. Through this association Ethos Lifestyle Private Limited will focus on the lifestyle segment and undertake businesses other than watches. Recently, we have, through our subsidiary - Ethos Lifestyle Private Limited, inaugurated India’s first exclusive boutique of a globally renowned French luxury jewellery brand at New Delhi, India. Also, recently, we have incorporated a wholly-owned subsidiary, Ficus Trading LLC in Dubai, United Arab Emirates (UAE), engaged in the trading of watches, clocks and spare parts. This expansion will foster our presence in the international markets, primarily in the Middle East region.

Intention and extent of participation by our Promoters and Promoter Group with respect to (i) their rights entitlement, (ii) their intention to subscribe over and above their rights entitlement; and (iii) their intention to renounce their rights, to any specific investor(s).

Our Promoters, Yashovardhan Saboo, KDDL Limited and Mahen Distribution Limited, and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their Rights Entitlements among themselves, subject to compliance with the minimum public shareholding requirements as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group or Specific Investor(s)). In addition, our Promoters and the eligible members of our Promoter Group reserve the right to subscribe to additional Rights Equity Shares in the Issue, including in the event of under-subscription of the Issue, in accordance with the Companies Act and the SEBI ICDR Regulations.

Furthermore, the minimum subscription requirement of 90% for the Issue is not applicable to our Company, as the object of the Issue is to fund working capital requirements and proceeds from the Issue will not be utilized for financing any capital expenditure related to a project. The Promoters and the Promoter Group of the Company have undertaken to subscribe fully to their portion of the Rights Entitlement and shall not renounce their rights, except to the extent of renunciation within the Promoter Group.

The acquisition of Rights Equity Shares by our Promoters and other members of our Promoter Group shall be eligible for exemption from open offer requirements, subject to our Company meeting the pricing criteria and other applicable conditions in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations. The Issue shall not result in a change of control of the management of our Company in accordance with the provisions of the SEBI Takeover Regulations. Further, our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law pursuant to this Issue.

Allotment of the Company to allot the under-subscribed portion of the Rights Issue to any Specific Investor(s)

Our Company does not intend to allot the under-subscribed portion of the Rights Equity Shares in this Issue to any Specific Investor(s). Accordingly, provisions of Regulation 84(1)(f) of the SEBI ICDR Regulations are not applicable to us.

Details of the Company or any of its Promoters or Directors being a willful defaulter or a fraudulent borrower

Our Company, Promoters and Directors have not been declared Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on Wilful Defaulters or Fraudulent Borrowers issued by Reserve Bank of India.

Summary of outstanding litigation and defaults

As on the date of this Letter of Offer, neither our Company nor our Promoter or Directors have been issued any show cause notice(s) by SEBI or the Adjudicating Officer in a proceeding for imposition of penalty, nor have any prosecution proceedings been initiated against them by SEBI.

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of our business. Our Company has, solely for the purpose of this Issue, disclosed all outstanding matters which involve (i) issues of criminal liability on the part of our Company and/or our Subsidiaries, including all criminal proceedings filed by or against our Company and/or our Subsidiaries; (ii) material violations of statutory regulations by our Company and Subsidiaries; (iii) outstanding matters in relation to material civil or tax litigation; (iv) economic offences where proceedings have been initiated against our Company and Subsidiaries; and (v) any outstanding matter which has been considered material and reported to the Stock Exchanges in accordance with the LODR Materiality Policy (as defined hereafter).

All outstanding civil and all outstanding direct and indirect tax proceedings (including show cause notices) involving our Company and/or our Subsidiaries, and all outstanding proceedings (including notices received) initiated by any regulatory and/or statutory authorities involving our Company and our Subsidiaries, where the amount involved in such proceedings is equivalent to or in excess of five percent of the average of absolute value of profit or loss after

tax, as per the last three annual audited consolidated financial statements which is determined to be ₹ 399.80 lakhs, adopted by the Board of Directors through its resolution dated June 3, 2025 (“**Materiality Threshold**”), in conformity with the ‘Policy on Determination of Materiality for Disclosures’ (“**LODR Materiality Policy**”) framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board, have been disclosed. Additionally, all outstanding matters involving our Company or Subsidiaries, where the amount involved, either does not meet the Materiality Threshold or is unquantifiable, but which are material in the opinion of our Board or where an adverse outcome may result in material or adverse impact on the operations or financial position of our Company, have been disclosed.

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Draft Letter of Offer is set forth in the table below:

Name of entity	Proceedings involving criminal liability	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold*	Tax Proceedings	Consumer Cases	Proceedings before regulatory authorities involving violations of statutory regulations	Matters involving economic offences where proceedings have been initiated	Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position	Aggregate amount involved (₹ in lakhs)
Company								
By our Company	Nil	Nil	25	Nil	Nil	Nil	Nil	2,251.14
Against our Company	Nil	Nil	Nil	3**	Nil	Nil	Nil	Nil
Subsidiaries								
By our Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against our Subsidiaries	Nil	Nil	1	Nil	Nil	Nil	Nil	Negligible

* To the extent quantifiable

** Amount not quantifiable

SECTION II RISK FACTORS

An investment in our equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Rights Equity Shares. The risks and uncertainties described below are not the only ones relevant to us or our Rights Equity Shares and the industry in which we currently operate or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, financial condition, results of operations and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, financial condition, results of operations and cash flows could suffer, the trading price of and the value of your investments in our Rights Equity Shares could decline, and you may lose all or part of your investment.

To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Summary of the Draft Letter of Offer - Summary of the business” on page 18, as well as the financial, statistical and other information contained in this Draft Letter of Offer. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Rights Equity Shares.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates 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 Draft Letter of Offer. Please see “Forward-Looking Statements” on page 16.

Our Financial Year ends on March 31 of each year, so all references to a particular FY, Financial or Financial Year are to the 12 months ended March 31 of that year. 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. Unless the context requires otherwise, the financial information of our Company has been derived from our Fiscal 2025 Audited Consolidated Financial Statements.

Internal Risk Factors

Risks Related 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 diverse range of premium and luxury watches. We do not enter into definitive or long-term agreements with majority of our suppliers and the terms of trade are determined on a purchase-order basis. In absence of definitive agreements, suppliers may terminate their relationships with us on short notice. Any such disruptions could lead to delays and increased costs, as significant time and effort would be required to establish new relationships with alternative suppliers watch brands. Further, luxury watch brand owners maintain strict, selective distribution controls, often granting points of sale on a boutique-by-boutique basis. These agreements include stringent requirements regarding product display, sales strategies, and customer experience. Brand owners closely monitor and actively enforce these requirements to uphold the exclusivity and rarity value of their products. Any failure on our part to meet these standards, despite receiving communication from brands to rectify any instances where our suppliers issued notice to terminate supply of our products, may lead to the termination of our supply on short notice. While we have not encountered such issues in the past, we cannot guarantee that they will not arise in the future.

The success of our operations and supplier relationships also depends on the performance and reliability of our suppliers in fulfilling their obligations. If suppliers fail to deliver products or provide necessary post-sale services in a timely manner, our inventory management may suffer. This could result in product unavailability, negatively impacting the customer shopping experience and our brand reputation. While there have been no instances of such failures on the part of our suppliers, we cannot guarantee that they will not occur in the future.

Furthermore, if our relationship with a particular brand supplier deteriorates, we may struggle to procure certain products. This could result in brand-conscious customers seeking alternative retailers to purchase their preferred watches. While we aim to establish new supplier relationships, there is no assurance that we will be able to do so effectively or in a timely manner. Failure to leverage both existing and new relationships could adversely impact our business and profitability.

- 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. In the past there have been no instance of infringement of our trademark by any third-party. However, 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 and 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. Many of our 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 a standard practice in retail selling of the luxury watches, we have entered into non-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.

While we have not encountered such issues in the past, we cannot assure that any such instance may not occur in the future. 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, please 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 22.

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

Our business success also depends on our ability to anticipate and forecast customer demand. Inaccurate forecasting may lead to overstocking, increasing capital requirements and financing costs, or under-stocking, resulting in lost sales and dissatisfied customers. Managing inventory effectively is crucial for responding to market trends and maintaining a full product range. However, unforeseen shifts in consumer preferences or external economic factors may impact our predictions, leading to slow-moving stock or supply shortages.

We estimate monthly sales projections at the start of each financial year, factoring in expected growth, festive periods, and other considerations. These estimates are reviewed quarterly, and inventory levels are adjusted accordingly. Orders are placed monthly for replenishment, while slow-moving items may be transferred between boutiques or promoted with special incentives. Despite these measures, inventory mismatches may still occur due to unforeseen demand fluctuations or supply chain disruptions, potentially impacting our financial performance and operations.

6. *If we are unable to effectively manage or expand our retail network and operations or pursue our growth strategy, our boutiques 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 boutiques. As of March 31, 2025, we have seventy three (73) retail boutiques. As a part of our growth strategy, we plan to further expand our boutique 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 boutiques 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 boutiques 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.

7. *In the past we have closed and/or relocated our boutiques due to commercial considerations.*

Apart from opening fourteen (14) new boutiques across eight (8) cities, we have closed/merged three (3) boutiques across Delhi and Delhi (NCR) during the Fiscal 2025.

If any of our boutiques 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 boutiques. Closure of any boutique may cause loss to us in respect of the cost incurred in setting up of boutique, incurring additional cost for transport of the inventory to another boutique, loss due to misappropriation in such transportation and setting of boutiques at other places. Further, all our boutiques 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.

8. *The premises of all our boutiques and warehouses are on held by us on lease hold basis. 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 boutiques 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 10 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 boutique 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 boutique for the subsequent years.

If we are unable to renew leases for our boutique sites on acceptable terms or at all, we will have to close or relocate the other locations, which would eliminate the sales that those boutiques would have contributed to our revenues during the period of closure, and could subject us to construction, renovation and other costs and risks. Except that, there has been one instance where the boutique was closed due to non-renewal of the lease by the lessor. Additionally, our two small stores were closed as a result of the merger into a larger store. we have not failed to renew leases in the past. However, we can not assure you that such events will not occur in future.

As part of our boutique 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 boutique 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 boutique 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.

9. 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. This increase is driven by heightened consumer spending, promotional campaigns, and a general uplift in market sentiment during these periods. Conversely, sales during non-festive quarters may be comparatively lower, reflecting the cyclical nature of consumer purchasing behavior in our industry.

Details of our revenue as at and for the quarters in the Fiscal 2025 and Fiscal 2024 are set out below:

(₹ in lakhs, except percentage)

Quarter	Fiscal 2025		Fiscal 2024	
	Revenue from operations	Percentage of revenue from operations	Revenue from operations	Percentage of revenue from operations
Q I (April – June)	27,324.82	21.83%	23,002.16	23.03%
Q II (July – September)	29,713.32	23.74%	23,522.21	23.55%
Q III (October – December)	36,992.81	29.56%	28,122.42	28.15%
Q IV (January – March)	31,131.76	24.87%	25,252.42	25.28%

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.

10. 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.

11. 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 boutiques provide significant growth opportunities. We intend to expand our boutique network to increase market penetration in newer locations in India and Middle East region pursuant to the incorporation of our wholly-owned subsidiary, Ficus Trading LLC in Dubai, United Arab Emirates (UAE), which is engaged in the trading of watches, clocks and spare parts.

However, if our strategic plans do not deliver the desired results, then the expansion of our boutique 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.

12. 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 March 31, 2025, we have 780 permanent employees and 30 contractual employees, of which 451 were engaged at our boutiques. 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.

The table below provides the attrition rate for our employees, key managerial personnel and senior management for the periods indicated:

Particulars	Fiscal 2025	Fiscal 2024
Number of employees (including KMPs and SMPs)	780	616
Employee attrition rate (in %) (including KMPs and SMPs)	27.65%	29.91 %
Number of Key Managerial Personnel and Senior Managerial Personnel	9	7
Key managerial personnel and Senior managerial personnel attrition rate (in %)	25.00 %	11.11%

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 boutiques. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the luxury retail sector in India.

13. 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 boutiques.

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 such as loss in transit and product damage in transit wherein the products have been damaged due to which we incurred losses amounting to ₹ 11.93 lakhs and we have claimed transit insurance amounting to ₹ 11.93 lakhs. However, the insurance claim only of ₹ 9.45 lakhs was approved by the insurance company. 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 transportation 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.

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

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. As on the date of this Draft Letter of Offer, we own the trademarks of “ETHOS” in classes 5 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. While we have not experienced any instances of infringement of our registered trademarks in the Fiscals 2025 and 2024, we cannot assure you that such instances will not occur in the future.

15. *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 boutiques 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 boutiques could decrease, unless we are able to adapt our business model to account for this change in consumer preference.

As e-commerce platforms continue to grow, their negotiating power in relation to our contracts may increase. This could result in higher service fees or challenges in extending or renewing agreements on commercially favorable terms—or potentially not being able to renew them at all. These risks may be heightened if we do not effectively strengthen our own online shopping channels or identify alternative ways to serve the growing number of customers who prefer using other platforms, such as mobile applications.

16. *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.

17. *Our Company and Subsidiaries are involved in certain legal and other proceedings. We cannot assure you that our Company and Subsidiaries will be successful in any of these legal actions. Any adverse outcome in such proceedings may affect our business, results of operations and financial condition.*

Our Company and Subsidiaries are impleaded in a number of legal proceedings that, if determined against our Company and Subsidiaries, could have an adverse effect on our business, results of operations and financial condition. For further information, please see “Summary of this Draft Offer Letter- Summary of outstanding litigation and defaults” on page 21.

There are outstanding legal proceedings involving our Company and Subsidiaries. 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.

Decisions which are adverse to our interests in any of the aforesaid material outstanding legal proceedings or any other proceedings involving our Company and Subsidiaries may have an adverse effect on our business, results of operations and financial condition. If the courts or tribunals or any government or statutory authorities rule against our Company and Subsidiaries, we may face monetary and/or reputational losses and if required, may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

18. *We have certain contingent liabilities that have not been provided for in our financial statements, which could adversely affect our financial condition if they materialize.*

We have certain contingent liabilities that have not been provided for in our financial statements, which could adversely affect our financial condition if they materialize. As of March 31, 2025, we have the following contingencies, as set forth below:

Particulars	As at Fiscal 2025 (₹ lakh)
Income Tax matters	527.77
Excise Duty matters	65.77
Good and Services Tax matters	1,746.40

Our contingent liabilities may become actual liabilities. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, results of operations and financial condition. While we have not witnessed any contingent liabilities turning into actual liabilities as at March 31, 2025, there can be no assurance that we will not witness similar or increased levels of contingent liabilities turning into actual liabilities in the current fiscal year or in the future.

19. *Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.*

We have entered into agreements with certain banks and financial institutions to avail short-term and long-term borrowings. As on March 31, 2025, our total borrowings amounted to ₹ 196.01 lakhs. Some of these borrowing arrangements are secured through charge over current assets, present and future and in some cases, we provide corporate guarantees or letters of comfort. In the event of a default by our Company or our Subsidiaries under any loan facility, the respective lender may enforce its rights, including by way of repossession, appropriation or sale of such assets provided as security under the relevant loan agreements. We cannot assure you that we will not default on any of our repayment obligations or other terms of the borrowing arrangements in the future or that our respective lenders will not enforce their rights upon such default. Our financing agreements also contain certain restrictive covenants that limit or delay our ability to undertake certain types of transactions and could adversely affect our business and financial conditions.

Under certain financing arrangements, we are required to obtain prior consent from the relevant lenders, or intimate them, for actions such as alteration of our capital structure; any change in the promoter or control or any material change in the management of our business; the creation of charges, liens or encumbrance in favour of other lenders; and declaring dividends or repaying certain investors (in the case of an event of default). We have provided the relevant intimations and have obtained requisite approvals from our lenders in connection with this Issue. Certain of our borrowings also require us to maintain certain financial ratios which are tested on a regular basis. Some of our financing arrangements also have cross-default provisions with respect to other credit facilities. Further, some of our financing arrangements also entitle the lenders to cancel the undrawn amount of the facility in certain circumstances, including downgrading of our credit rating by a credit rating agency (below certain rating thresholds) or adverse remark or its equivalent by our auditors. Further in the event of breach of any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Such adverse events may lead to liquidity risk, and we may be forced to sell some of our assets to make such repayments. Any adverse or restrictive change in the regulatory framework on credit system by the RBI or any other regulatory agency may have adverse effect on our business, financial condition, and results of operations. Any failure to meet our obligations under credit facilities could have an adverse effect on our business, financial condition and results of operations.

20. *Downgrade in credit ratings may restrict our access to capital and thereby adversely affect our business and results of operations.*

Our borrowing costs and our access to capital and loan markets depend on our credit ratings. These ratings are assigned by rating agencies. Based on any future adverse operating and financial performance of our Company or our Subsidiaries, credit rating agencies may downgrade or withdraw their ratings or place us on “credit watch” with negative implications at any time. The credit ratings of our instruments as of the date of this Draft Letter of Offer are set forth below:

Nature of Instrument	Credit Rating Assigned
<i>Fixed Deposits</i>	[ICRA]A+ (Stable); Reaffirmed
<i>Proposed Working Capital</i>	[ICRA]A+ (Stable); Reaffirmed

In the past there have been no instances of downgrading by our credit rating agencies, however we cannot assure that any such instance may not occur in the future. Further, any downgrade in our credit rating by a recognized rating agency could increase our borrowing costs, limit our access to capital, and negatively affect investor confidence. Factors that may influence our credit rating include our financial performance, overall debt levels, industry conditions, and macroeconomic factors. A downgrade may also impact our relationships with suppliers, who might impose stricter payment terms or reduce credit limits. While we strive to maintain a strong credit profile, there is no assurance that we will be able to prevent a rating downgrade in the future. Any such downgrade could have a material adverse effect on our financial condition, liquidity, and overall business operations.

21. *A failure of our internal controls over financial reporting may have an adverse effect on our business, results of operations and financial condition.*

Our Company has an internal control mechanism with policies and procedures in place for the governance of its business, including adherence to the Company’s policies, safeguarding its assets, prevention, and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. However, we are exposed to operational and financial risks arising from the potential inadequacy or failure of internal processes or systems in our businesses, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness.

Failures or material weaknesses in internal controls may lead to incidents of fraud. We cannot assure you that we will be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of

operations and financial condition.

22. 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 the future, 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.

23. We are dependent on our Directors, Key Managerial Personnel and Senior Management. Any loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations and financial condition.

We are dependent on our Directors and other Key Managerial Personnel, Senior Management as well as persons with technical expertise for setting our strategic business direction and managing our business. We believe that the inputs and experience of our Directors are valuable for the development of our business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these Directors and other Key Managerial Personnel, Senior Management or find adequate replacements in a timely manner, or at all. Any loss or interruption in the services of our Key Management Personnel or Senior Management could significantly affect our ability to effectively manage our operations and to meet our strategic objectives. Our ability to meet continued success and address future business challenges depends on our ability to attract, recruit and train experienced, talented and skilled professionals and retain our sales and marketing professionals. Further, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management personnel. The loss of the services of any key personnel, 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 business, results of operations and financial condition.

24. 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 Directors (including our Promoter) and Key Managerial Personnels 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.

25. 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, 2025, and March 31, 2024, are as follows:

(₹ in lakhs)

Details	As at March 31,	
	2025	2024
Total Current Assets other than cash and cash equivalents (A)	69,192.21	53,280.88
Total Current Liabilities (B)	17,771.70	17,276.01
Working capital gap (Total Current Assets - Total Current Liabilities) (A-B)	51,420.51	36,004.87

Further, our Company proposes to utilize ₹ 31,000.00 lakhs of the Net Proceeds in Fiscal 2026, Fiscal 2027 and Fiscal 2028 respectively, towards our working capital requirements. For details, please see “Objects of the Issue” on page

54. 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.

26. *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.

We have implemented a prudent hedging strategy, covering approximately 50% of our foreign currency exposure through forward contracts. This approach allows us to protect against rupee depreciation while maintaining flexibility to benefit from favourable currency movements on the unhedged portion. We evaluate foreign exchange risk on a regular basis and also take appropriate risk mitigating steps, including but not limited to entering into forward contracts. We have suffered losses on account of foreign exchange in the past. For instance, in the Financial Year ended March 31, 2024 and March 31 2025, we have suffered loss amounting to ₹ 98.28 Lakhs and ₹ 163.18 Lakhs respectively, due to adverse currency market movements driven by global economic volatility. 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.

27. *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. As such, we are exposed to various risks associated with changes in import-related regulations and costs. Any increase in customs duties, import tariffs, surcharges, or other levies imposed on imported goods could lead to higher procurement costs. Additionally, revisions in the GST structure applicable to our products may further impact our cost structure. These increased costs may, in turn, affect our pricing strategy, potentially making our products less competitive in the market, especially in price-sensitive segments. In certain cases, we may not be able to fully pass on the increased costs to customers, which could compress our margins and adversely impact our profitability. Moreover, frequent or unpredictable changes in trade policies, import regulations, or tax regimes may create uncertainty in our supply chain planning and inventory management. 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 unorganized sector may impact players like us which are acting in organised sector.

28. ***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 boutique 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 boutique 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 these smart watches. 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.

29. ***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 including those relating to acquisition of shareholding of our subsidiaries by our Promoters subject to compliance with applicable laws. 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.

The table below sets forth details of absolute sum of all related party transactions and the percentage of such related party transactions to our revenue from operations in the periods indicated:

Particulars	Fiscal 2025	Fiscal 2024
Absolute sum of all related party transactions (₹ Lakhs)*	3,243.66	1,632.63
Revenue from operations (₹ Lakhs)	125,162.71	99,899.21
Absolute sum of all related party transactions as a percentage of revenue from operations (%)	2.59	1.63

* Except guarantees given by the Company for Joint Venture/Subsidiaries and investment in Subsidiary/Joint Venture.

Although all related party transactions that we enter into, are subject to audit committee, Board or Shareholder's approval, as necessary under the Companies Act, 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.

- 30. *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 boutiques and warehouses or in the regions/areas where our boutiques and warehouses are located. Although we maintain insurance coverage such as fire policy, burglary policy etc. for the stocks, assets and computers of the boutiques and other offices (including Corporate Office), fire policy for the warehouse and Corporate Office, special contingency policy for the boutiques, 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 we have consistently endeavored to maintain adequate insurance coverage for all identified risks in the past, the inherent uncertainties and evolving nature of risk exposures may render it impracticable to provide an absolute assurance that the assessment and upkeep of insurance coverage will always be fully commensurate with any unforeseen losses that may arise in the future.

- 31. *Our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition.***

Our Company has not declared and paid dividends in the past. The amount of our future dividend payments, if any, will depend on various factors such as our future earnings, cash flows, financial condition, working capital requirements, capital expenditures and in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our businesses and, therefore, may not declare dividends on the Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

- 32. *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. Further, our Promoter Mahen Distribution Limited is also engaged in the business of distribution of watches, which is similar to ours.***

Our Chairman and Managing Director, Yashovardhan Saboo is also a director on the board of directors of our Joint Venture i.e. Pasadena Retail Private Limited, which is engaged in similar line of business as that of our Company. As on date Pasadena Retail Private Limited is also engaged in business of selling luxury watches of the brands which are being sold by our Company. Presently, there is no conflict between Pasadena Retail Private Limited and our Company, however, we cannot assure that any conflict will not arise in the future. Further, 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

33. *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 boutiques 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 boutiques are located, could also impact our brand awareness and customer footfalls in our boutiques. 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 boutiques 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.

34. *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, particularly the emerging Asian market countries. Although, economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Currencies of a few Asian countries have in the past suffered depreciation against the U.S. dollar owing to various factors. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur and could harm our business, future financial performance and the prices of our Equity Shares. 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. For example, China is one of India's major trading partners and a slowdown in the Chinese economy or adverse developments in the relationship between the two countries could have an adverse impact on the trade relations between the two countries. Any significant financial disruption could have an adverse effect on our business, financial condition and results of operation. The global credit and equity markets have from time to time, experienced substantial dislocations, liquidity disruptions and market corrections. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, may implement a number of policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of our Equity Shares.

35. *Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.*

Natural disasters (such flooding and earthquakes), epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our properties and projects and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to which we sell or propose to sell our products could have a negative effect on us. 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 price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1, and H1N1 strains of influenza in birds and swine and more recently, the SARS-CoV-2 virus and the monkeypox virus. Another outbreak of any new variant of COVID-19 pandemic such as the new JN.1 variant or future outbreaks of SARS-CoV-2 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

36. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, results of operations, cash flows and financial condition.*

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.

India has from time-to-time experienced instances of social, religious and civil unrest and hostilities with its neighboring countries. In addition, military activity and/or terrorist attacks may influence the Indian economy, including disrupting communications and making travel and logistics more difficult. After a terrorist attack in Kashmir in April 2025, hostilities commenced between India and Pakistan. A cease-fire was declared on May 10, 2025. Such hostilities and any similar political tensions in the region may have an adverse effect on the Indian economy and could adversely impact our business. In addition, any such hostilities political tensions also could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia and Europe, could influence the Indian economy and could have

a material adverse effect on the market for securities of Indian companies including our Company.

37. *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 2026, following which the Finance Bill, 2025 (“**Finance Bill**”) was introduced in the Lok Sabha on February 1, 2025. The Finance Bill has received assent from the President of India on March 29, 2025, and has been enacted as the Finance Act, 2025. The Finance Act, 2025 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.

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.

38. *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.

39. *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.

40. *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.

41. *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.

42. *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 come 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.

43. *Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.*

Indian laws and legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights under Indian law, including in relation to class actions, may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholders in an Indian company than as a shareholder of an entity in another jurisdiction.

44. *Investors may not be able to enforce a judgment of a foreign court against us.*

We are incorporated under the laws of India and a majority of our Directors and Key Management Personnel reside in India. Majority of our assets, and the assets of certain of our Directors, Key Management Personnel and Senior Management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face

difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (“CPC”). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured 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 viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

Risks Relating to our Rights Equity Shares and this Issue

- 45. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates basis current market conditions and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. The deployment of the Net Proceeds will be at the discretion of our Board. However, the deployment of the Net Proceeds will be monitored by the Monitoring Agency. Accordingly, prospective investors in the Issue will need to rely upon our management’s judgment with respect to the use of the Net Proceeds. For details, please see “*Objects of the Issue*” on page 54.

- 46. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant’s demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, 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 our business, results of operations or financial condition, or other events affecting the Applicant’s decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for our Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants’ ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

47. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, please see “*Terms of the Issue*” on page 81.

48. *Our Company will not distribute this Draft Letter of Offer, the Letter of Offer, and other Issue related materials to certain categories of overseas shareholders.*

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Draft Letter of Offer, Letter of Offer and other Issue related materials (together, the “**Issue Materials**”) will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sales of the Rights Equity Shares is permitted under the laws of such jurisdiction (together, the “**Relevant Requirements**”) and only such Eligible Equity Shareholders are permitted to participate in the Issue. The Equity Shareholders who do not satisfy the Relevant Requirements will not be eligible to participate in the Issue and accordingly, their shareholding as a percentage of the paid-up capital of our Company post Issue will stand reduced to the extent of non-participation.

Further, in the case that Eligible Equity Shareholders who satisfy the Relevant Requirements and have also provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the addresses provided by them.

The Issue Materials will not be distributed to overseas shareholders who do not meet the Relevant Requirements on account of restrictions that apply to circulation of such material in certain overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company has requested its shareholders to provide an address in India and their email addresses for the purposes of distribution of the Issue Materials, our Company cannot assure that the regulators or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject our Company to fines or penalties.

49. *Your ability to acquire and sell the Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Draft Letter of Offer.*

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction except India. As such, our Equity Shares have not and will not be registered under the Securities Act, any state securities laws of the United States or the law of any jurisdiction other than India. Further, your ability to acquire Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. For further information, please see “*Notice to Investors*” and “*Other Regulatory and Statutory Disclosures – No Offer in the US*” and “*Restrictions on Purchases and Resales*” on pages 11, 78 and 113, respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with applicable law.

50. *Overseas shareholders may not be able to participate in our future rights offerings or certain other equity issues.*

If we offer or cause to be offered to holders of the Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to overseas holders of the Equity Shares or in disposing of such rights for the benefit of such holders. For instance, we may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States will likely be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

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

Investors can start trading the Rights Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Rights Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Rights Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

52. *Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares.*

Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

53. *Certain of our existing shareholders or future shareholders together may be able to exert substantial voting control over us, which may limit your ability to influence corporate matters.*

As of March 31, 2025, our promoters and promoter group beneficially owned an aggregate of 1,23,82,265 Equity Shares of face value of ₹10 each, representing 50.58% of our outstanding Equity Shares. While the shareholding of our Company is diversified, some existing or future shareholders together may limit your ability to influence corporate matters that require shareholder approval. These existing or future shareholders may be able to exercise considerable influence over any matters requiring shareholder approval, including the election of directors, approval of lending and investment policies and the approval of corporate transactions, such as a merger or other sale of our Company or its assets or further fund raising transactions. In addition, our dispersed shareholdings may cause matters requiring shareholder approval to be delayed or not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to share any business opportunities with us.

54. *Any future issuance of Equity Shares by our Company may dilute your shareholding and adversely affect the trading price of our Equity Shares.*

Any future issuance of Equity Shares may dilute your shareholding in our Company. Any future equity issuances by us may adversely affect the trading price of our 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. We cannot assure you that we will not issue Equity Shares, convertible securities or securities linked to Equity

Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

55. *The Equity Shares may experience price and volume fluctuations.*

The market price of the Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the stock exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Equity Shares. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

56. *Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.*

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

57. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.*

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares.

58. *Holder of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.*

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

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make 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 your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you

are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

59. *Investors may be subject to Indian taxes arising out of capital gains on sale of the Rights Equity Shares.*

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. Additionally, a securities transaction tax (“STT”) is levied both at the time of transfer and acquisition of the 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 gains realized on the sale of equity shares held for more than 12 months are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 12.5% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT. Further, any capital gains realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India at the rate of 12.5% (plus applicable surcharge and cess), without indexation benefits.

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 at the rate of 20% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Rights 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 Rights Equity Shares.

Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Rights Equity Shares.

60. *Restrictions on daily movements in the trading price of our Equity Shares may adversely affect a shareholder’s ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.*

Stock exchanges may impose restrictions on the movements in trading price of our Equity Shares. Stock exchanges are not required to inform us of such restrictions and they may change without our knowledge. In the event such restrictions are imposed, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

61. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

Our Company has opened a separate demat suspense escrow account (namely, “ETHOS LIMITED RIGHTS ISSUE SUSPENSE ESCROW DEMAT ACCOUNT”) (“**Demat Suspense Account**”) and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; (b) which are held in the account of the Investor Education and Protection Fund (“**IEPF**”) authority; (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR

Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation is lying in escrow account; (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any.

Our Company shall credit the Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are required to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner and such lapsing of Rights Entitlement may dilute and adversely impact the interest of certain Eligible Equity Shareholders. For details, please see “Terms of the Issue” beginning on page 81.

62. *The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares until they provide details of their demat account and Rights Equity Shares are transferred to such demat account from the demat suspense account thereafter.*

In accordance with the SEBI ICDR Master Circular, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Eligible Equity Shareholders holding Equity Shares in physical form shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Eligible Equity Shareholders holding Equity Shares in physical form are requested to furnish the details of their demat account to the Registrar no later than two clear Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Eligible Equity Shareholders holding Equity Shares in physical form who do not furnish the details of their demat account to the Registrar no later than two clear Working Days prior to the Issue Closing Date shall lapse. Further, pursuant to a press release dated December 3, 2018, issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares). For further information, please see “Terms of the Issue” beginning on page 81.

SECTION III- INTRODUCTION

THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on June 3, 2025, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by our Board of Directors at its meeting held on [●], 2025.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled “*Terms of the Issue*” beginning on page 81.

Rights Equity Shares being offered by our Company	Up to [●]^ Rights Equity Shares of face value of ₹10 each
Rights Entitlement for the Rights Equity Shares	[●] Rights Equity Share of face value of ₹10 each for every [●] Equity Shares of face value of ₹10 each held on the Record Date
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Shares or is not in multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Record Date	[●]
Face Value per Equity Share	₹10 each
Issue Price	₹[●] per Rights Equity Share of face value of ₹10 each (including a premium of ₹[●] per Rights Equity Share)
Issue Size	Up to ₹ 41,000.00 lakhs*
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue	2,44,80,443 Equity Shares of face value of ₹10 each. For details, please see “ <i>Capital Structure</i> ” beginning on page 51
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares of face value of ₹10 each
Security Codes for the Equity Shares	ISIN for Equity Shares: INE04TZ01018 BSE: 543532 NSE: ETHOSLTD
ISIN for Rights Entitlements	[●]
Terms of the Issue	For details refer to the section titled “ <i>Terms of the Issue</i> ” beginning on page 81
Use of Issue Proceeds	For details refer to the section titled “ <i>Objects of the Issue</i> ” beginning on page 54

^ To be finalised upon determination of the Issue Price

* Assuming full subscription in the Issue. Subject to finalization of Basis of Allotment.

For further details in relation to fractional entitlements, please see “*Terms of the Issue – Basis for this Issue*” and “*Terms of this Issue – Fractional Entitlements*” on page 54.

Terms of Payment

Due Date	Face Value (₹)	Premium (₹)	Amount payable per Rights Equity Shares (including premium) (₹) *
On the Issue application (i.e., along with the Application Form)	10	[•]	₹[•]

**To be finalised upon determination of the Issue Price.*

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.

Changes in the registered office

There has been no change in the registered office of our Company since the date of its incorporation.

Registered Office

Plot No. 3, Sector -III, Parwanoo – 173 220, Himachal Pradesh, India

Corporate Office

Kamala Centre, S.C.O. 88-89,
Sector 8-C, Chandigarh 160009, India

Head Office

Global Gateway Towers A, 1st Floor,
Near Guru Dronacharya Metro Station,
Sector-26, Gurugram, Haryana – 122 002, India

Corporate Identity Number: L52300HP2007PLC030800

Registration Number: 030800

Address of the RoC

Registrar of Companies, Himachal Pradesh
1st Floor, Corporate Bhawan
Plot No. 4-B, Sector 27-B
Union Territory of Chandigarh –160 019, India

Company Secretary and Compliance Officer

Shubham Kandhway is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Shubham Kandhway

Global Gateway Towers A, 1st Floor,
Near Guru Dronacharya Metro Station,
Sector-26, Gurugram, Haryana – 122 002, India

Telephone: + (91) 124-6932100

E-mail: investor.communication@ethoswatches.com

Statutory Auditors of our Company

M/s Walker Chandiook & Co. LLP, Chartered Accountants

21st Floor, DLF Square Jacaranda Marg, DLF Phase-II
Gurugram, Haryana-122 002, India

Tel: +(91) 124- 4628099

E-mail: rohit.arora@walkerchandiook.in

Firm Registration Number: 001076N/N500013

Peer Review Certificate Number: 020566

Legal Counsel to our Company to the Issue

Dentons Link Legal

Aiwan-e-Ghalib Complex

Mata Sundri Lane

National Capital of New Delhi – 110 002

Tel: +91 11 4651 1000

Advisors to the Issue

Motilal Oswal Investment Advisors Limited

Motilal Oswal Tower,

Rahimtullah Sayani Road,

Opposite Parel ST Depot,

Prabhadevi, Mumbai - 400025

Maharashtra, India

Telephone: +(91) 22- 7193 4380

E-mail: ethos.rights@motilaloswal.com

Investor Grievance ID: moiaplredressal@motilaloswal.com

Website: www.motilaloswalgroup.com

Contact person: Disha Doshi/ Apeksha Gupta

SEBI Registration No.: INM000011005

Registrar to the Issue

KFin Technologies Limited

Selenium Tower B, Plot No. 31 and 32

Financial District, Nanakramguda,

Serilingampally Hyderabad 500 032, Telangana, India

Tel: +(91) 40- 67162222

E-mail: ethosltd@kfintech.com

Investor grievance ID: einward.ris@kfin.com

Contact person: M. Murali Krishna

Website: www.kfintech.com

SEBI Registration No.: INR000000221

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see “*Terms of the Issue*” beginning on page 81.

Details of Auditors

Our Company has received written consent from the Statutory Auditors, namely M/s Walker Chandiok & Co. LLP, Chartered Accountants, through their letter dated June 3, 2025, to include their name in this Draft Letter of Offer in respect of and inclusion of certain extracts from the Fiscal 2025 Audited Consolidated Financial Statements for the Financial Year ended March 31, 2025 and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

Our Company has received written consent dated June 3, 2025, from N B T and Co., Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name in this Draft Letter of Offer, in respect of (i) the statement of special tax benefits available to our Company and its shareholders dated June 3, 2025; and (ii) certificates issued by them in their capacity as an Independent Chartered Accountant to our Company and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

Banker(s) to the Issue

HDFC Bank Limited

Lodha - I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai - 400042
Tel: +91 022-30752914 / 28 / 29
E-mail: siddharth.jadhav@hdfcbank.com,
Website: www.hdfcbank.com
Contact Person: Siddharth Jadhav
SEBI Registration No.: INBI00000063

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Credit Rating

As there is no Issue of convertible debt instruments, there is no credit rating required for the Issue.

Debenture Trustee

As there is no issue of convertible debt instruments, the appointment of a debenture trustee is not required for the Issue.

Monitoring Agency

Our Company has appointed a monitoring agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, prior to filing of the Draft Letter of Offer with the Stock Exchanges.

CRISIL Limited

Lightbridge IT Park, Saki Vihar Road,
Andheri East, Mumbai - 400 072,
Maharashtra, India
Tel: +91 22 6137 3000
E-mail: crisilratingdesk@crisil.com
Investor grievance ID: srilaxmi.pai@crisil.com
Contact person: Sushant Sarode
Website: <https://www.crisilratings.com/en/home/our-business/ratings/regulatory-disclosures.html>
SEBI Registration No.: IN/CRA/001/1999

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Underwriting

This Issue is not underwritten.

Filing

A copy of the Draft Letter of Offer was filed with the Stock Exchanges as required under the SEBI ICDR Regulations, the SEBI ICDR Master Circular and other circulars issued by SEBI.

This Letter of Offer is being filed with the Stock Exchanges and with SEBI as per the provisions of the SEBI ICDR Regulations.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Letter of Offer, is set forth below:

(In ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Issue Price*
A.	AUTHORISED SHARE CAPITAL		
	3,07,00,000 Equity Shares of face value ₹10 each	30,70,00,000	NA
	5,76,924 14% Cumulative Compulsorily Convertible Preference Share of ₹ 130 each	7,50,00,120	NA
	12,00,000 12% Cumulative Compulsorily Convertible Preference Share of ₹ 110 each	13,20,00,000	NA
	10,00,000 12% Non-Cumulative Redeemable Preference Share of ₹ 100 each	10,00,00,000	NA
	TOTAL	61,40,00,120	
B.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
	2,44,80,443 Equity Shares of face value ₹10 each	24,48,04,430	NA
C.	PRESENT ISSUE⁽¹⁾		
	Up to [●] Equity Shares of face value ₹10 each	[●]*	[●]
D.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE⁽²⁾⁽³⁾		
	Issued, Subscribed and Paid-up Share Capital		
	[●] Equity Shares of face value ₹10 each	[●]*	NA
E.	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		68,394.83 lakhs
	After the Issue ⁽²⁾		[●]

*To be updated upon finalisation of Issue Price.

- (1) The Issue has been authorised by our Board pursuant to a resolution dated June 3, 2025. The terms of the Issue including the Record Date and Rights Entitlement ratio, have been approved by the Board of Directors pursuant to a resolution dated [●], 2025.
- (2) Assuming full subscription and Allotment of Rights Equity Shares. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.
- (3) There are no outstanding convertible securities or warrants or employee stock options as on date of this Draft Letter of Offer.

Notes to the Capital Structure

1. Details of shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:
 - (a) The shareholding pattern of our Company as on March 31, 2025, may be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/ethos-ltd/ethosltd/543532/qtrid/125.00/shareholding-pattern/Mar-2025/> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern;>
 - (b) The statement showing holding of Equity Shares of persons belonging to the category “Promoter and

Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2025, may be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=543532&qtrid=125.00&QtrName=Mar-25> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=M%26MFIN&tabIndex=equity> ; and

- (c) The statement showing holding of Equity Shares of persons belonging to the category “*Public*” including Equity Shareholders holding more than one per cent of the total share capital as on March 31, 2025, may be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=543532&qtrid=125.00&QtrName=Mar-25> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=M%26MFIN&tabIndex=equity>.
2. No Equity Shares have been acquired by our Promoter or members of our Promoter Group in the last one year immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange.
 3. Our Company shall ensure that any transaction in the securities by our Promoters and members of the Promoter Group during the period between the date of filing of this Draft Letter of Offer and date of closure of the Issue shall be reported to the Stock Exchanges, within twenty-four hours of such transactions.
 4. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.
 5. No Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Draft Letter of Offer.
 6. Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of this Draft Letter of Offer.
 7. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●] per Equity Share.
 8. At any given time, there shall be only one denomination of the Equity Shares of our Company.
 9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.
 10. Details of the Equity Shareholders holding more than 1% of the issued and paid-up Share Capital as on May 30, 2025 is as follows:

S. No.	Name of the Equity Shareholders	No. of Equity Shares held	Percentage of Equity Shares held (%)
1.	KDDL Limited	11,513,877	47.03
2.	ICICI Prudential Flexicap Fund	1,720,871	7.06
	ICICI Prudential Long Term Wealth Enhancement Fund	7,458	
3.	Invesco India Flexi Cap Fund	112,114	5.61
	Invesco India Business Cycle Fund	18,205	
	Invesco India Midcap Fund	479,675	
	Invesco India Large & Mid Cap Fund	416,894	
	Inevsco India Smallcap Fund	345,456	

S. No.	Name of the Equity Shareholders	No. of Equity Shares held	Percentage of Equity Shares held (%)
4.	Mahen Distribution Limited	754,640	3.08
5.	Jupiter India Fund	559,285	2.28
6.	Bandhan Nifty Total Market Index Fund	25	2.25
	Bandhan Innovation Fund	66,454	
	Bandhan Small Cap Fund	168,601	
	Bandhan Core Equity Fund	248,266	
	Bandhan Large Cap Fund	34,399	
	Bandhan Hybrid Equity Fund	33,089	
7.	Alchemy Capital Management Pvt Ltd	512,500	2.09
8.	Eastspring Investments India Fund	494,960	2.02
9.	Eastspring Investments India Consumer Equity Open Limited	388,861	1.59
10.	Goldman Sachs Funds - Goldman Sachs India Equity Portfolio	343,347	1.40
11.	Hara Global Capital Master Fund I Ltd	313,792	1.28
12.	Siddharth Iyer	279,359	1.14
13.	Pulkit.N.Sekhsaria	272,728	1.11

OBJECTS OF THE ISSUE

The Issue comprises of up to [●] Rights Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ 41,000.00 lakhs. For further details, please see “Summary of this Draft Letter of Offer” and “The Issue” on pages 18 and 45, respectively.

The Issue

Our Company proposes to utilize the Net Proceeds towards funding the following objects:

1. Funding working capital requirements of the Company; and
2. General corporate purposes.

(collectively referred to herein as the “Objects”)

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

Issue Proceeds

The details of the Issue Proceeds are summarized in the table below:

(in ₹ lakhs)

Particulars	Estimated amount
Gross proceeds from the Issue*	41,000.00
Less: Estimated Issue related expenses**	[●]
Net Proceeds**	[●]

* Assuming full subscription and Allotment of Rights Equity Shares.

** Please see “- Estimated Issue Related Expenses” on page 59.

Requirement of Funds and Utilisation of Net Proceeds

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

(in ₹ lakhs)

Particulars	Estimated amount (up to)
Funding working capital requirements of the Company	31,000.00
General corporate purpose*	[●]
Net Proceeds*	[●]

* Assuming full subscription and Allotment of Rights Equity Shares. The amount to be utilized under general corporate purpose shall not exceed 25% of the Gross Proceeds.

Proposed Schedule of Implementation or Deployment of Net Proceeds

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ lakhs)

Particulars	Amount to be funded from Net Proceeds	Estimated Deployment		
		Fiscal 2026	Fiscal 2027	Fiscal 2028
Funding working capital requirements of the Company	31,000.00	11,200.00	12,000.00	7,800.00
General corporate purpose*	[●]	[●]	[●]	[●]
Net Proceeds*	[●]	[●]	[●]	[●]

* Assuming full subscription and Allotment of Rights Equity Shares. The amount to be utilized for general corporate

purpose shall not exceed 25% of the Gross Proceeds.

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein within next three Financial Years. If in the event that the Net Proceeds are not completely utilized for the objects stated above and as per the estimated schedule of utilisation, due to various factors beyond our control, such as economic and business conditions, market conditions, the remaining Net Proceeds would be utilized (in part or in full) in subsequent Financial Years, subject to applicable laws, for achieving the objects of the Issue. Further, if additional funds are required for fulfilling the Objects, such requirement shall be met through internal accruals, additional capital infusion, debt arrangements or any combination of these methods, subject to compliance with applicable law.

Means of Finance

The funding requirements and deployment schedule are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. Please see “*Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.*” They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management and will be subject to applicable laws and regulations. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such projects proposed to be funded from the Net Proceeds is not applicable.

Details of the Objects

The details in relation to objects of the Issue are set forth herein below.

I. Funding working capital requirements of the Company

We propose to utilize ₹ 31,000.00 lakhs from the Net Proceeds towards 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. In order to support the incremental business requirements, our Company requires additional working capital for funding its incremental working capital requirements in Fiscal 2026, Fiscal 2027 and Fiscal 2028. This aligns with achieving the business growth as per our business plan.

Requirement of working capital

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 boutiques we are operating in. With the expansion of business in both product segment and geographical segment (increase in new boutique), we require more inventory for the boutiques. All these factors may result in increase in the quantum of working capital requirements.

(a) Existing working capital requirements:

The details of our Company's working capital as of March 31, 2025 and March 31, 2024 derived from the Fiscal 2025 Audited Standalone Financial Statements of the Company and the source of funding are provided in the table below:

(₹ in lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
	(Standalone)	(Standalone)
(A) Current assets		
(a) Inventories	59,267.06	43,969.18
(b) Trade receivables	1,825.95	1,557.19
(c) Bank balances other than cash and cash equivalents*	2,145.00	1,425.00
(d) Other financial assets (incl. loans)	1,136.30	2,185.20
(e) Other current assets	4,817.90	4,144.31
Total Current Assets other than Cash and Cash Equivalents (A)	69,192.21	53,280.88
(B) Current Liabilities		
(a) Trade payables	8,882.44	9,832.65
(b) Other financial liabilities (incl. Borrowings)	2,459.87	2,814.11
(c) Short - term Provision (Employee benefit Obligations)	466.25	449.55
(d) Other current liabilities (incl. Lease Liabilities)	5,963.14	4,152.00
(e) Current tax liabilities (net)	-	27.70
Total Current Liabilities (B)	17,771.70	17,276.01
Working Capital Gap (C) = (A)-(B)	51,420.51	36,004.87
(D) Existing Funding Pattern		
Internal Accrual/ Borrowings	42,964.54	21,191.31
Fund raised for working capital through QIP/Public Issue	8,455.97	14,813.56

Note: Pursuant to the certificate dated June 3, 2025, issued by the N B T and Co., Chartered Accountants, Independent Chartered Accountant.

*Bank balances other than Cash and cash equivalents include fixed deposits lien against working capital limits with banks.

(b) Estimated working capital requirements:

Our Company proposes to utilise ₹ 31,000.00 lakhs towards funding its working capital requirements in the ordinary course of business for Fiscal 2026, Fiscal 2027 and Fiscal 2028. The balance portion of our long-term working capital requirement will be arranged from internal accruals and borrowings from banks and financial institutions.

On the basis of our existing and estimated working capital requirements, our Board of Directors pursuant to their resolution dated June 3, 2025, has approved the projected working capital requirements for Fiscal 2026, Fiscal 2027 and Fiscal 2028 and the proposed funding of such working capital requirements as set forth in the table below:

(₹ in lakhs)

Particulars	Estimated as on		
	Fiscal 2026	Fiscal 2027	Fiscal 2028
(A) Current Assets			
(a) Inventories	74,000.00	91,020.00	110,042.20
(b) Trade receivables	1,585.39	1,950.03	2,398.54
(c) Bank balances other than cash and cash equivalents*	1,800.00	1,950.00	2,200.00
(d) Other financial assets (incl. loans)	5,218.00	5,739.80	6,313.78
(e) Other current assets	5,447.00	6,481.00	7,747.00
Total Current Assets other than Cash and Cash Equivalents (A)	88,050.39	107,140.83	128,701.51
(B) Current Liabilities			

Particulars	Estimated as on		
	Fiscal 2026	Fiscal 2027	Fiscal 2028
(a) Trade payables	10,000.00	12,470.25	15,140.25
(b) Other financial liabilities (incl. Borrowings)	2,533.67	2,609.68	2,687.97
(c) Short - term Provision (Employee benefit Obligations)	466.25	496.00	526.00
(d) Other current liabilities (incl. Lease Liabilities)	6,142.03	6,326.30	6,516.08
Total Current Liabilities (B)	19,141.95	21,902.22	24,870.30
(C) Net working capital requirements (C) = (A-B)	68,908.44	85,238.61	103,831.21
Working capital gap**	17,487.93	16,330.17	18,592.60
(D) Funding Pattern			
Amount proposed to be utilized from the Net Proceeds	11,200.00	12,000.00	7,800.00
Internal Accrual/ Borrowings	1,618.90	4,330.17	10,792.60
Fund raised for working capital through QIP	4,669.03	-	-

* Bank balances other than Cash and cash equivalents include fixed deposits lien against working capital limits with banks.

** Working capital gap is calculated as working capital requirement for a particular Fiscal minus the working capital already funded until the previous Fiscal.

Note: Pursuant to the certificate dated June 3, 2025, issued by the N B T and Co., Chartered Accountants, Independent Chartered Accountant.

Holding levels and assumptions for working capital requirements

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 Fiscal 2025 Audited Standalone Financial Statements, as well as the projections for Fiscal 2026, Fiscal 2027 and Fiscal 2028 and the assumptions based on which the working plan projections has been made and approved by our Board of Directors.

Particulars	(No. of Days) ^				
	Fiscal 2024 (Actual)	Fiscal 2025 (Actual)	Fiscal 2026 (Estimated)	Fiscal 2027 (Estimated)	Fiscal 2028 (Estimated)
(A) Current Assets					
Inventories ⁽¹⁾	230	247	233	233	231
Trade receivables ⁽²⁾	6	5	3	3	3
Bank balances other than cash and cash equivalents ⁽³⁾	5	6	4	3	3
Other financial assets (incl. loans) ⁽⁴⁾	8	3	12	10	9
Other current assets ⁽⁵⁾	22	20	17	17	16
(B) Current Liabilities					
Trade payables ⁽⁶⁾	51	37	32	32	32
Other financial liabilities ⁽⁷⁾	10	7	6	5	4
Other current liabilities (incl. Lease Liabilities) ⁽⁸⁾	15	17	14	11	9
Short term Provisions ⁽⁹⁾	2	1	1	1	1

^ Actual & Estimated Holding days have been rounded off to the nearest whole number.

Note: Pursuant to the certificate dated June 3, 2025, issued by the N B T and Co., Chartered Accountants, Independent Chartered Accountant.

1. Inventory days are calculated as (Closing inventory/ Cost of goods sold) *365
2. Trade receivable days are calculated as (Trade receivables/ Revenue from operations) *365
3. Bank balances other than cash and cash equivalents are calculated as (Bank balances other than cash and cash equivalents/Revenue from Operations) *365
4. Other financial assets days are calculated as (Other financial assets / Revenue from operations) *365
5. Other current assets days are calculated as (Other current assets / (Cost of goods sold) *365

6. Trade payable days are calculated as Trade payables/ (Cost of goods sold) *365
7. Other financial liability days are calculated as (Other financial liabilities/ Revenue from Operations) *365
8. Other current liability days are calculated as (Other current liabilities/ Revenue from Operations) *365
9. Short term provision days are calculated as (Short term provision/ Revenue from Operations) *365
10. The holding period has been computed over 365 days for each Fiscal.

Key assumptions for working capital requirements made by our Company:

Particulars	Assumptions and Justifications
Inventories	The Company held Inventories for 230 days and 247 days for Fiscals 2024, and 2025 respectively. In Fiscal 2024 and Fiscal 2025, the Company added 13 and 14 new stores respectively and will also add new ones in the future. The increase in Fiscal 2025 was due to strategic stocking to meet expected demand and the continued expansion of stores. For the estimated years Fiscals 2026, 2027 and 2028, the Company expects inventory levels to normalise at 233, 233, and 231, respectively, assuming stable procurement planning and timely project execution.
Trade receivables	Trade receivables stood at 6 days and 5 days for Fiscals 2024 and 2025 respectively. The increase in Fiscal 2024 was due to a temporary rise in credit sales to key customers. However, the improvement in collection cycle in Fiscal 2025 is expected to continue, with projected levels at 4 days, 3 days, and 3 days in Fiscals 2026, 2027 and 2028, showing impact of strengthened credit control mechanisms.
Bank balances other than cash and cash equivalents	Bank balances other than Cash and cash equivalents include fixed deposit against working capital limits with banks. Other bank balances were 5 days and 6 days in Fiscals 2024 and 2025 respectively, representing earmarked funds. The Company has assumed Bank balances other than Cash and cash equivalents of 4 days, 3 days and 3 days of sales at the end of Fiscals 2026, 2027 and 2028 respectively.
Other financial assets (incl. loans)	The Company reported other financial assets of 8 days and 3 days in Fiscals 2024 and 2025 respectively. These are expected to rise to 12 days, 10 days and 9 days in the projected years due to growth in business volume and lease expansion of retail outlets.
Other current assets	The Company reported other current assets of 22 days and 20 days at the end of Fiscals 2024 and 2025. This was largely due to higher prepaid expenses and GST recoverables. These balances are expected to reduce to 17 days, 17 days and 16 days for Fiscals 2026, 2027 & 2028 onwards as prepayments are streamlined.
Trade Payables	The decline in trade payables from 51 days to 37 days in FY 2024 and 2025 reflects the Company's commitment to faster vendor payments and stronger supplier relationships. With a more disciplined and efficient procurement cycle, this trend is expected to continue, targeting further reductions to 32 days from FY 2026 to 2028, supporting operational efficiency and vendor trust.
Other Financial Liabilities	Other financial liabilities were 10 days and 7 days in Fiscals 2024 and 2025. These include borrowings, salaries payable and accrued interest. The company expects these to stabilize and not form a significant portion of the working capital in future projections and thus expecting to reduce to 6 days, 5 days, and 4 days in Fiscals 2026, 2027 and 2028, respectively.
Other current liabilities (incl. Lease Liabilities)	Other current liabilities stood at 15 days and 17 days for Fiscals 2024 and 2025. These include statutory dues, employee-related liabilities, and accrued expenses. The balance is projected to decline to 14 days, 11 days and 9 days for Fiscals 2026, 2027 and Fiscal 2028, respectively. due to improved timely tax payments and streamlining advance receipt policies.

Note: Pursuant to the certificate dated June 3, 2025, issued by the N B T and Co., Chartered Accountants, Independent Chartered Accountant.

Our Company proposes to utilize ₹11,200.00 lakhs, ₹12,000.00 lakhs and ₹7,800.00 lakhs of the Net Proceeds in Fiscals 2026, 2027 and 2028, respectively, towards our working capital requirements. The balance portion of our working capital requirement shall be met from internal accruals and working capital facilities.

II. General Corporate purposes

Our Company intends to deploy ₹ [●] 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, 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, 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, if any. The quantum of utilization of funds towards the above purpose will be determined by our Board and the business requirements of our Company, from time to time. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal, we will utilize such unutilized amount(s) in the subsequent Fiscals.

Estimated Issue Related Expenses

The total expenses of the Issue are estimated to be approximately [●] lakhs.

The estimated Issue related expenses are as follows:

(unless otherwise specified, in ₹ lakhs)

Sr. No.	Particulars	Estimated amount*	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)#
1.	Fees payable to intermediaries (including Advisors to the Issue, Registrar, Independent Chartered Account, the virtual data room provider in connection with due diligence for the Issue etc.)	[●]	[●]	[●]
2.	Advertising, marketing and shareholder outreach expenses	[●]	[●]	[●]
3.	Fees payable to SEBI, Stock Exchanges, depositories and other statutory fees	[●]	[●]	[●]
4.	Printing and stationery, distribution, postage, etc.	[●]	[●]	[●]
5.	Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
Total estimated Issue related expenses*^		[●]	[●]	[●]

* Subject to finalisation of Basis of Allotment and Allotment of the Rights Equity Shares. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.

^Excluding taxes

Assuming full subscription

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with any scheduled commercial banks which are included in second schedule of Reserve Bank of India Act, 1934. Our Company confirms that pending utilization of the Net Proceeds towards the stated objects of the Issue, our Company shall not use/deploy the Net Proceeds for any investment in the equity markets.

Monitoring Utilization of Funds from the Issue

Our Company has appointed CRISIL Limited as the Monitoring Agency for the Issue to monitor the utilization of the Gross Proceeds. The Monitoring Agency shall submit a report to our Board, till 100% of the Gross Proceeds has been utilised, as required under the SEBI ICDR Regulations. Our Company will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Gross Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

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 Gross Proceeds. Further, pursuant to Regulation 32(5) of the SEBI Listing Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the audit committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor(s) of our Company or a peer reviewed independent chartered accountant, which shall be submitted by our Company with the Monitoring Agency.

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 of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Directors' report, after placing it before the Audit Committee.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Appraising entity

None of the objects for which the Net Proceeds will be utilized have been appraised by any agency or any financial institution.

Other Confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors or our Key Managerial Personnel or Senior Management.

Our Promoters, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoter, Promoter Group, Directors, Key Managerial Personnel, Senior Management or associate company(as defined under the Companies Act, 2013).

Our Company does not require any material government and regulatory approvals in relation to the objects of the Issue.

Our Company does not require to comply with any other key industry regulations for the proposed objects of the Issue other than those applicable to the existing business of our Company.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: June 3, 2025

To,
The Board of Directors
Ethos Limited
Plot No. 3 Sector- III,
Parwanoo, Himachal Pradesh,
India, 173220

Dear Sirs,

Re: Proposed rights issue of equity shares of face value of Rs. 10 each (“Equity Shares”) of Ethos Limited (“Company” and such offering, the “Issue”).

We hereby confirm enclosed Annexure A and B (together, the “Annexures”), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under the Income-tax Act, 1961 (the “Act”), as amended by the Finance Act, 2025, applicable for the Financial Year 2025-26 relevant to the Assessment Year 2026-27, presently in force in India and the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State/Union Territory Goods and Services Tax Act, 2017 and the relevant rules, circulars and notifications made thereunder (“GST Acts”), as amended from time to time, the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended by the Finance Act, 2025 applicable for the Financial Year 2025-26, presently in force in India. The Act, the GST Acts, Customs Act and Tariff Act, as defined above, are collectively referred to as the “Relevant Acts”

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 “Issue. We are neither suggesting nor advising the investors to invest in the Issue relying on this statement.

We do not express any opinion or provide any assurance as to whether:

- (i) the Company, or its shareholders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been/would be met with or
- (iii) the revenue authorities/courts will concur with the views expressed herein.

We assume no obligation to update the Annexure on any events subsequent to this date, which may have a material effect on the discussions herein.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company.

This statement is prepared solely for inclusion in the Draft Letter of Offer (“**DLOF**”) and the Letter of Offer (“**LOF**”) in connection with the Issue, 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 N B T and Co
Chartered Accountants
ICAI Firm Registration Number: 140489W

CA. Neha Nuwal
Partner
Membership No.: 157137
Place: Mumbai
Date: June 3, 2025
UDIN: 25157137BMKXTE4853

ANNEXURE A

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO COMPANY AND ITS SHAREHOLDERS

The statement of direct tax benefits enumerated below is as per the Income Tax Act 1961 ('the act') as amended from time to time and applicable for financial year 2025-26 relevant to assessment year 2026-27:

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

1. Lower Corporate tax rate under section 115BAA of the Act

- As per section 115BAA of the act inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 i.e. AY 2020-21 an option is granted to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) on fulfillment of certain conditions. The option once exercised through filing of Form 10-IC on or before the due date of filing return of income on the income tax portal shall apply to subsequent assessment years. The concessional tax rate of 22% is subject to the company not availing any of the following deductions under the provisions of the act:

Section 10AA: Tax holiday available to units in a Special Economic Zone

Section 32(1)(iia): Additional Depreciation

Section 32AD: Investment Allowance

Section 33AB/33ABA: Tax Coffee rubber development expenses/ site restoration expenses

Section 35(1)/35(2AA)/35(2AB): Expenditure on scientific research

Section 35AD: Deduction for capital expenditure incurred on specified Businesses

Section 35CCC/35CCD: expenditure on agricultural extension/ skill development

Chapter VI-A except for the provisions of section 80JJAA and Section 80M

The total income of a Company availing the concessional rate is required without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. Further, provisions of Minimum Alternate Tax ("MAT") under section 115JB of the Act shall not be applicable to companies availing reduced tax rate, thus any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/ condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

2. Deduction in respect of inter-corporate dividends – Section 80M of the Act

As per the provisions of section 80M of the Act, a domestic company ("Resident Corporate Shareholder") can claim a deduction of an amount equal to dividends received from another domestic company or a foreign company or a business trust. Such deduction shall be claimed from gross total income of the Resident Corporate Shareholder and shall not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

The deduction under section 80M is available even if domestic company opts for concessional tax rate under section 115BAA of the act.

3. Deduction under section 80JJAA of the Act

As per the provisions of Section 80JJAA of the Act, where the gross total income of an assessee, to whom provisions of section 44AB of the Act applies, includes any profit and gains derived from business, then such assessee shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such 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 eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders of the Company for investing in the equity shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the Act. Further, it may be noted that these are general tax benefits available to equity shareholders, other shareholders holding any other type of instrument are not covered below.

1. The Company would be required to deduct tax at source on the dividend paid to the Shareholders, at applicable rates specified under the Act, subject to Double Taxation Avoidance Agreement, in case of Shareholders who are eligible to claim benefit under Double Taxation Avoidance Agreement. In case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, if the income exceeds INR 1 crore. However, if the income is between INR 50 lakhs to INR 1 crore, surcharge at the rate of 10% shall apply. The Shareholders would be eligible to claim the credit of such tax in their return of income.
2. As per the provisions of section 80M of the Act, a Resident Corporate Shareholder can claim deduction of an amount equal to dividends received from another domestic company or a foreign company or a business trust. Such deduction shall be claimed from gross total income of the resident corporate shareholder and shall not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.
3. As per Section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 12.5% (plus applicable surcharge and cess) (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 1,25,000.
4. As per Section 111A of the Act, short term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 20% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the Act.
5. Non-resident shareholders can offer the income to tax under the beneficial provisions of the Double Taxation Avoidance Agreement, if any, subject to eligibility and furnishing of requisite documents such as tax residency certificate, electronically filed Form 10F, No Permanent Establishment Certificate, etc. (as may be applicable) Further, non-resident shareholders would be eligible to claim the foreign tax credit, based on the local laws of the country of which the shareholder is the resident. Shareholders being Individual and HUF can opt to be taxed as per the new tax rates mentioned under section 115BAC of the Act.

NOTES:

- i. The above statement of possible special 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.
- ii. The above statement covers only certain special 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.

- iii. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2026-27. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- iv. 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.
- v. 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.
- vi. 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.

ANNEXURE B

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO COMPANY AND ITS SHAREHOLDERS

Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications (“GST law”), the Customs Act, 1962 and the Customs Tariff Act, 1975 (“Customs law”) and Foreign Trade Policy 2015-20 (FTP) (herein collectively referred as “indirect tax laws”)

SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

- A. Authorized Economic Operator (AEO) is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and enhance international supply chain security and facilitate movement of legitimate goods across international borders.

The Indian customs AEO programme is administered by the Central Board of Indirect taxes and Customs (“CBIC”). India AEO programme is a voluntary programme that applies to all business entities participating in the global supply chain.

AEO seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures (*inter-alia* including deferred payment of customs duty) to the Operators who offer a high degree of security guarantees in respect of their role in the supply chain.

Since the Company is engaged in regular import transactions, therefore, it is eligible to obtain AEO status. The AEO status and benefits are provided subject to prescribed conditions.

- B. GST law provides for refund of accumulated input tax credit arising on account of exports without payment of tax i.e. under Letter of Undertaking (LUT).
- C. The Company is eligible to avail the benefits provided under Manufacturing and Other Operations in a Warehouse (MOOWR). The scheme allows the importers to import the raw materials & capital goods and deposit them in a private warehouse, by way of filing a bill of entry for warehousing without payment of duties of customs and IGST. The benefits under the scheme is available to a trader or any other person who is removing the goods ‘as such’ subject to payment of applicable interest for warehousing goods beyond a specified time limit. Accordingly, the company may explore the option of MOOWR applicable to it and avail the benefit of tax deferment.

SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special indirect tax benefits available to the Shareholders under Indirect Tax Regulations in India.

Notes:

- i. The above statement of special tax benefits is based on the best understanding of Company’s business landscape and tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.
- ii. This statement is only intended 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 the tax consequences, the changing 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 Issue.
- iii. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.

- iv. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretations, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such change.

SECTION IV- OUR MANAGEMENT

Board of Directors

The composition of the Board is governed and in conformity with the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in general meeting, our Company shall not have less than three Directors and not more than 15 Directors.

As on the date of this Draft Letter of Offer, our Company has eight Directors, comprising of three Executive Directors, and five Independent Directors (including one women Independent Directors).

The following table provides details regarding our Board as of the date of filing this Draft Letter of Offer:

Sr. No.	Name, Date of Birth, DIN, Address, Occupation, and Current term	Age (Years)	Designation
1.	<p>Yashovardhan Saboo</p> <p><i>Date of Birth:</i> August 24, 1958</p> <p><i>DIN:</i> 00012158</p> <p><i>Address:</i> House no. 1, Sector 5, Chandigarh- 160009, India</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Current term:</i> Re-appointment for a term of three years with effect from April 1, 2023</p>	66	Chairman and Managing Director
2.	<p>Pranav Shankar Saboo</p> <p><i>Date of Birth:</i> December 7, 1987</p> <p><i>DIN:</i> 03391925</p> <p><i>Address:</i> #1, Near Sukhna lake, Sector-5, Chandigarh - 160009</p> <p><i>Occupation:</i> Business</p> <p><i>Current term:</i> Appointment for a term of three years with effect from April 1, 2024</p>	37	Managing Director and Chief Executive Officer
3.	<p>Mukul Krishan Khanna</p> <p><i>Date of Birth:</i> January 5, 1971</p> <p><i>DIN:</i> 10939041</p> <p><i>Address:</i> House No-39, Vishram, Sector 8-A, Near Verka milk booth, Chandigarh 160018</p> <p><i>Occupation:</i> Service</p> <p><i>Current term:</i> Appointment for a term of three years</p>	54	Whole-time Director

Sr. No.	Name, Date of Birth, DIN, Address, Occupation, and Current term	Age (Years)	Designation
	with effect from April 1, 2025		
4.	<p>Anil Khanna</p> <p><i>Date of Birth:</i> March 20, 1959</p> <p><i>DIN:</i> 00012232</p> <p><i>Address:</i> House No. 515, Sector 36-B, Chandigarh 160036</p> <p><i>Occupation:</i> Professional</p> <p><i>Current term:</i> Re-appointment for a term of five years with effect from September 27, 2022, not liable to retire by rotation</p>	66	Independent Director
5.	<p>Dilpreet Singh</p> <p><i>Date of Birth:</i> June 17, 1958</p> <p><i>DIN:</i> 03042448</p> <p><i>Address:</i> House No. 1347, D.L.F. Phase – IV, Block B, Gurgaon, Haryana</p> <p><i>Occupation:</i> Corporate Executive</p> <p><i>Current term:</i> Re-appointment for a term of five years with effect from September 29, 2023, not liable to retire by rotation</p>	66	Independent Director
6.	<p>Munisha Gandhi</p> <p><i>Date of Birth:</i> July 22, 1967</p> <p><i>DIN:</i> 09684474</p> <p><i>Address:</i> House No. 62, Sector – 2, New Sectt, Chandigarh – 160001</p> <p><i>Occupation:</i> Lawyer</p> <p><i>Current term:</i> Appointment for a term of five years with effect from September 29, 2023</p>	57	Independent Director
7.	<p>Charu Sharma</p> <p><i>Date of Birth:</i> September 27, 1959</p> <p><i>DIN:</i> 02276310</p> <p><i>Address:</i> 1B3 Regency Palace, 07 Richmond Road,</p>	65	Independent Director

Sr. No.	Name, Date of Birth, DIN, Address, Occupation, and Current term	Age (Years)	Designation
	Richmond Town, Bangalore Museum Road, Bangalore Karnataka- 560 025 Occupation: Sports Management & Broadcasting Current term: Appointment for a term of five years with effect from November 3, 2022, not liable to retire by rotation		
8.	Sundeep Kumar Date of Birth: January 5, 1958 DIN: 02750717 Address: A-176A, Sushant Lok 1, Near MG Road Metro Station, Gurgaon, Haryana - 122001 Occupation: Service Current term: Re-appointment for a term of five years with effect from September 27, 2022, not liable to retire by rotation	67	Independent Director

Confirmations

Neither any of our Directors are debarred from accessing the capital markets by the SEBI nor any of our Directors are directors of any company that is debarred from accessing the capital markets by the SEBI as on the date of filing of this Draft Letter of Offer.

None of our Directors have been identified as Wilful Defaulters or Fraudulent Borrowers as defined under the SEBI ICDR Regulations.

Further, none of the directors have been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

Details of Key Managerial Personnel and Senior Management

S. No.	Particulars	Designation
Key Managerial Personnel		
1.	Yashovardhan Saboo	Chairman and Managing Director
2.	Pranav Shankar Saboo	Managing Director and Chief Executive Officer
3.	Mukul Krishan Khanna	Whole-time Director
4.	Munish Gupta	Chief Financial Officer
5.	Shubham Kandhway	Company Secretary and Compliance Officer
Senior Management (excluding Key Managerial Personnel)		
1.	Juhi Chaturvedi	Senior Vice President and Head of Merchandising
2.	Rajesh Pandey	Senior Vice President and National Sales Head
3.	Saurabh Srivastava	Vice President and Head of Human Resources

SECTION V- FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Website link
1.	Audited consolidated financial results for the quarter and financial year ended March 31, 2025	<i>https://www.ethoswatches.com/investors-information/financial</i>
2.	Audited standalone financial results for the quarter and financial year ended March 31, 2025	

FINANCIAL INFORMATION

Extract of the Fiscal 2025 Audited Consolidated Financial Statements prepared in accordance with applicable accounting standards for the last financial year (with the comparative prior full year period), disclosed to the Stock Exchanges:

(in ₹ lakhs)

Sr. No.	Particulars	Fiscal 2025	Fiscal 2024
1.	Revenue from operations	1,25,162.71	99,899.21
2.	Other income	2,429.98	2,361.68
3.	Total income	1,27,592.69	1,02,260.89
4.	Net profit/loss before tax and extraordinary items	13,006.86	11,131.21
5.	Net profit/loss after tax and extraordinary items	9,628.79	8,329.46
6.	Equity share capital	2,448.04	2,448.04
7.	Reserves and surplus	95,771.65	85,948.65
8.	Net-worth	98,219.69	88,396.69
9.	Earnings per Share (Basic) (in ₹)	39.33	34.98
10.	Earnings per Share (Diluted) (in ₹)	39.33	34.98
11.	Return on Net Worth (%)*	10.32%	10.99%
12.	Net Asset Value per Share (in ₹)**	401.22	361.09

Notes:

*Return on Equity / Net-worth is calculated as Profit for the year divided by Average Total Equity (Average of total equity at the beginning of the year and total equity at the end of the year)

**Net assets value per equity share (₹): Total Equity at the end of the year/period divided by outstanding number of equity share at the end of the year.

The audited consolidated financial results for the quarter and financial year ended March 31, 2025 and audited standalone financial results for the quarter and financial year ended March 31, 2025 of our Company is uploaded on the website of our Company at <https://www.ethoswatches.com/investors-information/financial>.

The above figures are derived from the Fiscal 2025 Audited Consolidated Financial Statements of our Company for purpose of disclosure in this Draft Letter of Offer in accordance with SEBI ICDR Regulations.

The Fiscal 2025 Audited Consolidated Financial Statements of our Company have been prepared in accordance with the Indian Accounting Standards as notified by the Ministry of Corporate Affairs and as amended from time to time.

Detailed rationale for the Issue Price

The Issue Price will be determined by our Company on the basis of various qualitative and quantitative factors as described below:

Qualitative factors:

Some of the qualitative factors which form the basis for computing the Issue Price are set forth below:

1. Broad portfolio of over 72 premium and luxury watch brands, including several under exclusive retail arrangements, covering all luxury watch price segments;
2. Diversified retail network through 73 luxury watch boutiques across 26 cities in India, as of March 31, 2025, with varied store formats including flagship Ethos Summit Boutiques, Ethos Boutiques, Mono Brand Boutiques, and a dedicated pre-owned watch boutique;

3. Integrated Omnichannel model offering customer experience through both offline boutiques and India's largest luxury watch e-commerce platform, www.ethoswatches.com, with 188 lakh+ visitor sessions as of March 31, 2025;
4. Presence in certified pre-owned luxury watch retail through the Second Movement Boutique, offering professionally inspected and certified watches with warranty coverage;
5. Digitally supported customer engagement with trained watch consultants, live chat, and doorstep services across cities with and without physical store presence;
6. Customer loyalty program 'Club Echo' with over 329,700 registered members, supported by a digitally assisted outbound service team;
7. In-house service centre equipped with Swiss-imported machinery and certified by multiple global brands, supported by skilled horological engineers;
8. Expansion into lifestyle and accessory retail through subsidiary Ethos Lifestyle Private Limited and international market entry via Ficus Trading LLC in Dubai;
9. Promoted by KDDL Limited, with industry experience since 2003 and strong relationships with global watch brands.

Quantitative factors:

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic and diluted earnings per Equity Share ("EPS") (face value of each Equity Share is INR 10):

Fiscal	Basic EPS	Diluted EPS
March 31, 2025	39.33	39.33
March 31, 2024	34.98	34.98

Notes:

Basic EPS: Net Profit for the year attributable to owners of our Company/ weighted average number of Equity Shares outstanding during the year.

Diluted EPS: Net Profit for the year attributable to owners of our Company/weighted average number of Equity Shares outstanding during the year as adjusted for effective of dilutive equity shares.

2. Return on Net Worth ("RoNW")

Fiscal	RoNW (%)
March 31, 2025	10.32%
March 31, 2024	10.99%

Note: Return on Equity / Net-worth is calculated as Profit for the year divided by Average Total Equity (Average of total equity at the beginning of the year and total equity at the end of the year).

3. Net Asset Value (“NAV”) per Equity Shares

Fiscal	NAV (INR)
March 31, 2025	401.22
March 31, 2024	361.09

Note: Net assets value per equity share (₹): Total Equity at the end of the year/period divided by outstanding number of equity share at the end of the year.

SECTION VI: REGULATORY APPROVALS AND STATUTORY DISCLOSURES

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to the chapter titled "*Objects of the Issue*" beginning at page 54.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on June 3, 2025, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

This Draft Letter of Offer has been approved by our Board of Directors pursuant to its resolution dated June 3, 2025. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by the Board of Directors at its meeting held on [●], 2025.

The Board of Directors in its meeting held on [●], 2025, has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹[●] per Rights Equity Share of face value of ₹ 10 each (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹ 41,000.00* Lakhs and the Rights Entitlement as [●] i.e. [●] Rights Equity Share for every [●] fully paid-up Equity Share of face value of ₹ 10 each, held as on the Record Date. The Issue Price will be decided by our Company which shall be determined in consultation with the Designated Stock Exchange, prior to determination of the Record Date.

** Assuming full subscription in the Issue and subject to finalisation of the basis of allotment.*

Our Company has received in-principle approvals from NSE and BSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letters each dated June 3, 2025. Our Company will also make applications to NSE and BSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN: [●] for the Rights Entitlements to be credited to the respective demat accounts of Allottees. For details, please see “*Terms of the Issue*” beginning on page 81.

Prohibition by SEBI or Other Governmental Authorities

Our Company, our Promoters, the members of our Promoter Group and our Directors have not been and are not prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Further, our Promoter and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors are associated with the securities market in any manner. Further, there is no outstanding action initiated by SEBI against any of our Directors, who have been associated with the securities market.

Neither our Individual Promoter nor any of our Directors are declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company will make applications to the Stock Exchanges for in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to the Issue. NSE Limited is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of SEBI ICDR Regulations

Except as disclosed below, our Company has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI LODR Regulations, for a period of at least three years immediately preceding the date of filing of this Draft Letter of Offer:

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clauses)	Relevant financial year	Status
1.	Regulation 17(1C) - Approval of shareholders for appointment of a person on the Board of Directors	2022-23	Approval of shareholders for appointment of a 2(two) Directors on the Board of the Company was taken beyond the specified timeline.
2.	Regulation 44 – Submission of Voting Results of Postal Ballot	2023-24	Clarification sought by National Stock Exchange of India Limited on delay in Submission of Voting Results of Postal Ballot. The Company took note of unintentional and inadvertent delay and pleaded non-levy of any penalty. No further action was taken by the stock exchange.
3.	Regulation 29(1)(a) – Prior Intimation of the Board Meeting	2025-26	Monetary penalty of ₹10,000 each imposed on the Company by both BSE Limited and National Stock Exchange Limited, due to a technical non-compliance. Requisite penalty was paid by the Company.

Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing of this Draft Letter of Offer.

As on the date of filing of this Draft Letter of Offer, neither any show-cause notices nor proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, our Promoters or Whole-time Directors.

Further, no show cause notices have been issued by the SEBI or an Adjudicating Officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI, against our Company, our Promoters or Whole-time Directors.

Our Equity Shares have not been suspended from trading as a disciplinary measure during the three years immediately preceding the date of filing of this Draft Letter of Offer.

CAUTION

Our Company shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer and the Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Our Company, its officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, Delhi , India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is NSE.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

“[●]”

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

“[●]”

No Offer in the United States

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE U.S. STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES AND THE RIGHTS ENTITLEMENTS REFERRED TO IN THIS DRAFT LETTER OF OFFER ARE BEING OFFERED AND SOLD ONLY

OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS” IN RELIANCE ON REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND IN COMPLIANCE WITH THE APPLICABLES LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under the Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, only through email, the Letter of Offer, the Application Form and other applicable Issue materials only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States, and is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Equity Shares and/ or the Rights Entitlements is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and is eligible to subscribe for the Equity Shares and/ or the Rights Entitlements under applicable securities laws, and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. Our Company shall not be bound to issue or allot any Equity Shares and/ or the Rights Entitlements in respect of any such Application Form.

Filing

This Draft Letter of Offer has been filed with the Stock Exchanges for their approval. Once the in-principle approval from Stock Exchanges are received, the Letter of Offer shall be filed with the Stock Exchanges and with the SEBI for information and dissemination at its head office situated at:

SEBI Bhavan
Plot No. C4- A, “G” Block
Bandra Kurla Complex, Bandra (East), Mumbai 400 051

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the Listing Agreements and the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2020/152 dated August 13, 2020 and shall comply with the SEBI circular bearing reference number SEBI/HO/OIAE/CIR/P/2023/156 dated September 20, 2023 and any other circulars issued in this regard. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders’ Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer

of shares and effective exercise of voting rights. KFin Technologies Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post- Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see “Terms of the Issue” beginning on page 81.

The contact details of Registrar to the Issue and our Company Secretary and Chief Compliance Officer are as follows:

Registrar to the Issue

KFin Technologies Limited

Selenium Tower B, Plot No.31 and 32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad- 500 032, Telangana, India

Tel: +(91) 40-67162222

E-mail: ethosltd@kfintech.com

Investor grievance ID: einward.ris@kfin.com

Contact person: M. Murali Krishna

Website: www.kfintech.com

SEBI Registration No.: INR000000221

Company Secretary and Compliance Officer

Shubham Kandhway is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Shubham Kandhway

Global Gateway Towers A, 1st Floor,
Near Guru Dronacharya Metro Station,
Sector-26, Gurugram, Haryana – 122 002, India

Tel: + (91) 124-6932100

E-mail: investor.communication@ethoswatches.com

Other Confirmations

Our Company, in accordance with Regulation 79 of the SEBI ICDR Regulations, shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making an Application, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, commission, allowance or otherwise, to any person for making an Application.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in this Issue can apply only through ASBA or by any other mode which may be notified by SEBI.

For guidance on the application process through ASBA and resolution of difficulties faced by investors, you are advised to read the frequently asked question on the website of the Registrar at <https://rights.kfintech.com>.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents/records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, at least two clear Working Days prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder at least on day before the Issue Closing Date. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

Overview

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SEBI ICDR Master Circular and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/dispatched only to such Eligible Equity Shareholders, who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of

the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, please see “*Restrictions on Purchases and Resales*” beginning on page 113.

The Application Form, the Rights Entitlement Letter and other Issue material will be sent/dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Further, the Letter of Offer will be sent/dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

Investors can access this Draft Letter of Offer, Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe to the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at www.ethoswatches.com;
- (ii) the Registrar at <https://rights.kfintech.com>;
- (iii) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit <https://rights.kfintech.com>.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://rights.kfintech.com>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at www.ethoswatches.com.

Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with Stock Exchange for seeking in-principle approval and the Letter of Offer will also be filed with SEBI and the Stock Exchanges. Accordingly, Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, such Issue Materials must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who purchases or renounces the Rights Entitlements or makes an application to acquire the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is eligible to subscribe and authorized to purchase or sell the Rights Entitlements or acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein that the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see “- Grounds for Technical Rejection” on page 91. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, please see “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 86.

- ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to in the Issue.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, employees, affiliates, associates and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not apply if you have not provided an Indian address.
- (c) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

- (d) Do not send your physical Application to the Registrar, the Bankers to the Issue (assuming that such Bankers to the Issue are not SCSB's), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
 - (e) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
 - (f) Do not submit Application Form using third party ASBA account.
 - (g) Avoid applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.
 - (h) Do not submit Multiple Application Forms.
- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Company, Registrar or Stock Exchanges. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being **Ethos Limited**;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “Restrictions on Purchases and Resales – Eligible Investors” on page 113, and shall include the following:

“I/We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States (including its territories and possessions thereof, any State of the United States and the District of Columbia) (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 in compliance with any applicable securities laws of any State of the United States. I/we understand the Rights Equity Shares and Rights Entitlements referred to in this application are being offered and sold only outside the United States in “offshore transactions” in reliance on Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders and located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in compliance with the applicable laws of such jurisdictions. I/we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/we confirm that I/we (a) am/are not in the United States and am/are eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) am/are complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar to the Issue, nor any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar to the Issue or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/We satisfy, and each account for which I/we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible

to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” on page 113.

I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar (i.e. <https://rights.kfintech.com>) and the Stock Exchanges (i.e. www.bseindia.com and www.nseindia.com).

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and/or whose demat account details are not available with our Company or the Registrar, shall be credited in the demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall visit at <https://rights.kfintech.com> to upload their self-attested client master sheet of their demat account and also provide the other details as required, no later than two Clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date; and
- (c) The remaining procedure for Application shall be same as set out in the section entitled “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 86.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the demat suspense

escrow account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

- ***Application for Additional Rights Equity Shares***

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in the section entitled “- *Basis of Allotment*” on page 106.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.

- ***Additional general instructions for Investors in relation to making of an Application***

- (a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section entitled “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 86.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Bankers to the Issue (assuming that such Bankers to the Issue are not SCSBs), our Company or the Registrar.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-Tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These

Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them does not exceed the prescribed limits under the applicable law.
- (n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

- (p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (r) Do not submit Multiple Applications.
- (s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in this Issue as an incorporated non-resident must do so in accordance with the FDI Policy and the FEMA Rules, as amended.
- (t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Registrar, Bankers to the Issue (assuming that such Bankers to the Issue are not SCSBs), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records [(unless the Application Form is submitted by a person who is both an U.S. QIB and U.S. Qualified Purchaser in the United States)].
- (s) Applicants not having the requisite approvals to make Application in the Issue.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same set of Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors, and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see “- *Procedure for Applications by Mutual Funds*” on page 94.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications may be treated as multiple applications and are liable to be rejected or all the balance shares other than Rights Entitlement will be considered as additional shares applied for, other than multiple applications submitted by any of our Promoter or members of our Promoter Group to meet the minimum subscription requirements, if applicable, to this Issue as described in the section entitled “*Summary of this Draft Letter of Offer – Intention and extent of participation by our Promoters and Promoter Group*” on page 20.

- ***Procedure for Applications by certain categories of Investors***

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity

Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to, *inter-alia*, the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed

5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares 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 (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

- ***Application by Specific Investor***

In case of renunciation of Rights Entitlement to Specific Investor by Our Promoter or members of our Promoter Group

Our Promoter or members of our Promoter Group may renounce any portion of their Rights Entitlement to one or more Specific Investor(s) subject to disclosure of the same in terms of the SEBI ICDR Regulations. The name of the Specific Investor(s) (i.e. the Renouncee), the name of our Promoter or members of our Promoter Group (i.e. renouncer) and the number of Rights Entitlements renounced in favour of such Specific Investor(s) shall be disclosed by our Company in the public advertisement at least two days prior to the Issue Opening Date.

In case of such renunciation of Rights Entitlement by our Promoter or members of our Promoter Group to any Specific Investor, all rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Specific Investor(s) (i.e. the Renouncee) as well.

The Application by such Specific Investor(s) shall be made on the Issue Opening Date before 11:00 a.m. (Indian Standard Time) and no withdrawal of such Application by the Specific Investor(s) shall be permitted. Our Company undertakes to disclose to the Stock Exchange(s) whether such Specific

Investor(s) have made the Application or not, for dissemination on the Issue Opening Date by 11:30 a.m. (Indian Standard Time).

In case of allotment of any undersubscribed portion of the Rights Issue to Specific Investor

Our Company may allot any undersubscribed portion (if any) of the Rights Issue to one of more Specific Investor(s) and the names of such Specific Investor(s) shall be disclosed by our Company in the public advertisement at least two days prior to the Issue Opening Date. The Application by such Specific Investor(s) shall be made along with their Application Money before the finalisation of Basis of Allotment for undersubscribed portion of the Rights Issue in co-ordination with our Company and Registrar.

- ***Last date for Application***

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in the section entitled “- Basis of Allotment” on page 106.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

- ***Withdrawal of Application***

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor applying through ASBA facility may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

No withdrawal of the Application by Specific Investor(s) shall be permitted, if such application is made pursuant to renunciation of Rights Entitlement by Our Promoter or members of our Promoter Group in favour of such Specific Investor.

- ***Disposal of Application and Application Money***

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or a committee thereof reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares

Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received/ASBA Accounts of the Investor within one Working Day from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://rights.kfintech.com>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.ethoswatches.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. <https://rights.kfintech.com>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “ETHOS LIMITED RIGHTS ISSUE SUSPENSE ESCROW DEMAT ACCOUNT”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renounees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

- ***Renunciation of Rights Entitlements***

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt

instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Under the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer and the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income- Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

Payment Schedule of Rights Equity Shares

Due Date	Amount payable per Rights Equity Shares (including premium)*
On the Issue application (i.e. along with the Application Form)	₹[●]

**To be finalised upon determination of the Issue Price*

The Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement, please see “*The Issue*” beginning on page 45.

• ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] ([●]) Equity Share for every [●] ([●]) Equity Shares of face value of ₹10 each held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Shares of face value of ₹10 each or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlement applied for.

Further, the Eligible Equity Shareholders holding less than [●] ([●]) Equity Shares of face value of ₹10 each as on Record Date shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares.

However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue, shall rank pari passu with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 543532) and NSE (Symbol: ETHOSLTD) under the ISIN: INE04TZ01018. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within fifteen days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to this Issue by our Promoter and members of our Promoter Group***

For details of the intent and extent of subscription by our Promoter and members of our Promoter Group, please see “*Summary of this Draft Letter of Offer – Intention and extent of participation by our Promoters and Promoter Group*” on page 20.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- (a) The right to receive dividend, if declared;
- (b) The right to receive surplus on liquidation;
- (c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- (d) The right to free transferability of Rights Equity Shares;
- (e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and
- (f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant this Issue. However, the Investors should note that pursuant to the provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

Our Company will send through e-mail and speed post, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi also being the regional language of Himachal Pradesh, where our Registered Office is situated).

This Draft Letter of Offer, the Letter of Offer, and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar. It will be the sole responsibility of the Investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at einward.ris@kfintech.com.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 107.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS#	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT OF RIGHTS EQUITY SHARES (ON OR ABOUT)	
DATE OF LISTING (ON OR ABOUT)	[●]

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

** Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., [●], to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●]. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such Shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in demat suspense escrow account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e. www.kfintech.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e. Registrar (i.e. <https://rights.kfintech.com>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis having due regard to the number of Rights Entitlement held by them as on Issue Closing Date and in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to Specific Investor, if any, as disclosed by our Company before opening of the Issue, or to any other person, as deem fit by our Board, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/dispatch Allotment advice, refund intimations, if applicable, or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in demat suspense escrow account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within one Working Day from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at such other rate as specified under applicable law from the expiry of such 15 days’ period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts. Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds/refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

- (e) RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 2 working Days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- (a) Tripartite agreement dated January 12, 2019, amongst our Company, NSDL and the Registrar to the Issue; and
- (b) Tripartite agreement dated March 18, 2019, amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification. Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/refund intimation will be directly sent to the Investors by the Registrar, on their registered e-mail address or through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, and who have not provided the details of their demat accounts to our Company or to the Registrar at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who –

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹10 lakh or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹10 lakh or one per cent of the turnover of the company, whichever is lower, and does not

involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹50 lakh or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 2 Working Days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund/unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. No further issue of securities shall be made from the date of filing the Draft Letter of offer with Stock Exchanges till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc. other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.
7. Adequate arrangements shall be made to collect all ASBA Applications.
8. As on date, our Company does not have any convertible debt instruments.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "*Ethos Limited – Rights Issue*" on the envelope and postmarked in India) to the Registrar at the following address:

KFin Technologies Limited

Selenium, Tower B, Plot No- 31 and 32
Financial District, Nanakramguda, Serilingampally
Hyderabad, Rangareedi 500 032
Telangana, India

Tel: +91 40 67162222

E-mail: einward.ris@kfintech.com

Contact person: M Murali Krishna

Website: www.kfintech.com

SEBI Registration No.: INR000000221

3. In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.kfintech.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 18003094001.
4. The Investors can visit following links for the below-mentioned purposes:
 - (a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: einward.ris@kfintech.com;
 - (b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: einward.ris@kfintech.com;
 - (c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: einward.ris@kfintech.com;
 - (d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: einward.ris@kfintech.com.

This Issue will remain open for a minimum seven days. However, our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date and Issue Closing Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs through the FDI Policy (defined below). The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route. The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares 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 (“**Restricted Investors**”), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. 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/purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals. The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND REALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with the Stock Exchanges and with the SEBI only for record purposes.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) or any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer and any other Issue Materials should not distribute or send this Draft Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Draft Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

No offer in the United States

The Rights Entitlements and the Rights 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 Rights Entitlements (including their credit) and the Rights Equity Shares are only being offered and sold outside the United States in “offshore transactions” as defined in and in reliance on Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this Draft Letter of Offer into the United States at any time.

Representations, Warranties and Agreements by Purchasers

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in “offshore transactions” in reliance on Regulation S.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Draft Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an “offshore transaction” meeting the requirements of Regulation S.
2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S under the U.S. Securities Act).
3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.
7. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
8. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Draft Letter of Offer with the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
9. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

10. None of the purchaser, any of its affiliates or any person acting on its or their behalf have taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
11. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Draft Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
12. Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates, has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
13. The purchaser acknowledges that any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company.
14. The purchaser will not hold our Company or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it.
15. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Draft Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.
16. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India.
17. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.
18. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration

by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

19. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.
20. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.
21. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.
22. The purchaser shall hold our Company 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 its representations, warranties or agreements set forth above and elsewhere in this Draft Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
23. The purchaser acknowledges that our Company, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder would be available on the website of our Company <https://www.ethoswatches.com/investors-information/material-docs> from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Registrar Agreement dated June 3, 2025, between our Company and the Registrar to the Issue.
2. Monitoring Agency Agreement dated [●], 2025, between our Company and the Monitoring Agency.
3. Banker(s) to the Issue Agreement dated [●], 2025, between our Company, Registrar and the Bankers to the Issue.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of incorporation dated November 5, 2007, issued to our Company under the name of Kamla Retail Limited by the Assistant Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh.
3. Fresh certificate of incorporation dated March 5, 2012, issued by the RoC upon change in the name of our Company from Kamla Retail Limited to Ethos Limited.
4. Certificate on commencement of business dated November 16, 2007.
5. Consents of our Directors, Company Secretary and Compliance Officer, Banker(s) to the Issue, legal counsel to the Issue as to Indian law, international legal counsel to the Issue, the Registrar to the Issue, Advisor to the Issue and the Monitoring Agency, for inclusion of their names in the Draft Letter of Offer to act in their respective capacities.
6. Consent letter dated June 3, 2025, from our Statutory Auditors, M/s Walker Chandiook & Co LLP, Chartered Accountants, to include their name in this Draft Letter of Offer, in respect of and inclusion of certain extracts of the Fiscal 2025 Audited Consolidated Financial Statements.
7. Consent letter dated June 3, 2025, from N B T and Co., Chartered Accountants in respect of the (i) the statement of possible special tax benefits available to our Company and its shareholders dated June 3, 2025; and (ii) certificates issued by them in their capacity as an Independent Chartered Accountant to our Company and such consent has not been withdrawn as of the date of this Draft Letter of Offer.
8. Statement of possible special tax benefits available to our Company and its shareholders dated June 3, 2025, from the Independent Chartered Accountant included in this Draft Letter of Offer.
9. The audited consolidated financial results for the quarter and financial year ended March 31, 2025 and the audit report dated May 5, 2025 of the Statutory Auditor thereon.
10. The audited standalone financial results for the quarter and financial year ended March 31, 2025 and the audit report dated May 5, 2025 of the Statutory Auditor thereon.
11. Resolution of our Board of Directors dated June 3, 2025, in relation to this Issue and other related matters.

12. Resolution of our Board of Directors dated June 3, 2025, approving and adopting this Draft Letter of Offer.
13. Resolution of our Board of Directors dated [●], in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement ratio.
14. Annual Reports of our Company for the Financial Years 2024, 2023 and 2022.
15. In-principle listing approvals dated [●], 2025, and [●], 2025, issued by BSE and NSE, respectively.
16. Tripartite agreement dated January 12, 2019, amongst our Company, NSDL and the Registrar to the Issue.
17. Tripartite agreement dated March 18, 2019, amongst our Company, CDSL and the Registrar to the Issue.
18. Red Herring Prospectus of our Company dated May 6, 2022, filed with the RoC in relation to the initial public offering of Equity Shares of our Company.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Yashovardhan Saboo
Chairman and Managing Director

Date: June 3, 2025

Place: Chandigarh

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Pranav Shankar Saboo

Managing Director and Chief Executive Officer

Date: June 3, 2025

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Mukul Krishan Khanna

Whole-time Director

Date: June 3, 2025

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Anil Khanna
Independent Director

Date: June 3, 2025

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dilpreet Singh
Independent Director

Date: June 3, 2025

Place: Chandigarh

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Munisha Gandhi
Independent Director

Date: June 3, 2025

Place: Chandigarh

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Charu Sharma
Independent Director

Date: June 3, 2025

Place: Bengaluru

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sundeep Kumar
Independent Director

Date: June 3, 2025

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Munish Gupta
Chief Financial Officer

Date: June 3, 2025

Place: Gurugram