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Red Herring Prospectus  
Dated: May 6, 2022  
Please read section 32 of the Companies Act, 2013  
100% Book Built Offer

ethos | WATCH  
BOUTIQUES

## ETHOS LIMITED

CORPORATE IDENTITY NUMBER: U52300HP2007PLC030800

REGISTERED OFFICE AND CORPORATE OFFICE	CONTACT PERSON	TELEPHONE AND EMAIL	WEBSITE
<b>Registered Office</b> - Plot No. 3, Sector- III, Parwanoo, Himachal Pradesh -173 220 <b>Corporate Office</b> - Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh -160 009	Anil Kumar Company Secretary and Compliance Officer	<b>Registered Office</b> – + 91 1792 232 462/233 402 <b>Corporate Office</b> - 91 172 2548 223/24 <b>Email</b> - anil.dhiman@ethoswatches.com	www.ethoswatches.com

### OUR PROMOTERS: YASHOVARDHAN SABOO, KDDL LIMITED, MAHEN DISTRIBUTION LIMITED

#### DETAILS OF THE OFFER

Type	Fresh Issue Size	Offer for Sale Size	Total Offer Size	Eligibility and Reservation
Fresh Issue and Offer for Sale	Up to ₹ 37,500 lakhs*	Up to 11,08,037 Equity Shares aggregating up to ₹ [●] lakhs	Up to ₹ [●] lakhs	The Offer is being made pursuant to Regulation 6(1) of SEBI ICDR Regulations. For details in relation to share reservation among Qualified Institutional Buyers, Non-Institutional Investors and Retail Individual Investors, please see "Offer Structure" on page 474.

\*Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs ("Pre-IPO Placement"). The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

#### DETAILS OF OFFER FOR SALE

Name of the Selling Shareholders	Type	Number of Shares	Average cost of acquisition (In ₹) <sup>§</sup>	Name of the Selling Shareholders	Type	Number of Shares	Average cost of acquisition (In ₹) <sup>§</sup>
Yashovardhan Saboo	Promoter	Up to 2,75,000	100.95	Nagarajan Subramanian	Director	Up to 19,231	99.09
KDDL Limited	Promoter	Up to 5,00,000	93.51	C. Raja Sekhar <sup>^</sup>	Public	Up to 10,556	121.96
Mahen Distribution Limited	Promoter	Up to 50,000	36.38	Karan Singh Bhandari	Public	Up to 3,000	28.86
Saboo Ventures LLP	Promoter's Group	Up to 1,50,000	180.56	Harsh Vardhan Bhuwalka	Public	Up to 2,125	140.24
Anuradha Saboo	Promoter's Group	Up to 60,000	141.36	Anand Vardhan Bhuwalka	Public	Up to 2,125	140.24
Jai Vardhan Saboo	Promoter's Group	Up to 15,000	186.24	Shalini Bhuwalka	Public	Up to 2,125	140.24
VBL Innovations Private Limited	Promoter's Group	Up to 10,500	140.24	Manju Bhuwalka	Public	Up to 2,125	140.24
Anil Khanna	Director	Up to 6,250	130.80	\$ As certified by B K S & Co., Chartered Accountants pursuant to their certificate dated May 6, 2022.			

#### RISK IN RELATION TO FIRST PUBLIC OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Offer Price (determined by our Company and Selling Shareholders in consultation with the Book Running Lead Managers and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 144, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, or regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 39.

#### OUR COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Selling Shareholders accept responsibility for and confirm the statements made by them in this Red Herring Prospectus to the extent of information specifically pertaining to them and their respective portion of the offered shares and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each selling shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company or its business or any other Selling Shareholders in this Red Herring Prospectus.

#### LISTING

The Equity Shares, once offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated February 21, 2022. For the purposes of the Offer, the Designated Stock Exchange shall be BSE Limited. A signed copy of this Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 535.

#### BOOK RUNNING LEAD MANAGERS

Name of BRLM and logo	Contact Person	Email and Telephone
<b>EMKAY GLOBAL FINANCIAL SERVICES LIMITED</b> 	Deepak Yadav / Pranav Nagar	Email: ethos.ipo@emkayglobal.com Tel. No.: +91 22 6612 1212
<b>INCREC CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED</b> 	Sreesankar R	Email: ethos.ipo@incredcapital.com Tel. No.: +91 22 6844 6100

#### REGISTRAR TO THE OFFER

<b>KFIN TECHNOLOGIES LIMITED</b> 	M Murali Krishna	E-mail: ethosltd@kfinotech.com Tel: +91 40 6716 2222/ 1800 309 4001
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#### BID/OFFER PROGRAMME

Anchor Investor Bidding Date	Tuesday, May 17, 2022
Bid/Offer Opens On*	Wednesday, May 18, 2022
Bid/Offer Closes On**	Friday, May 20, 2022

\*Our Company and Selling Shareholders may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date, that is on Tuesday, May 17, 2022.

\*\*Our Company and Selling Shareholders may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

<sup>^</sup> C Raja Sekhar, on March 23, 2022, has resigned as a director from the board of directors of Mahen Distribution Limited and his resignation has been approved by the board of directors of Mahen Distribution Limited.

## ETHOS LIMITED

Our Company was originally incorporated as 'Kamla Retail Limited' under the provisions of Companies Act, 1956, at Parwanoo, Himachal Pradesh, pursuant to the certificate of incorporation dated November 5, 2007, issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. 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 Registrar of Companies, Himachal Pradesh on March 5, 2012. For further details in relation to change in name and Registered Office of our Company, see "History and Certain Corporate Matters" on page 247.

**Registered Office:** Plot No. 3, Sector- III, Parwanoo Himachal Pradesh -173 220; **Telephone:** + (91) 1792 232 462/233 402  
**Corporate Office:** Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160 009; **Telephone:** + (91) 172 2548223/24  
**Contact Person:** Anil Kumar, Company Secretary and Compliance Officer; **Telephone:** + (91) 9780687553; **E-mail:** anil.dhiman@ethoswatches.com;  
**Website:** www.ethoswatches.com;  
**Corporate Identity Number:** U52300HP2007PLC030800

### OUR PROMOTERS: YASHOARDHAN SABOO; KDDL LIMITED AND MAHEN DISTRIBUTION LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF ETHOS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] LAKHS (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 37,500 LAKHS\* (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 11,08,037 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY THE SELLING SHAREHOLDERS REFERRED TO IN ANNEXURE A. (THE "OFFER FOR SALE"). THE OFFER WOULD CONSTITUTE [●]%, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

\*OUR COMPANY, IN CONSULTATION WITH THE BRLMS, HAS UNDERTAKEN A PRE-IPO PLACEMENT OF 3,02,663 EQUITY SHARES AGGREGATING TO ₹ 2,500 LAKHS ("PRE-IPO PLACEMENT"). THE SIZE OF THE FRESH ISSUE AS DISCLOSED IN THE DRAFT RED HERRING PROSPECTUS, AGGREGATING UP TO ₹ 40,000 LAKHS, HAS BEEN REDUCED BY ₹ 2,500 LAKHS PURSUANT TO THE PRE-IPO PLACEMENT, AND ACCORDINGLY, THE FRESH ISSUE IS OF UP TO ₹ 37,500 LAKHS. OUR COMPANY HAS INFORMED ALL THE PRE-IPO INVESTORS/BUYERS THAT THE OFFER MAY OR MAY NOT BE SUCCESSFUL AND THE EQUITY SHARES OF OUR COMPANY MAY OR MAY NOT GET LISTED.

THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND WILL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AS PER APPLICABLE LAW, AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS AN ENGLISH NATIONAL DAILY NEWSPAPER ALL EDITIONS, AND ALL EDITIONS OF JANSATTAA HINDI NATIONAL DAILY NEWSPAPER AND SHIMLA EDITION OF HIMACHAL TIMES, A LOCAL HINDI NEWSPAPER OF HIMACHAL PRADESH (HINDI ALSO BEING THE REGIONAL LANGUAGE OF HIMACHAL PRADESH, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), (BSE TOGETHER WITH NSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the Book Running Lead Managers, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid / Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Banks, as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), and such portion, the "QIB Portion". Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), out of which at least one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders ("RIBs") in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account (including UPI ID (defined hereinafter) in case of RIBs) which will be blocked by the SCSBs, to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see "Offer Procedure" on page 479.

### RISK IN RELATION TO FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Offer Price (determined by our Company and Selling Shareholders in consultation with the Book Running Lead Managers and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 144, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 39.

### OUR COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Selling Shareholders accept responsibility for and confirm the statements made by them in this Red Herring Prospectus to the extent of information specifically pertaining to them and their respective portion of the offered shares and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each selling shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company or its business or any other Selling Shareholders in this Red Herring Prospectus.

### LISTING

The Equity Shares, once offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated February 21, 2022. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A signed copy of this Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid / Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 535.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

		
<b>EMKAY GLOBAL FINANCIAL SERVICES LIMITED</b>	<b>INCREDCAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED</b>	<b>KFIN TECHNOLOGIES LIMITED</b>
The Ruby, 7 <sup>th</sup> Floor, Senapati Bapat Marg Dadar (West), Mumbai Maharashtra - 400 028 Tel. No.: +91 22 6612 1212 Email: ethos.ipo@emkayglobal.com Investor grievance email: ibg@emkayglobal.com Website: www.emkayglobal.com Contact Person: Deepak Yadav / Pranav Nagar SEBI Registration No.: INM000011229	1203, 12 <sup>th</sup> Floor, B Wing, The Capital, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra- 400 051 Tel. No.: +91 22 6844 6100 Email: ethos.ipo@incredcapital.com Investor grievance email: customer.grievance@incredcapital.com Website: www.incredsecurities.com Contact Person: Sreesankar R SEBI Registration No.: INM000012865	Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareedi 500 032, Telangana Tel: +91 40 6716 2222/ 1800 309 4001 E-mail: ethositd@kfintech.com Investor grievance e-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact person: M Murali Krishna SEBI Registration No.: INR000000221
<b>BID/OFFER OPENS ON</b>	Wednesday, May 18, 2022*	
<b>BID/OFFER CLOSES ON</b>	Friday, May 20, 2022**	

\*Our Company and Selling Shareholders may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date, that is on Tuesday, May 17, 2022.

\*\* Our Company and Selling Shareholders may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid / Offer Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION I: GENERAL INFORMATION DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Red Herring Prospectus, 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 Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, 2013, Companies Act, 1956, Securities and Exchange Board of India Act, 1992, the Securities and Contracts (Regulations) Act, 1957, Depositories Act, 1996 and the SEBI ICDR Regulations the or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “*Industry Overview*”, “*Key Regulations and Policies*”, “*Statement of Special Tax Benefits*”, “*Financial Statements*”, “*Basis for Offer Price*”, “*Outstanding Litigation and Material Developments*” and “*Description of Equity Shares and Terms of Articles of Association*”, on pages 154, 237, 147, 292, 144, 439 and 502 respectively, will have the meaning ascribed to such terms in those respective sections.

### General Terms

Term	Description
“our Company” or “the Company” or “Company”	Ethos Limited, a company incorporated under the provisions of the Companies Act, 1956, and having its Registered Office at Plot No. 3, Sector- III, Parwanoo Himachal Pradesh -173 220 and Corporate office at Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160009.
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiary and Joint Venture.
“Selling Shareholders”	The selling shareholders as specified in the Annexure A.

### Company and Selling Shareholders related terms

Term	Description
Articles of Association or AoA	Articles of association of our Company, as amended.
Audit Committee	The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in “ <i>Our Management</i> ” on page 264.
Auditors or Statutory Auditors or Independent Auditors	The current statutory auditors of our Company, being S.R. Batliboi & Co. LLP, Chartered Accountants.
Board or Board of Directors	The board of directors of our Company, as described in “ <i>Our Management</i> ” on page 256.
Club Echo	The loyalty program of Ethos with registered members
Company Secretary and Compliance Officer	Company secretary and compliance officer of our Company, namely, Anil Kumar.
Corporate Office	Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160009
Corporate Promoters	KDDL Limited and Mahen Distribution Limited
Corporate Social Responsibility Committee or CSR Committee	The corporate social responsibility committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in “ <i>Our Management</i> ” on page 272.
Director(s)	The directors on the Board of our Company, as appointed from time to time, as described in “ <i>Our Management</i> ” on page 256.
Equity Shares	Equity shares of our Company bearing face value of ₹10 each.
Ethos ESOP 2013	Employee stock option scheme of our Company approved by shareholders of our Company on March 10, 2014.
Executive Director	Executive director on our Board.
ESOP 2011	Employee stock option scheme of our Company approved by shareholders of our

<b>Term</b>	<b>Description</b>
	Company on September 15, 2011.
Group	The Company along with its subsidiary, i.e. Cognition Digital LLP and its joint venture, i.e. Pasadena Retail Private Limited.
Group Companies	Our group companies as described in “ <i>Our Group Companies</i> ” on page 287.
Independent Directors	Independent directors on our Board.
Individual Promoter	Yashovardhan Saboo
IPO Committee	The IPO committee of our Board, as described in “ <i>Our Management</i> ” on page 272.
JV/Joint Venture	Pasadena Retail Private Limited, a joint venture of our Company with Luxury Time Private Limited w.e.f. May 3, 2019.
KDDL Limited	KDDL Limited, a company incorporated under the Companies Act, 1956.
Key Managerial Personnel or KMP	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations including key managerial personnel under Section 2(51) of the Companies Act as described in “ <i>Our Management</i> ” on page 277.
Memorandum of Association or MoA	Memorandum of association of our Company, as amended, from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in “ <i>Our Management</i> ” on page 268.
Non-Executive Director	Non-Executive director on our Board.
Selling Shareholders	KDDL Limited, Mahen Distribution Limited, Yashovardhan Saboo, Saboo Ventures LLP, Anuradha Saboo, Jai Vardhan Saboo, Anil Khanna, Nagarajan Subramanian, C. Raja Sekhar, Karan Singh Bhandari, Harsh Vardhan Bhuwalka, Anand Vardhan Bhuwalka, Shalini Bhuwalka, Manju Bhuwalka and VBL Innovations Private Limited.
Predecessor Auditor/Previous Auditor	B S R & Co. LLP, Chartered Accountants
Promoters	Yashovardhan Saboo, KDDL Limited and Mahen Distribution Limited
Promoter Group	Individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in “ <i>Our Promoters and Promoter Group</i> ” on page 281.
Registered Office	The registered office of our Company situated at Plot No. 3, Sector- III, Parwanoo Himachal Pradesh -173 220.
Registrar of Companies or RoC	Registrar of Companies, Himachal Pradesh at Union Territory of Chandigarh.
Restated Consolidated Summary Statements	The restated consolidated financial information of our Company, along with our Subsidiary and Joint Venture, comprising of the restated consolidated balance sheet as at nine months period ended December 31, 2021, and Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated statement of profit and loss (including other comprehensive income), and restated consolidated statement of cash flows and restated consolidated statement of changes in equity for the nine months period ended at December 31, 2021 and Financial Years ended at March 31, 2021, March 31, 2020 and March 31, 2019 together with its notes, annexures and schedules are derived from our audited consolidated financial statements as at and for the nine months period ended at December 31, 2021 prepared in accordance with Ind AS 34 and our audited financial statements as at and for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, and the SEBI Listing Regulations and as described in “ <i>Our Management</i> ” on page 270.
Subsidiary	Cognition Digital LLP

## Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form.
Allot or Allotment or Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anchor Investor	A qualified institutional buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus who has Bid for an amount of at least ₹ 1,000 lakhs.
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs.
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the requirements specified under the SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and Selling Shareholders in consultation with the BRLMs.
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
Application Supported by Blocked Amount or ASBA	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and to authorise an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of the UPI Mandate Request by RIBs using the UPI Mechanism.
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIB using the UPI Mechanism.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidders	All Bidders except Anchor Investors.
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Banker(s) to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in “Offer Structure” on page 475.

<b>Term</b>	<b>Description</b>
Bid(s)	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto in accordance with the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term “ <i>Bidding</i> ” shall be construed accordingly.
Bid Amount	In relation to each Bid, the highest value of Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be published in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Shimla Edition of Himachal Times, a local Hindi Newspaper of Himachal Pradesh (Hindi also being the regional language of the Himachal Pradesh, where our Registered Office is located) each with wide circulation. Our Company and the Selling Shareholder, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall also be widely disseminated by notification to the Stock Exchanges and notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be published in all editions of Financial Express, an English national daily newspaper and all editions of the Jansatta, a Hindi national daily newspaper and Shimla Edition of Himachal Times, a local Hindi Newspaper of Himachal Pradesh (Hindi also being the regional language of Himachal Pradesh, where our registered office is located) each with wide circulation.
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Provided however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
“Book Running Lead Managers” or “BRLMs”	Book running lead managers to the Offer, namely, Emkay Global Financial Services Limited and InCred Capital Wealth Portfolio Managers Private Limited.
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker.  The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).

<b>Term</b>	<b>Description</b>
CAN or Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated / transferred the Equity Shares, on or after the Anchor Investor Bid/Offer Period.
Cap Price	Higher end of the Price Band, subject to any revisions thereto, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. Provided that Cap Price shall be at least 105% of Floor Price and shall not exceed 120% of Floor Price.
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered among our Company and the Selling Shareholders, the BRLMs, the Bankers to the Offer and Registrar to the Offer for, inter alia, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to dematerialized account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges, as updated from time to time.
Cut-off Price	Offer Price, finalised by our Company and the Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band Only Retail Individual Bidders Bidding in the Retail Portion are entitled to Bid at the Cut-off Price (as applicable). No other category of Bidders is entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ), as updated from time to time.
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of RIBs using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted in the Offer.
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs Bidding by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.  In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.  In relation to ASBA Forms submitted by QIBs (excluding Anchor Investors) and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, SCSBs, Registered Brokers, the CDPs and RTAs.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).



Term	Description
Designated Stock Exchange	BSE Limited
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated January 21, 2022, filed with the SEBI on January 22, 2022, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Eligible FPI(s)	FPI(s) from such jurisdictions outside India where it is not unlawful to make an offer/invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby.
Eligible NRI(s)	NRI(s) applying in the Offer on non-repatriation basis, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares.
Escrow Account	The 'no-lien' and 'non-interest bearing' account(s) to be opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding ASBA Bidders) will transfer money through NACH/directcredit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.
Escrow Collection Bank(s)/Bankers to the Offer	The bank(s) which are registered with SEBI as banker(s) to an issue and with whom the Escrow Account(s) will be opened, in this case being ICICI Bank Limited.
First or sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 37,500 lakhs by our Company.  *Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs (" <b>Pre-IPO Placement</b> "). The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs.  Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.
General Information Document or GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.
Monitoring Agency	Crisil Ratings Limited
Monitoring Agency Agreement	Agreement to be entered into between our Company and the Monitoring Agency, as applicable.
Mutual Fund	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the Net QIB Portion which shall be available for allocation only to Mutual Funds on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Net Proceeds	The proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see " <i>Objects of the Offer</i> " on page 129.
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors.
Non-Institutional Bidders or NII or NIB	All Bidders that are not QIBs or Retail Individual Bidders who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).

<b>Term</b>	<b>Description</b>
Non-Institutional Portion	<p>Portion of the Offer being not less than 15% of the Offer which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.</p> <p>The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price, in the following manner:</p> <p>(a) one third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000;</p> <p>(b) two third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1,000,000.</p> <p>Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of Non-Institutional Bidders.</p>
Non-Resident	Person resident outside India, as defined under FEMA
NPCI	National Payment Corporation of India
Offer	<p>The initial public offer of Equity Shares comprising of the Fresh Issue and the Offer for Sale.</p> <p>Offering of up to [●] Equity Shares of face value of ₹ 10 each Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] lakhs comprising of a fresh issue of up to [●] Equity Shares aggregating up to ₹ 37,500 lakhs* and an offer for sale of up to 11,08,037 Equity Shares aggregating up to ₹ [●] lakhs by the Selling Shareholders.</p> <p>*Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs.</p> <p>Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.</p>
Offer Agreement	The agreement dated January 21, 2022 entered into amongst our Company and the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer, which was further amended on April 26, 2022
Offer Document	Collectively the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus or any other documents in connection with the Offer.
Offer for Sale	Offer for Sale of up to 11,08,037 Equity Shares aggregating up to ₹ [●] lakhs, comprising of up to 2,75,000 Equity Shares aggregating up to ₹ [●] lakhs by Yashovardhan Saboo (“Selling Shareholder”), up to 5,00,000 Equity Shares aggregating up to ₹ [●] lakhs by KDDL Limited (“Selling Shareholder”), up to 50,000 Equity Shares aggregating up to ₹ [●] lakhs by Mahen Distribution Limited (“Selling Shareholder”), up to 1,50,000 Equity Shares aggregating up to ₹ [●] lakhs by Saboo Ventures LLP (“Selling Shareholder”), up to 60,000 Equity Shares aggregating up to ₹ [●] lakhs by Anuradha Saboo (“Selling Shareholder”), up to 15,000 Equity Shares aggregating up to ₹ [●] lakhs by Jai Vardhan Saboo (“Selling Shareholder”), up to 10,500 Equity Shares aggregating up to ₹ [●] lakhs by VBL Innovations Private Limited (“Selling Shareholder”), up to 6,250 Equity Shares aggregating up to ₹ [●] lakhs by Anil Khanna (“Selling Shareholder”), up to 19,231 Equity Shares aggregating up to ₹ [●] lakhs by Nagarajan Subramanian (“Selling Shareholder”), up to 10,556 Equity Shares aggregating up to ₹ [●] lakhs by C. Raja Sekhar (“Selling Shareholder”), up to 3,000 Equity Shares aggregating up to ₹ [●] lakhs by Karan Singh Bhandari (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Harsh Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Anand Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Shalini Bhuwalka (“Selling Shareholder”) and up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Manju Bhuwalka (“Selling Shareholder”).
Offer Price	The final price at which Equity Shares will be Allotted to successful ASBA Bidders (except for the Anchor Investors) in terms of the Red Herring Prospectus and the

Term	Description
	<p>Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus.</p> <p>The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.</p>
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” on page 129.
Offered Shares	Up to 11,08,037 Equity Shares comprising of up to 2,75,000 Equity Shares by Yashovardhan Saboo (“Selling Shareholder”), up to 5,00,000 Equity Shares by KDDL Limited (“Selling Shareholder”), up to 50,000 Equity Shares by Mahen Distribution Limited (“Selling Shareholder”), up to 1,50,000 Equity Shares by Saboo Ventures LLP (“Selling Shareholder”), up to 60,000 Equity Shares by Anuradha Saboo (“Selling Shareholder”), up to 15,000 Equity Shares by Jai Vardhan Saboo, up to 10,500 Equity Shares by VBL Innovations Private Limited (“Selling Shareholder”), up to 6,250 Equity Shares by Anil Khanna (“Selling Shareholder”), up to 19,231 Equity Shares by Nagarajan Subramanian (“Selling Shareholder”), up to 10,556 Equity Shares by C. Raja Sekhar (“Selling Shareholder”), up to 3,000 Equity Shares by Karan Singh Bhandari (“Selling Shareholder”), up to 2,125 Equity Shares by Harsh Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares by Anand Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares by Shalini Bhuwalka (“Selling Shareholder”) and up to 2,125 Equity Shares aggregating by Manju Bhuwalka (“Selling Shareholder”)
Pre-IPO Placement	<p>Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. Our Company in its meeting held on March 28, 2022 has allotted 302,663 Equity Shares of ₹ 10 each for a price of ₹ 826 per share (including a premium of ₹ 816 per share) aggregating to ₹ 2,500 lakhs, towards Pre-IPO placement to Abakkus Growth Fund – 2, a SEBI registered Category III Alternative Investment Fund.</p> <p>Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.</p>
Price Band	<p>Price band of a minimum price of ₹ [●] per Equity Share (i.e. the Floor Price) and the maximum price of ₹ [●] per Equity Share (i.e. the Cap Price) including any revisions thereof. Cap Price shall be minimum 105% of the Floor Price and shall not exceed 120% of Floor Price.</p> <p>The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, as per applicable law and will be advertised, at least two Working Days prior to the Bid/Offer Opening Date, in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi daily newspaper and Shimla Edition of Himachal Times, a local Hindi Newspaper of Himachal Pradesh (Hindi also being the regional language of Himachal Pradesh, where our Registered Office is located.) each with wide circulation and will be made available to the Stock Exchanges for the purpose of uploading on their respective websites.</p>
Pricing Date	The date on which our Company and the Selling Shareholders, in consultation with the BRLMs will finalise the Offer Price.
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The ‘no-lien’ and ‘non-interest bearing’ account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts maintained with the SCSBs on the Designated Date.

<b>Term</b>	<b>Description</b>
Public Offer Account Bank(s)	A bank which is registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being ICICI Bank Limited.
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer which shall be available for allocation to QIBs (including Anchor Investors in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or the Anchor Investor Offer Price, as applicable.
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	Red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date.
Refund Account(s)	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made.
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being ICICI Bank Limited.
Registered Brokers	The stock brokers registered under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
Registrar Agreement	The agreement dated January 21, 2022, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars.
“Registrar to the Offer” or “Registrar”	Kfin Technologies Limited.
“Retail Individual Bidder(s)” or “RIB(s)”	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price).
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable.  QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders bidding in the retail portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intMid=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intMid=34</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intMid=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intMid=40</a> or such other website as may be prescribed by SEBI and updated from time to time.  Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism

Term	Description
	is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SEBI Intermediary Portal	The web portal provided by SEBI for registration by the intermediaries i.e. <a href="https://siportal.sebi.gov.in/intermediary/index.html">https://siportal.sebi.gov.in/intermediary/index.html</a>
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, Kfin Technologies Limited.
Share Escrow Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders.
Sponsor Banks	ICICI Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited and Axis Bank Limited, being a Bankers to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars.
“Syndicate” or “Members of the Syndicate”	Together, the BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs and the Syndicate Members, in relation to collection of Bids by the Syndicate.
Syndicate Members	Emkay Global Financial Services Limited and InCred Capital Wealth Portfolio Managers Private Limited.
Technopak	Technopak Advisors Private Limited.
Technopak Report	Report titled “Industry Report on Premium & Luxury Watch Retail in India”, issued dated April 26, 2022, prepared by Technopak Advisors Private Limited available on the following link: <a href="https://www.ethoswatches.com/investors-information">https://www.ethoswatches.com/investors-information</a>
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Underwriters on or after the Pricing Date, but prior to filing of the Prospectus with the RoC.
UPI	Unified payments interface, which is an instant payment mechanism, developed by NPCI.
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and EBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 05, 2022 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID/ PIN	ID created on the UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the RIB or individual investor with Application size of up to ₹ 5.00 lakhs opting for UPI of by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The bidding mechanism that may be used by an RIB and individual investor with an Application size of up to ₹ 5.00 lakhs in accordance with the UPI Circulars to make an ASBA Bid in the Offer.

Term	Description
Working Day	All days on which commercial banks in Mumbai, Maharashtra are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai, Maharashtra are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI.
14%CCCPS	14%-cumulative compulsory convertible preference shares of face value ₹ 130 each.
12%CCCPS	12%-cumulative compulsorily convertible preference shares of face value ₹ 110 each.
12%COCPs	12% cumulative optionally convertible preference shares of face value ₹ 65 each.
12%NCRPS	12% non-cumulative redeemable preference shares of face value ₹ 100 each having a term of one year.

### Industry Related Terms

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

Term	Description
USD	United States Dollar
USP	Unique selling proposition
VR	Virtual Reality
Vertical specialist	Retailers specializing in a particular category of goods
Virtual Showroom	Online platform exhibiting products to the customers for sale
WFH	Work from home
Y-o-Y	Year over year

### Conventional Terms

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AIFs	Alternative Investment Funds
BSE	BSE Limited
Category I AIF	AIFs who are registered as “ <i>Category I Alternative Investment Funds</i> ” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “ <i>Category I Foreign Portfolio Investors</i> ” under the SEBI FPI Regulations
Category II FPIs	FPIs who are registered as “ <i>Category II Foreign Portfolio Investors</i> ” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “ <i>Category II Alternative Investment Funds</i> ” under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as “ <i>Category III Alternative Investment Funds</i> ” under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CEO	Chief Executing Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
COO	Chief Operating Officer
Companies Act	Companies Act, 2013, as applicable
Crypto Currency	Digital or virtual currency
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
C&F agent	Clearing and forwarding agent
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ( <i>earlier known as the Department of Industrial Policy and Promotion</i> )
DP ID	Depository Participant Identification.
DP/ Depository Participant	Depository participant as defined under the Depositories Act.
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortisation expenses, and finance costs
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESOP	Employee stock option scheme
FCNR	Foreign Currency Non-Resident
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.

<b>Term</b>	<b>Description</b>
FEMA Non-debt Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FIR	First Information Report
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year.
Finance Act	The fiscal legislation passed by the Indian parliament, every Financial Year, to give effect to the financial proposals of the Central Government
GAAP	Generally accepted accounting principles
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
GoI or Government or Central Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS/ 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.
India	Republic of India
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
NAV	Net Asset Value
NSE	National Stock Exchange of India Limited
Other Financial Assets	Other financial assets are assets / contractual agreements which are realizable in Cash at the end of its maturity. Other financial assets includes Security Deposits given to Lessor and advance recoverable from Vendor where Company is to receive the amount from its vendor on account of reimbursement of expenses.
Other Current Liabilities	Other Current Liabilities are short term liabilities which are to be settled within one operating cycle i.e. in next Fiscal. Other current liabilities includes Contract liabilities i.e. Advance received from Customers for goods, and liabilities for loyalty (Club Echo) points
P/E	Price/Earning
Regulation S	Regulation S under the U.S. Securities Act
RBI	Reserve Bank of India
RoNW	Return on Net Worth
RPT	Related Party Transaction
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, As Amended.
SEBI Listing Regulation	SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, as amended.
SMS	Short message services
Supreme Court	Hon'ble Supreme Court of India
Systemically Important NBFC	Non-banking financial institutions registered with Reserve Bank of India, having asset size of more than ₹ 500,00 lakhs
The Taxation Laws (Amendment) Act, 2019	Taxation Laws (Amendment) Act, 2019, an act to amend the Income-tax Act, 1961 and to amend the Finance (No. 2) Act, 2019
U.S. Securities Act	U.S. Securities Act of 1933, as amended
World Economic Forum	The international organization for public-private cooperation



## **CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION AND MARKET DATA**

### **Certain Conventions**

All references to “India” in this Red Herring Prospectus are to the Republic of India and its territories and possession and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

All references to the “U.S.”, “USA” or “United States” are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

### **Financial Data**

Unless stated or the context requires otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Consolidated Summary Statements, i.e. the restated consolidated statement of assets and liabilities for nine months period ended December 31, 2021 and Financial Years ended at March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated statement of profit and loss, the restated consolidated statement of changes in equity and the restated consolidated statement of cash flows for nine months period ended at December 31, 2021 and financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the statement of significant accounting policies, and other explanatory information which is derived from audited financial statements for the year ended March 31, 2021, 2020 and 2019, each, prepared in accordance with Ind AS and our audited financial statement for the nine months period ended December 31, 2021 prepared in accordance with Ind AS 34 and restated in accordance with the SEBI ICDR Regulations and the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI. Further, our financials for Fiscal 2019 were audited by our Predecessor Auditor. Financial information for December 31, 2021, are not indicative of full year results and are not comparable with annual financial information.

For further information on our Company’s financial information, see “*Financial Statements*” on page 292. Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, the period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year. Reference in this Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless otherwise specified.

The degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Red Herring Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with Indian GAAP, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details in connection with risks involving differences between Ind AS and other accounting principles, see “*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors’ assessments of our financial condition, result of operations and cash flows*” on page 80.

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.

Unless the context otherwise requires or indicates, any percentage or amounts (excluding certain operational metrics), with respect to financial information of our Company, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 39, 213 and 391, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of figures

derived from the Restated Consolidated Summary Statements.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures derived from our Restated Consolidated Summary Statements 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 to the second decimal to conform to their respective sources.

Certain non-GAAP measures like net worth, return of net worth, net tangible assets, monetary assets, monetary assets as a percentage of net tangible assets, net asset value per equity share, earnings before interest, taxes, depreciation and amortization (EBITDA) etc. (“**Non-GAAP Measures**”) presented in this Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures and other operating matrices are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit for the period / year 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, IFRS or US GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures and other operating matrices between companies may not be possible. Other companies may calculate the Non-GAAP Measures and other operating matrices differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures and other operating matrices are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company’s operating performance.

Our Statutory Auditors have provided no assurance on the working capital estimates, projections or any prospective financial information in this Red Herring Prospectus and have performed no service with respect to it, for details please refer to ‘*Objects of the Offer*’ on page 129.

### **Currency and Units of Presentation**

All references to:

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

Except otherwise specified, our Company has presented certain numerical information in this Red Herring Prospectus in “lakh”, “crores” units. One lakh represents 1,00,000, one crore represents 1,00,00,000.

Figures sourced from third-party industry sources may be expressed in denominations other than lakhs or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

### **Time**

All references to time in this Red Herring Prospectus are to Indian Standard Time.

### **Exchange Rates**

This Red Herring Prospectus 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:

	As at December 31, 2021	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019*
1 USD	74.30	73.50	75.39	69.17
1 CHF#	81.44	77.95	78.57	69.66
1 EUR	84.05	86.10	83.05	83.05
1 GBP	100.30	100.95	93.02	90.48
1 SGD#	55.05	54.50	52.96	51.10

Source: RBI reference rate, [www.fbil.org.in](http://www.fbil.org.in) and [www.xe.com](http://www.xe.com)

\*Exchange rate as on March 29, 2019 considered as exchange rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus, including in “*Our Business*” and “*Industry Overview*” on pages 213 and 154, respectively, has been obtained or derived from the report titled “*Industry Report on Premium and Luxury Watch Retail in India*” dated April 26, 2022 prepared by Technopak Advisors Private Limited (“**Technopak**”), who was appointed by us on October 22, 2021 and is publicly available information, available on the following link: <https://www.ethoswatches.com/investors-information>. The Technopak Report has been commissioned by and paid for by our Company. For further details in relation to risks involving in this regard, see “*Risk Factors – Industry information included in this Red Herring Prospectus has been derived from a third party industry report, exclusively commissioned and paid for by us*” and “*Industry Overview*” on pages 70 and 154, respectively and made disclosures on the basis of the data provided in the same.

Industry publications generally state that the information contained in such publications have been obtained from publicly available documents from various sources believed to be reliable but their accuracy, adequacy and completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, the data used in these sources may have been reclassified by us for the purposes of presentation and data from these sources may also not be comparable.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 39. Accordingly, investment decisions should not be based solely on such information.

Certain information in the sections titled “*Offer Document Summary*”, “*Industry Overview*” and “*Our Business*” on pages 23, 154 and 213, respectively of this Red Herring Prospectus have been obtained from the report titled “*Industry Report on Premium & Luxury Watch Retail in India*” dated April 26, 2022 prepared by Technopak Advisors Private Limited which has issued the following disclaimer:

### Disclaimer by Technopak

- This information package is distributed by Technopak Advisors Private Limited (hereinafter “Technopak”) on a strictly private and confidential and on ‘need to know’ basis exclusively to the intended recipient. Technopak has taken due care and caution and has exercised diligence in preparing this Report basis the information obtained by Technopak from primary and secondary sources which it considers reliable. Other than as may be required for the purposes of the Offer. This information package and the information and projections contained herein may be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s) as well as for inclusion in the DRHP, RHP, Prospectus or any other document in relation to the Offer as may be decided by the Company. The person(s) who is/are in possession of this information package or may come in possession at a later day hereby undertake(s) to observe the restrictions contained herein.
- No material part/information has been left out while preparing the ‘Industry Report’ which may have adverse impact on the investors.

- Only leading players are profiled and benchmarked for the purpose of the Report and does not necessarily cover all types of players.
- The information contained herein is of a general nature and is not intended to address the facts and figures of any particular individual or entity. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for business decisions. No one should act upon such information without taking appropriate additional professional advice and/or thorough examination of the particular situation. This information package is distributed by Technopak upon the express understanding that no information herein contained has been independently verified. Further, all information has been obtained by Technopak from sources believed by it to be true and reliable and after exercise of due care and diligence by us. Also, no representation or warranty (expressed or implied) is made that such information remains unchanged in any respect as of any date or dates after those stated here in with respect to any matter concerning any statement made in this Information package. Technopak and its directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or of any omissions from the information package and any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this information package and/or further communication in relation to this information package.
- All recipients of the information package should make their own independent evaluations and should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the information and obtain independent and specified advice from appropriate professional adviser, as they deem necessary.

## FORWARD- LOOKING STATEMENTS

This Red Herring Prospectus contains certain statements which are not statements of historical facts and may be described as “forward-looking statements”. These forward-looking statements include statements which can generally be identified by words or phrases such as “aim”, “anticipate”, “are likely”, “believe”, “continue”, “can”, “shall”, “could”, “expect”, “estimate”, “intend”, “may”, “likely”, “objective”, “plan”, “project”, “propose”, “seek to”, “will”, “will continue”, “will likely”, “will pursue” or other words or phrases of similar import.

Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, plans, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Red Herring Prospectus that are not historical facts. However, these are not the exclusive means of identifying forward looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations, taxes, changes in competition in our industry and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. Our ability to maintain good relationship with our suppliers/vendors;
2. The significant impact of the pandemic on the business and operations of our Company;
3. Inability to identify customer demands accurately and maintain an optimal level of inventory in our stores;
4. Inability to promptly identify and respond to changing customer preferences or evolving trends;
5. Inability to effectively manage or expand our retail network and operations or pursue our growth strategy;
6. The premises of all our offices, stores and warehouses are leased;
7. Dependency on vendors for supply of products
8. Loss of one or more third-party brands, or a reduction in demand for their products adversely impacting the business, results of operations, financial condition and cash flows; and
9. Inability to obtain, renew or maintain certain statutory and regulatory permits and approvals required to operate our business.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on pages 39, 213 and 391, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking

statements and not to regard such statements as a guarantee of future performance.

Neither our Company, our Directors, our Promoters, the Selling Shareholders, the BRLMs, the Syndicate Members nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements under the SEBI (ICDR) Regulations, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares from the date of this Red Herring Prospectus until the time of the commencement of listing and trading permission by the Stock Exchanges. The Selling Shareholders shall ensure (through our Company and the BRLMs) that the investors are informed of material developments in relation to statements specifically confirmed or undertaken by the respective Selling Shareholders in this Red Herring Prospectus and the Prospectus until the time of the commencement of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically confirmed or undertaken by the Selling Shareholders, as the case may be, in this Red Herring Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholders.

## OFFER DOCUMENT SUMMARY

The following is a general summary of certain disclosures included in this Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Red Herring Prospectus or the Prospectus when filed, or all details relevant to 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 Red Herring Prospectus, including “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Financial Statements”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 39, 81, 100, 129, 154, 213, 292, 439, 479, and 502, respectively.

### Summary of the primary business of our Company

We are India’s one of the largest luxury and premium watch retail player having 13% share of the total retail sales in premium and luxury segment and a share of 20% when seen in exclusively luxury segment in the financial year 2020, (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022 prepared by Technopak Advisors Private Limited’, available on the following link: <https://www.ethoswatches.com/investors-information>) delivering a content-led luxury retail experience to our customers through our online and physical presence. In addition to our chain of 50 physical retail stores in 17 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms. We have a sizeable portfolio of premium and luxury watches in India enabling us to retail 50 premium and luxury watch brands like Omega, IWC Schaffhausen, Jaeger LeCoultre, Panerai, Bvlgari, H. Moser & Cie, Rado, Longines, Baume & Mercier, Oris SA, Corum, Carl F. Bucherer, Tissot, Raymond Weil, Louis Moinet and Balmain. We enjoy a healthy market share of 20% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’, available on the following link: <https://www.ethoswatches.com/investors-information>). In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches since Fiscal 2019.

### Summary of the industry in which our Company operates

Watch Market in India was valued at ~₹ 13,500 crores in Fiscal 2020 and is expected to grow at a CAGR of 10.6% to reach ~ ₹ 22,300 crores by FY 2025, on back of factors like increased discretionary spend on watches category, opening of more organized channels of purchase like MBOs and online marketplaces & vertical specialists, increased penetration of smartwatches in mid to premium category and Omnichannel market organization. (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’, available on the following link: <https://www.ethoswatches.com/investors-information>)

### Name of our Promoters

Yashovardhan Saboo, KDDL Limited and Mahen Distribution Limited

### Offer size

Offer of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] lakhs, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 37,500 lakhs\* by our Company and an Offer for Sale of up to 11,08,037 Equity Shares aggregating up to ₹ [●] lakhs, comprising of up to 2,75,000 Equity Shares aggregating up to ₹ [●] lakhs by Yashovardhan Saboo (“Selling Shareholder”), up to 5,00,000 Equity Shares aggregating up to ₹ [●] lakhs by KDDL Limited (“Selling Shareholder”), up to 50,000 Equity Shares aggregating up to ₹ [●] lakhs by Mahen Distribution Limited (“Selling Shareholder”), up to 1,50,000 Equity Shares aggregating up to ₹ [●] lakhs by Saboo Ventures LLP (“Selling Shareholder”), up to 60,000 Equity Shares aggregating up to ₹ [●] lakhs by Anuradha Saboo (“Selling Shareholder”), up to 15,000 Equity Shares aggregating up to ₹ [●] lakhs by Jai Vardhan Saboo (“Selling Shareholder”), up to 10,500 Equity Shares aggregating up to ₹ [●] lakhs by VBL Innovations Private Limited (“Selling Shareholder”), up to 6,250 Equity Shares aggregating up to ₹ [●] lakhs by Anil Khanna (“Selling Shareholder”), up to 19,231 Equity Shares aggregating up to ₹ [●] lakhs by Nagarajan Subramanian (“Selling Shareholder”), up to 10,556 Equity Shares aggregating up to ₹ [●] lakhs by C. Raja Sekhar (“Selling Shareholder”), up to 3,000 Equity Shares aggregating up to ₹ [●] lakhs by Karan Singh Bhandari (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Harsh Vardhan Bhuwalka (“Selling

Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Anand Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Shalini Bhuwalka (“Selling Shareholder”) and up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Manju Bhuwalka (“Selling Shareholder”).

\*Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

The objects for which the Net Proceeds from the Offer shall be utilized are as follows:

Particulars	Amount^ (₹ in lakhs)
Repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company	2,989.09
Funding working capital requirements of our Company	23,496.22
Financing the establishment of new stores	3,327.28
Financing the upgradation of ERP	198.01
General Corporate Purpose*	[●]
Total	[●]

^ Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

\* To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.

#### Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholders as a percentage of our pre-Offer paid up Equity Capital

- (a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

Name	Number of Equity Shares held	Percentage of the pre-Offer Equity Share Capital
<b>Promoters</b>		
Yashovardhan Saboo (“Selling Shareholder”) <sup>§</sup>	3,77,383	1.98%
KDDL Limited (“Selling Shareholder”)	1,21,19,588	63.53%
Mahen Distribution Limited (“Selling Shareholder”)	22,93,150	12.02%
<b>Promoter Group</b>		
Rajendra Kumar Saboo <sup>§</sup>	1	Negligible
Usha Devi Saboo <sup>§</sup>	1	Negligible
Anuradha Saboo (“Selling Shareholder”) <sup>§</sup>	67,957	0.36%
Jai Vardhan Saboo (“Selling Shareholder”)	1,07,625	0.56%
Pranav Shankar Saboo <sup>§</sup>	1	Negligible
Satvika Saboo <sup>§</sup>	2,001	0.01%
Saboo Ventures LLP (“Selling Shareholder”)	3,90,583	2.05%
Pushpa Manjari Mohatta	1	Negligible
Alok Mohatta	1	Negligible
Narendra Kumar Mohatta	19,734	0.10%
Dream Digital Technology Private Limited	7,885	0.04%
Vardhan Properties and Investment Private Limited	50,000	0.26%
VBL Innovations Private Limited (“Selling	20,500	0.11%



Name	Number of Equity Shares held	Percentage of the pre-Offer Equity Share Capital
Shareholder")		
Saboo Housing Projects LLP	1	Negligible
Total	1,54,56,412	81.02%

*\$One share is held as a nominee shareholder on behalf of KDDL Limited.*

*Note: There are no conversion pending therefore number of shares on fully diluted basis will remain same. For detail please refer to 'Capital Structure' on page 100.*

- (b) The aggregate pre-Offer shareholding of the Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

Name	Number of Equity Shares held	Percentage of the pre-Offer Equity Share Capital
Yashovardhan Saboo ("Selling Shareholder")	3,77,383	1.98%
KDDL Limited ("Selling Shareholder")	1,21,19,588	63.53%
Mahen Distribution Limited ("Selling Shareholder")	22,93,150	12.02%
Jai Vardhan Saboo ("Selling Shareholder")	1,07,625	0.56%
Anuradha Saboo ("Selling Shareholder")	67,957	0.36%
Saboo Ventures LLP ("Selling Shareholder")	3,90,583	2.05%
Anil Khanna ("Selling Shareholder")	12,822	0.07%
Nagarajan Subramanian ("Selling Shareholder")	85,203	0.45%
C. Raja Sekhar ("Selling Shareholder")	23,644	0.12%
Karan Singh Bhandari ("Selling Shareholder")	4,000	0.02%
Harsh Vardhan Bhuwalka ("Selling Shareholder")	5,125	0.03%
Anand Vardhan Bhuwalka ("Selling Shareholder")	5,125	0.03%
Shalini Bhuwalka ("Selling Shareholder")	5,125	0.03%
Manju Bhuwalka ("Selling Shareholder")	5,125	0.03%
VBL Innovations Private Limited ("Selling Shareholder")	20,500	0.11%
Total	1,55,22,955	81.37%

*\* Note: There are no conversion pending therefore number of shares on fully diluted basis will remain same. For detail please refer to 'Capital Structure' on page 100.*

### Summary of Financial Information

The details of our Equity Share capital, net worth, revenue, profit after tax, earnings per Equity share, net asset value per Equity Share and total borrowings for nine months period ended December 31, 2021, and Financial Years ended March 31, 2021, 2020 and 2019, derived from the Restated Consolidated Summary Statements are as follows:

*(₹ in lakhs, except per share data)*

Particulars	As at and for nine months ended December 31, 2021	As at and for the year ended March 31		
		2021	2020	2019
(A) Equity share capital	1,877.55	1,821.28	1,821.28	1,690.17
(B) Net worth <sup>^</sup>	19,804.41	15,559.69	14,985.11	13,038.76
(C) Revenue from operations	41,859.31	38,657.07	45,784.91	44,352.90
(D) Profit/(loss) for the period/year	1,598.78	578.53	(133.40)	988.88
(E) Earnings/(loss) per Equity Share (basic)	8.74 <sup>#</sup>	3.18	(0.75)	5.22
Earnings/(loss) per Equity Share (diluted)	8.74 <sup>#</sup>	3.15	(0.75)	5.22
(F) Net asset value per Equity Share <sup>^</sup>	105.48	85.43	82.28	77.14
(G) Total Borrowings <sup>##</sup>	8,675.96	5,198.83	7,574.69	7,706.52

<sup>#</sup>not annualised.

<sup>##</sup>Current borrowings+ Non-current borrowings.

<sup>^</sup>For details of the same please refer to "Other Financial Information" on page 384.

### **Auditor’s qualifications which have not been given effect to in the Restated Consolidated Summary Statements**

There are no auditors’ qualifications which have not been given effect to in the Restated Consolidated Summary Statements. Other than emphasis of matter as specified below, there are no reservations, qualifications, adverse remarks or matters of emphasis highlighted by the Statutory Auditors in their reports to our audited consolidated financial statements for nine months period ended December 31, 2021 and Fiscals 2019, 2020 and 2021:

- 1) Our Statutory Auditors have drawn attention to a note in the interim consolidated Ind AS financial statements for the nine months period ended December 31, 2021, which describes the uncertainties and impact of Covid-19 pandemic on the Group’s operations and results as assessed by the management.
- 2) Our Statutory Auditors have drawn attention to a note in the consolidated Ind AS financial statements for the year ended March 31, 2021, which describes the uncertainties and impact of Covid-19 pandemic on the Group’s operations and results as assessed by the management.
- 3) Our Statutory Auditors have drawn attention to a note in the consolidated Ind AS financial statements for the year ended March 31, 2020, which describes the uncertainties and impact of Covid-19 pandemic on the Group’s operations and results as assessed by the management.

### **Summary table of outstanding litigations**

A summary of outstanding litigation proceedings as disclosed in “*Outstanding Litigation and Material Developments*” on page 439, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to resolution dated December 30, 2021, as of the date of this Red Herring Prospectus is provided below:

#### ***Litigation against our Company:***

(₹ in lakhs)		
<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Criminal	Nil	Nil
Material Civil	1	110.22
Action by statutory or regulatory authorities	Nil	Nil
Total	1	110.22

#### ***Litigation filed by our Company:***

(₹ in lakhs)		
<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Criminal	2	45.67
Material Civil	1	23.84
Action by statutory or regulatory authorities	Nil	Nil
Total	3	69.51

#### ***Litigation against our Subsidiary:***

(₹ in lakhs)		
<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Criminal	Nil	Nil
Material Civil	Nil	Nil
Action by statutory or regulatory authorities	Nil	Nil
Total	Nil	Nil

**Litigation filed by our Subsidiary:**

(₹ in lakhs)

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

**Tax proceedings involving our Company:**

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Direct Tax	7	318.77
Indirect Tax	6	3,390.01
Total	13	3,708.78

**Litigation involving Directors:**

(₹ in lakhs)

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

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

**Litigation involving Promoters**

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved* in such proceedings, to the extent quantifiable</i>
Criminal	Nil	Nil
Material Civil	2	190.13
Action by statutory or regulatory authorities	1	3.72
Total	3	193.85

\*To the extent quantifiable.

**Tax proceedings involving our Promoter**

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Direct Tax	8	46.97
Indirect Tax	Nil	Nil
Total	8	46.97

Our Group Company is not party to any pending litigation which will have a material impact on our Company.

For further details, see “*Outstanding Litigation and Material Developments*” on page 439.

**Risk factor**

For details of the risks applicable to us, see “*Risk Factors*” on page 39.

## Summary table of Contingent Liabilities

The following is a summary table of our contingent liabilities as on December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

(₹ in lakhs)

S. No.	Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
A	Claims against the Group not acknowledged as debts, under dispute				
	Income Tax matters	318.77	310.30	314.05	106.03
	Value Added Tax matters	3,330.03	3,331.35	1.32	1,000.71
	Customs duty matters	12.90	12.90	17.85	-
	Excise Duty matters	47.08	-	-	-
B	Arrears of fixed cumulative dividend on 12% cumulative compulsory convertible preference shares, 14% cumulative compulsory convertible preference shares including dividend distribution taxes	-	-	-	553.12

## Status of Contingent Liabilities cases pending with various Forum

Particulars	Nature of Dues	Amount Involved (₹ in lakhs)	Forum before which pending	Status
<b>Income Tax Matters</b>				
FY 2010-11	Income Tax	2.99	Commissioner of Income Tax (Appeals)	In its order pronounced on January 20, 2022 and received on February 9, 2022, ITAT directed disallowance of ₹ 30.45 lakhs to be deleted and partly allowed the appeal and further, remanded back other issues to the Commissioner of Income Tax (Appeals) for reconsidering.
FY 2012-13	Income Tax	2.68	Commissioner of Income Tax (Appeals)	ITAT has remanded back the case to the Commissioner of Income Tax (Appeals) for reconsidering.
FY 2012-13	Penalty	15.52	Commissioner of Income Tax (Appeals)	Our Company preferred an appeal with the CIT (Appeals) on April 27, 2018. Our Company has uploaded our submissions on February 5, 2021. Date of hearing in the matter is awaited till date.
FY 2013-14	Income Tax	31.51	Commissioner of Income Tax (Appeals)	Our Company had submitted written submissions on August 11, 2021. No further communication received yet.
FY 2014-15	Income Tax	52.03	Commissioner of Income Tax (Appeals)	Next date of hearing in the matter has not been received yet.
FY 2017-18	Income Tax	208.02	Commissioner of Income Tax (Appeals)	Next date of hearing in the matter has not been received yet.
FY 2018-19	Income Tax	2.71	Commissioner of Income Tax (Appeals)	Our Company had uploaded written submissions on August 7, 2021. No further communication received yet.
FY 2019-20	Income Tax	3.30	Rectification Application u/s 154	Our Company had filed a rectification application u/s 154 on August 18, 2021 but no further communication has been received in this regard.
<b>Total</b>		<b>318.77</b>		
<b>Value Added Matters</b>				
FY 2016-17	Central Sales Tax and interest	2,005.73	Objection Hearing Authority	Our Company has filed an objection petition u/s 74 before Objection Hearing Authority requesting quashing of his order and making

Particulars	Nature of Dues	Amount Involved (₹ in lakhs)	Forum before which pending	Status
				the re-assessment. The date of the Hearing is awaited.
FY 2016-17	Value Added Tax and interest	582.42	Objection Hearing Authority	Our Company has filed an objection petition u/s 74 before Objection Hearing Authority requesting quashing of his order and making the re-assessment. The date of the Hearing is awaited.
FY 2016-17	Penalty	741.88	Objection Hearing Authority	Our Company has filed an objection petition u/s 74 before Objection Hearing Authority requesting quashing of his order and making the re-assessment. The date of the Hearing is awaited.
<b>Total</b>		<b>3,330.03</b>		
<b>Custom Duty Matters</b>				
FY 2016-17	Countervailing Duty (CVD)	4.67	Commissioner (Appeals), Custom	Personal hearing held on August 27, 2021. Commissioner (Appeals) in its order dated November 2, 2021 set aside the order in original and remanded the case for issuance of reasoned order after considering all submissions of the appellant.
FY 2019-20	Countervailing Duty (CVD)	6.04	Commissioner (Appeals), Custom	Personal hearing held on October 14, 2021. Commissioner (Appeals) in its order dated March 4, 2022, set aside the order-in-original and remanded the case back for issuance of reasoned order after considering all submissions of the appellant.
FY 2020-21	Countervailing Duty (CVD)	2.19	Commissioner (Appeals), Custom	Personal hearing held on October 14, 2021. Commissioner (Appeals) in its order dated March 4, 2022, set aside the order-in-original and remanded the case back for issuance of reasoned order after considering all submissions of the appellant.
<b>Total</b>		<b>12.90</b>		
<b>Excise Duty Matters</b>				
FY 2014-15 to 2017-18	Central Excise Duty	47.08	Commissioner (Appeals), Excise	Deputy Commissioner CGST Mumbai confirmed the demand for ₹23.54 lakhs along with interest and imposed an equivalent penalty and our Company is in the process of filing an appeal before the Commissioner (Appeals) there against.
<b>Total</b>		<b>47.08</b>		

### Summary of Related Party Transactions

The details of related party transactions of our Company for the nine months period ended December 31, 2021 and financial year ended March 31, 2021, 2020 and 2019, as per Ind AS 24 – Related Party Disclosures derived from Restated Consolidated Summary Statements read with SEBI ICDR Regulations are set forth in the table below:

Summary of Related Party Transactions				
Details of transaction	(₹ in lakhs)			
	For nine months period ended December 31, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income from Joint Venture	1.53	6.44	-	-
Recovery of expenses incurred from Joint Venture	19.77	26.49	13.65	-
Investment in Joint Venture	75.00	-	100.00	-
Sale of goods to entities under common control	-	-	-	58.07
Rent Income from entities under common control	0.60	0.60	10.15	15.00

<b>Summary of Related Party Transactions</b>				
<b>Details of transaction</b>	<i>(₹ in lakhs)</i>			
	<b>For nine months period ended December 31, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Purchases of stock-in-trade from entities under common control	2.10	59.40	268.41	1,593.39
Advertisement and sales promotion to entities under common control	22.50	22.50	-	24.13
Recovery of expenses incurred from entities under common control	0.60	0.09	8.12	24.97
Rent expenses to entities under common control	4.00	-	-	-
Reimbursement of expenses from entities under common control	1.32	-	-	-
Interest Expenses to entities under common control	13.48	61.77	53.05	53.95
Purchase of Property, Plant and Equipment from entities under common control	-	-	-	4.41
Loan taken from entities under common control	275.00	-	200.00	-
Loan repaid to entities under common control	200.00	685.00	82.00	-
Security Premium received from entities under common control	55.18	-	9.23	-
Equity share issued to entities under common control	1.02	-	-	-
Sale of goods to holding company	19.39	3.94	4.54	6.70
Advertisement and sales promotion expenses to holding company	-	-	5.20	6.00
Recovery of expenses incurred from holding company	-	2.07	0.62	-
Rent expenses to holding company	16.48	20.73	15.83	7.57
Reimbursement of expenses from holding company	2.99	1.01	9.98	184.23
Financial guarantee expenses to holding company	22.37	28.29	0.45	0.75
Sale of Property, Plant and Equipment to holding company	-	-	4.76	0.21
Purchase of Property, Plant and Equipment from holding company	0.96	-	0.09	41.90
Security Premium received from holding company	1,940.99	-	2,051.15	482.87
Equity shares issued to holding company	35.94	-	73.84	17.12
Sale of goods to Key Managerial Personnel and their relatives	140.43	45.88	55.65	12.66
Purchases of stock-in-trade from Key Managerial Personnel and their relatives	64.25	-	5.00	-
Short term employee benefits to Key Managerial Personnel and their relatives	350.19	401.77	238.27	242.94

Summary of Related Party Transactions				
Details of transaction	(₹ in lakhs)			
	For nine months period ended December 31, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Legal and professional fees to relatives of Key Managerial Personnel	13.57	0.45	4.29	2.64
Rent expenses to Key Managerial Personnel and their relatives	9.55	22.19	21.14	6.93
Directors sitting fees and commission to Key Managerial Personnel	40.13	23.23	14.11	33.27
Interest Expenses to Key Managerial Personnel and their relatives	74.67	75.04	38.79	17.17
Share application money received from Key Managerial Personnel and their relatives	-	7.50	-	-
Share application money refunded to Key Managerial Personnel and their relatives	-	7.50	-	-
Loan taken from Key Managerial Personnel and their relatives	481.33	371.27	371.00	-
Loan repaid to Key Managerial Personnel and their relatives	261.89	196.54	-	70.00
Loan given to Key Managerial Personnel and their relatives	5.50	14.35	-	-
Security Premium received from Key Managerial Personnel and their relatives	176.39	-	168.82	-
Equity shares issued to Key Managerial Personnel and their relatives	8.95	-	14.19	-

Note: 1. Our Company has disclosed all the related party transactions for the nine months period ended December 31, 2021 and financial year ended March 31, 2021, 2020 and 2019 in the above table and has not applied for any materiality threshold for such disclosure.

2. Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.

**Details of transactions with subsidiary eliminated on consolidation:**

(₹ in lakhs)				
Particulars	For nine months period ended December 31, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent Income from subsidiary	9.00	9.00	2.41	-
Advertisement and sales promotion to subsidiary	146.63	473.48	802.81	697.57
Reimbursement of expenses from subsidiary	68.66	265.95	392.21	460.58
Sale of property plant and equipment to subsidiary	-	0.35	0.50	-

For details on the 'Related Party Transactions', please see 'Other Financial Information-Related Party Transactions' on page 385.

**Details of all financing arrangement whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months**

**immediately preceding the date of this Red Herring Prospectus.**

Our Promoters, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any person of securities of our Company during the period of six months immediately preceding the date of this Red Herring Prospectus, except Rajendra Kumar Saboo, member of the Promoter Group, who has provided loan of ₹ 25 lakhs to Yashovardhan Saboo.

There are no transactions other than in the normal course of the business of the relevant financing entity.

**Weighted average price at which the specified securities were acquired by Promoters and Selling Shareholders, in the last one year / three years / five years\*.**

The weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholders, in the last one year/ three years / five years preceding the date of this Red Herring Prospectus is as follows:

**Yashovardhan Saboo –Selling Shareholder- Promoter**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	227.98	[•]	120.00 to 550.00
Last 3 year	96.63	[•]	0.00 to 550.00
Last 5 year	102.12	[•]	0.00 to 550.00

**KDDL Limited – Selling Shareholder-Promoter**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	377.33	[•]	200.00 to 550.00
Last 3 year	318.55	[•]	130.00 to 550.00
Last 5 year	230.77	[•]	110.00 to 550.00

**Mahen Distribution Limited - Selling Shareholder - Promoter**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	Nil	[•]	Nil
Last 3 year	Nil	[•]	Nil
Last 5 year	Nil	[•]	Nil

**Anuradha Saboo – Selling Shareholder- Member of the Promoter Group**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	550.00	[•]	550.00 to 550.00
Last 3 year	157.12	[•]	130.00 to 550.00
Last 5 year	141.36	[•]	130.00 to 550.00



**Jai Vardhan Saboo – Selling Shareholder- Member of the Promoter Group**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	196.96	[●]	120.00 to 550.00
Last 3 year	186.24	[●]	120.00 to 550.00
Last 5 year	186.24	[●]	120.00 to 550.00

**Saboo Ventures LLP – Selling Shareholder- Member of the Promoter Group**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	249.14	[●]	200.00 to 550.00
Last 3 year	249.28	[●]	200.00 to 550.00
Last 5 year	180.58	[●]	128.00 to 550.00

**VBL Innovations Private Limited – Selling Shareholder-Member of the Promoter Group**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	550.00	[●]	550.00 to 550.00
Last 3 year	140.24	[●]	130.00 to 550.00
Last 5 year	140.24	[●]	130.00 to 550.00

**Anil Khanna – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	130.80	[●]	120.00 to 550.00
Last 3 year	141.07	[●]	120.00 to 550.00
Last 5 year	130.80	[●]	120.00 to 550.00

**Nagarajan Subramanian – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	181.29	[●]	120.00 to 550.00
Last 3 year	152.12	[●]	120.00 to 550.00
Last 5 year	135.19	[●]	110.00 to 550.00

**Anand Vardhan Bhuwalka – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	550.00	[●]	550.00 to 550.00
Last 3 year	140.24	[●]	130.00 to 550.00
Last 5 year	140.24	[●]	130.00 to 550.00

**Karan Singh Bhandari- Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	Nil	[●]	Nil
Last 3 year	Nil	[●]	Nil
Last 5 year	Nil	[●]	Nil

**Harshvardhan Bhuwalka – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	550.00	[●]	550.00 to 550.00
Last 3 year	140.24	[●]	130.00 to 550.00
Last 5 year	140.24	[●]	130.00 to 550.00

**Shalini Bhuwalka – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	550.00	[●]	550.00 to 550.00
Last 3 year	140.24	[●]	130.00 to 550.00
Last 5 year	140.24	[●]	130.00 to 550.00

**Manju Bhuwalka – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹ )	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	550.00	[●]	550.00 to 550.00
Last 3 year	140.24	[●]	130.00 to 550.00
Last 5 year	140.24	[●]	130.00 to 550.00

### **C. Raja Sekhar – Selling Shareholder**

Period	Weighted average cost of acquisition (in ₹)	Cap Price is 'X' times the Weighted average cost of acquisition	Range of acquisition price: Lowest Price-Highest Price (In ₹)
Last 1 year	138.94	[•]	120.00 to 550.00
Last 3 year	138.94	[•]	120.00 to 550.00
Last 5 year	140.02	[•]	120.00 to 550.00

*\*As certified by B K S & Co., Chartered Accountants vide its certificate dated May 6, 2022.*

### **Details of price at which Equity Shares were acquired in the last three years preceding the date of this Red Herring Prospectus by Promoter, Promoter's Group and Selling Shareholders or shareholders entitled with right to nominate directors or any other rights.**

We confirm that Promoter, Promoter's Group and Selling Shareholders or shareholders entitled with right to nominate directors or any other rights; have acquired Equity shares with their own resources except in case of Yashovardhan Saboo who has obtained loan from members of the Promoter Group as follows: (i) loan of ₹ 150.00 lakhs from Jai Vardhan Saboo (member of the Promoter Group) to acquire 75,000 Equity Shares of Company on June 30, 2021 and (ii) loan of ₹ 25.00 lakhs from Rajendra Kumar Saboo (member of the Promoter Group) to acquire 9,955 Equity Shares, against loan on November 23, 2021.

Details	Date of acquisition/ allotment / acquisition	Face Value (₹)	No. of shares acquired/ allotted	Acquisition / Offer price per share (including securities premium) (₹)	Reason for allotment/ transfer (preferential allotment/ bonus etc.)	Total Cost (₹)
<b>Promoters</b>						
<b>Yashovardhan Saboo</b> (“Selling Shareholder”)	November 14, 2019	10.00	19,231	130.00	Allotment pursuant to conversion of 14%CCCPS	25,00,030.00
	January 5, 2021	10.00	1,37,066	0.00	Gift from Rajendra Kumar Saboo	0.00
	June 30, 2021	10.00	75,000	200.00	Transfer from Sixth Sense India Opportunities – I	1,50,00,000.00
	July 31, 2021	10.00	15,000	120.00	Ethos ESOP 2013	18,00,000
	December 1, 2021	10.00	9,955	550.00	Rights Issue	54,75,250.00
<b>KDDL Limited</b> (“Selling Shareholder”)	May 4, 2019	10.00	1,71,232	292.00	Preferential allotment	4,99,99,744.00
	May 28, 2019	10.00	1,71,232	292.00	Preferential allotment	4,99,99,744.00
	July 13, 2019	10.00	3,76,712	292.00	Preferential allotment	10,99,99,904.00
	November 25, 2019	10.00	19,230	130.00	Preferential allotment	24,99,900.00
	October, 1, 2020	10.00	38,500	250.00	Purchase from Nikhil Vora	96,25,000.00
	October, 1, 2020	10.00	1,00,000	250.00	Purchase from Sixth Sense India Opportunities – I	2,50,00,000.00
	November 27, 2020	10.00	50,000	250.00	Purchase from Sixth Sense	1,25,00,000.00

Details	Date of acquisition/ allotment / acquisition	Face Value (₹)	No. of shares acquired/ allotted	Acquisition / Offer price per share (including securities premium) (₹)	Reason for allotment/ transfer (preferential allotment/ bonus etc.)	Total Cost (₹)
					India Opportunities – I	
	November 27, 2020	10.00	38,500	250.00	Purchase from Nikhil Vora	96,25,000.00
	December 1, 2020	10.00	50,000	250.00	Purchase from Sixth Sense India Opportunities – I	1,25,00,000.00
	June 17, 2021	10.00	2,50,000	200.00	Purchase from Sixth Sense India Opportunities – I	5,00,00,000.00
	July 26, 2021	10.00	1,00,000	200.00	Purchase from Sixth Sense India Opportunities – I	2,00,00,000.00
	December 1, 2021	10.00	3,59,442	550.00	Rights Issue	19,76,93,100.00
<b>Members of the Promoters Group</b>						
Narendra Kumar Mohatta	November 6, 2019	10.00	19,240	130.00	Preferential allotment	25,01,200.00
	December 1, 2021	10.00	494	550.00	Rights Issue	2,71,700.00
Anuradha Saboo (“Selling Shareholder”)(also related to Yashovardhan Saboo, Promoter of our Company)	November 6, 2019	10.00	30,769	130.00	Preferential allotment	39,99,970.00
	November 14, 2019	10.00	11,539	130.00	Allotment pursuant to conversion of 14%CCCPS	15,00,070.00
	December 1, 2021	10.00	2,920	550.00	Rights Issue	16,06,000.00
Satvika Saboo (also related to Yashovardhan Saboo, Promoter of our Company)	December 21, 2021	10.00	2000	Nil	Gift of Shares from Yashovardhan Saboo, Promoter of our Company	Nil
Jai Vardhan Saboo (“Selling Shareholder”)	May 4, 2019	10.00	15,000	120.00	Ethos ESOP 2013	18,00,000.00
	July 2, 2021	10.00	75,000	200.00	Purchase from Sixth Sense India Opportunities – I	1,50,00,000.00
	July 31, 2021	10.00	15,000	120.00	Ethos ESOP 2013	18,00,000.00
	December 1, 2021	10.00	2,625	550.00	Right Issue	14,43,750.00
Dream Digital Technology Private Limited	November 6, 2019	10.00	7,693	130.00	Preferential allotment	10,00,090.00
	December 1, 2021	10.00	192	550.00	Rights Issue	1,05,600.00
Saboo Ventures LLP (“Selling Shareholder”)	July 26, 2021	10.00	58,373	200.00	Purchase from Sixth Sense India	1,16,74,600.00

Details	Date of acquisition/ allotment / acquisition	Face Value (₹)	No. of shares acquired/ allotted	Acquisition / Offer price per share (including securities premium) (₹)	Reason for allotment/ transfer (preferential allotment/ bonus etc.)	Total Cost (₹)
					Opportunities – I	
	December 1, 2021	10.00	9,526	550.00	Rights Issue	52,39,300.00
VBL Innovations Private Limited (“Selling Shareholder”)	November 6, 2019	10.00	20,000	130.00	Preferential allotment	26,00,000.00
	December 1, 2021	10.00	500	550.00	Rights Issue	2,75,000.00
<b>Selling Shareholders</b>						
Anil Khanna (“Selling Shareholder”) (also a Director of our Company)	August 10, 2021	10.00	6,250	120.00	Ethos ESOP 2013	7,50,000.00
	December 1, 2021	10.00	322	550.00	Rights Issue	1,77,100.00
Nagarajan Subramanian (“Selling Shareholder”) (also a Director of our Company)	November 6, 2019	10.00	19,231	130.00	Preferential allotment	25,00,030.00
	July 31, 2021	10.00	6,250	120.00	Ethos ESOP 2013	7,50,000.00
	August 17, 2021	10.00	6,250	120.00	Ethos ESOP 2013	7,50,000.00
	December 1, 2021	10.00	2,078	550.00	Rights Issue	11,42,900.00
Harshvardhan Bhuwarka (“Selling Shareholder”)	November 6, 2019	10.00	5,000	130.00	Preferential allotment	6,50,000.00
	December 1, 2021	10.00	125	550.00	Rights Issue	68,750.00
Manju Bhuwarka (“Selling Shareholder”)	November 6, 2019	10.00	5,000	130.00	Preferential allotment	6,50,000.00
	December 1, 2021	10.00	125	550.00	Rights Issue	68,750.00
Anand Vardhan Bhuwarka (“Selling Shareholder”)	November 6, 2019	10.00	5,000	130.00	Preferential allotment	6,50,000.00
	December 1, 2021	10.00	125	550.00	Rights Issue	68,750.00
Shalini Bhuwarka (“Selling Shareholder”)	November 6, 2019	10.00	5,000	130.00	Preferential allotment	6,50,000.00
	December 1, 2021	10.00	125	550.00	Rights Issue	68,750.00
C. Raja Sekhar^ (“Selling Shareholder”)	August 10, 2021		12,500	120.00	Ethos ESOP 2013	15,00,000.00
	December 1, 2021		576	550.00	Rights Issue	3,16,800.00

Note: There are no shareholders in our Company who are entitled with right to nominate directors or any other rights

Note: As certified by B K S & Co., Chartered Accountants pursuant to their certificate dated May 6, 2022.

^ C Raja Sekhar, on March 23, 2022, has resigned as a director from the board of directors of Mahen Distribution Limited and his resignation has been approved by the board of directors of Mahen Distribution Limited.

The average cost of acquisition of Equity Shares held by the Promoters and Selling Shareholders is as follows:

S. No.	Name of Selling Shareholder	Number of Equity Shares held pre issue	Average cost of acquisition per Equity Share (in ₹)
<b>Promoter</b>			
1.	Yashovardhan Saboo (“Selling Shareholder”)	3,77,383	100.95
2.	KDDL Limited (“Selling Shareholder”)	1,21,19,588	93.51
3.	Mahen Distribution Limited (“Selling Shareholder”)	22,93,150	36.38
<b>Promoters Group</b>			
4.	Jai Vardhan Saboo (“Selling Shareholder”)	1,07,625	186.24

S. No.	Name of Selling Shareholder	Number of Equity Shares held pre issue	Average cost of acquisition per Equity Share (in ₹)
5.	Anuradha Saboo (“Selling Shareholder”)	67,957	141.36
6.	Saboo Ventures LLP (“Selling Shareholder”)	3,90,583	180.56
7.	VBL Innovations Private Limited (“Selling Shareholder”)	20,500	140.24
<b>Others</b>			
8.	Anil Khanna (“Selling Shareholder”)	12,822	130.80
9.	Nagarajan Subramanian (“Selling Shareholder”)	85,203	99.09
10.	C. Raja Sekhar (“Selling Shareholder”)^	23,644	121.96
11.	Karan Singh Bhandari (“Selling Shareholder”)	4,000	28.86
12.	Harsh Vardhan Bhuwalka (“Selling Shareholder”)	5,125	140.24
13.	Anand Vardhan Bhuwalka (“Selling Shareholder”)	5,125	140.24
14.	Shalini Bhuwalka (“Selling Shareholder”)	5,125	140.24
15.	Manju Bhuwalka (“Selling Shareholder”)	5,125	140.24

As certified by B K S & Co., Chartered Accountants pursuant to their certificate dated May 6, 2022

^ C Raja Sekhar, on March 23, 2022, has resigned as a director from the board of directors of Mahen Distribution Limited and his resignation has been approved by the board of directors of Mahen Distribution Limited.

#### **Size of the Pre-IPO placement and allottees, upon completion of the placement**

Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

#### **Any issuance of Equity Shares in the last one year for consideration other than cash.**

Our Company has not issued any Equity Shares in the last one year from the date of this Red Herring Prospectus, for consideration other than cash. For details, see “*Capital Structure*” on page 100.

#### **Any split/consolidation of Equity Shares in the last three years.**

Our Company has not undertaken any split/consolidation of its Equity Shares in the last three years from the date of this Red Herring Prospectus.

#### **Exemption from complying with any provisions of securities laws, if any.**

Nil

## SECTION II: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider risks described below as well as other information as may be disclosed in this Red Herring Prospectus before making an investment in the Equity Shares. Risks described in this section are those that we consider to be the most significant to our business, results of operations and financial condition as of the date of this Red Herring Prospectus.*

*In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations, cash flows and financial condition could suffer, the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examinations of us and the terms of the Offer, including merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. For further details, see “Our Business” on page 213, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 391, as well as the other financial and statistical information contained in this Red Herring Prospectus.*

*To the extent the Covid-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this section. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisers about the particular consequences to you of an investment in our Equity Shares.*

*This Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may 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 Red Herring Prospectus. For details, see “Forward-Looking Statements” on page 21.*

*Unless stated otherwise, industry and market data used in this section has been obtained or derived from publicly available information as well as industry publications, other sources and the report titled “Industry Report on Premium and Luxury Watch Retail in India” dated April 26, 2022, prepared and issued by Technopak Advisors Private Limited (the “Technopak”) (which is a paid report and was commissioned by us in connection with the Offer). Unless otherwise indicated, all financial, operational, industry and other related information derived from the ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’, available on the following link: <https://www.ethoswatches.com/investors-information> and included herein with respect to any particular year refers to such information for the relevant calendar year.*

*Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Summary Statements included in this Red Herring Prospectus on page 292.*

### **Internal Risk Factors- Risks Related to Our Business**

#### **1. Pandemic like Covid-19 or any future pandemic or any widespread health or other emergency could adversely affect our business, results of operations, financial condition and cash flows.**

Our business and operations could be adversely affected by epidemics, including the ongoing Covid-19 pandemic, that affects the markets and communities in which we, our stores, our suppliers and our customers are located.

Since its outbreak in December 2019, the Covid-19 has spread globally, though the vaccines developed have generally reduced infection rates and fatalities. The Covid-19 pandemic and any future pandemic or widespread public emergency could have, repercussions across regional and global economies and financial markets. The outbreak of Covid-19 in many countries and regions, including India, has significantly and adversely impacted economic activity and has contributed to significant volatility and negative pressure in financial markets. The outbreak of Covid-19 has caused a prolonged global

economic crisis, recession or depression, despite monetary and fiscal interventions by governments and central banks globally. We started to feel the impact of Covid-19, towards end of the last quarter of the Fiscal 2020. During the period of lockdown all stores and offices were completely shut down and no operations were permitted. Impact of the Covid-19 was most severe for our stores located in the malls i.e. stores located at Ludhiana, Punjab; Union Territory of Chandigarh; National Capital Territory of New Delhi; Noida, Uttar Pradesh; Gurugram, Haryana; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Guwahati, Assam; Bhopal, Madhya Pradesh; Indore, Madhya Pradesh; Ahmedabad, Gujarat; Pune, Maharashtra; Mumbai, Maharashtra; Thane, Maharashtra; Bengaluru, Karnataka; Chennai, Tamil Nadu; Hyderabad, Telangana; Nagpur, Maharashtra; and Kolkata, West Bengal due to closure of malls.

Supply of our traded products mainly luxury watches was significantly impacted in the period April – September 2020 owing to the global lockdown and the drastic cut back in the production in most watch factories in Switzerland and worldwide. All our products are carried by air transport from abroad to India. During the year 2020, Covid-19 lockdown, we experienced delays due to transport bottlenecks.

From March 2021 onwards, due to a “second wave” of increases in the number of daily Covid-19 cases, several state governments in India re-imposed lockdowns, curfews and other restrictions to curb the spread of the virus. This “second wave” and its associated lockdowns have affected us in terms of reducing our sales, revenues and store expansion plans, as well as disrupting our supply chains. We have monitored and are monitoring the situation closely and are operating our activities with the required workforce as permitted by governmental authorities. As a result of the detection of new mutated strains and subsequent waves of Covid-19 infections in several states in India as well as throughout various parts of the world, it is anticipated that we may be subject to further reinstatements of lockdown protocols or other restrictions, which may adversely affect our business and operations.

Some of the stores, except for the stores situated in malls, started operations in the month of May 2020 with restricted operations. The lockdown has since been extended periodically in varying degrees by state governments and local administrations. The lockdown was lifted in various regions, regulated with limited and progressive relaxations being granted for movement of goods and people in other places and calibrated re-opening of businesses and offices. Similarly, we resumed our business activities on a gradual basis in line with the prevailing guidelines issued by the governmental authorities at that time.

There remains significant uncertainty regarding the duration and long-term impact of the Covid-19 pandemic, as well as possible future responses by the Government of India, which makes it difficult for us to predict with certainty the impact that the Covid-19 pandemic will have on our business, results of operations, financial condition and cash flows in the future.

However, the Covid-19 pandemic has affected and may continue to affect our business, financial condition, results of operations and cash flows in a number of ways such as:

- government measures related to the Covid-19 pandemic including night curfews to limit their time outside of their homes, thereby affecting customer demand for our products, resulting in a significant decrease in the number of customers that visit our physical stores to purchase our products, as well as a reduction in revenue from operations; our revenue from operations decreased from ₹ 45,784.91 lakhs for the Financial Year 2020 to ₹ 38,657.07 lakhs for the Financial Year 2021. For further details on revenue from operation please refer to ‘*Management discussion and Analysis of Financial condition and Results of Operations*’ on page 391.
- our stores, were not operating during the lockdowns, or were operating under the applicable restrictions, which included modifying our operations and adjusting our services;

Our Company has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, our Company expects to recover the carrying amount of these assets. The auditor reports on our consolidated financial statements for the nine months period ended December 31, 2021 and year ended March 31, 2021 and March 31, 2020 included emphasis of matter relating potential impact of Covid-19 pandemic on the operations and financial statements of our Company. For details of the same please refer to ‘*Risk Factor- Our Statutory Auditor has included certain qualification and emphasis of matters in Restated Consolidated Summary Statements.*’ on page 60.



Further, as much as Covid-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many other risks described in this “*Risk Factors*” section. See also “*Management’s Discussions and Analysis of Financial Condition and Results of Operations – The impact of Covid-19 on our results of operations and financial condition*” on page 394.

**2. 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 are able to offer our customers a wide variety of premium and luxury watches due to our strong relationships with watch brands, from whom we procure the watches. Our business growth depends on our ability to attract and retain our suppliers. Further, we are dependent on a wide catchment of watch brands for our operations. Details of purchases from our top 5 (five) suppliers are as follows:

Description	FY 18 -19		FY 19-20		FY 20-21		As at December 31, 2021	
	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%
Top 5 Suppliers	27,410.46	73.25%	25,784.62	72.19%	8,464.29	69.71%	23,743.65	66.87%

One of the Promoters’ Group entities i.e., Pylania SA was amongst the top 5 supplier of our Company in the Fiscal 2019, however it ceased to be a supplier thereafter. In absence of definitive agreements, terms of trade are decided on purchase order basis. Many of our suppliers work with us on a non-exclusive basis and may engage with other retailers that compete with us. As is standard in the watch industry, we have not entered into definitive agreements with our suppliers, our suppliers may terminate their relationships with us at a short notice due to various reasons including insufficient capacity due to existing orders by other retailers or internal brand strategies to reorganise their retail network. Therefore, we may face delays and added costs as a result of the time and management effort might be required to get enough supply of the products and build relationships with other leading premium and luxury watch brands. While, there has been no instance of such nature in the past, we may not assure you that such event will not occur in future.

Since, brand owners control distribution through strict, selective distribution arrangements, which are limited by geography, point of sales are typically granted on a store-by-store basis and contain a wide range of requirements on how their products are to be displayed, how they can be sold. Owners of luxury watch brands closely monitor and actively manage such requirements, including product presentation and customer experience. In addition, the owners of luxury watch brands take proactive measures to preserve the exclusivity and rarity value of luxury watches and seek to avoid excess stock in the market. For additional information regarding our suppliers, please refer to “*Our Business*” on page 213. Any failure, by us to meet the specific requirements prescribed by the owners of luxury watch brands, despite communication from brands to correct such failure may lead to a termination of our supply arrangements with such brands on a short notice. While, there has been no such termination in the past, we may not assure you that such event will not occur in future.

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

Our business is dependent on our ability to source products from our suppliers. We compete with other watch stores and retailers for access to suppliers that provide it with the necessary quality and quantity of merchandise to operate our business, and our operations depends on our ability to maintain good relationships with our suppliers. Any deterioration in our relationship with our suppliers and the level of support we receive from our suppliers may impact our business operations. Our reputation and brand image may be impaired if we or our brands fail to maintain high ethical, social or we or our suppliers become subject to other negative events or adverse publicity. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Any deterioration in our relationship with any one or more suppliers could impair our ability to source products from our suppliers

or to negotiate competitive business terms, which would adversely affect our business and financials. Consequently, the relationship with owners of luxury watch brands is crucial to our success. The luxury brand owners may decide to terminate supply to us for various reasons. While there has been no such event in the past, we may not assure that such events will not occur in future. If we lose any significant supplier or owner of such brands to fail to supply us their watches in desired models or quantities, our business, financial condition and results of operations of our Company will be materially adversely affected. We have not lost any significant supplier in the past, however we may not assure that such event will not occur in future.

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

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

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

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

Further, we may be expected to protect their intellectual property rights and other proprietary information while dealing with their products. However, our efforts to protect this intellectual property and other proprietary information may prove to be inadequate and, as a result, the value of these brands as well as our own brands could be harmed. For instance, we may not be able to detect or prevent these brands from trademark or other infringements, and it is possible that other proprietary information, such as proposed pricing or product launch information, could be leaked by our employees, suppliers, and other third-parties. If any of these were to occur and the brand image of these third-party offerings were 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 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 and financial condition.

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

- 4. We have certain contingent liabilities as of December 31, 2021, March 31, 2021, March 31, 2020, and March 31, 2019 as per Ind AS 37 as disclosed in our financial statements, which if materialize, may adversely affect our financial condition.***

As of December 31, 2021, March 31, 2021, March 31, 2020, and March 31, 2019, our contingent liabilities as per Ind AS 37 were as follows:

(₹ in lakhs)					
S. No.	Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
A	Claims against the Group not acknowledged as debts, under dispute				
	Income Tax matters	318.77	310.30	314.05	106.03
	Value Added Tax matters	3,330.03	3,331.35	1.32	1,000.71
	Customs duty matters	12.90	12.90	17.85	-
	Excise Duty matters	47.08	-	-	-
B	Arrears of fixed cumulative dividend on 12% cumulative compulsory convertible preference shares, 14% cumulative compulsory convertible preference shares including dividend distribution taxes	-	-	-	553.12

We have contingent liabilities in the past, we may not assure you that our Company will not have contingent liabilities in the future.

**5. Most of our suppliers works with is 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 have not entered into any exclusive arrangement with most of our suppliers. In absence of exclusivity, we may not be able to sell the exclusive products which may not be available with other retailers in India. 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.

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

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

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

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

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

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Our inability in our forecast could result in either surplus stock, which we may not be able to sell

in a timely manner, or at all, or under stocking, which could affect our ability to meet customer demand. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores.

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

Details of our inventory and holding period in last three Financial Years and nine months period ended December 31, 2021 is as follows:

Particular	March 31, 2019 (₹ in lakhs)	Holding Levels (Days)	March 31, 2020 (₹ in lakhs)	Holding Levels (Days)	March 31, 2021 (₹ in lakhs)	Holding Levels (Days)	December 31, 2021 (₹ in lakhs)	Holding Levels (Days)
<b>Current asset</b>								
Inventories	20,556.94	169	21,859.01	174	19,777.12	187	23,963.73	157

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

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

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

There are outstanding legal proceedings involving us, our Directors and our Promoter – KDDL Limited. These proceedings are pending at different levels of adjudication before various judicial authorities, from which further liability may arise. The amounts involved in these proceedings have been summarized to

the extent ascertainable and quantifiable. For further details, see “*Outstanding Litigation and Material Developments*” on page 439.

A summary of outstanding legal proceedings involving our Company and our Promoters is as follows:

***Litigation against our Company:***

(₹ in lakhs)

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

***Litigation filed by our Company:***

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Criminal	2	45.67
Material Civil	1	23.84
Action by statutory or regulatory authorities	Nil	Nil
Total	3	69.51

***Tax proceedings involving our Company:***

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Direct Tax	7	318.77
Indirect Tax	6	3,390.01
Total	13	3,708.78

***Litigation against our Subsidiary:***

(₹ in lakhs)

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

***Litigation filed by our Subsidiary:***

(₹ in lakhs)

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

**Litigation involving Directors:**

(₹ in lakhs)

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

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

**Litigation involving Promoters**

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Criminal		Nil
Material Civil	2	190.13
Action by statutory or regulatory authorities	1	3.72
Total	3	193.85

**Tax proceedings involving our Promoters**

(₹ in lakhs)

<i>Nature of Litigation</i>	<i>Number of outstanding cases</i>	<i>Amount involved in such proceedings, to the extent quantifiable</i>
Direct Tax	8	46.97
Indirect Tax	Nil	Nil
Total	8	46.97

For further details of the outstanding legal proceedings, see “*Outstanding Litigation and Material Developments*” on page 439.

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

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

Also, SEBI, vide order dated April 15, 2014, initiated adjudication proceedings against Rajendra Kumar Saboo, a member of our Promoter Group and then director of KDDL Limited to inquire into and adjudge under Section 15A(b) of SEBI Act, the violation of the provisions of Regulation 3(3),3(4) and 3(5) of the 1997 Takeover Code, alleged to have been committed by the Rajendra Kumar Saboo in the matter of KDDL Limited during the year 2010. As per the notice issued by SEBI, it was averred that the shareholding of Rajendra Kumar Saboo, increased from 9.98% to 17.52% (increase by 7.54%) in KDDL Limited during the period April 2010 to June 2010 and that Rajendra Kumar Saboo failed to submit a report under regulation 3(4) of the 1997 Takeover Code. SEBI vide its order dated allowed the consent application of Rajendra Kumar Saboo on remission of ₹ 8,96,750 by him.

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

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

**9. Our business and its sales are significantly concentrated among certain stores.**

Our sales for the nine months period ended December 31, 2021 are concentrated in certain Tier I cities in India in a relatively small number of stores. Our top three stores are located in National Capital Territory of Delhi and Bengaluru, Karnataka. The Contribution of stores at Chanakyapuri, Select City Walk in National Capital Territory of Delhi and UB City Bengaluru, Karnataka is as mentioned in table below. If sales in these stores are affected, or if any of these locations are affected it may impact our results of operations.

(₹ in lakhs)

Financial Year	2018-19		2019-20		2020-21		Nine Month period ended December 31, 2021	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
Select City, National Capital Territory of New Delhi	5,673.77	12.97	4,081.53	9.09	3,807.13	9.97	5,354.64	12.79
Chanakyapuri, National Capital Territory of New Delhi	4,450.09	10.17	4,916.05	10.95	4,346.36	11.38	5,593.05	13.36
UB City, Bengaluru, Karnataka	3,834.18	8.77	2,961.81	6.60	2,962.43	7.76	2,691.36	6.43

**10. Our independent directors own equity share in our Company. Also our Non-Executive and independent directors are entitled to share in the profit.**

Two of our independent directors, Anil Khanna and Nagarajan Subramanian, hold 12,822 (0.07%) Equity Shares and 85,203 (0.45%) Equity Shares in our Company, respectively as on date of this Red Herring Prospectus. The number of said Equity Shares are below the materiality threshold of 2% equity shares. Also, our non-executive directors are entitled to profit sharing commission of 1% of net profit as computed under Section 198 of Companies Act, in the proportion of their participation at the meetings of the Board and specified committees w.e.f. August 4, 2014. Non-executive and independent directors may be interested to the extent of the fee, commission they are receiving from our Company. For the nine months period ended December 31, 2021, and the year ended March 31, 2021, March 31, 2020 and March 31, 2019, the non-executive directors were paid following commission out of net profits:

(₹ in lakhs)

S. No.	Name of the Director	For nine months ended December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
1	Anil Khanna	-	1.43	0.68	5.33
2	Nagarajan Subramanian	-	1.33	0.55	5.33
3	Neelima Tripathi	-	0.47	0.05	0.67
4	Sundeep Kumar	-	0.95	0.23	2.66

S. No.	Name of the Director	For nine months ended December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
5	Dilpreet Singh	-	0.95	0.32	2.66
6	Mohaimin Altaf	-	1.14	0.36	1.99

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

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

Presently, we do not own the “ETHOS” and “SUMMIT” brands / trademarks as the same are owned by KDDL Limited. Our Company and KDDL Limited have entered into an agreement for sale dated January 1, 2022, for the transfer and assignment of the aforesaid brand names, trademarks, trade names logos and all related rights in our name for an amount of ₹ 3,900.00 lakhs. Out of ₹ 3,900.00 lakhs, one third of the payment is required to be paid by our Company on or before March 31, 2022, one third of the payment will be made by our Company to KDDL Limited, when trademark “Ethos” is transferred and registered in our favour and remaining amount is to be paid when trademark “Summit” is transferred and registered in our favour.

Our Company has availed the services of V Nova Business Growth Services Limited Private Limited (“Valuer”). The Valuer has submitted its valuation report dated December 17, 2021. The Valuer’s methodology for brand valuation combines a consumer-focused approach with financial measures. The Valuer uses an income approach using the royalty relief method for estimation of the cash flows or income streams due to the brand. Royalty rate is expressed as a percentage of net sales and represents what our Company would have to pay if it did not own the brand and licensed only the brand from a third party. Royalty rates are determined using internal and external marketing information for the brand being valued and for competitor brands. Based on the estimated parameters and the financial model, the valuation of the ‘Ethos’ brand under market based projection and our Company’s projections, has been calculated as follows:

Scenario	Market based Projections (Conservative) (Value CAGR 9.5%, 2026 share 17%)	Company Projections (Aggressive) (Value CAGR 12.8%, 2026 share 22%)
Royalty Rate	0.75%	0.75%
Brand Value	₹ 3,500 lakh	₹ 4,600 lakh

The Valuer has decided that the brand value ranges between ₹ 3,500 lakhs to ₹ 4,600 lakhs. The valuation arrived at takes into account current and future market situations, the brand’s relative competitive position, and the financial health of the business. It is also in line with Indian and international trends for royalty-based valuation of intangible brand assets. The Valuer in its report has stated that while the final valuation is subject to mutual discussion, considering the fact our Company has invested in adding value to an asset that it does not own, the Valuer believes the final fair value of the brand should lie at the mid-range of the acceptable range, i.e. about ₹ 3,900 lakhs. Thereafter, our Company obtained an offer for ₹ 3,900 lakhs from KDDL Limited and agreement was entered into for transfer of the brand names for an amount of ₹ 3,900 lakhs. The brand valuer is not accredited/registered under the provisions of the Companies Act. The time horizon to complete the transaction for acquiring intellectual property rights from KDDL Limited is 1 (one) year as mentioned in the agreement. Thus, the Company confirms that the transaction will be completed after the listing of Equity Shares on BSE Limited and National Stock Exchange of India Limited.

Our Company and KDDL Limited have obtained the necessary approvals for the proposed transaction in their extraordinary general meetings held on January 18, 2022. The transfer of brand-names “ETHOS” and “SUMMIT” from our Promoter, KDDL Limited to our Company will complete after the listing of Equity Shares on the BSE and NSE. In case of any delay in transferring the same in our Company’s name, we may not be able to prevent infringement of the said trademarks and a passing off action may



not provide sufficient protection until such time that this registration is transferred and registered in our name. We believe that there may be other companies or suppliers which operate in the unorganized segment using our tradename or brand names. Although there have not been such incidents in the past, any such activities may harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

Further, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights. Any claims of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. The risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and product offerings. As a result of such infringement claims, we could be required to pay third party infringement claims, alter our technologies, obtain licenses or cease some portions of our operations. The occurrence of any of the foregoing could result in unexpected expenses. While there has been non such instance of infringement of intellectual property rights, however we cannot assure you that such event may not occur in future. In addition, if we are required to alter our technologies or cease production of affected items, our revenue could be adversely affected.

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

We sell a significant part of our products through our network of stores. As a part of our growth strategy, we plan to further expand our store network in India. For further information, see “*Objects of the Offer*” on page 129.

Expansion into new geographic regions, including different states in India, subjects us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including: our ability to position our new stores to successfully establish a foothold in new markets and to execute our business strategy in new markets; the demand of our products in such new markets; our ability to get suitable properties at commercially viable prices; our ability to successfully integrate the new stores with our existing operations and achieve related synergies; our ability to introduce an optimal mix of merchandise which successfully meets local customer preferences at attractive prices; our ability to negotiate and obtain favourable terms from our suppliers; the effectiveness of our marketing campaigns; our ability to hire, train and retain skilled personnel; the competition that we face from incumbent and new retailers in the region; and exposure to expropriation or other government actions; political, economic and social instability. We will also be required to obtain certain approvals to carry on business in new locations and there can be no assurance that we will be successful in obtaining such approvals. For details of material approvals required to carry on business, see “*Government and Other Approvals*” on page 445. 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.

We have closed and/or relocated 13 stores due to commercial considerations in the last three fiscals. Details of reason behind stores closure and relocation of stores is as follows:

S. No.	Location of the Store	Date of Closure	Reasons of the Closure
1.	S.C.O. 6-7, Sector 8-C, Madhya Marg, Union Territory of Chandigarh - 160 008	September 17, 2019	Non-renewal of the lease on its expiry. Decided to continue only mall locations at Elante Mall Union Territory of Chandigarh.
2.	Infinity Mall, Shop no. GF 024A, Link Road, Malad (West), Mumbai, Maharashtra 400 064	March 15, 2020	Unfavourable location. Mall situation was bad because of metro construction around the mall. Our Company decided to close the store due to operational unavailability.
3.	Seawoods, Unit no. UG-60-H, Plot R-1, Sector 40, Seawoods Railway Station, Nerul Node, Navi Mumbai, Maharashtra 400 706	March 15, 2020	Very low footfall. Delay in the opening of cinemas, food court and other retail outlets in the mall. Our Company decided to close the store due to operational unavailability.
4.	Tissot Boutique, Unit no GF-23, The Pavillion, Senapati Bapat Marg, Shivaji Nagar, Pune, Maharashtra 411005	June 8, 2020	Very low footfall in the mall. Our Company decided to close the store due to operational unavailability.
5.	G-3, DB City Mall, Khasra 1511 & 1509, Arera Hills, Opp. MP Nagar, Bhopal, Madhya Pradesh	June 8, 2020	Non-renewal of the lease on its expiry. Our Company decided to close the store due to operational unavailability.
6.	Shop No. T01-1-681, Kempegowda International Airport, Devanahalli, Bengaluru, Karnataka 560 300,	June 8, 2020	Non-renewal of the lease on its expiry. New terminal coming up. International flights stopped because of pandemic. Our Company decided to close the store due to operational unavailability.
7.	Unit No.- 22, Plot Nos. 240/240A, Backbay Reclamation, Block No.- III, Nariman Point, Mumbai 400 021, Maharashtra	July 16, 2020	Unfavourable location. Mall not working. low on footfall in mall. Our Company decided to close the store due to operational unavailability.
8.	In Orbit Mall, G-4-5-6, Survey #64 (Part), Madhapur Village, Serilingampally, Mandal Ranga District, Hyderabad, Telangana-500081	July 23, 2020	Non-renewal of the lease on its expiry. Mall not working. low on footfall in mall. Our Company decided to close the store due to operational unavailability.
9.	Unit No.UG-64-SH, Plot R-1, Sector 40, Seawoods, Nerul Node, Mumbai, Maharashtra	August 17, 2020	Very low footfall. Delay in the opening of cinemas, food court and other retail outlets in the mall. Our Company decided to close the store due to operational unavailability.
10.	G-04, Treasure Island, Next Mall, Rabindranath Tagore Marg, Indore, Madhya Pradesh	August 27, 2020	Very low footfall. Our Company decided to close the store due to operational unavailability.
11.	Unit no. 1, Ground Floor, One Awadh Centre, Lucknow, Uttar Pradesh	September 17, 2020	Very low footfall. Relocated to a new and much bigger mall.
12.	Retail Outlet E6-3010-A, Domestic Departure, Level-3 Terminal- 2, Security Hold Area, Sahar Road, Andheri (East), Mumbai - 400 099	January 15, 2021	Lease expired. Our Company decided to close the store due to operational unavailability.

S. No.	Location of the Store	Date of Closure	Reasons of the Closure
13.	Shop No. E-137, Ground Floor, Plot No. MO3, Sec-18 GB Nagar, Noida, Uttar Pradesh	February 8, 2021	2 stores in the same mall. Combined into one store.

In addition to above stores closed in last three Fiscals, our Company has also closed two stores during ongoing Fiscal as follows:

S. No.	Location of the Store	Date of Closure	Reasons of the Closure
1.	Unit No.G-13, Inorbit Mall, Sector-30A, Vashi, Mumbai (Maharashtra)	July 14, 2021	Very low footfall. Our Company decided to close the store due to operational unavailability.
2.	Unit no. GF-32, The Pavilion Mall, 430/01 Senapati Bapat Marg, Pune, Maharashtra	March 31, 2022	Very low footfall. Our Company decided to close the store due to operational unavailability.

If any of our stores do not achieve our expected level of profitability within our expected timeframe, or at all, our expansion plans and our results of operations, financial condition and profitability may be materially and adversely affected and we may decide to close some of these stores. Further, all our stores and warehouses are on lease There is no conflict of interest between our Company, its subsidiaries and Promoter/Promoter Group/Directors/KMPs or any other associate entity. 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 condition and results of operations.

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

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

Our suppliers are located internationally and our stores are located in different parts of India, due to which we rely heavily on information technology networks and systems, emails etc., to manage our supplies, sales, inventory management, distribution, invoicing etc. Our IT systems are critical to our ability to manage our retail operations, warehouses, supply chain management and e-commerce sales to maximize efficiencies and optimize costs. Our main IT platforms include Navision – our ERP system to control inventory and replenishment, and other software applications which are designed to provide capabilities to address customer centric activities in the areas of customer relationship management, promotion management, inventory management, sales execution and warehouse management.

We use IT system to record, process and summarise financial information and to comply with regulatory, legal and tax requirements. Our IT systems and our supplier’s IT systems are vulnerable to security breaches, including unauthorised access, computer viruses or other malicious code and other cyber-attacks that could have a security impact. We and our suppliers may not be able to anticipate such security breaches, cyber-attacks which may lead to theft or manipulation of confidential and proprietary information or loss of access to, or destruction of, data on our IT systems. While there has been no instances of technology failure in our Company as such, we cannot assure that such technology failure may not occur in future. As a large retailer, we are subject to attacks on our IT systems. Our operations are also subject to additional risks and uncertainties associated with the internet, including changes in required technology interfaces, website downtime and other technical failures, security breaches and consumer privacy concerns. We may be subject to related litigation and financial losses that are either not insured against or not fully covered through our insurance policies. We may also be subject to regulatory actions, particularly as a result of the increasing regulatory focus on promoting the protection of customer/client information and the integrity of information technology systems. We have been

subject to 1 (one) cyber fraud in the year 2020. For details of the cyber fraud against us please refer to ‘*Litigation by our Company-Outstanding criminal proceedings*’ page 440. We may be required to invest heavily to protect ourselves against such vulnerabilities, and result in significant losses, reputational harm and competitive disadvantage. While we are taking steps to update our IT system, we cannot guarantee that such frauds will not happen in future.

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

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

**14. *Our wholly owned subsidiary, Cognition Digital LLP may incur losses in the future.***

Our Company holds 99.999% partnership interest in our wholly owned subsidiary, Cognition Digital LLP and the balance is held by our CEO, Pranav Shankar Saboo. Cognition Digital LLP, which was incorporated as a Limited Liability partnership with an objective to develop and implement information technologies (IT) and conduct IT-based businesses including retail and distribution of consumer and other goods. In terms of LLP Agreement, all partners of Cognition Digital LLP are entitled to share profit and losses in the ratio of their capital contribution. In case Cognition Digital LLP incurs losses in the future, our Company shall have to bear such losses in proportion to its partnership interest i.e., 99.999%, which may have an adverse impact on the financials of our Company

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

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

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

(₹ In lakhs)

Particular	Nine months period ended at December 31, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Payment of principal portion of lease liabilities	(764.89)	(474.52)	(2,094.82)	(1,359.85)
Interest paid on lease liabilities	(754.43)	(1,056.90)	(1,072.25)	(846.56)

If we are unable to renew leases for our store sites on acceptable terms or at all, we will have to close or relocate the other locations, which would eliminate the sales that those stores would have contributed to our revenues during the period of closure, and could subject us to construction, renovation and other costs and risks. There has been one instance where the store was closed due to non-renewal of the lease by the lessor. For details of the same please refer to Risk Factor-‘*Our Company was forced to close its stores as lessor decline to renew the lease agreements.*’ on page 70 of this Red Herring Prospectus. While we have not failed to renew leases in the past we may not assure you that such events will not occur in future.

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

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

Further, the lease agreement entered into with various entities in respect of our stores are not related party transaction and there is no conflict of interest between our Company and its subsidiaries, Promoter, Promoters’ group, Directors or key managerial person or any other associate entity directly or indirectly in respect of the space taken on lease for establishment of the stores.

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

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

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

**17. *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.

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

Our Company has obtained credit rating for various financial facilities. The details of credit ratings obtained by our Company in last five years are as follows:

S. No.	Name of the agency	Date of credit rating assigned	Instrument details	Rating assigned
1	ICRA Limited	January 5, 2018	Bank Loan facilities of ₹ 6,000.00 lakhs	Fund based - Cash Credit: [ICRA] BBB (Stable); Outstanding
				Fund based - Term Loans: [ICRA] BBB (Stable); Outstanding
				Non-Fund based - Bank Guarantees: [ICRA] A3+; Outstanding
			Fixed Deposits of ₹ 2,200.00 lakhs	[ICRA] –A - (Stable); Assigned
2	ICRA Limited	April 2, 2018	Bank limits (rated on long term scale) - ₹ 5,965.00 lakhs	[ICRA]BBB (Stable)
			Bank limits (rated on short term scale) - ₹ 53.50 lakhs	[ICRA] A3+
3	ICRA Limited	September 28, 2018	Fund bas-d - Cash Credit - ₹ 5,600.00 lakhs	[ICRA] BBB+ (Stable)
			Fund bas-d - Term Loans - ₹ 36.50 lakhs	[ICRA] BBB+ (Stable)
			Non-Fund bas-d - Bank guarantees - ₹ 53.50 lakhs	[ICRA] A2
			Fixed deposits - ₹ 2,200.00 lakhs	MA- (Stable)
4	ICRA Limited	May 3, 2019	<b><u>Bank Limits rated on long term scale totalling ₹</u></b>	[ICRA] BBB+ (Stable)

S. No.	Name of the agency	Date of credit rating assigned	Instrument details	Rating assigned
			<b>5965.00 lakhs -</b>	
			IDBI Bank (Cash Credit) - ₹ 2,210.00 lakhs	
			J & K Bank (Cash Credit) - ₹ 89.00 lakhs	
			Bank of Maharashtra - ₹ 2,000.00 lakhs	
			Proposed Term Loans - ₹ 365.00 lakhs	
			Proposed Cash Credit - ₹ 500.00 lakhs	
			<b>Bank Limits rated on short term scale totalling ₹ 535.00 lakhs</b>	[ICRA] A2
			IDBI Bank (Non-fund based) - ₹ 475.00 lakhs	
			J & K Bank (Non fund based) - ₹ 60 lakhs	
			Fixed deposits - ₹ 2,200.00 lakhs	[ICRA] MA- (Stable)
5	ICRA Limited	January 7, 2020	Fund based - Cash Credit - ₹ 5,600.00 lakhs	[ICRA] BBB+ (Stable): Reaffirmed
			Fund based - Term Loans - ₹ 365.00 lakhs	[ICRA] BBB+ (Stable): Reaffirmed
			Non-Fund based - ₹ 535.00 lakhs	[ICRA] A2: Reaffirmed
			Fixed Deposits - ₹ 2,200.00 lakhs	[ICRA] MA- (Stable)
6	ICRA Limited	December 8, 2020	Fund based - Cash Credit - ₹ 5,600.00 lakhs	[ICRA] BBB+ (Stable): Reaffirmed
			Fund based - Term Loans - ₹ 365.00 lakhs	[ICRA] BBB+ (Stable): Reaffirmed
			Non-Fund based - ₹ 535.00 lakhs	[ICRA] A2: Reaffirmed
			Unallocated - ₹ 500 lakhs	[ICRA] BBB+ (Stable)/A2: Reaffirmed
			Fixed Deposits - ₹ 2200.00 lakhs	[ICRA] MA- (Stable): Reaffirmed
			Fixed Deposits - ₹ 800 lakhs	[ICRA] MA- (Stable): Assigned
7	ICRA Limited	December 8, 2021	Fund bas-d - Cash Credit - ₹ 5,600.00 lakhs	[ICRA] BBB+ (Positive): Reaffirmed
			Fund bas-d - Term Loans - ₹ 365.00 lakhs	[ICRA] BBB+ (Positive): Reaffirmed
			Non-Fund based - ₹ 535.00 lakhs	[ICRA] A2: Reaffirmed
			Unallocated - ₹ 500 lakhs	[ICRA] BBB+ (Positive)/A2: Reaffirmed
			Fixed Deposits - ₹ 3,000 lakhs	[ICRA] MA- (Stable): Reaffirmed

Crisil Ratings Limited (“Crisil”) vide its credit rating rational dated December 28, 2016, downgraded the credit rating of our Company for bank loans to CRISIL BBB-/FA-/Stable/CRISIL 'A3', from 'CRISIL BBB/Stable/CRISIL A3+', and downgraded short term ratings to CRISIL A3, from CRISIL '3+' rating, on account of constrained risk profile due to the adverse impact of government regulations, resulting in lower operating efficiency, weaker cash accrual, and average debt protection metrics. The operating margin has been weaker in first half of the year 2017, due to adverse tax regulations, demonetisation etc. To mitigate the regulatory impact and the resultant price competition, our Company offered steeper discounts which lead to erosion of the earnings before interest, tax, depreciation, and amortisation

margin. Cash accrual, return on capital, debt protection matrix and interest coverage ratio etc. were adversely affected.

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

S. No.	Rating Agency	Rating Rationale	Date
1	Crisil Limited	Rating continues to be 'FB+/Stable Issuer not cooperating'; Rating withdrawn	December 31, 2020
2	Crisil Limited	Rating revised to 'FB+/Stable Issuer not cooperating'; continues on 'Notice of Withdrawn'	December 26, 2019
3	Crisil Limited	Rating migrated to 'FA-/Stable Issuer not cooperating'; continues on 'Notice of Withdrawn'	December 28, 2018
4	Crisil Limited	Ratings reaffirmed and withdrawn; FD rating Placed on 'Notice of Withdrawal'	December 29, 2017
5.	Crisil Limited	Ethos Limited Ratings downgraded to 'CRISIL BBB- /Stable/CRISIL A3'	December 28, 2016

We cannot assure you that such downgrades or withdrawal of ratings will not occur in the future. Any such downgrade in the future may impact our capacity to raise funds.

Loans obtained by our Company has not been declared as non-performing assets (NPA) by any scheduled commercial banks, in last three years, however we cannot assure you that in future such event may not occur.

**19. *We have incurred losses in Fiscal 2020. In the event we incur net loss in the future, our business and financial condition may be adversely affected.***

We reported restated loss for the year amounting to ₹ 133.40 lakhs in Fiscal 2020 as per our Restated Consolidated Summary Statements. Our losses in Fiscal 2020 were primarily on account of outbreak of Covid-19 pandemic in different countries during the last quarter of Fiscal 2020, which affected our logistics along with our ability to deliver to our customers and realize revenue. Other than above in the past also our Company has faced losses, we cannot assure you that our Company will not face losses in the future. Our operating costs and other expenses may be greater than we anticipate, and our investments to make our business and our operations more efficient may not be successful. Increases in our costs, expenses and investments may reduce our margins and materially adversely affect our business, financial condition and results of operations. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

**20. *Our registered office and corporate office are situated on the property owned by KDDL Limited.***

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

**21. *Yashovardhan Saboo and KDDL Limited, the Selling Shareholders forming part of the Promoters of our Company, have provided guarantees in respect of financial facilities availed by us. In event of default of the debt obligations, the guarantees may be invoked thereby adversely affecting our Promoter's ability to manage the affairs of our Company and our Company's profitability and consequently, this may impact our business, prospects, financial condition and results of operations.***



Our Company has availed loans in the ordinary course of business. Our Promoters, namely, Yashovardhan Saboo and KDDL Limited, have provided guarantees in relation to certain loans availed by our Company. For details of the same, please refer to “*Guarantees given by the Selling Shareholders who are Promoters of our Company*” on page 252. The said guarantees have not been invoked till date by lenders of our Company. In the event of default in repayment of the loans by our Company, the guarantees extended by our Promoters may be invoked by our lenders thereby adversely affecting our credit rating, our ability to raise funds, Promoter’s ability to avail funds/provide guarantee on behalf of our Company, in respect of financial facilities proposed to be availed by our Company which in turn could adversely affect our business, prospects, financial condition and results of operations. There has been no invocation of the Promoter’s personnel guarantee and/or our Company’s guarantee or any event of default in loans, in last three years, however we cannot assure you that such invocation/event may not happen in future.

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

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

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

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

**23. *Our business is susceptible to shortage of the products due to pilferage, damages and theft.***

Our business and the industry we operate in are vulnerable to shortage of products. While we have implemented measures to avoid such stock shortage at our stores, these measures may not be entirely effective against shortages at our stores and warehouses. Shortage may occur through a combination of pilferage by employee, damage and obsolescence. The retail industry also typically encounters some inventory loss on account of employee theft, shoplifting, supplier fraud, credit card fraud and general administrative error. Our business operations also involve a majority of cash transactions. Although we have not experienced any significant incidents in the past, we remain susceptible to such losses.

An increase in product shortage at our existing and future stores or our warehouses may force us to install additional security and surveillance equipment, which will increase our operational costs and may have an adverse impact on our profitability. Further, although we have cash management procedures and controls in place, there are inherent risks in cash management including, theft and robbery, employee

fraud and the risks involved in transferring cash from our stores to banks. Finally, there have been few instances of employee dishonesty in the past and we cannot assure you that we will be able to completely prevent such incidents in the future.

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

Finally, there has been one instance of employee dishonesty, wherein the employee stole certain watches we cannot assure you that we will be able to completely prevent such incidents in the future. For details of the same please refer to '*Litigation by our Company*' on page 440 of this Red Herring Prospectus.

**24. *We may experience theft of products or misappropriation of funds from our stores.***

We are exposed to risk of theft of products and misappropriation of funds from our stores which may increase our costs. Products may also be misappropriated during transportation. If a hold-up, burglary or other theft incident takes a violent turn, we may also suffer reputational damage and our customers may become less inclined to visit our stores, which could have an adverse effect on our business and prospects. In addition, we may from time-to-time experience misappropriation of funds from our stores or at other levels of our business, including by our employees. Although we have controls in place with respect to prevention/detection of any theft or misappropriation, however there can be no assurance that we will not experience any theft, fraud or misappropriation in future. Any of these risks could have a material adverse effect on our business, financial condition and results of operations. There has past instance of theft by the employee in our Company. For details regarding cyber fraud against our Company and theft of watches by the employee, please refer to '*Criminal Litigation by our Company-Outstanding Litigation and Material Developments*' on page 440.

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

As is the standard normal practice in retail selling of the luxury watches we have not entered into any exclusive arrangement with most of our suppliers. In absence of exclusivity, we may not be able to sell the exclusive products which may not be available with other retailers in India. 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.

**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.

Our outstanding payables in foreign currency, are as follows:

Particulars	For Nine Month ended December 31, 2021			Fiscal 2021			Fiscal 2020			Fiscal 2019		
	Value in Foreign Currency (lakhs)	Exchange Rate (₹)	Amount (₹ lakhs)	Value in Foreign Currency (lakhs)	Exchange Rate (₹)	Amount (₹ lakhs)	Value in Foreign Currency (lakhs)	Exchange Rate (₹)	Amount (₹ lakhs)	Value in Foreign Currency (lakhs)	Exchange Rate (₹)	Amount (₹ lakhs)
<b>CHF</b>	27.13	81.71	2,216.99	17.65	77.69	1,370.88	19.98	78.31	1,564.78	22.91	69.62	1,595.25
<b>USD</b>	2.26	74.50	168.44	3.04	73.17	222.06	0.85	75.37	63.97	0.27	69.28	18.38
<b>SGD</b>	1.80	55.24	99.19	3.17	54.43	172.52	1.39	53.01	73.84	0.12	50.71	5.86
<b>EUR</b>	2.32	84.75	196.77	2.09	85.92	179.77	0.98	83.08	81.04	0.37	77.74	28.80
<b>GBP</b>	0.21	100.84	20.75	0.41	100.96	41.34	-	-	-	-	-	-
<b>Total</b>			2,702.14			1,986.57			1,783.63			1,648.29

We have not entered into any hedging arrangements for our foreign exchange transactions. Accordingly, we are affected by fluctuations in exchange rates among the CHF, Indian Rupee and other foreign currencies. We have suffered losses on account of foreign exchange in the past. As for nine months period ended December 31, 2021, and Financial Year ended March 31, 2021, March 31, 2020 and March 31, 2019 our foreign exchanges losses (net) due to foreign exchange fluctuation were ₹ 97.92 lakhs, ₹ 30.57 lakhs, ₹ 167.01 lakhs and ₹ 134.61 lakhs, respectively. 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 variation in the utilisation of the Net Proceeds from the Fresh Issue as disclosed in this Red Herring Prospectus shall be subject to certain compliance requirements, including prior shareholders' approval.**

We propose to utilize the Net Proceeds for repayment of existing debt, working capital requirement and meeting capital expenditure to open new stores and upgradation of enterprise resource planning software. For further details of the proposed objects of the Offer, please see the section entitled "Objects of the Offer" on page 129. We cannot currently determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, we cannot undertake any variation in the utilisation of the Net Proceeds from the Fresh Issue as disclosed in this Red Herring Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the approval from shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

Further, our Promoters or person acting in concert if applicable, would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Fresh Issue, at a price and manner as prescribed by the SEBI. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company.

Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity. In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of proceeds from Fresh Issue, if any, which may adversely affect our business and results of operations.

**28. *Our Statutory Auditor has included certain emphasis of matters in audited financials of our Company.***

Our Statutory Auditor has included emphasis of matters in audited financials of our Company for nine months period ended December 31, 2021, the Fiscal 2021, Fiscal 2020, in relation to assessments made by us on our operations and results, for the aforesaid financial periods on account of Covid-19. No modification has been made in respect of the same in Restated Consolidated Summary Statements. Our Company has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, our Company expects to recover the carrying amount of these assets. For more details, please refer to ‘*Restated Consolidated Summary Statements*’ on page 292.

While there has been no instance where there has been a change in our auditors before the completion of his term for which he was appointed in any of the last five Fiscals, we cannot assure you that such event may not occur in future.

**29. *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 Promoters) and Key Managerial Personnel are interested in our Company, in addition to the regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company, to the extent of deposit placed by them under section 73 of Companies Act 2013 and unsecured loans granted to such employees. For further information, see “*Our Promoters and Promoter Group – Interests of our Promoters*” on page 284. 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.

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

Our business is import driven business. Any increase in import duties i.e., customs duties or any other charges in respect of the imported products or GST may impact pricing of the products and competitiveness of our products. Effective rate of import duties including GST on luxury watches is around 41%. Any further increase in the duties may affect our business.

Luxury watch business has been subject to higher tax rates. In February 2018, the customs duty on luxury watches was increased from 10% to 20%. Any further increase in rates of these duties will make products uncompetitive against the unorganised sector which does not pay taxes on the imports. Any growth in unorganised may impact players like us which is acting in organised sector.

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

As a Company we are required to file various forms with RoC in under the provision of the Companies Act, 2013, including but not limited to form CHG-1 in respect of the security created by our Company for the financing facilities availed by it. There has been an instance in the past where such forms have been re-filed with delay. There has been instance of delay in filing Form – CHG-1. Our Company has additional fee/late filing fee to an amount of ₹ 3,600 in respect of the same. We cannot assure you that such delays will not occur in future. Any delay in filing necessary forms with RoC may expose our Company to fines and penalties from RoC.

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

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

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

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

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

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

- 33. *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. For further information on approvals relating to our business and operations, see “*Government and other Approvals*” on page 445. Some of these approvals are yet to be obtained, pending or are in the process of making an application for obtaining its renewal. For further information on pending approvals, see “*Government and Other Approvals*” on page 451. Further, while we have applied for some of these approvals, we cannot assure that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected. There have been no instances where our Company has failed to obtain necessary approvals in respect of the business, however, there can be no assurance that we will receive all the approvals in respect of our business in future.

The approvals required by us are subject to numerous conditions including *inter alia* minimum fire safety measures in the store premises, requirement of application for renewal at least a month prior to the expiry of existing licenses, maintenance of inspection books, installation of CCTV etc. for each store under the shops and establishment legislations of the relevant state. We cannot assure you that these would not be suspended or revoked in the event of accidental non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us, through a

failure of our employees, Directors or Promoters, to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

Further we are also required to obtain product specific license in case of smart watches. In the past we have obtained approval of the same as when required for specific products. We cannot assure that in future we will obtain all the licenses in applicable time and same may lead to penal action against us by the regulators.

**34. *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.

Details of the revenue and percentage of revenue during in different quarters of in last three Fiscals and nine months period ended December 31, 2021, is as follows:

Revenue from operations								
	Fiscal 2019	Percentage	Fiscal 2020	Percentage	Fiscal 2021	Percentage	Nine months ended - December 31, 2021	Percentage
Quarter 1	10,059.29	22.65%	10,185.88	22.25%	2,747.08	7.11%	8,894.10	21.25%
Quarter 2	11,068.77	24.92%	10,620.42	23.20%	10,215.25	26.43%	13,437.30	32.10%
Quarter 3	12,850.75	28.94%	15,870.67	34.66%	13,385.41	34.63%	19,527.91	46.65%
Quarter 4	10,374.09	23.39%	9,107.94	19.89%	12,309.33	31.84%	-	-
Total	44,352.90	100.00%	45,784.91	100.00%	38,657.07	100.00%	41,859.31	100.00%

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.

**35. *We have obtained moratorium on our financial facilities.***

The Reserve Bank of India vide its circular dated March 27, 2020, permitted the lenders to allow a moratorium for three months of equated monthly instalments, falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020) for various categories of loans. We have availed the permitted moratorium for some of our borrowings as follows:

S. No.	Name of the Bank	Type of Loan	Limit	Period of Moratorium	Interest Amount
1	IDBI Bank	Cash Credit	2,210.00	March 2, 2020, to September 1, 2020	46.17
2	Jammu & Kashmir Bank	Cash Credit	890.00	May 1, 2020, to August 31, 2020	18.94
3	Bank of Maharashtra	Cash Credit	2,000.00	March 2, 2020 to August 31, 2020	69.33
Total			<b>5,100.00</b>		<b>134.44</b>

Our Company has paid all its due equated monthly instalment within the extended moratorium period. Considering the present uncertainty due to Covid-19 and various variants, we cannot assure you that we will not require such moratorium or rescheduling of loans in future. In case we are unable to avail such

moratorium or rescheduling of the loans on reasonable terms, same may constrain our cash flows and impact our operations.

**36. *Our Company has secured loans which are repayable on demand and have other restrictive conditions. Any demand from lenders for repayment of such secured loans or any breach in any restrictive conditions may adversely affect our cash flows.***

As of April 11, 2022, our Company has secured loans amounting to ₹ 1,729.84 lakhs (primarily cash credit facilities) and may in the future continue to avail secured borrowings (banks and financial institution), which may be recalled at any time, with or without the existence of an event of default, on short or no notice. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lender to give us extensions or to refrain from exercising such recalls, which may adversely affect our results of operations and cash flows. For further details, see “*Financial Indebtedness*” on page 387. Also, we have obtained deposit from our members under Section 73 of the Companies Act, 2013 and unsecured loans, any default in payment of such deposits or loan may expose us to regulatory and financial risk.

Further, we are bound by the other restrictive covenants under the financing arrangements including requirement of permission for any change in alteration of capital, undertaking any new business, entering into borrowing arrangements with other lenders. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.

Our Company has not violated any of the restrictive covenants/ has not defaulted in respect of any loan/triggered any event of default or undergone rescheduling for repayment of loans in the past three fiscal years with respect to the debt financing that our Company has availed. Our Company availed loan from Indiabulls Housing Finance Limited (“**Indiabulls**”) in March 2014 for aggregating to ₹ 451.00 lakhs for the purpose of business needs. The repayment of the loan started in form of EMIs. However, inadvertently Indiabulls missed collecting payment for one EMI amounting to ₹ 6.67 lakhs for the month of May 2020. While reconciling the accounts during December 2020, with Indiabulls when our Company found the same, it paid the same in December 2020. The loan with Indiabulls was fully repaid in March 2021 and our Company has obtained NoC from Indiabulls.

**37. *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.

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

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions include payment to key managerial person,

lease liabilities, purchase & sales of goods. For further information relating to our related party transactions, please refer to “*Offer Document Summary – Summary of Related Party Transactions*” on page 29. All related party transactions by our Company have been conducted on an arm’s length basis after obtaining necessary board and shareholders approvals, however we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such future related party transactions may potentially involve conflicts of interest.

Although all related party transactions that we may enter into post-listing, will be subject to board or Shareholder’s approval, as necessary under the Companies Act, 2013, as amended and the SEBI Listing Regulations, we cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further information on our related party transactions, see “*Offer Document Summary – Summary of Related Party Transactions*” on page 29.

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

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

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

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

In December 2019, the Government of India published the Personal Data Protection Bill, 2019 (“**PDP Bill**”), which provides a framework for protection of personal data and use of non-personal data and seeks to, among others, lay down norms for cross border transfer of personal data, define the scope of the definition of personal data and non-personal data, establishment of data protection authority and ensure the accountability of entities processing personal data. Adoption of the PDP Bill will lead to potential additional compliance requirements in relation to obtaining consents, putting in place privacy policies and aligning data collection practices which comply with the ‘privacy by design’ principle, data protection impact assessments, registration requirements for a significant data fiduciary, reporting requirements for data breaches, data localization requirements etc. Further, in September 2019, the Ministry of Electronics & Information Technology constituted a committee of subject matter experts to deliberate on issues related to non-personal data and to suggest suitable recommendations for its regulation. Further, on December 16, 2021, the Joint Parliamentary Committee (“**JPC**”) report on the PDP Bill was tabled in both Houses of Parliament. The report recommended modifications to the existing bill, together with corrections and improvements, and proposed substantive changes in the PDP Bill along with the of the Data Protection Bill, 2021 (“**DP Bill**”). To ensure better privacy, the DP Bill will also be dealing with non-personal data. Complying with the PDP Bill, other laws, regulations, or other obligations relating to privacy, data protection, data localization or security requirements may cause us to incur substantial operational costs or require us to modify our data handling practices. Non-compliance could result in proceedings against us by governmental entities or others, could result in substantial fines or other liability, and may otherwise adversely impact our business, financial condition and operating results. For further details, see “*Key Regulations and Policies*” beginning on page 237.

The use of electronic payment methods and collection of other personal information exposes us to an increased risk of privacy and security breaches as well as other risks. Although we use secure private networks to transmit confidential information, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales,



and our security measures and those of technology suppliers may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent our security measures or otherwise gain access to the confidential information that we collect, they may be able to destroy or steal valuable information or otherwise disrupt our operations. We may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information or other confidential information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have a material adverse effect on us and our stores.

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

**41. *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, 2022, we had 424 permanent employees, of which 286 were engaged at our stores. The success of our operations depends on availability of and maintaining good relationship with our workforce. Shortage of skilled personnel or disruptions caused by disagreements with employees could have an adverse effect on our business and results of operations. While we have not experienced any disruptions in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience any such disruption in the future. Such disruptions may affect our business and results of operations and may also divert the management's attention and result in increased costs.

Our success also depends on our ability to attract, hire, train and retain skilled sales personnel. In the retail industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations. As we expand our network, we will need experienced manpower that has knowledge of the local market and the luxury watch industry to operate our stores. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the luxury retail sector in India. The attrition rate for our employees for nine-month period ended December 31, 2021, and Fiscal 2019, 2020 and 2021, is as provided below:

<b>Functions</b>	<b>Fiscal 2019</b>	<b>Fiscal 2020</b>	<b>Fiscal 2021</b>	<b>For the nine months period ending December 31, 2021</b>
Back End Staff	24%	23%	19%	13%
Back End Middle and Senior Management	19%	22%	17%	14%
Front End Staff	36%	23%	19%	12%
Front End Middle and Senior Management	9%	17%	15%	9%

There can be no assurance that attrition rates for our employees, particularly our sales personnel, will not increase. A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in

recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition. While there has been no instance where our Company has failed to find persons with necessary skills, however we cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our stores in our existing markets or new markets that we are entering into. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected.

Pranav Shankar Saboo, CEO of our Company, is the son of Yashovardhan Saboo. Except, Pranav Shankar Saboo, none of the employees of Ethos Limited is related to the Promoter, Directors or KMPs of our Company in any manner. Except as stated above, none of the employees in our Company/our subsidiary/our group companies is related to our Promoter, Directors or KMPs.

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

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our stores and warehouses or in the regions/areas where our stores and warehouses are located. Although we maintain insurance coverage such as fire policy, burglary policy etc. for the stocks, assets and computers of the stores and other offices (including corporate office), fire policy for the warehouse and Corporate Office, special contingency policy for the stores, marine inland policy, machinery breakdown policy for diesel generator sets, compressors and solar panels, Director & officers policy, contractor policy and insurance for our employees, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. We may face losses in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. Details of insurance coverage excluding building as on nine months period ended December 31, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019 are as below.

Particulars	Nine Months period ended December 31, 2021		Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Insured amount (in ₹ lakhs)	Insurance coverage (in %)	Insured amount (in ₹ lakhs)	Insurance coverage (in %)	Insured amount (in ₹ lakhs)	Insurance coverage (in %)	Insured amount (in ₹ lakhs)	Insurance coverage (in %)
Insured Assets	41,919.25	141.13%	35,418.32	140.69%	33,478.62	125.55%	26,507.08	109.13%

While we believe that we have obtained insurance against losses which are most likely to occur in our line of business, as we have claimed insurance on various occasions successfully, there may be certain losses which may not be covered by our Company, which we have not ascertained as on date. Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future. For further information on the insurance policies availed by us, see “Our Business – Insurance” on page 236.

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

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

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

We do not have any dedicated in-house transportation facility, though sometimes our employees transport the products. However, we mainly rely on third party transportation and other logistic facilities for transportation of products from our warehouses to various stores. For this purpose, Criticalog India Private Limited and AF Ferrari Secure Logitech Pvt. Ltd are the entities that are relied upon by our Company for its transportation needs. Further, there is no conflict of interest between Issuer Company/subsidiaries/Promoter/Promoter Group/Directors/Key Managerial Person or any other associate entity, directly or indirectly, and such courier services are not related parties of our Company.

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

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

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

**45. *If we are unable to raise additional capital, our business prospects could be adversely affected.***

We will continue to incur significant expenditure in maintaining and growing our existing store and warehouse network. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. Our ability to arrange financing, raise funds and the costs of capital of such financing are dependent on several factors, including our credit ratings, general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and regulatory framework that allows us to raise capital ICRA Limited vide its letter dated December 8, 2021, has reaffirmed the credit rating of ICRA BBB+(Positive) by ICRA Limited for fund-based - cash credit/ term loans facilities and MA- (Stable); Reaffirmed for fixed deposits. Our credit rating reflects, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit rating in future in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs in the future and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations, and the price of our Equity Shares. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

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

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

Sr No	Statutory Dues	Period	Amount (in ₹)	Delay (days)	Reasons for delay	Steps taken by Company to avoid delay in future
1	<b>Tax deduction at source</b>					
	TDS on ESOP u/s 195	July, 2021	8,10,000	6	Technical glitches on web portal of the department.	Our Company has started to make payment in advance before the due date to avoid such technical issues.
2	<b>Equalisation levy</b>					
	Equalisation levy payment	August, 2021	23,530	41		
3	<b>Employees Provident Fund</b>					
	EPF payments	May, 2021	22,67,875	1	The Employee's Provident Fund Organisation (EPFO) had made linking the Aadhaar number with the PF account mandatory for all the Employees Provident Fund (EPF) account holders by <sup>31</sup> st August 2021; therefore, EPFO had temporarily disabled the window for making PF contributions for those who had not linked their Aadhaar.	Our Company has started to take the Aadhaar number from its employees at the time of joining.
Sr No	Statutory Dues	Period	Amount (in ₹)	Delay (days)	Reasons for delay	Steps taken by Company to avoid delay in future
1	<b>Professional tax</b>					
	Professional Tax - Ahmedabad	May, 2020	800	10	During the Covid period, due to shortage of staff and medical exigency, there was a slight delay in the May month professional tax payment.	This was an exceptional case due to covid.
	Professional Tax - Andhra Pradesh	May, 2020	1,950	8		
	Professional Tax - Maharashtra	May, 2020	11,375	8		
	Professional Tax - Karnataka	May, 2020	5,800	3		
	Professional Tax - Punjab	May, 2020	5,800	8		

Sr No	Statutory Dues	Period	Amount (in ₹)	Delay (days)	Reasons for delay	Steps taken by Company to avoid delay in future
	Professional Tax - Ahmedabad	July, 2020	1,200	2	Technical glitches on web portal of the department.	Our Company has started to make payment in advance before the due date to avoid such technical issues.
	Professional Tax - Ahmedabad	September, 2020	1,400	2		
	Professional Tax - Ahmedabad	May, 2020	1,400	29		
Sr No	Statutory Dues	Period	Amount (in ₹)	Delay (days)	Reasons for delay	Steps taken by Company to avoid delay in future
1	<b>Professional tax</b>					
	Professional Tax - Punjab	April, 2019	7,800	30	Technical glitches on web portal of the department	Our Company has started to make payment in advance before the due date to avoid such technical issues.
	Professional Tax - Punjab	June, 2019	7,600	4		
	Professional Tax - Ahmedabad	October, 2019	1,280	1		
	Professional Tax - Andhra Pradesh	October, 2019	2,100	1		
	Professional Tax - Punjab	November, 2019	5,600	1		
Sr No	Statutory Dues	Period	Amount (in ₹)	Delay (days)	Reasons for delay	Steps taken by Company to avoid delay in future
1	<b>Employees Provident Fund</b>					
	EPF payments	May, 2018	16,29,337	1	Technical glitches on web portal of the department.	Our Company has started to make payment in advance before the due date to avoid such technical issues.
2	<b>Professional tax</b>					
	Professional Tax - Punjab	March, 2019	7,800	60	Technical glitches on web portal of the department.	

**Notes:**

1. Central Board of Indirect Taxes and Customs ("CBIC") relaxed the date of payments by 15 days with the reduced interest of 9% p.a. in light of Covid -19, vide Notification No. 18/2021 – Central Tax dated June 1, 2021. Our Company has availed the said exemption and had paid GST for the states of Maharashtra, Karnataka, Gujarat, Union Territory of Chandigarh and Delhi, for the month of April 2021.
2. Government of India ("GoI") relaxed the date of deposit of TDS and Equalisation Levy, up to June 30, 2020, with the reduced interest of 9% p.a. vide Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 dated March 31, 2020. Our Company has availed the exemption as per the said notification and deposited the TDS/equalisation levy with reduced rates for the month of March 2020, April 2020 and May 2020.
3. Employees provident Fund Organisation ("EPFO") relaxed the delay in deposit of employer's contribution towards provident fund damages and penalties, vide circular no. C-1/Misc./2020-21/Vol.1/1112 dated May 15, 2020. Our Company has availed the said exemption deposited the necessary funds.
4. Central Board of Indirect Taxes and Customs ("CBIC") relaxed the date of payments up to June 30, 2020 with the reduced interest of 9% p.a. in light of Covid -19, up to 30th June, 2020 with the reduced interest of 9% p.a. vide Notification No. 31/2020 – Central Tax dated April 3, 2020. Our Company has availed the said exemption and had paid GST for the states of Karnataka, Uttar Pradesh, Madhya Pradesh, Union Territory of Chandigarh and Delhi for the month of March 2020 and April 2020.

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

**47. *Our Company was forced to close its stores as lessor decline to renew the lease agreements.***

There has been one instances in the past where due to expiry of lease and non-renewal of the same by the lessor, our Company closed the store. Our Company already had plans for the same and opened a parallel store in mall location which was more advantageous to our Company.

S. No.	Location of the Store	Date of Closure	Reasons of the Closure
1.	S.C.O. 6-7, Sector 8-C, Madhya Marg, Union Territory of Chandigarh - 160 008	September 17, 2019	Non-renewal of lease. Our Company decided to continue with only Mall locations at Elante, Union Territory of Chandigarh.

We may not assure you that such closure due to termination/non-renewal of lease agreements will not happen in future.

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

We have used the report titled “Industry Report Premium and Luxury Watch Retail in India” dated April 26, 2022, prepared by Technopak Advisors Private Limited appointed by our Company on October 22, 2021, and exclusively commissioned by our Company for purposes of inclusion of such information in the Offer Document at an agreed fees to be paid by our Company. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. Although we believe that the data may be considered to be reliable, as information contained therein has been obtained from sources generally believed to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. Given the scope and extent of the Technopak Report, disclosures are limited to certain excerpts and the Technopak Report has not been reproduced in its entirety in this Red Herring Prospectus. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. The report is a paid report and is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, or the BRLMs or any of our or its respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Further, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Red Herring Prospectus. Also see, “*Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data*” on page 17.

**49. *We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.***

The Offer includes an offer for sale of up to 11,08,037 Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders in proportion to their respective portions of the Offered Shares transferred pursuant to the Offer for Sale, and our Company will not receive any such proceeds.

**50. *We have issued Equity Shares in the last 12 months at prices that may be lower than the Offer Price.***

We have issued and allotted Equity Shares in the 12 months preceding the date of this Red Herring Prospectus at a price which may be lower than the Offer Price. The prices at which Equity Shares were

issued by us in the past 12 months should not be taken to be indicative of the Price Band, Offer Price or the trading price of our Equity Shares after listing. Further, we may, in the future, issue Equity Shares, including under employee stock option plan schemes, if any, at prices that may be lower than the Offer Price, subject to compliance with applicable laws. Grants of any stock options may result in a change to our statement of profit and loss and reduce, to that extent, our reported profits in future periods. Any issuances of Equity Shares by us, including through the exercise of employee stock options pursuant to employee stock option plan schemes that we may implement in the future, may dilute your shareholding in us, thereby adversely affecting the trading price of the Equity Shares and our ability to raise capital through any issuance of new securities. For details, see “*Capital Structure*” on page 100.

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

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

**52. *Article of association of our Promoter i.e., KDDL Limited, has certain restrictive covenants which may restrict our ability to raise funds.***

Our Company is a material subsidiary of KDDL Limited. Articles of association of our promoter KDDL Limited, include a clause which states that any material subsidiary (i) shall not cause any change in its share capital except the right issue or issue of equity shares by to any officer, director or employee, (ii) shall not raise any debt which causes the debt-equity ratio of such material subsidiary to exceed 3:1; and (iii) shall not cause any change in existing or related line of business carried on by such material subsidiary, or commencement of business by such material subsidiary, which is not the existing or related line of business carried on by such material subsidiary, without prior approval of members of KDDL Limited by a special resolution.

Our Company has obtained the approval from shareholders of KDDL Limited, for the present Offer. However, we cannot assure you that in our Company will obtain all the necessary in future. In case, our Company fails to obtain such approval in future, it may impact shareholders of our Company

## **External Risk Factors**

### **Risk Relating to India**

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

In Fiscals 2019, 2020, 2021 and nine months period ended December 31, 2021, we generated interest income under the effective interest rate method from Fixed Deposits, Security deposits at amortised cost and others amounting to ₹ 96.84 lakhs, ₹ 113.93 lakhs, ₹ 110.34 lakhs, and ₹ 156.51 lakhs, respectively, that represented 5.88%, 57.37%, 13.63% and 7.24% of our profit before tax in such periods, respectively of our profit before tax in such periods, respectively. Our business results are therefore dependent on a number of general macroeconomic and demographic factors in India which are beyond our control. In particular, our revenue and profitability are strongly correlated to consumer discretionary spending, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence, particularly in the cities and communities where our stores are located. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased food prices, increased energy prices, or other industry-wide cost pressures could also affect consumer behaviour and spending for luxury watches and lead to a

decline in our interest income, sales and earnings. In particular, the outbreak of the Covid-19 pandemic has led to an economic downturn and a decrease in consumer discretionary spending in India and globally. In addition, increases in petrol, diesel, natural gas, electricity and other energy costs, and increases in borrowing costs with rising interest rates, could also result in our customers having lower disposable income. Any significant decrease in our customer footfalls as a result of these or other factors could negatively impact our financial performance.

Demographic factors, such as population concentrations in key metropolitan areas and cities where our stores are located, could also impact our brand awareness and customer footfalls in our stores. The retail industry may also be affected by industry-specific developments, such as changes in trends relating to growing infrastructure spending and investment in retail space that result from changes in national, regional and local economic conditions. In addition, the government has imposed and is expected to continue to impose the heightened restrictive measures in relation to sanitization of spaces and other related areas following the Covid-19 pandemic, and retailers are likely to incur higher operating costs to ensure compliance with any such measures in the future. Any adverse developments in relation to the retail industry in India as a result of these or other factors could also adversely impact our future growth prospects.

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

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

**55. *The occurrence of natural or man-made disasters or outbreak of global pandemics, such as the Covid-19 pandemic, could adversely affect our results of operations, cash flows and financial condition.***



***Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

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

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

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

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

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

**57. *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. For instance, the Taxation Laws (Amendment) Act, 2019, prescribed certain changes to the income tax rate applicable to companies in India. As per the said legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with prescribed conditions, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of and long-term capital gains tax on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/courts would have an effect on our profitability.

Further, the Government of India will soon present the budget for Fiscal 2023 and may introduce various amendments to taxation laws in India. 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.

We cannot predict whether any new tax laws or regulations impacting our services 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.

**58. *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.

**59. *Current economic conditions may adversely affect our business, results of operations 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, financial condition and results of operations.

**60. *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.

**61. *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.

### **Risks Related to the Offer**

**62. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price of the Equity Shares has been determined by our Company and Selling Shareholders in consultation with the BRLMs, and through the Book Building Process. This price is based on numerous factors, as described under “Basis for Offer Price” beginning on page 144 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer and may decline below the Offer Price. In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company’s performance. As a result of these factors, we cannot assure you that investors will be able to resell their Equity Shares at or above the Offer Price.

**63. *The trading volume and market price of the Equity Shares may be volatile following the Offer.***

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

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts’ recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

**64. *Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds.***

We intend to utilise the Net Proceeds of the Offer as set forth in “Objects of the Offer” beginning on page 129. The funding requirements mentioned as a part of the objects of the Offer are based on internal management estimates in view of past expenditure, and have not been appraised by any bank or financial

institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial conditions or business strategies.

Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. For example, our organic growth and expansion plans could be delayed due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. We may also use funds for future businesses which may have risks significantly different from what we currently face or may expect. Further, we may not be able to attract personnel with sufficient skills or sufficiently train our personnel to manage our expansion plans. Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

- 65. *The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world.

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

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

Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018, with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹ 100,000, subject to certain exceptions in case of resident individuals and HUF.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis

is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020.

**67. *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 on date of this Red Herring Prospectus, our Promoters and members of our Promoter Group shareholders beneficially owned an aggregate of 1,54,56,412 Equity Shares which represents 81.02% of our outstanding Equity Share capital. Our Promoters will continue to exercise control over our Company post listing and such shareholding may limit your ability to influence corporate matters that require shareholders' approval. The Promoters and members of the Promoter Group may be able to exercise considerable influence over any matters requiring shareholders' 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 our assets or further fund-raising transactions.

**68. *There is no assurance that our Equity Shares will be listed on BSE and NSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the BSE and NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

**69. *Investors will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges.

The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

**70. *Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors shareholdings in our Company.

Any future equity issuances by us or sales of our Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty

in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares, 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.

**71. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the submission of their Bid, and Retail Individual Investors are not permitted to withdraw their Bids after closure of the Bid/ Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

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

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

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Code of Civil Procedure, 1908 ("CPC") provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the GoI has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties. The following territories have been declared to be reciprocating territories within the meaning of Section 44A of the CPC by the GoI: United Kingdom; Aden; Fiji; Republic of Singapore; Federation of Malaysia; Trinidad and Tobago; New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa; Hong Kong; Papua New Guinea; Bangladesh; and United Arab Emirates.

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

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

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

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

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

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

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

Foreign investment in multi brand retailing is also restricted and in future we may face attracting foreign investment in our Company. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 500.

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

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

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

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to

maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

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

**76. *The requirements of being a publicly listed company may strain our resources.***

While our Promoter is a listed entity and our affairs have been subjected to a limited level of scrutiny that are associated with us being subsidiary of the listed company. However, as a listed company, our affairs will be subject to a higher level of scrutiny and we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations, which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, results of operations and financial condition. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

**77. *Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our Restated Consolidated Summary Statements have been derived from the consolidated audited financial statements for Fiscals 2019, 2020 and 2021 and nine months period ended December 31, 2021, which were prepared in accordance with Ind AS or Ind AS 34, as applicable, and restated in accordance with ICDR and Guidance note. Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our Restated Consolidated Summary Statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should be limited accordingly.

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

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



### SECTION III: THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
<b>Offer of Equity Shares</b>	[●] Equity Shares, aggregating to ₹ [●] lakhs
<i>of which:</i>	
Fresh Issue <sup>(1)*</sup>	[●] Equity Shares aggregating to ₹ 37,500 lakhs* *Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.
Offer for Sale <sup>(2)</sup>	Up to 11,08,037 Equity Shares aggregating up to ₹ [●] lakhs
<b>The Offer of which consists of:</b>	
QIB Portion	Not more than [●] Equity Shares aggregating up to ₹ [●] lakhs
<i>of which:</i>	
(i) Anchor Investor Portion <sup>(3)</sup>	[●] Equity Shares
(ii) Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
(iii) Mutual Fund Portion	[●] Equity Shares
(iv) Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non-Institutional Portion <sup>(4)</sup>	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
<i>of which</i>	
(i) Applicants with application size of more than ₹200,000 and up to ₹1,000,000 ^	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
(ii) Applicants with application size of more than ₹1,000,000^	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
Retail Portion <sup>(5)</sup>	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
<b>Pre-Offer and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	1,90,78,163 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	Please refer to 'Objects of the Offer' on page 129.

\* Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

<sup>(1)</sup> The Offer has been authorized by a resolution of our Board of Directors at their meeting held on December 1, 2021. Further, our Board has taken on record the consent of the Selling Shareholders for participation in the Offer for Sale on December 30, 2021 and the fresh issue has been authorised by a special resolution of our shareholders dated January 18, 2022.

<sup>(2)</sup> The Selling Shareholders have agreed for the Offer for Sale as follows:

S. No.	Name of the Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of the consent letter to participate in the Offer for Sale	Date of corporate action / board resolution / power of attorney
1	Yashovardhan Saboo* ("Selling Shareholder")	Up to 2,75,000	December 22, 2021	-
2	KDDL Limited ("Selling Shareholder")	Up to 5,00,000	December 22, 2021	December 21, 2021

S. No.	Name of the Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of the consent letter to participate in the Offer for Sale	Date of corporate action / board resolution / power of attorney
3	Mahen Distribution Limited (“Selling Shareholder”)	Up to 50,000	December 22, 2021	December 22, 2021
4	Saboo Ventures LLP (“Selling Shareholder”)	Up to 1,50,000	December 22, 2021	December 22, 2021
5	Anuradha Saboo* (“Selling Shareholder”)	Up to 60,000	December 22, 2021	-
6	Jai Vardhan Saboo (“Selling Shareholder”)	Up to 15,000	December 22,2021	December 31, 2021
7	VBL Innovations Private Limited (“Selling Shareholder”)	Up to 10,500	December 22,2021	December 29, 2021
8	Anil Khanna (“Selling Shareholder”)	Up to 6,250	December 7, 2021	January 7, 2022
9	Nagarajan Subramanian (“Selling Shareholder”)	Up to 19,231	December 22, 2021	January 6, 2022
10	C. Raja Sekhar (“Selling Shareholder”)	Up to 10,556	December 18, 2021	January 6, 2022
11	Karan Singh Bhandari (“Selling Shareholder”)	Up to 3,000	December 22,2021	January 7, 2022
12	Harsh Vardhan Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 7, 2022
13	Anand Vardhan Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 7, 2022
14	Shalini Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 7, 2022
15	Manju Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 7, 2022
	<b>Total</b>	<b>Up to 11,08,037</b>		

\* As Yashovardhan Saboo and Anuradha Saboo, are individuals, therefore, date of corporate action is not applicable to them, further, unlike other selling shareholders they have not executed power of attorney in favour of someone else and have signed Selling Shareholders documents including consent letters dated December 22, 2021 themselves.

Each of the Selling Shareholders has severally and not jointly confirmed that their respective Offered Shares have been held by them for a period of at least one year prior to the date of filing of this Red Herring Prospectus with SEBI or have resulted from a bonus issue on Equity Shares held for a period of at least one year prior to the date of filing of this Red Herring Prospectus, and are eligible for being offered for sale in the Offer, in terms of Regulation 8 of the SEBI ICDR Regulations.

- (3) Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see “Offer Procedure” on page 479.
- (4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of undersubscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, Equity Shares will be Allotted first towards the Fresh Issue from the valid bid followed by Allotment of Equity Shares offered by Selling Shareholders proportion of Equity Shares offered by them in the Offer for Sale. In case our Company fails to get minimum subscription of 90%, we shall refund the application monies, as applicable, within 4 days of the Bid Closing Date.
- (5) Allocation to all categories, except the Anchor Investor Portion, the Retail Portion and Non Institutional-Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. The allocation One third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 2.00 lakhs and up to ₹ 10.00 lakhs, and two third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 10 lakhs. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see “Offer Procedure” on page 479. For details of the terms of the Offer, see “Terms of the Offer” on page 467.

^ unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidder).

## **SUMMARY RESTATED CONSOLIDATED SUMMARY STATEMENTS**

The following tables set forth the summary financial information derived from the Restated Consolidated Summary Statements for the nine months period ended December 31, 2021, and years ended March 31, 2021, March 31, 2020, and March 31, 2019. The summary financial information presented below should be read in conjunction with “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 292 and 391, respectively.

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**SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

*(₹ In lakhs)*

<b>Particulars</b>	<b>As at December 31, 2021</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3,508.90	3,068.32	3,059.35	2,121.77
Capital work-in-progress	27.36	375.73	69.88	440.02
Intangible assets	62.76	64.48	80.94	57.45
Right-of-use assets	8,168.66	7,928.32	9,340.92	6,790.50
Intangible assets under development	-	5.61	5.61	38.21
Investment in joint venture	152.88	80.07	66.57	-
Financial assets				
- Loans	9.36	9.79	4.80	7.23
- Other financial assets	1,172.64	889.10	836.04	1,017.04
Non-current tax assets (net)	150.75	147.43	144.63	123.24
Deferred tax assets (net)	934.23	866.25	806.98	818.82
Other non-current assets	197.37	116.49	214.72	298.13
<b>Total non-current assets</b>	<b>14,384.91</b>	<b>13,551.59</b>	<b>14,630.44</b>	<b>11,712.41</b>
<b>Current assets</b>				
Inventories	23,963.73	19,777.12	21,859.01	20,556.94
Financial assets				
- Trade receivables	985.30	1,218.04	938.32	891.61
- Cash and cash equivalents	6,141.59	1,830.83	983.60	756.76
- Other bank balances	1,221.20	220.47	109.99	120.97
- Loans	29.25	18.13	14.19	11.61
- Other financial assets	746.88	1,011.70	1,278.58	680.81
Other current assets	1,926.45	1,576.50	2,381.52	2,161.45
<b>Total current assets</b>	<b>35,014.40</b>	<b>25,652.79</b>	<b>27,565.21</b>	<b>25,180.15</b>
<b>Total assets</b>	<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	1,877.55	1,821.28	1,821.28	1,690.17
Other equity*	17,928.53	13,740.08	13,165.50	11,350.26
<b>Equity attributable to owners of the Company</b>	<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>
Non-controlling interest	0.00	0.00	0.00	0.00
<b>Total equity</b>	<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	2,326.43	1,708.22	1,575.94	1,620.46
- Lease liabilities	7,125.87	6,888.66	7,963.38	5,295.40
- Other financial liabilities	49.23	90.00	94.52	48.86
Provisions	132.09	157.09	130.04	110.23
<b>Total non-current liabilities</b>	<b>9,633.62</b>	<b>8,843.97</b>	<b>9,763.88</b>	<b>7,074.95</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	6,349.53	3,490.61	5,998.75	6,086.06
- Lease liabilities	2,162.11	1,913.60	1,890.74	1,903.13
-Trade payables				
-total outstanding dues of micro enterprises and small enterprises	77.30	0.72	1.93	-

**SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

*(₹ In lakhs)*

<b>Particulars</b>	<b>As at December 31, 2021</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
-total outstanding dues of creditors other than micro enterprises and small enterprises	8,310.05	7,198.63	7,241.34	6,761.05
- Other financial liabilities	1,054.41	971.03	979.03	929.69
Other current liabilities	1,505.86	916.91	1,057.84	654.29
Provisions	288.59	249.45	237.36	135.53
Current tax liabilities (net)	211.76	58.10	38.00	307.43
<b>Total current liabilities</b>	<b>19,959.61</b>	<b>14,799.05</b>	<b>17,444.99</b>	<b>16,777.18</b>
<b>Total liabilities</b>	<b>29,593.23</b>	<b>23,643.02</b>	<b>27,208.87</b>	<b>23,852.13</b>
<b>Total equity and liabilities</b>	<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>

*\*For details of the Other Equity, please refer to page 306 and 353 of this Red Herring Prospectus.*

## SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ In lakhs except per share data and if otherwise stated)

Particulars	Nine months ended December 31, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	41,859.31	38,657.07	45,784.91	44,352.90
Other income	1,075.45	1,657.16	315.65	156.73
<b>Total Income (I)</b>	<b>42,934.76</b>	<b>40,314.23</b>	<b>46,100.56</b>	<b>44,509.63</b>
<b>Expenses</b>				
Purchase of stock-in-trade	34,222.01	26,084.91	34,205.38	34,988.34
Changes in inventory of stock-in-trade	(4,186.61)	2,081.89	(1,302.07)	(3,453.65)
Employee benefits expense	3,087.54	2,920.31	3,317.02	3,312.52
Finance costs	1,192.22	1,698.21	1,962.89	1,611.95
Depreciation and amortization expense	2,275.09	3,135.91	3,278.90	2,566.21
Other expenses	4,180.72	3,596.77	4,406.44	3,836.47
<b>Total expenses (II)</b>	<b>40,770.97</b>	<b>39,518.00</b>	<b>45,868.56</b>	<b>42,861.84</b>
<b>Restated profit before share of joint venture and tax (III= I-II)</b>	<b>2,163.79</b>	<b>796.23</b>	<b>232.00</b>	<b>1,647.79</b>
Share of Profit/(Loss) of joint venture (net of income tax) (IV)	(2.19)	13.50	(33.43)	-
<b>Restated Profit before tax (V= III-IV)</b>	<b>2,161.60</b>	<b>809.73</b>	<b>198.57</b>	<b>1,647.79</b>
<b>Tax expense, comprising:</b>				
- Current tax	634.52	289.43	319.41	983.68
- Deferred tax (credit)/charge	(71.70)	(58.23)	12.56	(324.77)
<b>Total tax expense (VI)</b>	<b>562.82</b>	<b>231.20</b>	<b>331.97</b>	<b>658.91</b>
<b>Restated Profit/(loss) for the period / year (VII = V- VI)</b>	<b>1,598.78</b>	<b>578.53</b>	<b>(133.40)</b>	<b>988.88</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
- Re-measurement of loss on defined benefit plans	14.70	(4.99)	(2.85)	(29.76)
- Income tax relating to items that will not be re-classified to profit and loss	(3.72)	1.04	0.72	10.40
<b>Restated other comprehensive income/(loss) for the period / year</b>	<b>10.98</b>	<b>(3.95)</b>	<b>(2.13)</b>	<b>(19.36)</b>
<b>Restated total comprehensive Income/(loss) for the period / year</b>	<b>1,609.76</b>	<b>574.58</b>	<b>(135.53)</b>	<b>969.52</b>
<b>Restated earnings/(loss) per Equity Share [nominal value of ₹ 10 (previous period/year ₹ 10)]</b>				
Basic (₹)	8.74 *	3.18	(0.75)	5.22
Diluted (₹)	8.74 *	3.15	(0.75)	5.22
<i>*not annualised for the nine months ended December 31, 2021</i>				

## SUMMARY STATEMENT OF CASH FLOWS

(₹ In lakhs)

PARTICULARS	Nine months ended December 31, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. OPERATING ACTIVITIES</b>				
<b>Restated Profit before tax</b>	2,161.60	809.73	198.57	1,647.79
<b>Adjustments to reconcile profit before tax to net cash flows:</b>				
Depreciation and amortization expense	2,275.09	3,135.91	3,278.90	2,566.21
Property, plant and equipment written off and loss on sale of property, plant & equipment	23.72	34.60	91.38	-
Profit on disposal of property, plant and equipment	-	(5.31)	-	-
Interest expense	1,168.93	1,689.95	1,962.89	1,611.95
Interest income	(156.51)	(110.34)	(113.93)	(96.84)
Provisions/liabilities no longer required written back	(79.99)	(75.64)	(110.59)	(58.87)
Share of loss/(profit) of joint venture	2.19	(13.50)	33.43	-
Share options lapsed	(9.41)	-	(18.11)	(7.81)
Unrealized foreign exchange (gain) / loss	(23.97)	(55.00)	68.67	(22.76)
Rent waiver on lease liabilities	(748.65)	(1,402.22)	-	-
Gain on termination of lease contracts	(1.09)	(60.79)	(83.88)	-
Allowance for bad and doubtful debts/(written back)	(59.21)	(2.90)	105.38	-
Allowance for bad and doubtful advances	-	22.85	-	-
Advances / deposits / Bad debts written off	93.33	51.76	63.50	38.41
<b>Cash generated from operations before working capital changes</b>	<b>4,646.03</b>	<b>4,019.10</b>	<b>5,476.21</b>	<b>5,678.08</b>
<b>Movements in working capital:</b>				
(Increase)/decrease in inventories	(4,186.61)	2,081.89	(1,302.07)	(3,453.65)
(Increase) in loans	(10.69)	(8.93)	(0.15)	(12.89)
(Increase)/decrease in other financial assets	79.74	190.49	(347.07)	(511.21)
(Increase)/decrease in other assets	(378.16)	808.79	(477.07)	(81.60)
(Increase)/decrease in trade receivables	230.38	(315.19)	(152.10)	(245.99)
Increase in provisions	28.84	34.15	118.79	71.06
Increase/(decrease) in trade payables	1,249.90	21.26	426.32	(880.71)
(Decrease)/Increase in other financial liabilities	92.72	(125.14)	64.33	409.89
(Decrease)/Increase in other current liabilities	587.10	(87.47)	501.35	(348.90)
<b>Cash flow from operations</b>	<b>2,339.25</b>	<b>6,618.95</b>	<b>4,308.55</b>	<b>624.08</b>
Income tax paid (net)	(484.18)	(272.13)	(610.23)	(739.72)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,855.07</b>	<b>6,346.82</b>	<b>3,698.32</b>	<b>(115.64)</b>
<b>B. INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(724.72)	(959.51)	(1,426.43)	(1,298.09)
Proceeds from sale of property, plant and equipment	19.74	15.00	78.61	0.65
Payment towards purchase of investments	(75.00)	-	(100.00)	-
Investment in bank deposits (having original maturity of more than three months)	(1,008.01)	(74.70)	(24.80)	94.06
Interest received	31.78	15.53	16.52	13.14
<b>Net cash (used in) investing activities (B)</b>	<b>(1,756.21)</b>	<b>(1,003.68)</b>	<b>(1,456.10)</b>	<b>(1,190.24)</b>
<b>C. FINANCING ACTIVITIES</b>				
Proceeds from issue of Equity Share capital (including premium)	2,644.36	-	2,100.00	2,917.98
Proceeds from non-current borrowings	1,665.79	1,145.89	602.17	384.10
Repayment of non-current borrowings	(697.07)	(848.75)	(784.85)	(213.32)

## SUMMARY STATEMENT OF CASH FLOWS

(₹ In lakhs)

PARTICULARS	Nine months ended December 31, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Proceeds from current borrowings having maturity period more than 3 months	676.82	218.30	237.11	73.99
Repayment of current borrowing having maturity period more than 3 months	(300.29)	(212.60)	(97.40)	(64.26)
Proceeds from/repayments of current borrowings (net)	2,131.88	(2,678.70)	(88.86)	1,195.73
Payment of principal portion of lease liabilities	(764.89)	(474.52)	(2,094.82)	(1,359.85)
Interest paid on lease liabilities	(754.43)	(1,056.90)	(1,072.25)	(846.56)
Interest expense paid	(390.27)	(588.63)	(816.48)	(754.08)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>4,211.90</b>	<b>(4,495.91)</b>	<b>(2,015.38)</b>	<b>1,333.73</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>4,310.76</b>	<b>847.23</b>	<b>226.84</b>	<b>27.85</b>
<b>Cash and cash equivalents at the beginning of the period / year</b>	<b>1,830.83</b>	<b>983.60</b>	<b>756.76</b>	<b>728.91</b>
<b>Cash and cash equivalents at the end of the period / year</b>	<b>6,141.59</b>	<b>1,830.83</b>	<b>983.60</b>	<b>756.76</b>



## GENERAL INFORMATION

Our Company was incorporated as a public company on November 5, 2007, as ‘Kamla Retail Limited’ under the Companies Act, 1956, pursuant to a 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, pursuant to a special resolution passed by our shareholders on March 2, 2012, the name of our Company was changed to ‘Ethos Limited’, and a fresh certificate of incorporation dated March 5, 2012, was issued by the Registrar of Companies, Himachal Pradesh.

For details, see “*History and Certain Corporate Matters*” on page 247.

### Registered Office

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

### Corporate Office

Kamla Centre  
S.C.O. 88-89  
Sector 8-C, Madhya Marg  
Union Territory of Chandigarh – 160 009

### Corporate Identity and Registration Number

Corporate Identity Number: U52300HP2007PLC030800  
Registration Number: 030800

### Address of the RoC

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

### Board of Directors

As of the date of this Red Herring Prospectus, the composition of our Board is as disclosed below:

Name	Designation	DIN	Address
Yashovardhan Saboo	Managing Director	00012158	House No. 1, Sector 5, Union Territory of Chandigarh – 160 008
Anil Khanna	Independent Director	00012232	House No. 515, Sector 36-B, Union Territory of Chandigarh – 160 036
Nagarajan Subramanian	Independent Director	02406548	2 <sup>nd</sup> Floor, Sanskriti 8, Dongersi Road, Walkeshwar, Mumbai, Maharashtra – 400 006
Neelima Tripathi	Independent Director	07588695	19, Central Lane, Bengali Market, New Delhi – 110 001
Sundeep Kumar	Independent Director	02750717	A-176A, Sushant Lok Phase – I, Gurgaon, Haryana – 122 001
Dilpreet Singh	Independent Director	03042448	House No. 1347, Chakarpur, D.L.F. Phase – 4, Block – B, Gurgaon, Haryana – 122 002
Mohaimin Altaf	Independent Director	08080751	4D, Sagar Apartment, Tilak Marg, National Capital Territory of New Delhi – 110 001
Manoj Gupta	Executive Director	08700786	House No. 6072, Modern Housing Complex, Manimajra, Union Territory of Chandigarh – 160 101
Patrik Paul Hoffmann	Non-Independent Director	09208027	Rue Abraham – Robert 62A, 2300 LA, Chaux-de-Fonds, Switzerland
Chitranjan Agarwal	Additional Director (Non-Independent)	00095715	House no. 116, Sector 18-A, Union Territory of Chandigarh-160 018

For further details of our Board, see “*Our Management*” beginning on page 256.

### **Company Secretary and Compliance Officer**

Anil Kumar is the Compliance Officer and the Company Secretary of our Company. His contact details are as follows:

**Anil Kumar**

House No. 2241

Sector 66

Mohali, Punjab 160 059

**Telephone:** + (91) 9780687553

**E-mail:** anil.dhiman@ethoswatches.com

### **Investor Grievances**

**Investors can contact our Company Secretary and Compliance Officer, the Book Running Lead Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non- receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non- receipt of refund orders or non-receipt of funds by electronic mode, etc.**

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar, giving full details such as the name of the sole or first Bidder, Anchor Investor Application Form number, Bidders’ DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Managers where the Anchor Investor Application Form was submitted by the Anchor Investor.

### **Book Running Lead Managers**

**Emkay Global Financial Services Limited**

The Ruby, 7th Floor, Senapati Bapat Marg

Dadar (West), Mumbai – 400 028

Maharashtra, India

**Telephone:** +91 22 66121212

**E-mail:** ethos.ipo@emkayglobal.com

**Website:** www.emkayglobal.com

**Investor Grievance ID:** ibg@emkayglobal.com

**Contact Person:** Deepak Yadav/ Pranav Nagar

**SEBI Registration No.:** INM000011229

**InCred Capital Wealth Portfolio Managers Private Limited**

12<sup>03</sup>, 12th Floor, B Wing, The Capital,

Bandra Kurla Complex, Bandra East,

Mumbai 400 051

Maharashtra, India

**Telephone:** +91 22 6844 6100  
**E-mail:** ethos.ipo@incredcapital.com  
**Website:** www.incredsecurities.com  
**Investor Grievance ID:** customer.grievance@incredcapital.com  
**Contact Person:** Sreesankar R  
**SEBI Registration No.:** INM000012865

### Inter-se allocation of responsibilities among the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

S. No.	Activities	Responsibility	Coordinator
1.	Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, this Red Herring Prospectus, Prospectus, abridged prospectus and application form. The Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing	Emkay & InCred	Emkay
2.	Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, etc.	Emkay & InCred	Emkay
3.	Assisting, Reviewing and approval of all statutory advertisement	Emkay & InCred	Emkay
4.	Reviewing and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	Emkay & InCred	Emkay
5.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	Emkay & InCred	Emkay
6.	Preparation of road show presentation and frequently asked questions	Emkay & InCred	InCred
7.	International institutional marketing of the Offer, which will cover, inter alia: Marketing strategy; Finalizing the list and division of investors for one-to-one meetings; and Finalizing road show and investor meeting schedule	Emkay & InCred	Emkay
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: Marketing strategy; Finalizing the list and division of investors for one-to-one meetings; and Finalizing road show and investor meeting schedule	Emkay & InCred	InCred
9.	Non-institutional marketing of the Offer, which will cover, inter alia, Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; Finalising centres for holding conferences for brokers, etc.; Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and Finalising collection centres	Emkay & InCred	InCred
10.	Retail marketing of the Offer, which will cover, inter alia, Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; Finalising centres for holding conferences for brokers, etc.;	Emkay & InCred	Emkay

<b>S. No.</b>	<b>Activities</b>	<b>Responsibility</b>	<b>Coordinator</b>
	Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and Finalising collection centres		
11.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	Emkay & InCred	InCred
12.	Managing the book and finalization of pricing in consultation with the Company and Selling Shareholder	Emkay & InCred	InCred
13.	Post bidding activities including management of escrow accounts, coordinate non- institutional allocation, coordination with Registrar, SCSBs, Sponsor Banks and other Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Other post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable.  Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	Emkay & InCred	InCred

### **Legal Counsel to the Offer**

#### **Link Legal**

Aiwan-e-Ghalib Complex  
Mata Sundri Lane  
National Capital Territory of New Delhi – 110 002  
**Telephone:** + 91 11 4651 1000  
**E-mail:** project.emerge@linklegal.in

### **Legal Counsel to Selling Shareholders**

#### **Crawford Bayley & Co., Advocates & Solicitors**

State Bank Buildings  
N.G. N. Vaidya Marg Fort,  
Mumbai 400 023  
Maharashtra, India

### **Special International Legal Counsel to the Book Running Lead Managers**

#### **Duane Morris & Selvam LLP**

16 Collyer Quay, #17-00  
Singapore 049318  
Tel: +65 6311 0030

### **Statutory Auditor to our Company**

#### **S.R. Batliboi & Co. LLP, Chartered Accountants**

4<sup>th</sup> Floor, Office 405, World Mark-2

Asset No. 8, IGI Airport Hospitality District  
Aerocity, New Delhi – 110 037  
**Email:** sbrc@srb.in  
**Telephone:** 011-46819500  
**Firm registration number:** 301003E/E300005  
**Peer review number:** 13326

#### Changes in Statutory Auditors

Particulars	Date of change	Reason for change
<b>S.R. Batliboi &amp; Co. LLP, Chartered Accountants</b> 4 <sup>th</sup> Floor, Office 405, World Mark-2 Asset No. 8, IGI Airport Hospitality District Aerocity, New Delhi – 110 037 <b>Email:</b> <a href="mailto:sbrc@srb.in">sbrc@srb.in</a> <b>Telephone:</b> 011-46819500 <b>Firm registration number:</b> 301003E/E300005 <b>Peer review number:</b> 13326	September 2, 2019	Appointment as Statutory Auditor
<b>BSR &amp; Co. LLP, Chartered Accountants</b> Building No. 10, 8 <sup>th</sup> Floor, Tower-B DLF Cyber City, Phase – II Gurgaon, Haryana – 122 002 <b>Email:</b> gmahajan@bsraffiliates.com <b>Telephone:</b> +91 124 719 1000 <b>Firm registration number:</b> 101248/W-100022 <b>Peer review number:</b> 011748	June 30, 2019	Cessation as statutory auditor due to retirement.

#### Registrar to the Offer

##### **Kfin Technologies Limited**

Selenium, Tower B, Plot No- 31 and 32,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad, Rangareedi,  
Telangana, India  
**Telephone:** +91 40 6716 2222/ 1800 309 4001  
**E-mail:** ethosltd@kfintech.com  
**Website:** www.kfintech.com  
**Investor Grievance ID:** einward.ris@kfintech.com  
**Contact Person:** M Murali Krishna  
**SEBI Registration No.:** INR000000221

#### Syndicate Members

##### **Emkay Global Financial Services Limited**

The Ruby, 7th Floor, Senapati Bapat Marg  
Dadar (West), Mumbai – 400 028  
Maharashtra, India  
**Telephone:** + 91 22 6612 1212  
**E-mail:** ethos.ipo@emkayglobal.com  
**Website:** www.emkayglobal.com  
**Investor Grievance ID:** ibg@emkayglobal.com  
**Contact Person:** Yogesh Mehta  
**SEBI Registration No.:** INZ000203933

##### **InCred Capital Wealth Portfolio Managers Private Limited**

1502, 5<sup>th</sup> Floor, B Wing, The Capital,  
Bandra Kurla Complex, Bandra East,  
Mumbai 400 051

Maharashtra, India  
**Telephone:** +91 22 6844 6100  
**E-mail:** ethos.ipo@incredcapital.com  
**Website:** www.incredsecurities.com  
**Investor Grievance ID:** customer.grievance@incredcapital.com  
**Contact Person:** Sreesankar R  
**SEBI Registration No.:** INZ000294632

#### **Bankers to the Offer**

#### **Escrow Collection Bank / Refund Bank / Public Offer Account Bank**

##### **ICICI Bank Limited**

Capital Market Division  
5th Floor, 163, H. T. Parekh Marg,  
Backbay Reclamation,  
Churchgate, Mumbai,  
Maharashtra- 400 020, India  
**Tel:** + 91 22 6681 8911/23/24  
**E-mail:** sagar.welekar@icicibank.com  
**Website:** www.icicibank.com  
**Contact Person:** Sagar Welekar  
**SEBI Registration Number:** INBI00000004

#### **Sponsor Banks**

##### **ICICI Bank Limited**

Capital Market Division  
5th Floor, 163, H. T. Parekh Marg  
Backbay Reclamation  
Churchgate, Mumbai  
Maharashtra- 400 020, India  
**Tel:** + 91 22 6681 8911/23/24  
**E-mail:** sagar.welekar@icicibank.com  
**Website:** www.icicibank.com  
**Contact Person:** Sagar Welekar  
**SEBI Registration Number:** INBI00000004

##### **Axis Bank Limited**

I Fortune 2000, Ground Floor  
Bandra Kurla Complex, Bandra East,  
Mumbai, Maharashtra- 400 051, India  
**Tel:** + 91 22 61483110  
**E-mail:** bkc.operationshead@axisbank.com  
**Website:** www.axisbank.com  
**Contact Person:** Naina Mochrela  
**SEBI Registration Number:** INBI00000017

##### **HDFC Bank Limited**

FIG – OPS Department – Lodha,  
I Think Techno Campus O-3 Level,  
Next to Kanjurmarg Railway Station Kanjurmarg  
(East), Mumbai 400042 Maharashtra, India  
**Tel:** +91 22 3075 2927/2928/2914  
**Email:** tushar.gavankar@hdfcbank.com,  
siddharth.jadhav@hdfcbank.com,  
prasanna.uchil@hdfcbank.com,  
neerav.desai@hdfcbank.com  
**Website:** [www.hdfcbank.com](http://www.hdfcbank.com)  
**Contact Person:** Tushar Gavankar, Siddharth  
Jadhav, Prasanna Uchil, Neerav Desai  
**SEBI Registration Number:** INBI00000006

##### **Kotak Mahindra Bank Limited**

Kotak Infinity, 6th Floor, Building No. 21, Infinity  
Park Off Western Express Highway Genera AK  
Vaidya Marg, Malad (East)  
Mumbai, Maharashtra- 400 097 India  
**Tel:** +91 22 6605 6588  
**Email:** cmsipo@kotak.com  
**Website:** [www.kotak.com](http://www.kotak.com)  
**Contact Person:** Kushal Patankar  
**SEBI Registration Number:** INBI000000927

## Banker(s) to our Company

### **IDBI Bank**

S.C.O.-72-73, Sector-17 B, C Union Territory of Chandigarh

**Telephone:** +91 172 5059730

**Email:** [Nikunj.bharti@idbi.co.in](mailto:Nikunj.bharti@idbi.co.in)

### **HDFC Bank Limited**

S.C.O. -74-75, Sector 8C, Union Territory of Chandigarh, 160018

**Telephone:** +91 9888333363

**Email:** [sanketk.sharma@hdfcbank.com](mailto:sanketk.sharma@hdfcbank.com)

### **Bank of Maharashtra**

45/47 Janamangal M S Marg Fort  
Mumbai, Maharashtra 400001

**Telephone:** +91 22-22677852

**Email:** [bom2@mahabank.co.in](mailto:bom2@mahabank.co.in)

### **Jammu & Kashmir Bank Limited**

Phase 2, Sector 54 Mohali, Punjab

**Telephone:** + 91 9796400133

**Email:** [mohali@jkbmail.com](mailto:mohali@jkbmail.com)

## Designated Intermediaries

### Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

### SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

### Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time or any other website prescribed by SEBI from time to time.

### Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/> and <https://www.nseindia.com/>, as updated from time to time.

### Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx> and <https://www.nseindia.com/products/consent/equities/ipos/asba-procedures.htm>, as updated from time to time.

## **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the website of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), as updated from time to time.

## **Expert to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated May 6, 2022, from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated April 7, 2022 on our Restated Consolidated Summary Statements; and (ii) their report dated April 26, 2022 on the Statement of Special Tax Benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has received written consent dated May 6, 2022 from Predecessor Auditor i.e. B S R & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Predecessor Auditor, and in respect of their examination report, dated April 7, 2022 on our Restated Consolidated Summary Statements for Financial Year, 2018-19 and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has received written consent dated January 15, 2022 from B K S & Co., Chartered Accountants to include their name in this Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act to the extent and in their capacity as independent chartered accountant and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## **Monitoring Agency**

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company has appointed Crisil Ratings Limited as a monitoring agency for monitoring the utilisation of the Net Proceeds. Our Board and/or Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations. Details of the Monitoring Agency are as follows:

### **Monitoring Agency**

Crisil Ratings Limited  
Address: Plot 46, Sector 44  
Opp. PF Office  
Gurugram, Haryana-122 003

Tel No. - +91 98576 97986, +91 124 6722 000  
Email: [chandan.vatsal1@crsil.com](mailto:chandan.vatsal1@crsil.com)  
Website: [www.crsilratings.com](http://www.crsilratings.com)  
Contact Person: Chandan Vatsal  
SEBI Registration No.: IN/CRA/001/1999

## **Appraising Entity**

None of the Objects of the Offer for which the Net Proceeds will be utilized have been appraised by any agency.



### **Credit Rating**

As this is an offer of Equity Shares, there is no credit rating for the Offer.

### **IPO Grading**

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

### **Debenture Trustees**

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

### **Green Shoe Option**

No green shoe option is contemplated under the Offer.

### **Filing of the Offer Documents**

A copy of the Draft Red Herring Prospectus was filed electronically on the SEBI Intermediary Portal at <https://siportal.sebi.gov.in/intermediary/index.html>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and Regulation 25(8) of the SEBI ICDR Regulations.

A copy of this Red Herring Prospectus, along with the material contracts and documents will be filed under Section 32 of the Companies Act with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act will be filed with the RoC at its office and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>. (address of the RoC mentioned above).

A copy of this Red Herring Prospectus has been filed through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and has been emailed to SEBI at [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure –Division of Issues and Listing – CFD.”

A copy of the Red Herring Prospectus, along with the material documents and contracts required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC situated at Registrar of Companies, Himachal Pradesh, and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>.

### **Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band, which will be decided by our Company and Selling Shareholders, as per applicable law in consultation with the Book Running Lead Managers, and will be advertised in all editions of the Financial Express English national daily newspaper, all, editions of the Jansatta Hindi daily newspaper and Shimla Edition of Himachal Times, a local Hindi Newspaper of Himachal Pradesh (Hindi also being the regional language of Himachal Pradesh where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company in consultation with the Book Running Lead Managers after the Bid/Offer Closing Date. For further details, see “*Offer Procedure*” on page 479.

**All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the ASBA by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs and Sponsor Bank, as the case may be. Anchor Investors are not permitted to participate in the Offer through the ASBA process. Retail Individual Investors may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or, (b) through the UPI Mechanism.**

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors (subject to the Bid Amount being up to ₹ 2,00,000) can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis and allocation to Anchor Investors in the Anchor Investor Portion will be on a discretionary basis.

The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment within six Working Days of the Bid/Offer Closing Date or such other time period as prescribed under applicable law.

For further details on the method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on pages 474 and 479, respectively.

#### Illustration of Book Building Process

For an illustration of the Book Building Process, see “Offer Procedure” on page 479.

#### Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC)*

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount Underwritten (₹ in lakhs)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other

obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The Underwriting Agreement has not been executed as on the date of this Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to filing the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

## CAPITAL STRUCTURE

Our Company's share capital, as of the date of this Red Herring Prospectus, is disclosed below.

		Aggregate value at face value of the Shares (₹)	Aggregate value at Offer price (₹)
<b>1.</b>	<b>AUTHORIZED SHARE CAPITAL<sup>(1)*</sup></b>		
	3,07,00,000 Equity Shares of ₹ 10 each	30,70,00,000	
	5,76,924 14% CCCPS	7,50,00,120	
	12,00,000 12% CCCPS	13,20,00,000	
	10,00,000 12%-NCRPS	10,00,00,000	
	<b>Total</b>	<b>61,40,00,120</b>	
<b>2.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER<sup>(2)</sup></b>		
	1,90,78,163 Equity Shares of ₹ 10 each	19,07,81,630	
	<b>Total</b>	<b>19,07,81,630</b>	
<b>3.</b>	<b>OFFER IN TERMS OF THIS RED HERRING PROSPECTUS</b>		
	Offer up to [●] Equity Shares aggregating up to ₹ [●] of which	[●]	[●]
	Fresh Issue up to [●] Equity Shares	[●]	Up to 3,75,00,00,000
	Offer for Sale of up to 11,08,037 Equity Shares	<b>Up to 1,10,80,370</b>	[●]
<b>4.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THIS OFFER</b>		
	[●] Equity Shares of ₹ 10 each	[●]	[●]
<b>5.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer (₹ in lakhs)	<b>18,006.46</b>	
	After the Offer	[●]	

(1) For details in relation to the changes in the authorized share capital of our Company, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association in the last ten (10) years" on page 248.

(2) Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

### Notes to Capital Structure

#### 1. Share Capital History of our Company

(a) History of Equity Share Capital of our Company:

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
November 5, 2007	10,00,000	10.00	10.00	Initial subscription to the MOA	Cash	10,00,000	1,00,00,000	Allotment of 10,00,000 Equity Shares to 7 subscribers i.e. KDDL Limited (9,99,994 Equity Shares), Rajendra Kumar Saboo (1 Equity Share),

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
								Yashovardhan Saboo (1 Equity Share), Usha Devi Saboo (1 Equity Share), Anuradha Saboo (1 Equity Share), Pranav Shankar Saboo (1 Equity Share), Satvika Saboo (1 Equity Share).
July 30, 2008	5,00,000	10.00	10.00	Preferential Allotment	Cash	15,00,000	1,50,00,000.00	KDDL Limited
October 30, 2008	40,04,085	10.00	10.00	Allotment of Equity Shares pursuant to scheme of arrangement between KDDL Limited and Ethos Limited	Cash	55,04,085	5,50,40,850.00	KDDL Limited
February 14, 2009	5,88,236	10.00	85.00	Allotment of Equity Shares on conversion of zero-coupon convertible warrants at a premium of ₹ 75/- each in the ratio of 1:2	Cash	60,92,321	6,09,23,210.00	Y Satish
March 16, 2009	7,51,875	10.00	66.50	Preferential Allotment	Cash	68,44,196	6,84,41,960.00	Y Satish
July 9, 2009	50,000	10.00	22.50	Preferential Allotment	Cash	68,94,196	6,89,41,960.00	Allotment of 50,000 Equity Shares 3 allottees i.e. C Raja Sekhar (10,000 Equity Shares), P. Rajendran (13,334 Equity Shares) and Nagarajan Subramanian (26,666 Equity Shares)
March 13, 2010	5,910	10.00	22.50	Preferential Allotment	Cash	69,00,106	6,90,01,060.00	Karan Singh Bhandari
March 29, 2010	17,00,000	10.00	10.00	Preferential Allotment	Cash	86,00,106	8,60,01,060.00	Mahen Distribution Limited
August 12, 2010	9,55,567	10.00	73.50	Preferential Allotment	Cash	95,55,673	9,55,56,730.00	Velocity Real Estate Private Limited
June 29, 2011	13,83,333	10.00	10.00	Allotment of Equity Shares pursuant to the order dated November 2, 2010, and	Consideration other than cash	1,09,39,006	10,93,90,060.00	KDDL Limited

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
				order dated March 3, 2011, by Hon'ble High Court of Delhi approving scheme of arrangement to amalgamate Mahen Boutique Limited with our Company				
February 08, 2012	5,54,635	10.00	100.00	Allotment under rights issue	Cash	1,14,93,641	11,49,36,410.00	Allotment of 5,54,635 Equity Shares to 5 allottees i. e. Mahen Distribution Limited (5,51,010 Equity Shares), C. Raja Sekhar (556 Equity Shares), P. Rajendran (741 Equity Shares), N. Subramanian (2000 Equity Shares) and Karan Singh Bhandari (328 Equity Shares)
August 25, 2014	10,000	10.00	100.00	Allotment pursuant to ESOP under ESOP 2011	Cash	1,15,03,641	11,50,36,410.00	Allotment of 10,000 Equity Shares to 7 allottees i. e. C. Raja Sekhar (2,500 Equity Shares), Manoj Gupta (2000 Equity Shares), Varun Gupta (1,250 Equity Shares), Parikshit Somani (1,125 Equity Shares), Sandeep Dutta (1,125 Equity Shares), Juhi Chaturvedi (1,125 Equity Shares) and Rishabh Saxena (875 Equity Shares).
August 28, 2014	8,500	10.00	100.00	Allotment pursuant to ESOP under ESOP 2011	Cash	1,15,12,141	11,51,21,410.00	Allotment of 8,500 Equity Shares to 6 allottees i.e. P.Rajendran (2,500 Equity Shares), Sunil

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
								Mathew (1,500 Equity Shares), Asif Nagariya (1,500 Equity Shares), Varundeep (1,125 Equity Shares), A. Victor Solomon (1,000 Equity Shares), Hinesh Kishor Kotecha (875 Equity Shares)
December 16, 2014	19,230	10.00	65.00	Allotment pursuant to conversion of 12% COCPS	Cash	1,15,31,371	11,53,13,710.00	Randeep Singh Arneja
July 29, 2015	2,79,720	10.00	143.00	Preferential Allotment	Cash	1,18,11,091	11,81,10,910.00	KDDL Limited
October 7, 2015	56,000	10.00	100.00	Allotment pursuant to exercise of ESOP under ESOP 2011 <sup>(1)</sup>		1,18,67,091	11,86,70,910.00	Please refer to footnote no. 1
November 6, 2015	2,79,720	10.00	143.00	Preferential Allotment		1,21,46,811	12,14,68,110.00	KDDL Limited
February 17, 2016	2,09,990	10.00	143.00	Preferential Allotment	Cash	1,23,56,801	12,35,68,010.00	Allotment of 2,09,990 Equity Shares to 2 allottees i.e. KDDL Limited (2,09,790 Equity Shares) and C. Raja Sekhar (200 Equity Shares)
May 3, 2016	2,79,720	10.00	143.00	Preferential Allotment	Cash	1,26,36,521	12,63,65,210.00	KDDL Limited
December 7, 2016	3,54,609	10.00	141.00	Preferential Allotment	Cash	1,29,91,130	12,99,11,300.00	KDDL Limited
March 31, 2017	2,12,765	10.00	141.00	Preferential Allotment	Cash	1,32,03,895	13,20,38,950.00	KDDL Limited
August 1, 2017	2,95,463	10.00	110.00	Allotment pursuant to conversion of 12% CCCPS <sup>(2)</sup>	Cash	1,34,99,358	13,49,93,580.00	Please refer to footnote no. 2.
September 8, 2017	4,40,910	10.00	110.00	Allotment pursuant to conversion of 12% CCCPS <sup>(3)</sup>	Cash	1,39,40,268	13,94,02,680.00	Please refer to footnote no. 3.
September 22, 2017	4,96,453	10.00	141.00	Preferential Allotment	Cash	1,44,36,721	14,43,67,210.00	KDDL Limited
December 4, 2017	3,63,637	10.00	110.00	Allotment pursuant to conversion of	Cash	1,48,00,358	14,80,03,580.00	Allotment of 3,63,637 Equity Shares to 2

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
				12% CCCPS				allottees i.e. Saboo Ventures LLP (90,909 Equity Shares) and Pulkit Sekhsaria (2,72,728 Equity Shares).
February 5, 2018	21,250	10.00	120.00	Allotment pursuant to Ethos ESOP 2013	Cash	1,48,21,608	14,82,16,080.00	Allotment of 21,250 Equity Shares to 2 allottees to Yashovardhan Saboo (15,000 Equity Shares) and Anil Khanna (6,250 Equity Shares) pursuant to Ethos ESOP 2013
March 29, 2018	10,86,956	10.00	138.00	Preferential Allotment	Cash	1,59,08,564	15,90,85,640.00	KDDL Limited
July 24, 2018	8,21,917	10.00	292.00	Preferential Allotment	Cash	1,67,30,481	16,73,04,810.00	Allotment of 8,21,917 Equity Shares to 3 allottees i.e. Siddharth Iyer (4,79,452 Equity Shares), Rahul Kayan (2,39,726 Equity Shares), Global Media Ventures India Private Limited (1,02,739 Equity Shares).
January 3, 2019	1,71,232	10.00	292.00	Preferential Allotment	Cash	1,69,01,713	16,90,17,130.00	KDDL Limited
May 4, 2019	15,000	10.00	120.00	Allotment pursuant to Ethos ESOP 2013	Cash	1,69,16,713	16,91,67,130.00	Jai Vardhan Saboo
May 4, 2019	1,71,232	10.00	292.00	Preferential Allotment	Cash	1,70,87,945	17,08,79,450.00	KDDL Limited
May 28, 2019	1,71,232	10.00	292.00	Preferential Allotment	Cash	1,72,59,177	17,25,91,770.00	KDDL Limited
July 13, 2019	3,76,712	10.00	292.00	Preferential Allotment	Cash	1,76,35,889	17,63,58,890.00	KDDL Limited
November 6, 2019	2,32,395	10.00	130.00	Allotment of Equity Shares pursuant to conversion of 14%CCCPS <sup>(4)</sup>	Cash	1,78,68,284	17,86,82,840.00	Please refer footnote no. 4
November 14, 2019	2,38,463	10.00	130.00	Allotment pursuant to conversion of 14%CCCPS	Cash	1,81,06,747	18,10,67,470.00	Allotment of 2,38,463 Equity Shares to 4 allottees i.e. Sixth



Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
								Sense India Opportunities-I (2,00,000 Equity Shares), Yashovardhan Saboo (19,231 Equity Shares), Anuradha Saboo (11,539 Equity Shares), Rajendra Kumar Saboo (7,693 Equity Shares) pursuant to conversion of 14%CCCPS of ₹ 130 each.
November 25, 2019	19,230	10.00	130.00	Allotment pursuant to conversion of 14%CCCPS	Cash	1,81,25,977	18,12,59,770.00	KDDL Limited
December 17, 2019	86,835	10.00	130.00	Allotment pursuant to conversion of 14%CCCPS	Cash	1,82,12,812	18,21,28,120.00	Allotment of 86,835 Equity Shares to 2 allottees i.e. Nikhil Vora (38,462 Equity Shares) and Sixth Sense India Opportunities-I (48,373 Equity Shares)
July 31, 2021	36,250	10.00	120.00	Allotment pursuant to Ethos ESOP 2013	Cash	1,82,49,062	18,24,90,620.00	Allotment of 36,250 Equity Shares to 3 allottees i. e. Yashovardhan Saboo (15,000 Equity Shares), Jai Vardhan Saboo (15,000 Equity Shares) and Nagarajan Subramanian (6,250 Equity Shares)
August 10, 2021	32,250	10.00	120.00	Allotment pursuant to Ethos ESOP 2013	Cash	1,82,81,312	18,28,13,120.00	Allotment of 32,250 Equity Shares to 4 allottees i. e. Anil Khanna (6,250 Equity Shares), Manoj Gupta (10,000 Equity Shares), Sayed Mohammed Zaki (3,500 Equity Shares) and C. Raja Sekhar (12,500 Equity Shares).
August	36,250	10.00	120.00	Allotment	Cash	1,83,17,	18,31,75,6	Please refer to foot

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for/Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Details of the Allottees
17, 2021				pursuant to Ethos ESOP 2013 <sup>(5)</sup>		562	20.00	note no. 5.
December 1, 2021	4,57,938	10.00	550.00	Right Issue <sup>(6)</sup>	Cash	1,87,75,500	18,77,55,000.00	Please refer to footnote no. 6.
March 28, 2022	3,02,663	10.00	826.00	Pre-IPO Placement	Cash	1,90,78,163	19,07,81,630.00	Abakkus Growth Fund – 2, a SEBI registered Category III Alternative Investment Fund

(1) Allotment of 56,000 shares to 14 allottees i.e. C. Raja Sekhar (7,500 Equity Shares), P.Rajendran (7,500 Equity Shares), Manoj Gupta (6,000 Equity Shares), Asif Nagariya (4,500 Equity Shares), Sunil Mathew (4,500 Equity Shares), A. Victor Solomon (3,500 Equity Shares), Juhi Chaturvedi (3,375 Equity Shares), Sandeep Dutta (3,375 Equity Shares), Varundeep (3,375 Equity Shares), Parikshit Somani (3,375 Equity Shares), Hinesh Kishor Kotecha (2,625 Equity Shares), Rishabh Saxena (2,625 Equity Shares), B. Venkata Krishnan (2,500 Equity Shares) and Varun Gupta (1,250 Equity Shares).

(2) Allotment of 2,95,463 Equity Shares to 7 allottees i.e. Nishi Kaul (36,365 Equity Shares), H.N Kaul HUF (27,275 Equity Shares), Sanjay Kaul HUF (27,275 Equity Shares), Mehak Finpro (India) Private Limited (90,910 Equity Shares), Nagarajan Subramanian (22,728 Equity Shares), Rajendra Kumar Saboo (45,455 Equity Shares), and Yashovardhan Saboo (45,455 Equity Shares) by way of conversion of 12% CCCPS of ₹ 110 each.

(3) Allotment of 4,40,810 Equity Shares to 7 allottees i.e. KDDL Limited (1,36,363 Equity Shares), Rajendra Kumar Saboo (45,455 Equity Shares), Yashovardhan Saboo (45,445 Equity Shares), Anuradha Saboo (22,728 Equity Shares), Ganga Properties Private Limited (1,00,000 Equity Shares), Subhash Chander Kohli (10 Equity Shares) and Ritu Prashant Khemka (90,909 Equity Shares) pursuant to conversion of 12% CCCPS of ₹ 110 each.

(4) Allotment of 2,32,395 Equity Shares to 11 allottees i.e. Nikhil Vora (77,000 Equity Shares), VBL Innovations Private Limited (20,000 Equity Shares), Narendra Kumar Mohatta (19,240 Equity Shares), Nagarajan Subramanian (19,231 Equity Shares), Harsh Vardhan Bhuwalka (5,000 Equity Shares), Anand Vardhan Bhuwalka (5,000 Equity Shares), Manju Bhuwalka (5,000 Equity Shares), Shalini Bhuwalka (5,000 Equity Shares), Dream Digital Technology Private Limited (7,693 Equity Shares), Anuradha Saboo (30,769 Equity Shares), Rajendra Kumar Saboo (38,462 Equity Shares) pursuant to conversion of 14% CCCPS of ₹ 130 each.

(5) Allotment of 36,250 Equity Shares to 9 allottees i.e. Nagarajan Subramanian (6,250 Equity Shares), Juhi Chaturvedi (6,500 Equity Shares), Sandeep Dutta (2,500 Equity Shares), Sparsh Arun (3,500 Equity Shares), Parikshit Somani (2,000 Equity Shares), Hinesh Kotecha (5,000 Equity Shares), Darpan Bagai (3,500 Equity Shares), B. Venkata Krishnan (4,500 Equity Shares) and Parkash Chander Sharma (2,500 Equity Shares).

Allotment of 4,57,938 Equity Shares to 34 allottees i.e. KDDL Limited (3,59,442 Equity Shares), Yashovardhan Saboo (9,955 Equity Shares), Anuradha Saboo (2,920 Equity Shares), Jai Vardhan Saboo (2,625 Equity Shares), Saboo Ventures LLP (9,526 Equity Shares), Dream Digital Technology Private Limited (192 Equity Shares), VBL Innovations Private Limited (500 Equity Shares), H V Bhuwalka (125 Equity Shares), A V Bhuwalka (125 Equity Shares), Manju Bhuwalka (125 Equity Shares), Shalini Bhuwalka (125 Equity Shares), Alchemy Capital Management (P) Ltd. (12,500 Equity Shares), Nikhil Vora (1,939 Equity Shares), Hiren Ved and Tejal Ved (1,563 Equity Shares), C. Raja Sekhar (576 Equity Shares), P. Rajendran, (352 Equity Shares), Hinesh Kotecha (125 Equity Shares), Sparsh Arun (88 Equity Shares), Sudeep Budhiraja (499 Equity Shares), Shashi Bhushan Budhiraja (323 Equity Shares), Global Media Ventures India Private Limited (2,568 Equity Shares), Siddharth Iyer (12,317 Equity Shares), Manoj Gupta (250 Equity Shares), Juhi Chaturvedi (163 Equity Shares), Neha Sanghvi and Lashit Sanghvi (3,211 Equity Shares), Anil Khanna (322 Equity Shares), Parikshit Somani (51 Equity Shares), Narendra Kumar Mohatta and Pushpa Manjari Mohatta (494 Equity Shares), Mukul Mahavir Agrawal (23,145 Equity Shares), Nagarajan Subramanian (2,078 Equity Shares), Hachi Advisors LLP (625 Equity Shares), Lalita Kayan (5,993 Equity Shares), Mehul Patel (642 Equity Shares) and Team India Managers Limited (2,454 Equity Shares).

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

(b) Preference Share Capital

The history of the Preference Share capital of our Company is set forth in the table below:

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Issue price per Preference Share (₹)	Nature of consideration	Reason for allotment	Cumulative number of Preference Shares	Cumulative paid – up Preference Share capital (₹)	Details of the Allottees
<b>12% redeemable preference shares (cumulative with one year term) of face value ₹100 each</b>								
August 24, 2016	3,00,000	100	100	Cash	Preferential Allotment	3,00,000	3,00,000	KDDL Limited
August 23, 2017	(3,00,000)*	100	100	Cash	Redemption of 12% redeemable preference shares (cumulative with one year term)	0	0	NA <sup>(1)</sup>
<b>12% cumulative optionally convertible preference shares of face value ₹ 65 each (12% COCPS)</b>								
December 16, 2009	69,228	65	65	Cash	Preferential Allotment	69,228	44,99,820	Allotment of 69,228 12%COCPS to 3 allottees i.e. Randeep Singh Arneja (38,460 preference shares), Hemant K. Arora (15,384 preference shares) and Indra Arora (15, 384 preference shares).
December 16, 2014	(49,998)*	65	65	Cash	(Redemption of 12%CO CPS)	19,230	12,49,950	NA <sup>(2)</sup>
December 16, 2014	(19,230)*	10	65	Cash	Conversion of 12%CO CPS	0	0	Randeep Singh Arneja
<b>12%-cumulative compulsorily convertible preference shares of face value ₹ 110 each (12%CCCPS)</b>								
July 27, 2012	2,95,463	110	110	Cash	Preferential Allotment <sup>(3)</sup>	2,95,463	3,25,00,930	Please refer to foot note no. 3.

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Issue price per Preference Share (₹)	Nature of consideration	Reason for allotment	Cumulative number of Preference Shares	Cumulative paid – up Preference Share capital (₹)	Details of the Allottees
August 3, 2012	3,50,001	110	110	Cash	Preferential Allotment	6,45,464	7,10,01,040	Allotment of 3,50,001 12% CCCPS to 5 allottees i. e. KDDL Limited (1,36,363 preference shares), Rajendra Kumar Saboo (45,455 preference shares), Yashovardhan Saboo (45,455 preference shares), Anuradha Saboo (22,728 preference shares), Ganga Properties Private Limited (1,00,000 preference shares)
September 11, 2012	90,909	110	110	Cash	Preferential Allotment	7,36,373	8,10,01,030	Walnut Partners LLP
October 17, 2012	90,909	110	110	Cash	Preferential Allotment	8,27,282	9,10,01,020	Walnut Partners LLP
November 26, 2012	2,72,728	110	110	Cash	Preferential Allotment <sup>(10)</sup>	11,00,010	12,10,01,100	Pulkit Sekharia
August 1, 2017	(2,95,463)*	10	110	Cash	Conversion of 12% CC CPS <sup>(4)</sup>	8,04,547	8,85,00,170	Please refer footnote no. 4.
September 8, 2017	(4,40,910)*	10	110	Cash	Conversion of 12% CC CPS <sup>(5)</sup>	3,63,637	4,00,00,070	Please refer footnote no. 5.
December 4, 2017	(3,63,637)*	10	110	Cash	Conversion of 12% CC CPS <sup>(13)</sup>	0	0	3,63,637 12% CCCPS held by Saboo Ventures LLP (90,909 preference shares) and Pulkit Sekhsaria (2,72,728 preference shares) were converted to Equity Shares
<b>14%-cumulative compulsory convertible preference shares of face value ₹ 130 each (14% CCCPS)</b>								
November 07, 2014	2,32,395	130	130	Cash	Preferential Allotment <sup>(6)</sup>	2,32,395	3,02,11,350	Please refer foot note no. 6.

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Issue price per Preference Share (₹)	Nature of consideration	Reason for allotment	Cumulative number of Preference Shares	Cumulative paid – up Preference Share capital (₹)	Details of the Allottees
November 15, 2014	2,38,463	130	130	Cash	Preferential Allotment	4,70,858	6,12,11,540	Allotment of 2,38,463 14%CCCPS to 4 allottees i.e. Sixth Sense India Opportunities-1 (2,00,000 preference shares), Yashovardhan Saboo (19,231 preference shares), Anuradha Saboo (11,539 preference shares) and Rajinder Kumar Saboo (7,693 preference shares)
November 25, 2014	19,230	130	130	Cash	Preferential Allotment	4,90,088	6,37,11,440	KDDL Limited
December 18, 2014	86,835	130	130	Cash	Preferential Allotment	5,76,923	7,49,99,990	Allotment of 86,835 14%CCCPS to 2 allottees i.e. Nikhil Vora (38,462 preference shares) and Sixth Sense India opportunities 1(48,373 preference shares).
November 6, 2019	(2,32,395)*	10	130	Cash	Conversion of 14%CC CPS <sup>(7)</sup>	3,44,528	4,47,88,640	Please refer foot note no. 7.
November 14, 2019	(2,38,463)*	10	130	Cash	Conversion of 14%CC CPS	1,06,065	1,37,88,450	2,38,463 14%CCCPS held by Sixth Sense India Opportunities-I (2,00,000 preference shares), Yashovardhan Saboo (19,231 preference shares), Anuradha Saboo (11,539 preference shares) and Rajendra Kumar Saboo (7,693 preference shares) were converted to Equity Shares.
November 25, 2019	(19,230)*	10	130	Cash	Conversion of 14%CC CPS	86,835	1,12,88,550	KDDL limited
December 17, 2019	(86,835)*	10	130	Cash	Conversion of 14%CC CPS	0	0	86,835 14%CCCPS held by Nikhil Vora (38,462 preference shares) and Sixth Sense India Opportunities-I (48,373 preference shares) were converted to Equity Shares.

\* For details of conversion and redemption of the preference shares into Equity Shares, please refer to 'History of Equity Share Capital of Our Company' under 'Capital Structure' on page 100.

(1) Redemption of 3,00,000 12% redeemable preference shares (cumulative with 1 year term) by KDDL Limited.

(2) Redemption of 12%COCPs by 3 allottees i.e Hemant Kumar (15,384 preference shares), Indra Arora (15,384 preference shares) and Randeep Singh Arneja (19,230 preference shares).

- (3) Allotment of 2,95,463 12%CCCPS to 7 allottees i.e. Suman Kumar Kawatra and Vinita Kawatra (45,455 preference shares), Nishi Kaul and Sanjay Kaul (36,365 preference shares), HN Kaul HUF (27,275 preference shares), Sanjay Kaul HUF (27,275 preference shares), Perfect Homfin Private Limited (45,455 preference shares), Mehak Finpro (I) Private Limited (90,910 preference shares), Nagarajan Subramanian and Gita Nagarajan (22,728 preference shares).
- (4) 2,95,463 12%CCCPS held by Nishi Kaul (36,365 preference shares), H.N Kaul (27,275 preference shares), Sanjay Kaul (27,275 preference shares), Mehak Finpro (India) Private Limited (90,910 preference shares), Nagarajan Subramanian (22,728 preference shares), Rajendra Kumar Saboo (45,455 preference shares) and Yashovardhan Saboo (45,455 preference shares) were converted to Equity Shares.
- (5) 4,40,910 12% CCCPS were held by KDDL Limited (1,36,363 preference shares), Rajendra Kumar Saboo (45,455 preference shares), Yashovardhan Saboo (45,445 preference shares), Anuradha Saboo (22,728 preference shares), Ganga Properties Private Limited (1,00,000 preference shares), Subhash Chander Kohli (10 preference shares), Ritu Prashant Khemka (90,909 preference shares) were converted to Equity Shares.
- (6) Allotment of 2,32,395 14%CCCPS to 10 allottees namely Nikhil Vora (77,000 preference shares), VBL Innovations Private Limited (20,000 preference shares), Narendra Kumar Mohatta and Pushpa Manjari Mohatta (19,240 preference shares), Nagarajan Subramanian and Gita Subramanian (19,231 preference shares), Harsh Vardhan Bhulwarka (5,000 preference shares), Anand Vardhan Bhulwarka (5,000 preference shares), Manju Bhulwarka (5,000 preference shares), Shalini Bhulwarka (5,000 preference shares), Dream Digital Technology Limited (38,462 preference shares) and Rajendra Kumar Saboo (38,462 preference shares).
- (7) 2,32,395 14%CCCPS held by Nikhil Vora (77,000 preference shares), VBL Innovations Private Limited (20,000 preference shares), Narendra Kumar Mohatta (19,240 preference shares), Nagarajan Subramanian (19,231 preference shares), Harsh Vardhan Bhulwarka (5,000 preference shares), Anand Vardhan Bhulwarka (5,000 preference shares), Manju Bhulwarka (5,000 preference shares), Shalini Bhulwarka (5,000 preference shares), Dream Digital Technology Private Limited (7,693 preference shares), Anuradha Saboo (30,769 preference shares) and Rajendra Kumar Saboo (38,462 preference shares) were converted to Equity Shares.

## 2. Equity shares issued pursuant to scheme of arrangement

Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013, except for 40,04,085 Equity Shares to KDDL Limited which were allotted pursuant to scheme of arrangement of between KDDL Limited and Ethos Limited (formerly Kamla Retail Limited) and 13,83,333 Equity Shares which were allotted to KDDL Limited pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Himachal Pradesh and Delhi between Kamla Retail Limited (now known as Ethos Limited) and Mahen Boutiques Limited.

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Allottees
October 30, 2008	40,04,085	10.00	10	KDDL Limited
June 29, 2011	13,83,333	10.00	10	KDDL Limited

## 3. Issue of Equity Shares for consideration other than cash or out of our revaluation reserves

Except as disclosed under "Notes to Capital Structure – Share Capital History of our Company", our Company has not issued any Equity Shares for consideration other than cash. Also, our Company has not issued any Equity Shares out of revaluation reserves.

## 4. Issuance of Equity Shares in last one year which may be lower than the Offer Price.

**Except** as disclosed below, our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Red Herring Prospectus at a price which may be lower than the Offer Price:

Date of allotment	No. of Equity Shares allotted	Face value (₹)	Offer Price (₹)	Reason / Nature of allotment	Form of Consideration
July 31, 2021	36,250	10.00	120.00	Allotment pursuant to Ethos ESOP 2013 <sup>(1)</sup>	Cash
August 10, 2021	32,250	10.00	120.00	Allotment pursuant to Ethos ESOP 2013 <sup>(2)</sup>	Cash
August 17, 2021	36,250	10.00	120.00	Allotment pursuant to Ethos ESOP 2013 <sup>(3)</sup>	Cash
December 1,	4,57,938	10.00	550.00	Right Issue <sup>(4)</sup>	Cash

2021					
March 28, 2022	3,02,663	10.00	826.00	Pre-IPO placement <sup>(5)</sup>	Cash

- (1) Allotment of 36,250 Equity Shares to 3 allottees i. e. Yashovardhan Saboo (15,000 Equity Shares), Jai Vardhan Saboo (15,000 Equity Shares) and Nagarajan Subramanian (6,250 Equity Shares).
- (2) Allotment of 32,250 Equity Shares to 4 allottees i. e. Anil Khanna (6,250 Equity Shares), Manoj Gupta (10,000 Equity Shares), Sayed Mohammed Zaki (3,500 Equity Shares) and C. Raja Sekhar (12, 500 Equity Shares).
- (3) Allotment of 36,250 Equity Shares to 9 allottees i. e. Nagarajan Subramanian (6,250 Equity Shares), Juhi Chaturvedi (6,500 Equity Shares), Sandeep Dutta (2,500 Equity Shares), Sparsh Arun (3,500 Equity Shares), Parikshit Somani (2,000 Equity Shares), Hinesh Kotecha (5,000 Equity Shares), Darpan Bagai (3,500 Equity Shares), B. Venkata Krishnan (4,500 Equity Shares) and Parkash Chander Sharma (2,500 Equity Shares).
- (4) Allotment of 4,57,938 Equity Shares to i.e. KDDL Limited (3,59,442 Equity Shares), Yashovardhan Saboo (9,955 Equity Shares), Anuradha Saboo (2,920 Equity Shares), Jai Vardhan Saboo(2,625 Equity Shares), Saboo Ventures LLP (9,526 Equity Shares), Dream Digital Technology Private Limited ( 192 Equity Shares), VBL Innovations Private Limited ( 500 Equity Shares), H V Bhuwalka (125 Equity Shares), A V Bhuwalka (125 Equity Shares), Manju Bhuwalka (125 Equity Shares), Shalini Bhuwalka (125 Equity Shares), Alchemy Capital Management (P) Ltd. (12,500 Equity Shares), Nikhil Vora (1,939 Equity Shares), Hiren Ved and Tejal Ved (1,563 Equity Shares), C. Raja Sekhar (576 Equity Shares), P. Rajendran, (352 Equity Shares), Hinesh Kotecha (125 Equity Shares), Sparsh Arun (88 Equity Shares), Sudeep Budhiraja (499 Equity Shares), Shashi Bhushan Budhiraja (323 Equity Shares), Global Media Ventures India Private Limited (2,568 Equity Shares), Siddharth Iyer (12317 Equity Shares), Manoj Gupta (250 Equity Shares), Juhi Chaturvedi (163 Equity Shares), Neha Sanghvi and Lashit Sanghvi (3211 Equity Shares), Anil Khanna ( 322 Equity Shares), Parikshit Somani ( 51 Equity Shares), Narendra Kumar Mohatta and Pushpa Manjari Mohatta (494 Equity Shares), Mukul Mahavir Agrawal (23145 Equity Shares), Nagarajan Subramanian (2,078 Equity Shares), Hachi Advisors LLP (625 Equity Shares), Lalita Kayan (5,993 Equity Shares), Mehul Patel (642 Equity Shares) and Team India Managers Limited ( 2,454 Equity Shares).
- (5) Allotment of 3,02,663 Equity Shares to Abakkus Growth Fund – 2, a SEBI registered Category III Alternative Investment Fund. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

## 5. Convertible Securities Issued by our Company

Except as disclosed in the preference share capital history our Company has not issued any other convertible securities.

## 6. History of the Equity Share Capital held by our Promoters, members of Promoter Group in our Company:

As on the date of this Red Herring Prospectus, our Promoters hold 1,47,90,121 Equity Shares, constituting 77.52% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding are set forth.

### (a) Build-up of our Promoters' shareholding in our Company

Set forth below is the build-up of the shareholding of our Promoters since incorporation of our Company

Name of Promoter	Nature of transaction	Nature of Consideration	Date of Allotment/ Transfer/ Transmission	No. of Equity Shares	Face value of Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-offer capital (%) on a fully diluted basis	Percentage of the Post-Offer capital
KDDL Limited	Initial Subscription to MoA	Cash	November 5, 2007	9,99,994	10.00	10.00	5.24	[•]
	Preferential Allotment	Cash	July 30, 2008	5,00,000	10.00	10.00	2.62	[•]

Name of Promoter	Nature of transaction	Nature of Consideration	Date of Allotment/ Transfer/ Transmission	No. of Equity Shares	Face value of Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-offer capital (%) on a fully diluted basis	Percentage of the Post- Offer capital
	Allotment pursuant to scheme of arrangement	Cash	October 30, 2008	40,04,085	10.00	10.00	20.99	[•]
	Allotment pursuant to the scheme of amalgamation	Consideration other than cash	June 29, 2011	13,83,333	10.00	10.00	7.25	[•]
	Preferential Allotment	Cash	July 29, 2015	2,79,720	10.00	143.00	1.47	[•]
	Preferential Allotment	Cash	November 6, 2015	2,79,720	10.00	143.00	1.47	[•]
	Preferential Allotment	Cash	February 17, 2016	2,09,790	10.00	143.00	1.10	[•]
	Preferential Allotment	Cash	May 3, 2016	2,79,720	10.00	143.00	1.47	[•]
	Preferential Allotment	Cash	December 7, 2016	3,54,609	10.00	141.00	1.86	[•]
	Preferential Allotment	Cash	March 31, 2017	2,12,765	10.00	141.00	1.12	[•]
	Allotment pursuant to conversion of 12% CCCPS	Cash	September 8, 2017	1,36,363	10.00	110.00	0.71	[•]
	Preferential Allotment	Cash	September 22, 2017	4,96,453	10.00	141.00	2.60	[•]
	Preferential Allotment	Cash	March 29, 2018	10,86,956	10.00	138.00	5.70	[•]
	Preferential Allotment	Cash	January 3, 2019	1,71,232	10.00	292.00	0.90	[•]
	Allotment pursuant to Ethos ESOP 2013	Cash	May 4, 2019	1,71,232	10.00	292.00	0.90	[•]
	Preferential Allotment	Cash	May 28, 2019	1,71,232	10.00	292.00	0.90	[•]
	Preferential Allotment	Cash	July 13, 2019	3,76,712	10.00	292.00	1.97	[•]
	Allotment pursuant to conversion of 14% CCCPS	Cash	November 25, 2019	19,230	10.00	130.00	0.10	[•]
	Transfer of shares by Nikhil Vora	Cash	October 1, 2020	38,500	10.00	250.00	0.20	[•]
	Transfer of shares by Sixth Sense India Opportunities – I	Cash	October 1, 2020	1,00,000	10.00	250.00	0.52	[•]



Name of Promoter	Nature of transaction	Nature of Consideration	Date of Allotment/Transfer/Transmission	No. of Equity Shares	Face value of Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre-offer capital (%) on a fully diluted basis	Percentage of the Post- Offer capital
	Transfer of shares by Sixth Sense India Opportunities – I	Cash	November 27, 2020	50000	10	250.00	0.26	[•]
	Transfer of shares by Nikhil Vora	Cash	November 27, 2020	38,500	10	250.00	0.20	[•]
	Transfer of shares by Sixth Sense India Opportunities – I	Cash	December 1, 2020	50,000	10	250.00	0.26	[•]
	Transfer of shares by Sixth Sense India Opportunities – I	Cash	June 17, 2021	2,50,000	10	200.00	1.31	[•]
	Transfer of shares by Sixth Sense India Opportunities – I	Cash	July 26, 2021	1,00,000	10	200.00	0.52	[•]
	Allotment pursuant to right issue	Cash	December 1, 2021	3,59,442	10	550.00	1.88	[•]
<b>Total Shareholding</b>				<b>1,21,19,588</b>			<b>63.53</b>	<b>[•]</b>
Mahen Distribution Limited	Preferential Allotment	Cash	March 29, 2010	17,00,000	10.00	10.00	8.91	[•]
	Preferential Allotment	Cash	February 8, 2012	5,51,010	10.00	100.00	2.89	[•]
	Transfer from C. Raja Sekhar	Cash	August 25, 2014	2,500	190.00	190.00	0.01	[•]
	Transfer from Manoj Gupta	Cash	August 25, 2014	2,000	190.00	190.00	0.01	[•]
	Transfer from Varun Gupta	Cash	August 25, 2014	1,250	190.00	190.00	0.01	[•]
	Transfer from Parikshit Somani	Cash	August 25, 2014	1,125	190.00	190.00	0.01	[•]
	Transfer from Sandeep Dutta	Cash	August 25, 2014	1,125	190.00	190.00	0.01	[•]
	Transfer from Juhi Chaturvedi	Cash	August 25, 2014	1,125	190.00	190.00	0.01	[•]

Name of Promoter	Nature of transaction	Nature of Consideration	Date of Allotment/Transfer/Transmission	No. of Equity Shares	Face value of Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre-offer capital (%) on a fully diluted basis	Percentage of the Post-Offer capital
	Transfer from Rishabh Saxena	Cash	August 25, 2014	875	190.00	190.00	Negligible	[•]
	Transfer from P.Rajendran	Cash	August 28, 2014	2,500	190.00	190.00	0.01	[•]
	Transfer from Sunil Mathew	Cash	August 28, 2014	1,500	190.00	190.00	0.01	[•]
	Transfer from Asif Nagariya	Cash	August 28, 2014	1,500	190.00	190.00	0.01	[•]
	Transfer from Varundeep	Cash	August 28, 2014	1,125	190.00	190.00	0.01	[•]
	Transfer from A. Victor Solomon	Cash	August 28, 2014	1,000	190.00	190.00	0.01	[•]
	Transfer from Hinesh Kishor Kotecha	Cash	August 28, 2014	875	190.00	190.00	Negligible	[•]
	Transfer of shares to Shashi Bhushan Budhiraja	Cash	March 21, 2015	(16,130)	155.00	155.00	(0.08)	[•]
	Transfer of shares to Manorama Budhiraja	Cash	March 21, 2015	(3,230)	155.00	155.00	(0.02)	[•]
	Transfer of shares to Sudeep Budhiraja	Cash	March 21, 2015	(13,000)	155.00	155.00	(0.07)	[•]
	Transfer from C. Raja Sekhar	Cash	October 19, 2015	7,500	229.00	229.00	0.04	[•]
	Transfer from P. Rajendran	Cash	October 19, 2015	7,500	229.00	229.00	0.04	[•]
	Transfer from Manoj Gupta	Cash	October 19, 2015	6,000	229.00	229.00	0.03	[•]
	Transfer from Asif Nagariya	Cash	October 19, 2015	4,500	229.00	229.00	0.02	[•]
	Transfer from Sunil Mathew	Cash	October 19, 2015	4,500	229.00	229.00	0.02	[•]

Name of Promoter	Nature of transaction	Nature of Consideration	Date of Allotment/ Transfer/ Transmission	No. of Equity Shares	Face value of Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-offer capital (%) on a fully diluted basis	Percentage of the Post- Offer capital
	Transfer from A. Victor Solomon	Cash	October 19, 2015	3,500	229.00	229.00	0.02	[•]
	Transfer from Juhi Chaturvedi	Cash	October 19, 2015	3,375	229.00	229.00	0.02	[•]
	Transfer from Sandeep Dutta	Cash	October 19, 2015	3,375	229.00	229.00	0.02	[•]
	Transfer from Varundeep	Cash	October 19, 2015	3,375	229.00	229.00	0.02	[•]
	Transfer from Parikshit Somani	Cash	October 19, 2015	3,375	229.00	229.00	0.02	[•]
	Transfer from Hinesh Kishore Kotecha	Cash	October 19, 2015	2,625	229.00	229.00	0.01	[•]
	Transfer from Rishabh Saxena	Cash	October 19, 2015	2,625	229.00	229.00	0.01	[•]
	Transfer from B. Venkata Kotecha	Cash	October 19, 2015	2,500	229.00	229.00	0.01	[•]
	Transfer from Varun Gupta	Cash	October 19, 2015	1,250	229.00	229.00	0.01	[•]
<b>Total Shareholding</b>				22,93,150			12.02	[•]
<b>Yashvardhan Saboo</b>	Initial Subscription to MoA	Cash	November 5, 2007	1	10.00	10.00	Negligible	[•]
	Transfer from Randeep Singh Arneja	Cash	March 25, 2015	19,230	100.00	100.00	0.10	[•]
	Allotment pursuant to conversion of 12%CCCPS	Cash	August 1, 2017	45,455	158.50	158.50	0.24	[•]
	Allotment pursuant to conversion of 12%CCCPS	Cash	September 8, 2017	45,445	10.00	110.00	0.24	[•]

Name of Promoter	Nature of transaction	Nature of Consideration	Date of Allotment/Transfer/Transmission	No. of Equity Shares	Face value of Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre-offer capital (%) on a fully diluted basis	Percentage of the Post- Offer capital
	Allotment pursuant to Ethos ESOP 2013	Cash	February 5, 2018	15,000	10.00	120.00	0.08	[•]
	Allotment pursuant to conversion of 14% CCCPS	Cash	November 14, 2019	19,231	10.00	130.00	0.10	[•]
	Gift of shares by Rajendra Kumar Saboo	Cash	January 5, 2021	1,37,066	Nil	Nil	0.72	[•]
	Transfer of shares by Sixth Sense India Opportunities – I	Cash	June 30, 2021	75,000	200.00	200.00	0.39	[•]
	Allotment pursuant to Ethos ESOP 2013	Cash	July 31, 2021	15,000	10.00	120.00	0.08	[•]
	Allotment pursuant to Ethos Rights Issue – 2021	Cash	December 1, 2021	9,955	10.00	550.00	0.05	[•]
	Transfer of Equity Shares to Satvika Saboo	Cash	December 21, 2021	(2000)	0.00	0.00	(0.01)	[•]
	Transfer of Equity Shares to Malvika Saboo	Cash	December 21, 2021	(2,000)	0.00	0.00	(0.01)	[•]
<b>Total Shareholding</b>				<b>3,77,383</b>			<b>1.98</b>	<b>[•]</b>

- (b) All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.
- (c) As on the date of this Red Herring Prospectus, none of Equity Shares in our Company are pledged.
- (d) Shareholding of our Promoters, Promoter Group and Directors of the Promoter's in our Company as on date of filing Red Herring Prospectus

Sr. No.	Name of the Shareholder	Pre- Offer		Post- Offer	
		No. of Equity Shares	% of total Shareholding on a fully diluted basis	No. of Equity Shares	% of total Shareholding

Promoters					
<b>Promoters</b>					
1.	KDDL Limited	1,21,19,588	63.53%	[●]	[●]
2.	Mahen Distribution	22,93,150	12.02%	[●]	[●]
3.	Yashovardhan Saboo*	3,77,383	1.98%	[●]	[●]
<b>Promoters Group</b>					
1.	Rajendra Kumar Saboo	1	Negligible	[●]	[●]
2.	Usha Devi Saboo	1	Negligible	[●]	[●]
3.	Anuradha Saboo	67,957	0.36%	[●]	[●]
4.	Jai Vardhan Saboo	1,07,625	0.56%	[●]	[●]
5.	Pranav Shankar Saboo	1	Negligible	[●]	[●]
6.	Satvika Saboo	2,001	0.01%	[●]	[●]
7.	Saboo Ventures LLP	3,90,583	2.05%	[●]	[●]
8.	Pushpa Manjari Mohatta	1	Negligible	[●]	[●]
9.	Alok Mohatta	1	Negligible	[●]	[●]
10.	Narendra Kumar Mohatta	19,734	0.10%	[●]	[●]
11.	Dream Digital Technology Private Limited	7,885	0.04%	[●]	[●]
12.	Vardhan Properties and Investment Private Limited	50,000	0.26%	[●]	[●]
13.	VBL Innovations Private Limited	20,500	0.11%	[●]	[●]
14.	Saboo Housing Projects LLP	1	Negligible	[●]	[●]
<b>Directors of Promoter</b>					
1	Anil Khanna <sup>#</sup>	12,822	0.07%	[●]	[●]
<b>Total</b>		1,54,69,234	79.82%	[●]	[●]

\*Yashovardhan Saboo is a director in our Company and is also a director in KDDL Limited and Mahen Distribution Limited, our Promoters.

<sup>#</sup>Anil Khanna is a director in our Company, and is also a director in KDDL Limited, our Promoter. C Raja Sekhar, on March 23, 2022, has resigned as a director from the board of directors of Mahen Distribution Limited and his resignation has been approved by the board of directors of Mahen Distribution Limited.

## 7. Details of Promoter's contribution and lock in:

- (i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as minimum promoter's contribution and locked-in for a locked-in for a period of eighteen months ("Minimum Promoter Contribution") as minimum promoters' contribution from the date of Allotment, and the Promoter's shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment.
- (ii) The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of eighteen months as minimum Promoter's contribution from the date of Allotment are set out in the following table:

Name of Promoter	Number of Equity Shares locked-in	Date of allotment of Equity Shares and when made fully paid-up	Nature of transaction	Face Value per Equity Share (₹)	Offer/Acquisition price per Equity Share (₹)	Percentage of the Pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

- (iii) Our Promoter has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Minimum Promoter's Contribution and Offered Shares from the date of filing this Red Herring Prospectus,

until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

- (iv) Our Company undertakes that the Equity Shares that are being locked-in are not and will not be, ineligible for computation of Minimum Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:
- (a) The Equity Shares offered for Promoters' contribution have not been acquired in the last three years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) have resulted from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
  - (b) The Promoters' contribution does not include any Equity Shares acquired during the preceding one year and at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
  - (c) Our Company has not been formed by the conversion of a partnership firm into a company or a limited liability partnership into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Red Herring Prospectus pursuant to conversion from a partnership firm;
  - (d) The Equity Shares held by our Promoters and offered for Promoters' contribution are not subject to any pledge or encumbrance;
  - (e) All the Equity Shares of our Company held by our Promoters and Selling Shareholders are in dematerialised form.

*Other requirements in respect of lock-in:*

- (i) In addition to 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked in for eighteen months as specified above, the entire pre-Offer Equity Share capital of our Company, (other than the Equity Shares with respect to the Offer for Sale) and any unsubscribed portion of the Offer for Sale by the Selling Shareholder(s) will be locked-in for a period of six months from the date of Allotment.
- (ii) The Equity Shares held by our Promoters, which will be locked-in may be transferred to and among the members of our Promoter Group or to any new Promoter, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.
- (iii) Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters, which are locked-in for a period of eighteen months from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, Systemically Important NBFC or housing finance companies as collateral security for loans granted by such banks, public financial institutions, Systemically Important NBFC or housing finance companies, provided that such loans have been granted by such bank or institution for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.
- (iv) Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of six months from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, Systemically Important NBFC or housing finance companies as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.
- (v) The Equity Shares held by any person other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the

hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

*Lock-in of the Equity Shares to be allotted, if any, to the Anchor Investors*

50% of the Equity Shares allotted to Anchor Investors Portion shall be locked-in for a period of 30 days from the date of Allotment and remaining Equity Shares allotted to Anchor Investor shall remain locked-in for a period of 90 days.

*Recording on non-transferability of Equity Shares locked-in*

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

**8. Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of filing of this Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Nos. Of shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of P ar tly paid u p E q u i t y S h a r e s h e l d (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VI I) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCR, 1957) (VII I) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII) + (X) As a % of (A+B+C 2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights (XIV)		Total as a % of (A+B+C)			N o . ( a )	A s a % of t o t a l S h a r e s h e l d ( b )	N o . ( a )	A s a % of t o t a l S h a r e s h e l d ( b )	
								Number if Voting Right	Total								
(A)	Promoter & Promoter	19	1,54,56,412	-	-	1,54,56,412	81.02	1,54,56,412	1,54,56,412	81.02	-	1,54,56,412	-	-	-	-	1,54,56,412

Category (I)	Category of shareholder (II)	Nos. Of shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VI I) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCR, 1957) (VII I) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII) + (X) As a % of (A+B+C 2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights (XIV)		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Number if Voting Right	Total								
	Group																
(B)	Public	237	36,21,751	-	-	36,21,751	18.98	36,21,751	36,21,751	18.98	-	36,21,751	-	-	-	-	34,26,466
(C)	Non-Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Category (I)	Category of shareholder (II)	Nos. Of shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Par fully paid up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VI I) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCR, 1957) (VII I) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII) + (X) As a % of (A+B+C 2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No of Voting (XIV) Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held (b)	No.	As a % of total Shares held (b)	
								Number if Voting Right	Total								
	Employee Trusts																
	Total	256	1,90,78,163	-	-	1,90,78,163	100	1,90,78,163	1,90,78,163	100	-	1,90,78,163	-	-	-	-	1,88,82,878

## 9. Details of Major Shareholders of our Company

- (a) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of filing of this Red Herring Prospectus:

Sr. No.	Name of Shareholder	Pre-Offer		
		Number of Equity Shares on a fully diluted basis	% of paid -up Equity Share capital	% of paid- up Equity Share capital on a fully diluted basis
1.	KDDL Limited	1,21,19,588	63.53%	63.53%
2.	Mahen Distribution Limited	22,93,150	12.02%	12.02%
3.	Mukul Mahavir Agrawal	9,24,121	4.84%	4.84%
4.	Alchemy Capital Management Pvt Ltd	5,12,500	2.69%	2.69%

5.	Siddharth Iyer	4,91,769	2.58%	2.58%
6.	Saboo Ventures LLP	3,90,583	2.05%	2.05%
7.	Yashovardhan Saboo	3,77,383	1.98%	1.98%
8.	Abakkus Growth Fund-2, a SEBI registered Category III Alternative Investment Fund	302,663	1.59%	1.59%
9.	Pulkit Sekhsaria	2,72,728	1.43%	1.43%
10.	Mackertich Consultancy Services Private Limited *	2,39,726	1.26%	1.26%
	<b>Total</b>	<b>1,82,26,874</b>	<b>93.95%</b>	<b>93.95%</b>

\* Mackertich Consultancy Services Private Limited purchased equity shares held by Rahul Kayan.

- (b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, of 10 (ten) days prior to the date of filing of this Red Herring Prospectus:

Sr. No.	Name of Shareholder	Pre-Offer		
		Number of Equity Shares on a fully diluted basis	% of paid -up Equity Share capital	% of paid -up Equity Share capital on a fully diluted basis
1.	KDDL Limited	1,21,19,588	63.53%	63.53%
2.	Mahen Distribution Limited	22,93,150	12.02%	12.02%
3.	Mukul Mahavir Agrawal	9,24,121	4.84%	4.84%
4.	Alchemy Capital Management Pvt Ltd	5,12,500	2.69%	2.69%
5.	Siddharth Iyer	4,91,769	2.58%	2.58%
6.	Saboo Ventures LLP	3,90,583	2.05%	2.05%
7.	Yashovardhan Saboo	3,77,383	1.98%	1.98%
8.	Abakkus Growth Fund 2, a SEBI registered Category III Alternative Investment Fund	302,663	1.59%	1.59%
9.	Pulkit Sekhsaria	2,72,728	1.43%	1.43%
10.	Rahul Kayan	2,39,726	1.26%	1.26%
	<b>Total</b>	<b>1,82,26,874</b>	<b>93.95%</b>	<b>93.95%</b>

- (c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of one year prior to the date of this Red Herring Prospectus:

Sr. No.	Name of Shareholder	Pre-Offer		
		Number of Equity Shares on a fully diluted basis	% of paid -up Equity Share capital	% of paid -up Equity Share capital on a fully diluted basis
1.	KDDL Limited	1,14,10,146	63.53%	63.53%
2.	Mahen Distribution Limited	22,93,150	12.02%	12.02%
3.	Mukul Mahavir Agrawal	9,00,976	4.92%	4.92%
4.	Alchemy Capital Management Pvt Ltd	5,00,000	2.73%	2.73%
5.	Siddharth Iyer	4,79,452	2.62%	2.62%
6.	Saboo Ventures LLP	3,22,734	2.08%	2.08%
7.	Sixth Sense India Opportunities - 1	5,58,373	2.01%	2.01%
8.	Pulkit Sekhsaria	2,72,728	1.45%	1.45%
9.	Rahul Kayan	2,39,726	1.28%	1.28%
	<b>Total</b>	<b>1,69,77,285</b>	<b>93.85%</b>	<b>93.85%</b>

- (d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of two years prior to the date of this Red Herring Prospectus:

Sr. No.	Name of Shareholder	Pre-Offer		
		Number of Equity Shares on a fully diluted basis	% of paid -up Equity Share capital	% of paid- up Equity Share capital on a fully diluted basis
1.	KDDL Limited	1,11,33,146	62.65%	62.65%
2.	Mahen Distribution Limited	22,93,150	12.59%	12.59%
3.	Mukul Mahavir Agrawal	9,00,976	4.95%	4.95%
4.	Alchemy Capital Management Pvt Ltd	5,00,000	2.75%	2.75%
5.	Siddharth Iyer	4,79,452	2.63%	2.63%
6.	Saboo Ventures LLP	3,22,734	1.77%	1.77%
7.	Sixth Sense India Opportunities - I	7,58,373	3.07%	3.07%
8.	Pulkit Sekhsaria	2,72,728	1.50%	1.50%
9.	Rahul Kayan	2,39,726	1.32%	1.32%
	<b>Total</b>	<b>1,69,00,285</b>	<b>93.22%</b>	<b>93.22%</b>

10. Other than Yashovardhan Saboo and Manoj Gupta, Anil Khanna, Nagarajan Subramanian, Pranav Shankar Saboo and Anil Kumar none of our Directors or Key Management Personnel hold Equity Shares of our Company. For further details, see “*Our Management - Shareholding of our Directors*” and “*Our Management - Shareholding of Key Managerial Personnel*” on page 262 and 279, respectively.

#### 11. Employee Stock Option Scheme

##### *Ethos ESOP 2013*

Our Company, pursuant to the resolution passed by our Board in its meeting dated February 6, 2014, and Shareholders in its meeting dated March 10, 2014, adopted the Ethos ESOP 2013. The total number of options available under Ethos ESOP 2013 were 3,50,000. The said scheme has expired on August 16, 2021, and no options under the said scheme are outstanding as on the date of this Red Herring Prospectus.

The details of the options granted and Equity Shares issued under Ethos ESOP 2013 scheme in last three Financial Years, as certified by B K S & Co., Chartered Accountants, through a certificate dated May 6, 2022, are as follows:

Particulars	Details of options granted	Number of Equity Shares	Price Range(in₹)
Fiscal 2019:	2,67,500	-	120.00
Fiscal 2020	2,67,500	-	120.00
First quarter		15,000	120.00
Fiscal 2021	2,67,500	-	-
Fiscal 2022	2,67,500	-	-
Second quarter		1,04,750	120.00
<b>Aggregate</b>		<b>1,19,750</b>	

Further, no employee stock option scheme is in existence as on date of this Red Herring Prospectus

12. Our Promoter Group, director of the Promoters, our Directors and their relatives have not purchased or sold any Equity Shares during a period of six months preceding the date of filing the Draft Red Herring Prospectus and this Red Herring Prospectus. except as disclosed below:

Transferor	Transferee	Date	Number of Securities	Price Per Security
Anil Kumar	Saahil Khanna	October 27, 2021	1	10
Yashovardhan Saboo	Satvika Saboo	December 21, 2021	2,000	Nil
Yashovardhan Saboo	Malvika Saboo	December 21, 2021	2,000	Nil

13. As on the date of this Red Herring Prospectus, the BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares in our Company.
14. Our Company has no outstanding warrants, options or rights to convert compulsorily convertible preference shares, debentures, loans or other instruments convertible into the Equity Shares as on the date of this Red Herring Prospectus.
15. Except for the allotment of Equity Shares pursuant to the Offer, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid / Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.
16. Except for the Pre-IPO Placement undertaken by our Company, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or by issue of bonus or rights or further public issue of Equity Shares. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.
17. Our Company shall ensure that transactions in Equity Shares by our Promoters and our Promoter Group during the period between the date of filing of this Red Herring Prospectus or the date of registering the Red Herring Prospectus with the RoC, as the case may be, and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transaction.
18. Our Company has 256 Shareholders as of the date of filing of this Red Herring Prospectus. Details of the Equity Shareholders of our Company are as follows:

S. No.	Name of the Shareholder	No. of Equity Shares	%age holding	S. No.	Name of the Shareholder	No. of Equity Shares	%age holding
1	P Rajendran	14,075	0.07%	129	Shaily Kangra	1	0.00%
2	Shashi Bhushan Budhiraja	12,904	0.07%	130	Aashish Singh Sengar	1	0.00%
3	Hiren Ved	62,500	0.33%	131	Anoop Kumar	1	0.00%
4	Sachin Rashmikant Shah	62,500	0.33%	132	Mehtab Singh	1	0.00%
5	Japan Vyas	31,111	0.16%	133	Kirti Aggarwal	1	0.00%
6	Swati Mehra	12,000	0.06%	134	Ramesh Bhatia	1	0.00%
7	Rajni Mohatta	1	0.00%	135	Rina Bhatia	1	0.00%
8	Veena Kumari	1	0.00%	136	Bharat Singh	1	0.00%
9	Yudhpal Singh	1	0.00%	137	Veluru Vijayalakshmi	1	0.00%
10	Tikka Amarjit Singh Bedi	1	0.00%	138	Rayavaram Sushma	1	0.00%
11	Divya Goyal	1	0.00%	139	Saroj Goyal	1	0.00%
12	Prabha Sarda	1	0.00%	140	Sudarshan Kumar	1	0.00%
13	Subhash Chandra	1	0.00%	141	Dhamanjeet Baljit Singh	1	0.00%
14	Sheela Kapoor	1	0.00%	142	Sandeepa Devi	1	0.00%

S. No.	Name of the Shareholder	No. of Equity Shares	%age holding	S. No.	Name of the Shareholder	No. of Equity Shares	%age holding
15	Nand Lal	1	0.00%	143	Ramakanta Barma	1	0.00%
16	Neena Chhibber	1	0.00%	144	Navita Verma	1	0.00%
17	Ved Parkash Gujral	1	0.00%	145	Shakun Sood	1	0.00%
18	Yogesh Mehta	1	0.00%	146	Jasbir Singh Chagar	1	0.00%
19	Raj Kumar Gupta	1	0.00%	147	Ayushi Gupta	1	0.00%
20	Pushpa Rani	1	0.00%	148	Subhash Chander Kalra	1	0.00%
21	Kusum Dewan	1	0.00%	149	Satya Devi	1	0.00%
22	Gayatri Madan	1	0.00%	150	Kamla Prasad Singh Sengar	1	0.00%
23	Deepti Singla	1	0.00%	151	Shaina Mehta	1	0.00%
24	Shammu Parmar	1	0.00%	152	M K Mittal	1	0.00%
25	Anuradha Gupta	1	0.00%	153	Mudit Mantri	1	0.00%
26	Namrata Kakar	1	0.00%	154	Rameshwar Prasad	1	0.00%
27	Jahanavi Kakar	1	0.00%	155	Nitin Madan	1	0.00%
28	Sarla Karla	1	0.00%	156	Paramjit Kaur	1	0.00%
29	Geetika Mantri	1	0.00%	157	Sarla Sharma	1	0.00%
30	Murlidhar J. Mantri	1	0.00%	158	Meenu	1	0.00%
31	Susheela M. Mantri	1	0.00%	159	Renu Bagai	1	0.00%
32	Nitu Choudhury	1	0.00%	160	Parveen Jindal	1	0.00%
33	Rajni Malhotra	1	0.00%	161	Pankaj Garg	1	0.00%
34	Bhag Dai	1	0.00%	162	Anish Jindal	1	0.00%
35	Ajit Pal Singh Gandhi	1	0.00%	163	Gopal Krishan Sood	1	0.00%
36	Lalit Gupta	1	0.00%	164	G K Sood (HUF)	1	0.00%
37	Kanika Singhal	1	0.00%	165	Atharv Sharma U/g Bharti Sharma	1	0.00%
38	Shashi Gujral	1	0.00%	166	Nd Agrawal HUF through its Karta - ND Agrawal	1	0.00%
39	Parmod Singhal	1	0.00%	167	Manoj Jaswani And Priya Manoj Jaswani	1	0.00%
40	Anjan Choudhury	1	0.00%	168	Alka	1	0.00%
41	Prakash Chand Thakur	1	0.00%	169	Shikha Chaggar	1	0.00%
42	Amol Gupta U/G Lalit Gupta	1	0.00%	170	Raj Singh	1	0.00%
43	Rashmi Mohunta	1	0.00%	171	Prem Singh Malik	1	0.00%
44	Vivek Mohan	1	0.00%	172	Sukanya Balachander	1	0.00%
45	Vandana Mohan	1	0.00%	173	Sat Pal Sharma	1	0.00%
46	Savitri Kakar	1	0.00%	174	Sanyogita Modi	1	0.00%
47	Sanyukta Mittal	1	0.00%	175	Sarika Rani	1	0.00%
48	Sada Ram Sharma	1	0.00%	176	Sukhdev Singh	1	0.00%
49	Geeta Devi	1	0.00%	177	Alka Gupta	1	0.00%
50	Kaushalaya Lahoti	1	0.00%	178	Manvi Gupta	1	0.00%
51	Kusum	1	0.00%	179	Manoj Kumar	1	0.00%
52	Krishna Batra	1	0.00%	180	Uday Pal Singh	1	0.00%
53	Anju Chilumuri	1	0.00%	181	Mr. Subhash Chander Kohli	10	0.00%
54	Aarti Suri	1	0.00%	182	Sharda Kumari	1	0.00%
55	Priyanka	1	0.00%	183	Malini Sarin Sood	1	0.00%
56	Shikha Dewan	1	0.00%	184	Neha Sanghvi	1,28,211	0.67%
57	Gian Indra Dhall	1	0.00%	185	Alok Mohatta	1	0.00%
58	Isha Aggarwal U/G Manju Aggarwal	1	0.00%	186	Hiren Haresh Ved	1,563	0.01%
59	Shakuntala Aggarwal	1	0.00%	187	Anand Vardhan Bhuwalka	5,125	0.03%
60	Monika Bhatia	1	0.00%	188	Shalini Bhuwalka	5,125	0.03%
61	Alka Khanna	1	0.00%	189	Manju Bhuwalka	5,125	0.03%
62	Pardeep Kumar Aggarwal	1	0.00%	190	Harsh Vardhan Bhuwalka	5,125	0.03%

S. No.	Name of the Shareholder	No. of Equity Shares	%age holding	S. No.	Name of the Shareholder	No. of Equity Shares	%age holding
63	Poonam Prakash	1	0.00%	191	Mukul Mahavir Agrawal	9,24,121	4.84%
64	Ramanjit Singh Bedi	1	0.00%	192	Rajendra Kumar Saboo	1	0.00%
65	Ved Parkash Gujral Huf (Through Ved Parkash Gujral, Huf)	1	0.00%	193	Satvika Saboo	2,001	0.01%
66	Pankhuri	1	0.00%	194	Usha Devi Saboo	1	0.00%
67	Mansi Goyal	1	0.00%	195	Anuradha Saboo	67,957	0.36%
68	Sundar R.	1	0.00%	196	Pranav Shankar Saboo	1	0.00%
69	Tikka Zorawar Singh Bedi U/G Ramanjit Singh Bedi	1	0.00%	197	Yashovardhan Saboo	3,77,383	1.98%
70	Ibadat Bedi U/G Ramanjit Singh Bedi	1	0.00%	198	Shashi Bhushan Budhiraja	323	0.00%
71	Rajeev Prakash	1	0.00%	199	Saahil Khanna	1	0.00%
72	Akanksha Paul	1	0.00%	200	Sudeep Budhiraja	19,955	0.10%
73	Santosh Kumari Singla	1	0.00%	201	Saboo Housing Projects LLP	1	0.00%
74	Rajan Mammen	1	0.00%	202	Anil Khanna	12,822	0.07%
75	Molly Mammen	1	0.00%	203	Rakesh Mohunta	2,238	0.01%
76	Shashi Agrawal	1	0.00%	204	Sayed Mohammed Zaki	3,500	0.02%
77	Surinder Kumar Gupta	1	0.00%	205	Parkash Chnder Sharma	2,500	0.01%
78	Vijay Kumari	1	0.00%	206	Sandeep Dutta	2,500	0.01%
79	Akhil Gupta	1	0.00%	207	Prem Chand Gupta	1	0.00%
80	Rahul Gupta	1	0.00%	208	Sanjeev Kumar Masown	1	0.00%
81	Usha Gupta	1	0.00%	209	Vbl Innovations Private Limited	20,500	0.11%
82	Prabha Sarda	1	0.00%	210	Nikhil Vora	77,401	0.41%
83	Reeshab Singla	1	0.00%	211	Narendra Kumar Mohatta	494	0.00%
84	Surbhi Singhal	1	0.00%	212	Pushpa Manjari Mohatta	1	0.00%
85	Mahesh Kumar	1	0.00%	213	Narendra Kumar Mohatta	19,240	0.10%
86	Meena Aggarwal	1	0.00%	214	Anil Kumar	32	0.00%
87	Bimla Sharma	1	0.00%	215	Dream Digital Technology Private Limited	7,885	0.04%
88	Alka Bansal	1	0.00%	216	Vardhan Properties And Investment Private Limited	50,000	0.26%
89	Abhishek Maheshwari	1	0.00%	217	KDDL Limited	1,21,19,588	63.53%
90	Suruchi Goyal	1	0.00%	218	Jitender Kumar	1	0.00%
91	Amit Kumar Goel	1	0.00%	219	Mahen Distribution Limited	22,93,150	12.02%
92	Roshan Lal Goel	1	0.00%	220	Saboo Ventures LLP	3,90,583	2.05%
93	Poonam Bhama	1	0.00%	221	Darpan Bagai	3,500	0.02%
94	Renu Gupta	1	0.00%	222	Abakkus Growth Fund-2	3,02,663	1.59%
95	Kartik Gupta	1	0.00%	223	Parikshit Somani	2,051	0.01%
96	Nisha Bhatia	1	0.00%	224	Alchemy Capital Management Pvt Ltd	5,12,500	2.69%
97	Soniya Goel	1	0.00%	225	Siddharth Iyer	4,91,769	2.58%
98	Narinder Jaspal	1	0.00%	226	Manoj Gupta	10,250	0.05%
99	Vivek Sood	1	0.00%	227	Nagarajan Subramanian	56,537	0.30%
100	Puran Devi	1	0.00%	228	Hachi Advisors LLP	25,625	0.13%

S. No.	Name of the Shareholder	No. of Equity Shares	%age holding	S. No.	Name of the Shareholder	No. of Equity Shares	%age holding
101	Neha Goel	1	0.00%	229	B Venkata Krishnan	4,500	0.02%
102	Dharam Devi Malik	1	0.00%	230	Deepak Gupta	1	0.00%
103	Kamaljit Kaur	1	0.00%	231	Global Media Ventures India Private Limited	1,05,307	0.55%
104	Upinder Kumar Singla	1	0.00%	232	Nagarajan Subramanian	28,666	0.15%
105	Sunita Bhalla	1	0.00%	233	Pallavi Agarwal	2	0.00%
106	Pratyush Sood	1	0.00%	234	Lalita Kayan	5,993	0.03%
107	Juhi Gupta	1	0.00%	235	Mackertich Consultancy Services Private Limited	2,39,726	1.26%
108	Ram Jas	1	0.00%	236	Pulkit.N.Sekhsaria	2,72,728	1.43%
109	Amandeep Garg (Huf)	1	0.00%	237	Nutan Shrivastava	1	0.00%
110	Muni Barma	1	0.00%	238	Ranjit Kohli	1	0.00%
111	Ajit Inder Pal Kaur	1	0.00%	239	Chilumuri Raja Sekhar	23,644	0.12%
112	Harsh Ahluwalia	1	0.00%	240	Ramesh Kumar Sharma	1	0.00%
113	Avinash Kumar Maheshwari	1	0.00%	241	Juhi Chaturvedi	6,663	0.03%
114	Aseem Pathria	1	0.00%	242	Malvika Saboo	2,000	0.01%
115	Komal Verma	1	0.00%	243	Karan Singh Bhandari	4,000	0.02%
116	Anita Saxena	1	0.00%	244	Jai Vardhan Saboo	1,07,625	0.56%
117	Arjun Prasad Yadav	1	0.00%	245	Swati Gupta	1	0.00%
118	Manisha Puri	1	0.00%	246	Jyoti Agrawal	1	0.00%
119	Saneh Lata	1	0.00%	247	Team India Managers Ltd	97,954	0.51%
120	Saveeka Family Trust Through Its Trustee Rajendra Kumar Sabo	10	0.00%	248	Mehul Patel	25,642	0.13%
121	Ram Bhawan	1	0.00%	249	Rajendran Palaniswamy	352	0.00%
122	Mamta Kangra	1	0.00%	250	Deepak Kumar	1	0.00%
123	Parkash Chander Sharma	1	0.00%	251	Sparsh Arun	3,588	0.02%
124	Vidya Wati	1	0.00%	252	Hinesh Kishor Kotecha	5,125	0.03%
125	Yamini Aggarwal	1	0.00%	253	Sahil Jain	1	0.00%
126	Sonia Kalia	1	0.00%	254	Neelima Jain	1	0.00%
127	Jagdish Kumar	1	0.00%	255	Ishwar Dayal Jain	1	0.00%
128	Rama Kangra	1	0.00%	256	Ritika Jain	1	0.00%
<b>Total</b>					<b>1,90,78,163</b>		<b>100%</b>

19. Except to the extent of participation in the Offer for Sale by the Promoters, Directors and certain members of the Promoter Group and certain Senior Management Personnel as disclosed in this Red Herring Prospectus, none of the other members of the Promoter Group, Directors, Promoters, Key Managerial Personnel or Senior Management Personnel will participate in the Offer.
20. All Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of this Red Herring Prospectus.
21. Our Company, the Directors, the Selling Shareholder(s) and the BRLMs have not entered into any buy-back arrangement or any other similar arrangement for purchase of Equity Shares from any person.
22. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase of any securities of our Company, by any other person during a period of six months immediately preceding the date of Draft Red Herring Prospectus and this Red Herring Prospectus.

23. No person including the Selling Shareholders, connected with the Offer, including but not limited to, the BRLMs, the Syndicate Members, our Company, our Subsidiary, the Directors, the Promoters or the members of our Promoter Group and Group Companies, shall offer or make payment of any incentive, whether direct or indirect, in any manner, whether in cash or kind or otherwise, to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
24. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
25. All Equity Shares issued and transferred pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Red Herring Prospectus.



## OBJECTS OF THE OFFER

The present Offer comprises of the Fresh Issue of [●] Equity Shares, aggregating up to ₹ 37,500 lakhs\* by our Company and an Offer for Sale of up to 11,08,037 Equity Shares, aggregating up to ₹ [●] lakhs by the Selling Shareholders.

*\*Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.*

### Offer for Sale

Each of the Selling Shareholders will be entitled to the proceeds of the Offer for Sale after deducting its portion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. Other than the listing fees for the Offer, which will be borne by our Company, and the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, which will be borne by the Selling Shareholders, all other cost, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale, whether the Offer is successful or not and Equity Shares of our listed on stock exchange or not.

### Fresh Issue

Requirement of funds:

We propose to utilise the Net Proceeds towards funding the following objects:

1. Repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company;
2. Funding working capital requirements of our Company; and
3. Financing the capital expenditure for (i) establishing new stores and renovation of certain existing stores and (ii) upgradation of enterprise resource planning software
4. General corporate purpose

(collectively, referred to herein as the “Objects”).

The objects clause in the Memorandum of Association, enable us (i). to undertake our existing business activities; and (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our Company expects to receive the benefits of listing of the Equity Shares, including to enhance our visibility and our brand image among our existing and potential customers and creation of a public market for our Equity Shares in India.

### Net Proceeds

The details of the proceeds from the Fresh Issue are summarised in the following table:

Particulars	Amount (₹ in lakhs)
Gross Proceeds of the Fresh Issue <sup>^</sup>	Up to 37,500
(Less) Offer related expenses in relation to the Fresh Issue <sup>#</sup>	[●]
<b>Net Proceeds*</b>	<b>[●]</b>

<sup>^</sup>Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs.

#All costs, fees and expenses relating to the Offer (other than the listing fees and the fees and expenses of the legal counsel and chartered accountants to the Selling Shareholders) shall be shared amongst our Company and the Selling Shareholders as set out above.

\* To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.

Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

### Utilisation of Net Proceeds

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

Particulars	Amount which will be financed from Net Proceeds and the Pre-IPO Placement (₹ in lakhs)
Repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company	2,989.09
Funding working capital requirements of our Company	23,496.22
Financing the establishment of new stores and renovation of the certain existing stores	3,327.28
Financing the upgradation of ERP	198.01
General corporate purpose*	[●]
<b>Total</b>	<b>[●]</b>

\*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.

### Proposed Schedule of Implementation and Deployment of Net Proceeds

The following table sets forth the schedule of the expected deployment of the Net Proceeds:

Particulars	Total - estimated cost	Amount to be funded from the Net Proceeds and the Pre-IPO Placement	(₹ in lakhs)		
			Estimated deployment of Net Proceeds and the Pre-IPO Placement in Fiscal 2022	Estimated deployment of Net Proceeds in Fiscal 2023	Estimated deployment of Net Proceeds in Fiscal 2024
Repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company	2,989.09	2,989.09	-	2,989.09	-
Funding working capital requirements of our Company	23,496.22	23,496.22	2,499.98	10,498.57	10,497.67
Financing the establishment of new stores and renovation of existing stores	3,327.28	3,327.28	-	2,906.12	421.16
Financing the upgradation of Enterprise Resource Planning (ERP)	198.01	198.01	-	198.01	-
General Corporate purpose*	[●]	[●]	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.

### Means of Finance and deployment of Net Proceeds

The fund requirements for all objects are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

The deployment of funds indicated above is based on management estimates, current circumstances of our business, current and valid quotations from suppliers, prevailing market conditions, which are subject to change, and other commercial and technical factors. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For further details, see “*Risk Factors –Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds*” on page 75.

In the event the Net Proceeds are not completely utilised for the objects stated above by the end of Fiscal 2024, such amounts will be utilised (in part or full) in subsequent periods, as determined by our Company, in accordance with applicable law.

### Details of the Objects of the Offer

#### 1.1 Repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company

Our Company has entered into various financing arrangements from time to time, with various lenders. The financing arrangements availed by our Company include inter alia term loans and working capital facilities. For further details, see “*Financial Indebtedness*” on page 387.

As at December 31, 2021, our total outstanding non-current borrowings and our current borrowings amounted to ₹ 8,675.96 lakhs, on a consolidated basis. Our Company proposes to utilize an estimated amount of ₹ 2,989.09 lakhs from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Given the nature of these borrowings and the terms of repayment or prepayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment or avail of additional credit facilities. If at the time of allotment, any of the below-mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down or if the limits under the working capital borrowings are increased, then our Company may utilise the Net Proceeds for part or full prepayment / repayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional facilities availed, if any), in part or full, would not exceed ₹ 2,989.09 lakhs. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness and debt servicing costs as a cash outflow on account of debt payment would be reduced and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

For the list of the borrowings availed by our Company, which are proposed to be fully or partially repaid or pre-paid from the Net Proceeds, please refer to the table below and for details of the outstanding borrowings of our Company as of December 31, 2021.

(₹ in lakhs)

S. No.	Name of the Lender	Nature of borrowing	Purpose	Amount Sanctioned	Amount Outstanding as at December 31, 2021	Repayment Date / Schedule	Interest rate%	Prepayment penalty
1	IDBI Bank Limited	Cash Credit facilities	Working Capital	2,210.00	1,812.66	Repayable on demand	10.50% per annum	Nil

S. No.	Name of the Lender	Nature of borrowing	Purpose	Amount Sanctioned	Amount Outstanding as at December 31, 2021	Repayment Date / Schedule	Interest rate%	Prepayment penalty
2	IDBI Bank Limited	Working Capital Term Loan under Guarantee Emergency Credit Line (GECL) 2.0 scheme.	Working Capital	330.00	330.00	Tenor - March 31, 2022 to March 31, 2025	8.80% per annum	Nil
3	Bank of Maharashtra	Cash Credit facilities	Working Capital	2,000.00	1,950.57	Repayable on demand	11.00% per annum	Nil
4	Bank of Maharashtra	Working Capital Term Loan under Guarantee Emergency Credit Line (GECL) 2.0 scheme.	Working Capital	389.00	389.00	Tenor - April 30, 2022 to April 30, 2026	7.50% per annum	Nil
5	Jammu and Kashmir Bank	Cash Credit facilities	Working Capital	890.00	831.38	Repayable on demand	8.35% per annum	Nil
6	Jammu and Kashmir Bank	Working Capital Term Loan under Guarantee Emergency Credit Line (GECL) 2.0 scheme.	Working Capital	176.00	176.00	Tenor - March 31, 2022 to March 31, 2025.	8.20% per annum	Nil
7	Dhansar Capital Limited	Unsecured Loan	Working Capital	500.00	500.00	1 Year	12% per annum	Nil
	Total			6,495.00	5,989.61			

**Note:** In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purpose availed, our Company has obtained the requisite certificate.

1.2 Other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

Some of our financing facilities provide for the levy of prepayment penalties. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of the Net Proceeds.

Our Company has obtained consents from IDBI Bank Limited, Bank of Maharashtra and J&K Bank vide

their letter dated December 12, 2021, December 15, 2021, and December 15, 2021, respectively. The loan from Dhansar Capital Limited, is unsecured, in form of a corporate deposit. The intercorporate deposit agreement dated September 17, 2021, specifically provides that the borrower can repay the intercorporate deposit before the maturity period.

- 1.3 Our Company hereby undertakes that the portion of the net proceeds from the Offer, which is being used for prepayment of loan will not be directly or indirectly routed to Promoters, Promoter Group, group companies and associates.

## 2. Funding working capital requirements of our Company

We fund a majority of our working capital requirements in the ordinary course of business from borrowing and internal accruals. As of December 31, 2021, the aggregate amount sanctioned by the banks, Intercorporate deposit, deposit from Shareholders to our Company under the fund based working capital facilities amounted to ₹ 12,805.26 lakhs. For details of the working capital facilities availed by us, see “*Financial Indebtedness*” on page 387.

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

### *Basis of estimation of incremental working capital requirement*

The estimates of the working capital requirements for the Financial Years ending on March 31, 2022, March 31, 2023, and March 31, 2024 have been prepared based on the management estimates of future financial performance. The projection has been prepared using a set of assumptions that include assumptions about future events and management’s actions that are not necessarily expected to occur. On the basis of existing and estimated working capital requirement of our Company on standalone basis, and assumptions for such working capital requirements, our Board pursuant through its resolution dated April 7, 2022 has approved the projected working capital requirements for Financial Years 2022, 2023 and 2024 and the proposed funding of such working capital requirements as set forth below:

Particular	March 31, 2019 (₹ in lakhs)	Holding Levels (Days)	March 31, 2020 (₹ in lakhs)	Holding Levels (Days)	March 31, 2021 (₹ in lakhs)	Holding Levels (Days)	December 31, 2021 (₹ in lakhs)	Holding Levels (Days)
<b>Current asset</b>								
Inventories	20,556.94	169	21,859.01	174	19,777.12	187	23,963.73	157
<b>Financial Assets</b>								
Trade receivables	891.61	7	938.32	7	1,218.04	12	985.30	6
Cash and cash equivalents	756.76	6	983.60	8	1,830.83	17	6,141.59	40
Other bank balances	120.97	1	109.99	1	220.47	2	1,221.20	8
Loans	11.61	-	14.19	-	18.13	-	29.25	-
Other Financial Assets	680.81	6	1,278.58	10	1,011.70	10	746.88	5
Other Current Assets	2,161.45	18	2,381.52	19	1,576.50	15	1,926.45	13
<b>Total Current asset (A)</b>	<b>25,180.15</b>	<b>207.00</b>	<b>27,565.21</b>	<b>219</b>	<b>25,652.79</b>	<b>243</b>	<b>35,014.40</b>	<b>229</b>

Particular	March 31, 2019 (₹ in lakhs)	Holding Levels (Days)	March 31, 2020 (₹ in lakhs)	Holding Levels (Days)	March 31, 2021 (₹ in lakhs)	Holding Levels (Days)	December 31, 2021 (₹ in lakhs)	Holding Levels (Days)
Borrowings	6,086.06	50	5,998.75	48	3,490.61	33	6,349.53	42
Lease Liabilities	1,903.13	56	1,890.74	58	1,913.60	68	2,162.11	14
Trade payables	6,761.05	56	7,243.27	58	7,199.35	68	8,387.35	55
Other financial liabilities	929.69	8	979.03	8	971.03	9	1,054.41	7
Other Current Liabilities	654.29	5	1,057.84	8	916.91	9	1,505.86	10
Provisions	135.53	1	237.36	2	249.45	2	288.59	2
Current tax liabilities (net)	307.43	-	38.00	-	58.10	1	211.76	1
<b>Total Current liabilities (B)</b>	<b>16,777.18</b>	<b>176</b>	<b>17,444.99</b>	<b>182</b>	<b>14,799.05</b>	<b>190</b>	<b>19,959.61</b>	<b>131</b>
<b>Working Capital Gap (A) – (B)</b>	<b>8,402.97</b>	<b>31</b>	<b>10,120.22</b>	<b>37</b>	<b>10,853.74</b>	<b>53</b>	<b>15,054.79</b>	<b>98</b>
Internal Accruals	8,402.97		10,120.22		10,853.74		15,054.79	
Short Term Borrowings	-		-		-			
Total	8,402.97		10,120.22		10,853.74		15,054.79	
<b>Total</b>	<b>8,402.97</b>		<b>10,120.22</b>		<b>10,853.74</b>		<b>15,054.79</b>	

### Expected working capital requirements

On the basis of our existing working capital requirements and estimated working capital requirements, our Board pursuant to its resolution dated April 7, 2022, has approved the projected working capital requirements for Financial Year 2022, Financial Year 2023 and Financial Year 2024, together with the assumptions and justifications for holding levels, and the proposed funding of such working capital requirements, as set forth below:

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2022 [Estimated]	As at March 31, 2023 [Projected]	As at March 31, 2024 [Projected]
<b>A</b>	<b>Current Assets</b>			
1	Inventories	24,806.00	31,997.94	43,763.91
2	Trade receivables	526.84	1,032.19	1,129.39
3	Cash and cash equivalents	3,785.61	3,303.01	3,105.83
4	Other bank balances	224.91	1,032.19	1,411.74
5	Loans	24.25	206.44	282.35
6	Other financial assets	804.95	1,032.19	1,411.74

S. No.	Particulars	As at March 31, 2022 [Estimated]	As at March 31, 2023 [Projected]	As at March 31, 2024 [Projected]
7	Other current assets	2,969.88	3,509.45	4,517.57
	<b>Total Current Assets (A)</b>	33,142.44	42,113.41	55,622.53
<b>II</b>	<b>Current Liabilities</b>			
1	Borrowings	2,916.56	-	-
2	Lease Liabilities	1,963.79	1,983.43	1,824.75
3	Trade Payables	8,032.15	9,702.60	12,705.65
4	Other financial liabilities	1,007.14	825.75	847.04
5	Other current liabilities	1,173.02	1,032.19	1,129.39
6	Provisions	360.08	412.88	423.52
7	Current tax provisions (net)	134.93	103.22	141.17
	Total Current Liabilities (B)	15,587.67	14,060.07	17,071.52
<b>III</b>	Working Capital Requirement (C=A-B)	17,554.77	28,053.34	38,551.01
<b>IV</b>	Funding Pattern			
1	Short Term Borrowings (D)	-		
2	Internal Accruals/Equity (E)^	15,054.79	15,054.79	15,054.79
	Net Working Capital Requirement (G = C-D-E)	2,499.98 *	12,998.55*	23,496.22*
	Amount proposed to be utilised from Issue Proceeds#	2,499.98 ^*	10,498.57	10,497.67

\*Cumulative working capital requirements

# Yearly working capital requirements

^ the value of internal accrual as mentioned above is inclusive of Right issue proceed of ₹ 2,518 lakhs.

^\*the amount funded from the Pre-IPO proceed parked in Cash and Cash equivalent

Accordingly, we propose to utilise ₹10,497.67 lakhs, ₹ 10,498.57 lakhs and ₹ 2,499.98 lakhs from the Net Proceeds to fund working capital requirements of our Company in Financial Year 2024, Financial Year 2023 and Financial Year 2022 (utilised from the proceed of Pre-IPO Placement parked in Cash and Cash equivalent), respectively.

#### Assumptions for our estimated working capital requirement

Particulars	For the period ended March 31, 2019 (actual)	For the period ended March 31, 2020 (actual)	For the period ended March 31, 2021 (actual)	For the period ended December 31, 2021 (actual)	March 31, 2022 (Estimated)	March 31, 2023 (Projected)	March 31, 2024 (Projected)
Inventories	169	174	187	157	155	155	155
Trade receivables	7	7	12	6	3	5	4
Cash and cash equivalents	6	8	17	40	24	16	11
Other bank balance	1	1	2	8	1	5	5
Loans	0	0	0	0	0	1	1

Particulars	For the period ended March 31, 2019 (actual)	For the period ended March 31, 2020 (actual)	For the period ended March 31, 2021 (actual)	For the period ended December 31, 2021 (actual)	March 31, 2022 (Estimated)	March 31, 2023 (Projected)	March 31, 2024 (Projected)
Other Financial Assets	6	10	10	5	5	5	5
Other Current Assets	18	19	15	13	19	17	16
<b>Current Liabilities</b>							
Borrowings	50	48	33	42	18	-	-
Lease Liabilities	16	15	18	14	12	9.60	6.46
Trade payables	56	58	68	55	50	47	45
-Other financial liabilities	8	8	9	7	6	4	3
Other Current Liabilities	5	8	9	10	7	5	4
Provision	1	2	2	2	2	2	1.5
Current Tax liabilities	3	0	1	1	1	0.5	0.5

The table below sets forth the key assumptions for our working capital projections:

S. No.	Particulars	Assumption and Justification
<b>Current Assets</b>		
1	Inventories	Increase in inventory on account of sales growth in luxury and high luxury segments. Company have focusing on higher growth on luxury and high luxury segment. The said changes will increase the value of inventory.
2	Trade receivables	The value of trade receivables will increase in line with the increase in business
3	Cash and cash equivalents	The balance of cash and cash equivalent are maintained at a minimum level to have the efficient running of business in day to day operations
4	Other bank balance	The balance of other bank balances is maintained at a minimum level to have the efficient running of business in day to day operations
5	Loans	The Balance at a minimum level to have the efficient running of business in day to day operations. This includes the advance to employee for business expenses.
6	Other financial assets	The value of other financial Asset will increase in line with the increase in business as there will be increase in input credit for GST with an increase in Inventory
7.	Other current assets	The value of other current assets will increase in line with the increase in business
<b>Current Liabilities</b>		
1	Borrowings	Borrowing except the public deposit and vehicle loan will be repaid as a part of Object. The other will be repaid as an when they became due.
2	Trade Payables	Value of trade payables will increase in line with the increase in business.
3	Other financial liabilities	Value of other financial liabilities will increase in line with the increase in business.
4	Other current liabilities	Value of other current liabilities will increase in line with the increase in business
5	Provisions	Value of provision will increase in line with the increase in business.
6	Current tax liabilities	Current tax liabilities are maintained at same level

3. **Financing the capital expenditure for establishing (i) new stores and renovation of existing stores (ii) upgradation of Enterprise Resource Planning**

(i) **Establishment of new stores and renovation of existing stores**



Our Company is currently operating 50 stores in 17 different cities in India. As a part of our strategy, we plan to expand our operation by establishing more stores in different cities, over Fiscal 2023 and Fiscal 2024 and utilize the Net Proceeds from the Offer for this purpose. Our total store area, as on the date of this Red Herring Prospectus, is approximately 46,024 sq. ft. We plan to add 13 new stores to our portfolio and renovation of 6 existing stores. Our Company intends to utilise the Net Proceeds of the Offer during the Fiscal 2022, Fiscal 2023 and Fiscal 2024 towards this object, our Company intends to deploy an amount aggregating to ₹ 3,327.28 lakhs.

Number of stores that we propose to set in various cities are as follows:

S. No.	Number of stores	Location
1	4	Ahmedabad, Gujarat
2	1	Gurugram, Haryana
3	2	Indore, Madhya Pradesh
4	1	Mumbai, Maharashtra
5	2	National Capital Territory of New Delhi
6	3	Pune, Maharashtra
Total	13	

Number of our existing stores that we propose to renovate in various cities are as follows:

S. No.	Number of stores	Location
1	2	Bengaluru, Karnataka
2	2	Mumbai, Maharashtra
3	1	National Capital Territory of New Delhi
4	1	Noida, Uttar Pradesh
Total	6	

Capital expenditure towards the establishment of new stores/ renovation of existing stores, has been estimated at an average area of 1,275 sq. ft. per store. The details of the estimated capital expenditure to be incurred towards setting up new stores has been set forth below in “*Methodology for Computation of Cost Estimates.*”

The premises for the new stores will be taken on lease or on the basis of leave and licence agreements. Our Company has entered into LoI and lease deed for store at different location as follows:

Our Company has identified the space for the stores and our Company has executed letter of intent/ lease agreement. The status of execution of letter of intent/lease agreement/status of the store is as follows:

S. No.	Status	City	Super Area (Sq. mt)	Lease/license term
1	Letter of Intent dated July 15, 2021	Ahmedabad, Gujarat	2,467	59 months
2	Letter of Intent dated September 4, 2018	Ahmedabad, Gujarat	307	59 months
3	Letter of Intent dated September 4, 2019	Ahmedabad, Gujarat	1,027	59 months
4	Letter of Intent dated December 16, 2021	Ahmedabad, Gujarat	1,067	59 months
5	Lease Agreement dated December 3, 2021	National Capital Territory of Delhi	1,657	3 years
6	Letter of Intent dated July 27, 2021	Gurgaon, Haryana	7,578	9 years
7	Letter of Intent dated March 11, 2019	Indore, Madhya Pradesh	1,493	59 months
8	Letter of Intent dated March 11, 2019	Indore, Madhya Pradesh	566	59 months
9	Term Sheet September 15, 2021	Mumbai, Maharashtra	534	60 months

10	Letter of Intent dated November 1, 2021	Pune, Maharashtra	2,719	59 months
11	Letter of Intent dated November 1, 2021	Pune, Maharashtra	892	59 months
12	Letter of Intent dated November 1, 2021	Pune, Maharashtra	949	59 months

The expenditure at the time of establishing a new store comprises of the following:

Costs	
Capital expenditure for fit-out costs	Furniture, gypsum ceiling, painting, fittings, interiors & civil finishing
	Modular fixtures, fittings & signage
	Air conditioning and ventilation (equipment, fitting, piping and ducting, as applicable)
	Office equipment (including computer systems, close circuit cameras, etc.)
	Electrical cabling, wiring & light fittings
	Generators and other items
	Other miscellaneous costs, which include design fees & transportation
Security deposit costs	We propose to establish the New Stores on leased premises, for which we will be required to pay a security deposit to the landlord, as part of the rental and lease arrangement for each store premises

The size of our stores varies across regions and is dependent on various factors such as availability of suitable locations, addressable market, lease rentals and competition within a given region or across regions.

The table below sets forth the total estimated cost for setting-up of such new stores:

Store Location	New / Renovation	Proposed Number of stores	Capital expenditure for fit-out costs per store* (A) (₹ in lakhs)	Security deposit costs per store(B) (₹ in lakhs)	Total (A+B)(₹ in lakhs)
Ahmedabad, Gujarat	New Store	4	463.62	174.52	638.14
Gurugram, Haryana	New Store	1	1,083.62	216.00	1,299.62
Indore, Madhya Pradesh	New Store	2	135.02	32.95	167.97
Mumbai, Maharashtra	New Store	1	94.36	48.00	142.36
New Delhi	New Store	2	453.87	146.13	600.00
Pune, Maharashtra	New Store	3	421.16	27.40	448.56
Bengaluru, Karnataka	Renovation	2	289.11	-	289.11
Mumbai, Maharashtra	Renovation	2	189.91	-	189.91
New Delhi	Renovation	1	162.71	-	162.71
Noida, Uttar Pradesh	Renovation	1	33.90	-	33.90
<b>Total</b>		<b>19</b>	<b>3,327.28</b>	<b>645.01</b>	<b>3,972.28</b>

\*including GST

### Methodology for Computation of Cost Estimates

The details of the capital expenditure towards setting up a 13 new store and renovation of 6 existing stores of an average area of 1,275 sq. ft. have been set forth in the table below. These cost estimates have been made on the basis of quotation from vendor and the management's past experience of setting up similar-sized stores.

(₹ in lakhs)

Sr. No.	Name of the supplier providing quotation	Particulars	Cost	Quotation Date
1	Inderjeet Bros. Projects Private Limited	<ul style="list-style-type: none"><li>• Design</li><li>• Civil</li><li>• Lights</li><li>• Furniture</li><li>• Other (VM, Visuals, IT, Transportation etc.)</li></ul>	3,563.92	December 30, 2021
2	DCA Contractor LLP	<ul style="list-style-type: none"><li>• Design</li><li>• Civil</li><li>• Lights</li><li>• Furniture</li><li>• Other (VM, Visuals, IT, Transportation)</li></ul>	3,327.28	December 30, 2021

**(ii) Upgradation of Enterprise Resource Planning**

We intend to utilise approximately ₹ 198.01 lakhs towards the upgradation of ERP in our stores. The table below sets forth the break-up of the total estimated costs in the upgradation of ERP is as follows; (₹ in lakhs)

S. No.	Particular	Cost
1	Software	138.01
2	Implementation Services	60.00
	Total	198.01

**Methodology for upgradation of Enterprise Resource Planning**

The details of the capital expenditure towards upgradation of ERP are based on the quotation received from 1 vendor.

(₹ in lakhs)

S. No.	Particular	Cost
1	Acxiome	198.01

The above quotation was obtained on December 22, 2021 and was originally valid for one month and has been extended further up to July 2022.

**4. General corporate purposes**

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ [●] lakhs, towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds from the Fresh Issue, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include investments in subsidiary of our Company, other capital expenditure requirements including for refurbishment, working capital requirements, meeting exigencies and expenses incurred by our Company in the ordinary course of business, as may be applicable. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

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

**Interim use of Net Proceeds**

We, in accordance with the policies formulated by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits only in one or more scheduled

commercial banks included in the Second Schedule of the RBI, as amended, as may be approved by our Board or a duly constituted committee thereof.

In accordance with the Companies Act, 2013, we confirm that we shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits only in one or more scheduled commercial banks included in the Second Schedule of the RBI, as amended, as may be approved by our Board or a duly constituted committee thereof.

### Bridge Financing Facilities

We have not raised any bridge loans from any bank or financial institution as on the date of this Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

### Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] lakhs. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Except for listing fees of the Offer, which will be borne by our Company, all cost, fees and expenses (including all applicable taxes) in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale, in accordance with the requirement under Section 28(3) of the Companies Act. The Offer related expenses shall be deducted from the amounts received from 'offer for sale' and only the balance amount will be paid to the selling shareholders. Even if the Offer is not successful or the Equity Shares are not listed on the Stock Exchanges the Selling Shareholders shall be jointly and severally responsible for reimbursement of expenses incurred by our Company, in respect of the Offer. The break-up for the estimated Offer expenses are as follows:

Activity	Estimated expenses (₹ in lakhs) <sup>(1)</sup>	As a % of total estimated Offer related expenses <sup>(1)</sup>	As a % of Offer size <sup>(1)</sup>
Fees payable to the BRLMs including underwriting commission, brokerage and selling commission, as applicable	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(2)(3)(4)(5)(6)</sup>	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other parties in connection with the Offer <sup>SS</sup>	[●]	[●]	[●]
Others	[●]	[●]	[●]
i) Listing fees, SEBI BSE & NSE processing fees, book building software fees and other regulatory expenses;			
ii) Printing and distribution of stationery;			

Activity	Estimated expenses (₹ in lakhs) <sup>(1)</sup>	As a % of total estimated Offer related expenses <sup>(1)</sup>	As a % of Offer size <sup>(1)</sup>
iii) Advertising and marketing expenses. Fees payable to legal counsels			
iv) Miscellaneous.			
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

\$\$ Fees payable to Technopak Advisor Private Limited on account of providing industry report, fee payable to the Statutory Auditors for audit and other deliverables in connection with the Offer and fees payable to Previous Auditors for deliverables in connection with the offer and fee payable to the Independent Chartered Accountant for on account of providing certifications, verification of financial numbers, etc. in respect of the information inserted in the Red Herring Prospectus.

(1) Amounts will be finalised and incorporated in the Prospectus on the determination of the Offer Price.

(2) Selling commission payable to the SCSBs on the portion of Retail Individual Bidders, and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. No additional bidding charges shall be payable by our Company and Selling Shareholders to the SCSBs on the applications directly procured by them

(3) Processing fees payable to the SCSBs on the portion for Retail Individual Bidder and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/CDPs and submitted to SCSB for blocking would be as follows:

Portion for Retail Individual Bidders*	₹ 10 per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders*	₹ 10 per valid application (plus applicable taxes)

\* For each valid application

(4) Selling commission on the portion for Retail Individual Bidders (using the UPI mechanism) and Non-Institutional Bidders which are procured by Syndicate Members (including their sub Syndicate Members), Registered Brokers, RTAs and CDPs or for using 3-in-1 type accounts linked online trading, demat and bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. \* Amount of selling commission payable to Registered Brokers, RTAs/CDPs shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment. In order to determine to which RTAs/CDPs the commission is payable to, the terminal from which the bid has been uploaded will be taken into account.

(5) The processing fees for application made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Payable to Members of the Syndicate including their sub-Syndicate Members/ RTAs / CDPs	₹ 10 per valid application (plus applicable taxes)
Sponsor Bank	₹ 8 per valid application (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection

	<i>with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.</i>
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- (6) *For Sponsor Banks  
Processing fees charges for applications made by for Retail Individual Bidders using the UPI Mechanism would be as under:*

<b>Sponsor Banks</b>	<b>Processing fees</b>
<i>Axis Bank Limited</i>	<i>INR 5 lakhs (plus applicable taxes)</i>
<i>Kotak Mahindra Bank Limited</i>	<i>INR 5 lakhs (plus applicable taxes)</i>
<i>HDFC Bank Limited</i>	<i>INR 5 lakhs (plus applicable taxes)</i>
<i>ICICI Bank Limited</i>	<i>Nil</i>

*The Sponsor Banks shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.*

*The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and made an application to Book Running lead managers with a copy to Registrar as per the Annexure I of SEBI Circular no SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, provided that such an application shall be made no later than 30 days from the finalisation of basis of allotment. The application as mentioned above shall be made only after (i) unblocking of application amounts for each application received by such SCSBs has been fully completed; (ii) applicable compensation relating to investor complaints has been paid by the SCSBs.*

*The SCSBs shall remain liable to provide information requested by Book Running Lead Managers/Company/Registrar and to pay any compensation as per the circulars as mentioned above any amendments thereto.*

### **Appraising Entity**

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency, including any bank or finance institutions.

### **Monitoring Agency**

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for monitoring the utilisation of the Net Proceeds. Our Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds, including interim use, under a separate head in our balance sheet for such financial years as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable financial years, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus 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 Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement indicating (a) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the Objects; and (b) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the Objects. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

### **Variation in Objects**

In accordance with the Companies Act, 2013, our Company shall not vary the objects of the Offer without being authorised to do so by our Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution (“**Postal Ballot Notice**”) shall specify the prescribed details as required under the Companies Act, 2013 and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the regional language of the jurisdiction where our Registered Office is located. In accordance with the Companies Act, 2013, our Promoters will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

### **Other Confirmations**

Except to the extent of the proceeds received pursuant to the Offer for Sale, no part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Group Company. Except in the normal course of business and in compliance with applicable law, there are no existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Group Company.

Further, pursuant to the Offer, the Net Proceeds received by our Company shall only be utilised for objects identified by our Company and for general corporate purposes and none of our Promoters, Promoter Group, Group Companies of our Company, as applicable, shall receive a part of or whole Net Proceeds directly or indirectly.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below.

The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Cap Price shall be minimum 105% of the Floor Price and shall not exceed 120% of the Floor Price. Bidders should read the below mentioned information along with “*Our Business*”, “*Risk Factors*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 213, 39, 292 and 391, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

1. Leading luxury watch Omnichannel retail player of India;
2. Access to a large base of luxury Customers;
3. Strong and long-standing relationships with luxury watch brands and luxury group and;
4. Leadership position in an attractive luxury watch market
5. Early mover advantage in certified pre-owned business
6. Founder-led company supported by a professional management team

For further details, see “*Our Business – Competitive Strengths*” on page 216.

### Quantitative Factors

Certain information presented below, relating to our Company, is derived from the Restated Consolidated Summary Statements. For further details, see “*Financial Statements*” on page 292.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### 1. Basic and Diluted Earnings/(Loss) Per Share at face value of ₹ 10:

Fiscal	Basic EPS (in ₹)	Diluted EPS (In ₹)	Weight
2018-19	5.22	5.22	1
2019-20	(0.75)	(0.75)	2
2020-21	3.18	3.15	3
Weighted Average	2.21	2.20	
Nine months period ended December 31, 2021*	8.74	8.74	-

\*Not Annualised

Notes:

1. Restated Basic and Diluted earnings / (loss) per Equity Share: Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard 33 notified by under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Anti-dilutive shares are not considered in calculation for diluted EPS.
2. Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e.  $\{(EPS \times Weight) \text{ for each year/period} \} / \{Total \text{ of weights} \}$ .



2. **Price/Earning ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:**

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on Basic EPS for Financial Year 2021	[●]	[●]
Based on Diluted EPS for Financial Year 2021	[●]	[●]

3. **Industry Price/Earning ratio**

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

4. **Return on Net Worth**

Fiscal	RoNW(%)	Weight
2018-19	7.58%	1
2019-20	(0.89)%	2
2020-21	3.72%	3
<b>Weighted Average</b>	2.83%	
Nine months period ended December 31, 2021#	8.07%	

# not annualised

Notes:

1) Net worth = Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account, Deemed capital contribution, compulsory convertible cumulative preference shares, share application money pending allotment, shares options outstanding and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Consolidated Summary Statements, but does not include reserves created out of revaluation of assets, foreign currency translation reserve, capital reserve, write-back of depreciation and amalgamation. Return to be considered as profit or loss attributable to 'owners of the parent' and net worth should be considered as attributable to 'owners of the parent'

2) Return on net worth = Restated profit/(loss) attributable to equity shareholders of the parent divided by total equity attributable to equity holders of the parent.

3) Weighted average is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e.  $\{(RoNW \times Weight \text{ for each year}) / \{Total \text{ of weights}\}$

5. **Net Asset Value per Equity Share:**

Fiscal/Period ended	NAV(in ₹)
As on March 31, 2021	85.43
As on December 31, 2021	105.48
After the Completion of Offer	
(a) At Floor price	[●]
(b) At Cap price	[●]
Offer Price	[●]

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

6. **Comparison of Accounting Ratios with Listed Industry Peers**

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

7. **The Offer Price is [●] times the face value of the Equity Shares**

The Offer Price is [●] times of the face value of the Equity Shares. The Offer Price of ₹ [●] has been determined by our Company and Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and

is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Other Financial Information*” on pages 39, 213, 391 and 383 respectively, to have a more informed view.

The trading price of Equity Shares could decline due to factors mentioned in “*Risk Factors*” on page 39 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors  
Ethos Limited  
Kamla Centre  
SCO: 88-89, Sector 8-C,  
Chandigarh, 160009  
India

Dear Sirs,

### Statement of Special Tax Benefits available to Ethos Limited (“the Company”) and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexures, prepared by Ethos Limited (‘the Company’) provides the special tax benefits available to the Company and its shareholders as stated in Annexure 1 and 2, under the provisions of the Income-tax Act, 1961 (‘the Act’) as amended by the Finance Act, 2022 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2022-23 relevant to the assessment year 2023-24, 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, the Customs Tariff Act, 1975 (“**Customs law**”) and Foreign Trade Policy 2015-2020 (“**FTP**”) as amended by the Finance Act 2022, i.e., applicable for the Financial Year 2022-23, presently in force in India (together referred to as ‘**the Tax Laws**’). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed Annexures cover only special tax benefits available to the Company and to the shareholders of the Company and do not cover any general tax benefits available to the Company and to the shareholders of the Company.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company’s management. We are informed that 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 and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offer of the equity shares of the Company (“**Offer**”).
4. We do not express any opinion or provide any assurance as to whether:
  - the Company or its shareholders will obtain/ continue to obtain these special tax benefits in future;
  - the conditions prescribed for availing the special tax benefits have been / would be met with; or
  - the revenue authorities/courts will concur with the views expressed herein.

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

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

6. This statement is prepared solely in connection with the offering and is not to be used, referred to or distributed for any other purpose.

**For S.R. BATLIBOI & Co. LLP**

Chartered Accountants

**ICAI Firm registration number:** 301003E/E300005

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**per Anil Gupta**

Partner

Membership No.: 87921

UDIN: 22087921AHUVCK8998

Place: New Delhi

Date: April 26, 2022

## **ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ETHOS LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS**

### **STATEMENT OF SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

#### **I. Under the Income Tax Act, 1961 (herein after referred to as 'the Act'), applicable for the Financial Year ('FY') 2022-23 relevant to Assessment Year ('AY') 2023-24**

##### **1. Special tax benefits available to the Company under the Act**

###### **A. Lower corporate tax rate under Section 115BAA of the Act**

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The Company has opted for the beneficial tax rate under Section 115BAA of the Act from FY 2019-20 onwards. As the Company has opted for the beneficial tax rate introduced by the ordinance, they are not eligible to avail the exemptions/ incentives as specified under Section 115BAA of the Act. Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other FY.

###### **B. Deductions from Gross Total Income**

- **Section 80JJAA: Deduction in respect of employment of new employees**

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

The deduction u/s 80JJAA of the Act shall be applicable even if the Company avails the benefits of the special rate u/s 115BAA of the Act

- **Section 80M of the Act: Deduction in respect of inter-corporate dividends**

A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the Company availing the benefits of the special rate u/s 115BAA of the Act.

## 2. Special tax benefits available to the Shareholders

### A. Higher cost of acquisition benefit in relation to long term capital asset being shares of a Company referred to in section 112A of the Act

A new section 55(2)(ac) of the Act has been inserted to provide grandfathering of gains on the specified assets (*as defined w/s 112A of the Act*) acquired prior to 1 February 2018. The Cost of acquisition would be higher of:-

- a) Cost of acquisition and
- b) Lower of
  - Fair market value\* of such shares
  - Full value of consideration received or accruing as result of transfer of capital asset

\*'fair market value' means,—

In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

### B. Tax on capital gains

- As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity shares in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).
- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to benefits, if any, available under the applicable DTAA between India and the country in which the non-resident has fiscal domicile.

### C. No interest on deferment of advance tax instalment with respect to dividend income

The Finance Act 2020 amended the manner of taxation of dividend income by abolishing dividend distribution tax and restoring classical system of dividend taxation (i.e. taxation of dividend income in the hands of the shareholders). Considering the nature of income, it is not possible for taxpayer to accurately determine the advance tax liability on dividend income and therefore, the proviso to Section 234C(1) of the Act provides that no interest shall be levied under Section 234C of the Act, if the shortfall in payment of advance tax instalment is on account of underestimation or failure to estimate dividend. The amendment was introduced by Finance Act 2021 and is applicable from 1 April 2021.

### D. Other benefits

As regards the shareholders that are Mutual Funds, under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

E. Surcharge on all long-term capital gains capped at 15%

The Finance Act 2022 capped the surcharge on LTCG on sale of unlisted equity shares to 15% from erstwhile graded surcharge up to 37%, resulting in reduction in highest slab (where income > Rs 5 crores) of effective LTCG tax rate from 28.50% to 23.92%.

**NOTES:**

1. 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.
2. 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.
3. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2023-24. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ETHOS LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS**

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

**I. 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”)**

**1. Special 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.

**2. Special tax benefits available to the Shareholders of the Company**

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

**Notes:**

1. 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.
2. 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.

3. 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.
4. 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.
5. 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: ABOUT OUR COMPANY  
INDUSTRY OVERVIEW**

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Premium and Luxury Watch Retail in India” dated April 26, 2022 (the “Technopak Report”) available on the following link: <https://www.ethoswatches.com/investors-information>, prepared and issued by Technopak Advisors Private Limited (“Technopak”) appointed on October 22, 2021 exclusively commissioned and paid for by our Company in connection with the Offer. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. While preparing its report, Technopak has also sourced information from publicly available sources, including our Company's historical financial statements available publicly. However, financial information relating to our Company presented in other sections of this Red Herring Prospectus has been derived from Restated Consolidated Summary Statements. Accordingly, the financial information of our Company in this section is not comparable with restated financial information presented elsewhere in this Red Herring Prospectus.

Technopak is not related to our Company, our Directors or our Promoters.

No material part/ information/section from the Technopak Report is left out which may have an adverse impact on the investors.

**Section 1: Overview of the Indian Economy**

**India Gross Domestic Product and Gross Domestic Product Growth**

*India is the world's 6th largest economy and expected to be in top 3 global economies by FY 2050*

Currently, India ranks sixth in the world in terms of nominal gross domestic product ("GDP") and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is estimated to be among the top three global economies in terms of nominal GDP by FY 2050.

*Exhibit 1: GDP Ranking of Key Global Economies (CY 2020)*

Country	Rank	% Share (World GDP, at current prices)	Rank PPP	% Share (World GDP, PPP)
<b>United States</b>	1	24.7%	2	15.8%
<b>China</b>	2	17.4%	1	18.3%
<b>Japan</b>	3	5.9%	4	3.9%
<b>Germany</b>	4	4.5%	5	3.3%
<b>United Kingdom</b>	5	3.2%	9	2.3%
<b>India</b>	6	<b>3.1%</b>	<b>3</b>	<b>6.7%</b>

<b>France</b>	7	3.1%	8	2.3%
<b>Italy</b>	8	2.2%	10	1.8%
<b>Canada</b>	9	1.9%	14	1.3%
<b>Korea, Republic</b>	10	1.9%	13	1.7%

Note: \*- Available for 2019

Source: World Bank Data, RBI, Technopak Analysis

### ***India expected to fare better than developed economies and recover to a high growth path in coming years***

India's real gross domestic product ("GDP") has sustained an average growth between 6% and 7% since FY 1991. India has been the fastest-growing G20 economy since FY 2015, with annual growth rate hovering around 7%. India's economy grew at ~7% in FY 2019. The real growth rate declined to 4% in FY 2020 and witnessed a de-growth of 7.3% in FY 2021 due to the outbreak of Covid-19 pandemic which led to the imposition of lockdowns towards the last quarter of FY 2020 and a major part of the first quarter of FY 2021 causing a contraction in the economy.

The impact of Covid-19 has caused several large economies to shrink. It is being estimated that India's GDP is expected to resume its pre-Covid growth momentum by FY 2022.

India witnessed a lower-case load in the 3<sup>rd</sup> quarter along with economic recovery which continued till the mid of 4<sup>th</sup> quarter of FY 2021. However, early March 2021 saw a tremendous rise in the number of Covid -19 cases in India in the form of the 2<sup>nd</sup> Wave of Covid. Daily new cases had risen to more than 0.2 million at the start of April 2021, and it increased to more than 0.3 million towards end of April 2021. Many state governments imposed long curfews to curb the growing number of cases & prevent the already collapsing healthcare system from further stress. Maharashtra has been one of the states where the rise in cases seen was enormous. Other states like Uttar Pradesh, National Capital Territory of New Delhi, Punjab, Tamil Nadu, Haryana, Karnataka and Gujarat also saw an unprecedented rise. In a departure from the intervention of the central government to impose a nationwide lockdown to mitigate the Wave 1 surge, it was left to the respective state governments (provinces) to impose local restriction. These interventions ranged from selective restrictions to total restrictions through curfews (as in the case of Delhi, Maharashtra that imposed weekly & then total lockdown on all kinds of movements and activities) depending on Covid-19 severity. These measures helped the central and the state governments to subdue the second wave of Covid-19 and there have been signs of economic recovery as the lockdown imposed during the second wave was lifted by the end of June 2021. As on 15<sup>th</sup> December 2021, the daily cases had significantly reduced to ~7,975 per day equivalent to 98.1% reduction in the number of cases since the peak of the second wave. Active cases have declined to ~78,000 from a maximum load of 37 lakhs at the peak of the second wave.

Ramping up vaccinations of the citizens was another intervention that the government started to implement by revising its earlier approach from "produced in India vaccines" to "source more available vaccines from other nations". India launched its vaccination drive on 16 January. This was already underway albeit at a slower pace and with conditions. As on 15<sup>th</sup> December 2021, over 823 Mn. Indian citizens have at least received the 1<sup>st</sup> dose and over 530 Mn. Indian citizens have been fully vaccinated.

The second wave of Covid-19 brought about new challenges that the Indian government was ready to face. By imposing partial/complete lockdown in areas which were greatly affected, Indian government was able to bring to its peak within a month of the sudden outbreak.

At the start of FY 2022, projections of Indian government, of the IMF and other organizations projected India's GDP to resume its pre-Covid growth momentum in FY 2022. This was in the backdrop of India witnessing a lower-case load in the 3<sup>rd</sup> quarter of FY 2021 and the economic recovery that ensued in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of FY 2021. The 2<sup>nd</sup> wave led to a further reduction in sentiment & economic activity. But due to high virulence, the 2<sup>nd</sup> wave rose and

decreased with an equal speed, hence effectively lasting 2 months. As of November 2021, all states had lifted their lockdowns and have eased most of the restrictions placed since the second wave.

*Exhibit 2: Real GDP growth rate of Key Global Economies (CY 2018 – CY 2021P)*

Country	GDP Growth Rate - 2018 (in %)	GDP Growth Rate - 2019 (in %)	GDP Growth Rate - 2020 (in %)	GDP Growth Rate – 2021P (in %)
United States	3.0%	2.2%	-3.5%	5.1%
China	6.8%	6.0%	2.3%	8.1%
Japan	0.6%	0.3%	-5.8%	3.1%
Germany	1.1%	1.1%	-4.6%	3.5%
United Kingdom	1.3%	1.4%	-10.0%	4.5%
India*	6.1%	4.2%	-7.3%	9.5%
France	1.9%	1.8%	-7.9%	5.5%
Italy	0.9%	0.4%	-8.9%	3.0%
Brazil	1.8%	1.4%	-4.1%	3.6%
Canada	2.4%	1.9%	-5.3%	3.6%

Source: World Bank data, WEO April 2021 by IMF; Data of India is based on Financial Year (April-March) basis.

\* Secondary sources and Technopak Analysis

2021P: Predicted numbers for 2021

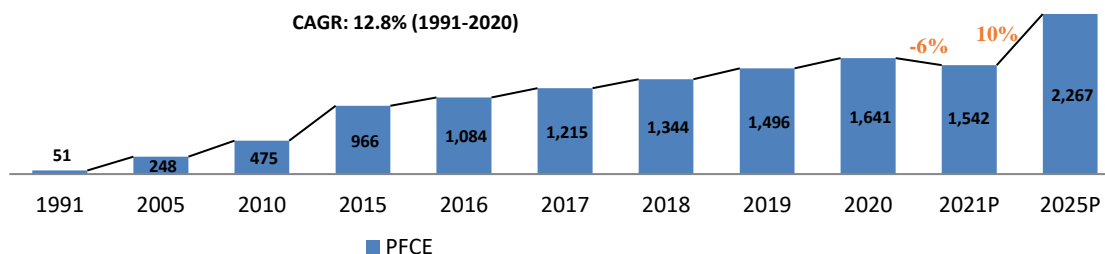
## **Consumption Growth, Demographic Profile, Increase in Per Capita Income & Distribution of Merchandise Consumer Spending**

### ***High share of domestic consumption in Private Final Consumption Expenditure***

India's share of domestic consumption, measured as private final consumption expenditure, in its GDP was ~60.5% in FY 2020. This private consumption expenditure includes final consumption expenditures of Households and Non-profit institutions serving Households, and comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). In comparison China's domestic consumption share to GDP in 2020 was 39.24%. High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 11.1% between FY 2014 and FY 2019, compared to 4.3% and 8.2% in the United States and China, respectively.

However, with the outbreak of Covid-19, there has been a depression in demand with an estimated loss of revenue worth US\$ 117 Bn in merchandise retail in FY 2021. With the economic environment becoming uncertain, not only have the consumers become more thoughtful about their consumption but also more conscious of their savings and investments. The consumption priorities are also being driven by the health and safety concerns and the other behavioral changes adopted because of the pandemic. While the discretionary categories like apparel and lifestyle were severely impacted by the pandemic, need based categories like food and pharma have witnessed growth in the last year.

Exhibit 7: India's Private Final Consumption Expenditure (In US\$ Bn)



Source: Technopak Analysis, RBI Data; Year indicates FY

The annual growth rate for FY 1991-2005 was ~12% and this increased to ~14% for FY 2020. While consumption will suffer a setback in the short term, it is expected to reach to ~US\$ 2.27 Tn by FY 2025.

The drop in consumption is mainly because of consumer sentiment being weak due to both health and economic reasons. Structurally, with all the other variables remaining the same, the quantum of consumption should not take long to revive. However, the losses suffered during Covid-19 manifested itself as loss of momentum of growth. The loss in momentum and current fall should recover bringing the economy back to FY 2019 levels in FY 2022.

In FY 2019, PFCE accounted for ~59% of GDP. This is much higher than that in China (~39%) and comparable to that of the US (~68%).

Exhibit 8: Total Private Final Consumption Expenditure (Current Prices US \$ Bn)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021P	Contribution to GDP (2020)	CAGR 2015-2020
U.S.	10,260	10,699	11,047	11,363	11,847	12,263	12,693	13,239	13,993	14,428	14,047	14,347	64.8%	2.8%
China	2,090	2,637	3,019	3,429	3,845	4,178	4,344	4,745	5,353	5,605	5,611	6,347	38.2%	6.1%
Germany	1,872	2,036	1,937	2,036	2,075	1,778	1,829	1,918	2,068	2,018	1,951	1,924	49.6%	1.9%
India*	411**	447**	749	863	966	1,084	1,215	1,344	1,505	1,641	1,542	1,718	57.5%	7.3%
France	1,463	1,573	1,469	1,536	1,549	1,318	1,341	1,397	1,503	1,463	1,398	1,394	48.8%	1.2%
Italy	1,296	1,401	1,279	1,304	1,309	1,116	1,128	1,179	1,258	1,202	1,093	1,108	54.8%	-0.4%
Brazil	1,330	1,577	1,514	1,526	1,546	1,153	1,154	1,331	1,239	1,216	906	1,230	56.4%	-4.7%

Indonesia	424	495	518	519	509	495	539	582	594	648	624	723	48.5%	4.7%
Thailand	178	196	212	221	214	206	207	223	248	271	265	259	50.2%	5.2%
Malaysia	123	143	156	167	177	163	165	177	206	218	205	226	19.0%	4.7%

Source: World Bank, RBI, Technopak Research & Analysis

2020P: The projections have been arrived at by considering impact of Covid-19

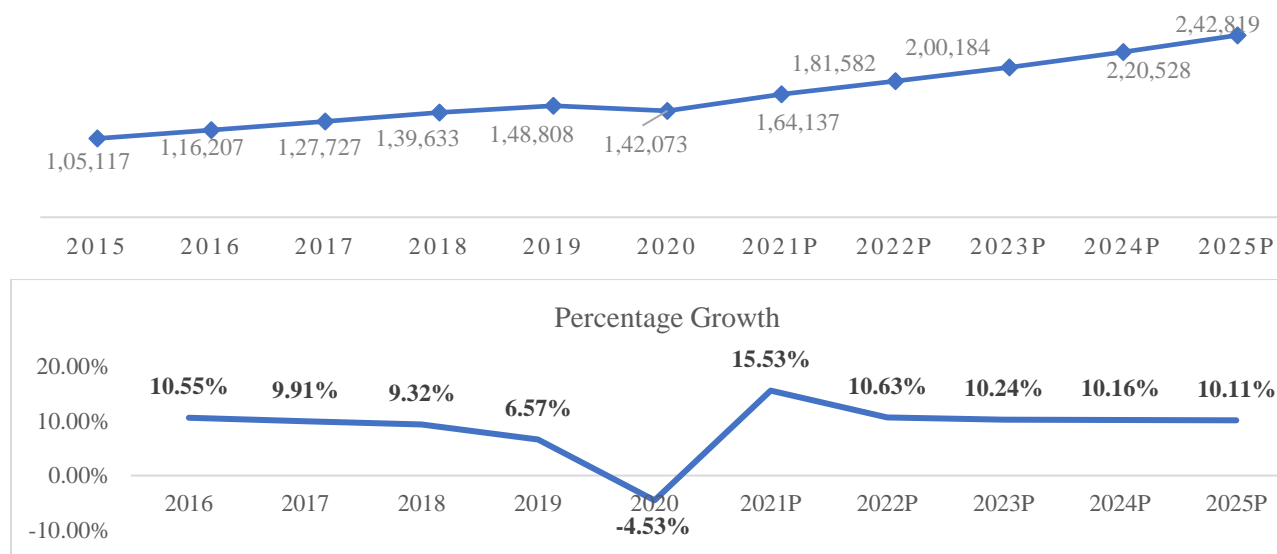
\* For India, CY 2020P means FY 2021P (Data for India is for Financial Year)

\*\* For CY 2010 & CY 2011, base year was 2004-05

1US\$ = INR 75

### Per Capita Income Growth

Exhibit 9: India's GDP Per Capita (₹) (Current Prices)



Year indicates CY

Source: IMF projections

Note: Numbers for 2021-2025 are Provisional

The per capita income of India has been showing an increasing trend since 2015; growing at a healthy CAGR of approximately 10%, the per capita income reached ₹1,48,726 in CY 2019. Given the impact of Covid-19, it decreased to ₹1,40,740 in CY 2020. However, it is expected to bounce back to ₹1,52,936 in the subsequent year and continue its growth journey at a CAGR of 10.5%.

### Increasing number of Tax paying individuals

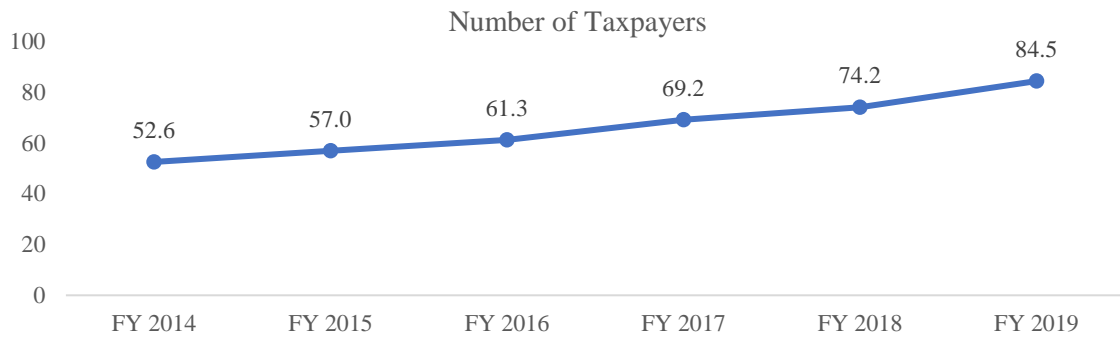
As the per capita income of Indian population increased, the number of individuals falling under the tax bracket has also increased. As of FY 2019, about 84.5 Mn. Individuals paid their taxes, a CAGR of ~10% over 5 years.

The number of individuals filing Income Tax returns has also increased with 63.3 Mn ITRs filed in FY 2019, a CAGR of ~14% over 5 years.

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*Exhibit 10: Number of Taxpayers in India (In Mn.)*

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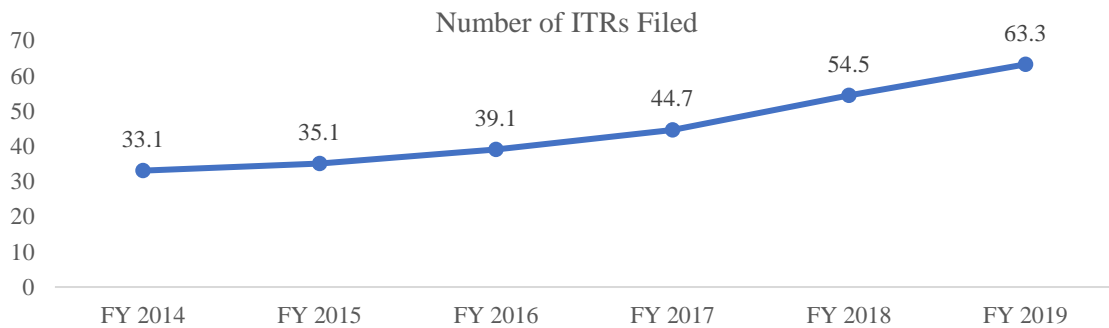


Source: Income Tax India

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*Exhibit 9: Number of ITRs filed in India (In Mn.)*

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Source: Income Tax India

### **Growth in Luxury products in other countries with Per Capita Income Growth**

Gross National Income, i.e Per capita income, has a direct correlation with the overall luxury market in key economies. In the United States, as the GNI per capita increased from USD 48,990 in 2010 to USD 56,740 in 2015, the overall Luxury market in the United States also grew from USD 46 Bn. to USD 90.4 Bn. Similarly, when China's GNI per capita increased from USD 4,340 in 2010 to USD 7,940 in 2015, the Luxury market size increased from USD 9.2 Bn. to USD 20.5 Bn.

Asia will continue to lead as the primary driver of global growth for luxury. Generating meaningful traction in China will be critical to perform as the US and Europe continue to suffer from financial uncertainty.

The Gross National Income of India is expected to follow the same trajectory as China. As the per capita income of India would increase, the Luxury market is expected to follow the same trajectory as the Chinese Luxury market, making India a key contributor in Global Luxury market.

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*Exhibit 11: Comparison of GNI per capita and Luxury Market for key economies*

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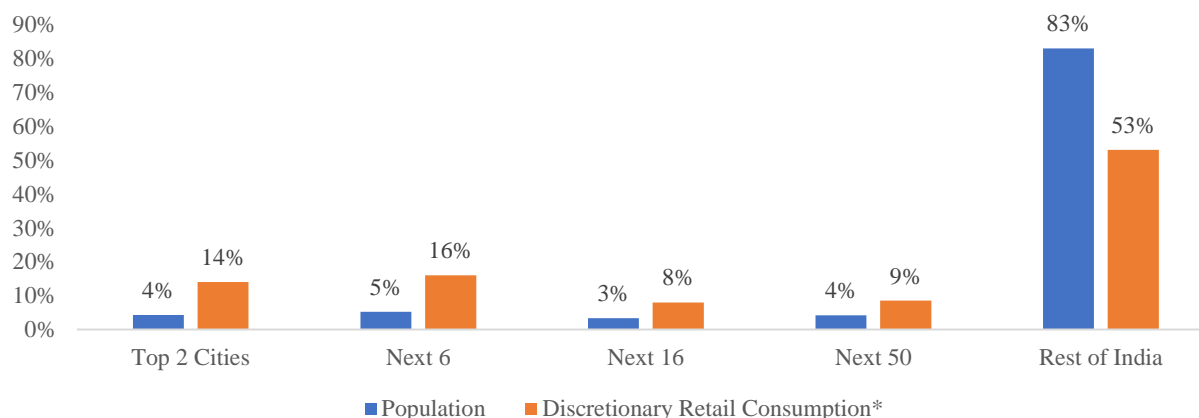
Country	Luxury Market Size in 2010 (USD Bn)	GNI Per Capita in 2010 (USD)	Luxury Market Size in 2015 (USD Bn)	GNI Per Capita in 2015 (USD)	Luxury Market Size in 2020 (USD Bn)	GNI Per Capita in 2020 (USD)
U.S.	46	48,990	90.4	56,740	69.8	64,530
China	9.2	4,340	20.5	7,940	49.9	10,610
Japan	18	43,430	23.1	38,850	19.9	40,540
India	2.7	1,220	4.4	1,600	6.3	1,900

Source: Secondary Research, World Bank

### Concentration of Discretionary spend in India

The top 8 cities in India, namely National Capital Territory of Delhi, Mumbai, Maharashtra; Bangalore, Karnataka; Chennai, Tamil Nadu; Hyderabad, Telangana; Ahmedabad, Gujarat; Pune, Maharashtra; and Kolkata, West Bengal accounts for ~9% out of the 1.3 billion total Indian population. The consumption of discretionary retail is much concentrated in the top 8 cities as they contribute ~30% of the total Discretionary consumption in India.

Exhibit 12: Discretionary Retail Consumption in India



Discretionary consumption includes apparel & accessories, footwear, consumer durables, home & living, jewellery and others

Top 2 Cities: National Capital Territory of Delhi and Mumbai, Maharashtra

Next 6 Cities: Bangalore, Karnataka; Chennai, Tamil Nadu; Hyderabad, Telangana; Ahmedabad, Gujarat; Pune, Maharashtra; Kolkata, West Bengal

Next 16 Cities: Next 16 Cities: Amritsar, Punjab; Bhopal, Madhya Pradesh; Union territory of Chandigarh; Coimbatore, Tamil Nadu; Indore, Madhya Pradesh; Jaipur, Rajasthan; Kanpur, Uttar Pradesh; Kochi, Kerala; Lucknow, Uttar Pradesh; Ludhiana, Punjab; Madurai, Tamil Nadu; Nagpur, Maharashtra; Patna, Bihar; Surat, Gujarat; Vadodara, Gujarat; Vishakhapatnam, Andhra Pradesh

Next 50 Cities: Mostly Tier II cities such as Agra, Uttar Pradesh; Aurangabad, Maharashtra; Dehradun, Uttarakhand; Dhanbad, Jharkhand; Guwahati, Assam; Gwalior, Madhya Pradesh; Jalandhar, Punjab; Jamshedpur, Jharkhand; Kota, Rajasthan; Meerut, Uttar Pradesh; Rajkot, Gujarat; Ranchi, Jharkhand; Trivandrum, Kerala; Vijayawada, Andhra Pradesh

Source: Secondary Research, Technopak Analysis

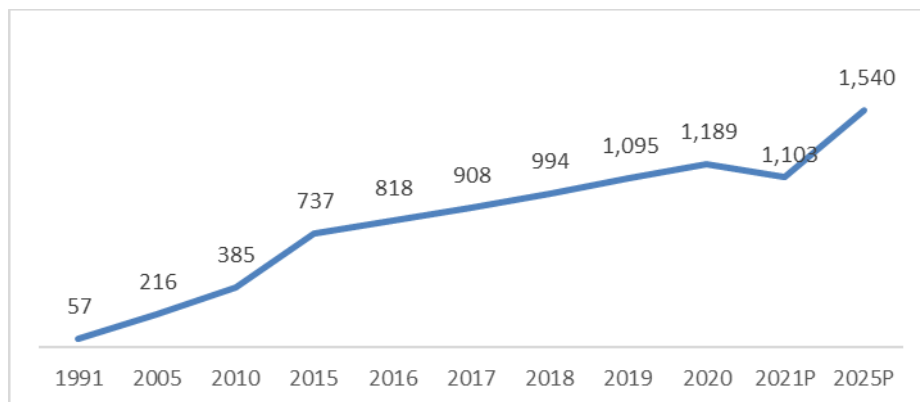
### Per Capita Final Consumption Expenditure

The Per Capita Final Consumption Expenditure had shown a significant growth pre Covid. In 2020, the average Per Capita Final Consumption expenditure was valued to be around USD 1,189, a steep increase from USD 385 in 2010.



Due to emergence of Covid-19 in 2020, there has been a significant drop in the Per Capita Final Consumption Expenditure, to USD 1,103. It is expected to grow at 4% CAGR over the next 5 years and is expected to reach USD 1,540 by 2025.

*Exhibit 13: India's Per Capita Consumption Expenditure (USD) (Current Prices)*



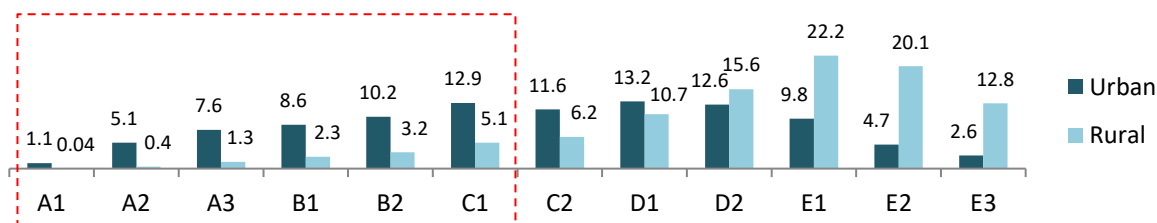
Source: World Bank

Note: Numbers for 2025 are Provisional

### Top 20% of Indian households account for ~50% of the total household consumption

Household consumption in India is skewed towards the urban population. Socioeconomic classifications (“SEC”) A, B and C1, which account for approximately 45.5% of urban population and approximately 12.3% of rural population is commonly referred to as the “top 20%” by income of Indian households.

*Exhibit 14: SEC Break-up of Indian Households (in %age) FY 2020*



Source: RBI Data, Economic Survey, World Bank, EIU, IMF

Note: Socio economic classification is a stratification of Indian households used by marketers to understand consumer worthiness and consumption lifestyle. It is widely agreed that consumption behaviour in India is better predicted by SEC (socio economic class) classification, which is based on Education of chief earner and number of “consumer durables” (from a predefined list)-owned by the family. The list has 11 items, ranging from ‘electricity connection’ and ‘agricultural land’ to cars and air conditioners

In FY 2020, the top 20% accounted for 40% to 50% of total household consumption expenditure and approximately 44% of household income. The next 40% of households accounted for 40% of the overall household expenditure, whilst the bottom 40% of households (largely comprising SEC E) made up 10% to 20% of household consumption. The per capita consumption for the top 20%’s was twice the national average.

### Growth Drivers

India’s medium to long term growth and its positive impact on private consumption will be determined by inter-play of demographics, urbanization, and policy reforms.

## Urbanization

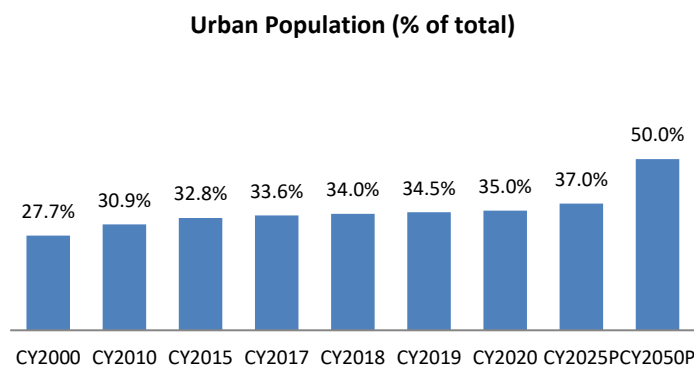
India has the second largest urban population in the world in absolute terms at 472 Mn in FY 2019, second only to China. However, only 34.5% of India's population is classified as urban compared to a global average of ~56%. It is the pace of India's urbanization that is a key trend to note for implication on India's economic growth. Currently urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% (541 Mn) of India's population will be living in urban centers by FY 2025. Urban population is expected to contribute 55% of India's GDP by FY 2025 and 70% by FY 2030. This is expected to continue with approximately 50% of India's population expected to be living in urban centers by 2050 and contributing approximately 80% of India's GDP.

*Exhibit 18: Urban Population as Percentage of Total Population of Key Economies (CY 2020)*

Country	World	India	China	USA	Singapore	Russia	Malaysia	Vietnam	UK
Urban Population as %age of total population	56%	35%	61%	83%	100%	75%	77%	37%	84%

Source: World Bank

*Exhibit 19: Increasing Urbanization (Years in CY)*



Source: World Bank, Technopak Analysis

India's urbanization trend will also witness the following sub-trends

- This growth of urbanization will witness people moving into cities from rural hinterlands, from smaller towns to bigger cities and from one city to the other due to nuclearization of the family. This is likely to create urbanities that will display "migrant tendencies" within the city. They will be less attached to past baggage of habits or bound by any rigid rules viz. food or retail preferences. They will be open to experimentation and form new habits.
- The quality of India's urbanization faces challenges in terms of formal housing, access to utilities and adequacy and capacity of public spaces. 100 Mn. of Indian population lives in slums or informal establishments and this is expected to increase to 120 Mn. by 2031. Merely 35% of urban households are connected to central sewage systems thereby creating stress on sanitation. Improving these aspects through public infrastructure development programs and upgradation of city's infrastructure will witness continued policy focus and that in turn will witness inward movement of people to implement these programs. However, the funding priorities and pace of change will witness a lag from the urgency of improving the status quo and the next decade will witness this churn of India's urbanization trajectory.

- Covid-19 induced lockdown that India witnessed twice within 12 months has accelerated trends like "Work from Home" for service jobs. Also, the informal economy within cities witnessed unemployment due to job losses. Both these factors have caused reverse migration for both blue collar workers and white collar led service economy. While these disruptions will not change the overall trend of urbanization with approximately 50% of India's population expected to be living in urban centres by 2050, these factors may change the contours of urbanization and it may become more distributive (spread out) than concentrated. For instance, owing to the lockdown, companies across sectors have allowed 'work from home' for their employees which has led to a large section of the working class to move back to their native cities and towns enabling the Tier II and III cities to be the leading new consumption centres. Post Covid this trend may sustain due to the operating cost advantages that WFH has enabled for many organizations. Overtime, these cities may become "micro consumption clusters" predisposed to branded and contemporary choices for merchandise and service categories.

Urbanization is also creating two trends that are impacting India's domestic consumption habits:

### ***Growing Middle Class***

The households with annual earnings between US\$ 5,000-10,000 have grown at a CAGR of 10% between FY 2012-2020 and their number is projected to further double by 2025 from 2020 levels. The households with annual earnings between US\$ 10,000-50,000 have grown at a CAGR of 20% between FY 2012-2020.

Increasing number of households with annual earnings of US\$ 10,000 to US\$ 50,000 has been leading to an increase in discretionary spending on food and beverages, apparel & accessories, luxury products, consumer durables and across other discretionary categories. The consumption pattern also has moved towards higher spend on branded products and through organised channels.

*Exhibit 20: Household Annual Earning Details*

Year (CY)	Total House Holds (in Mn.)	HHs with Annual earning US\$ 5,000 - 10,000 (Mn.)	% of total HHs	HHs with Annual earning US\$ 10,000 – 50,000 (Mn.)	% share of total HHs
2009	236	36	15.2%	11	4.7%
2012	254	60	23.8%	22	8.7%
2014	267	71	26.5%	27	10.2%
2015	274	85	30.9%	36	13.2%
2018	295	121	41.2%	86	29.3%
2020*	310	132	42.5%	95	30.6%

Source: EIU, \*Technopak Estimates

### ***Nuclearization***

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. According to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001. It is expected that that smaller households with higher disposable income will lead to a greater expenditure in, among others, jewellery, fashion, home & living, packaged food and food services.

*Exhibit 21: Indian Household Size and Growth Trend*

Year (CY)	Total No. of HHs (Mn.)	Avg. HH Size	Avg. Urban HH size	Decadal growth rate of HHs	Decadal growth rate population
1981	119	5.5	5.4	19.2%	24.7%
1991	148	5.5	5.3	24.4%	24.4%
2001	192	5.3	5.1	30.4%	25.7%
2011	248	4.8	4.6	28.5%	16.4%

Source: Census

*Exhibit 22: Distribution of Households by number of persons (No. of Household in millions)*

No. of person	FY 2001			FY 2011		
	Total HH (Mn.)	Rural HH (Mn.)	Urban HH (Mn.)	Total HH (Mn.)	Rural HH (Mn.)	Urban HH (Mn.)
1 Person	8	6	2	10	7	3
2 Persons	16	12	5	24	17	8
3-5 Persons	95	65	29	137	88	49
6-10 Persons	67	50	17	70	51	19
11 Persons and above	7	5	2	7	5	1

Source: Technopak Analysis

### ***Increasing Disposable Income***

Due to the growing number of middle- and higher-income households and rising per capita income, consumption of discretionary products is likely to grow. The World Economic Forum projects that high and upper-middle-income groups will grow from 25% in 2019 to 50% of household by 2030. As consumers become more quality-sensitive, demand for healthy and innovative dairy products will also increase.

### ***Reforms: Critical to create Demand Stimulus***

Structural reforms are critical to harness dividends of positive demographics and urbanization and there are risks if they fail to do so.

The first wave of reforms started in the mid-1980s, with increased participation of private sector in economy as the public sector began to reduce its role in the economy. Economic performance improved, with GDP growth accelerating from an average of 3.9% in the first half of the 1980s to an average 5.3% in the second half of the decade.

The second wave of reforms came as a response to the FY 1991 balance of payments crisis. The crux of the reform process was to signal the shift to a more open economy, involving a greater role of market forces, the private sector and foreign investment. As the benefits of reforms began to trickle through, the global economy slowed down and the benefits from the reforms did not translate fully into India's economic performance. From the early 2000's as global economy recovered India's growth trend improved significantly.

In the last 10 years, Government has pushed towards infrastructure investments in roads, railways, defense, and power; public-private partnerships; smart cities; skill development; widening of domestic manufacturing base and taxation needs to yield jobs for India's working population. This push also needs to deliver sustainable urbanization that provides affordable housing, improved public health metrics and mass transportation. Many of these interventions continue to be work in progress and outcome on these initiatives will deliver the advantages of urbanization and India's demographic dividend towards sustained growth of private consumption and its positive impact on discretionary purchases.

## Consumer Segments & their Preferences

The current workforce is mainly segregated by different generations, namely Baby Boomers (Born between 1946-1964), Generation X (Born between 1965-1980), Millennials (Born between 1981-1996) and Generation Z (Born between 1997-2012). With multiple consumer segments, companies need to adapt to various preferences to cater to the larger pool of audience. Different generations are also categorized by their personas. For e.g. Baby Boomers are the largest consumers for traditional goods and services. They were the first generation exposed to the internet and started adopting the change caused due to the advent of major technological changes. Generation X were exposed to both traditional and the evolving modern retail. Hence, they are brand loyal like their previous generation but also take multiple factors and research thoroughly while purchasing. Millennials or Generation Y consumers place value of the product at the top of their priority list across price segments, while purchasing products or services. Similarly, Generation Z prefers purchasing products which are sustainable & environment friendly and tend to incline towards brands which are giving back to the society. Quality, distinctive and customised offerings are preferred by Generation Z and Millennials.

*Exhibit 23: Consumer Segment and their preferences*

Consumer Segments	Persona	Attitude and Preferences
Baby Boomers (Born between 1946-1964)	Focus on Need-based products and services, prefer buying offline over online	Brand Loyal, Longevity of products, high expectations for customer services
Generation X (Born between 1965-1980)	The first-generation adopting technology for purchasing products and services, thoroughly research before purchase	Brand loyal, value for money
Millennials / Generation Y (Born between 1981-1996)	Mainstreamed technology for purchase, Look for innovative products, place value of product/ experience at top of priority across price segments	Receptive to social media for reviews, less likely to be brand loyal, perceive shopping as a social activity, like unique customer experiences
Generation Z (Born between 1997-2012)	Ideological purchase, willing to pay high price for high quality	Prefers a brand with ethical or green ideology, Look for online accessibility, Prefer tailored customer service & experiences

India has one of the youngest populations globally with a median age of 28.1 yrs. With almost 440 mil. Millennials and Generation Z, with a majority entering the workforce, the disposable income of these consumer segments increases. This offers unprecedented opportunities for consumer industries such as fashion, real estate, telecom, etc. Millennials and Generation Z consider social responsibility and environmental friendliness when considering their purchases. Hence, brands face millennials' significant expectations in terms of shopping and investment in dollars.

It is estimated that Globally, Millennials & Gen Z represent ~44% of all spending in luxury goods (2019) and it is expected that by 2025, Millennials Gen Z would represent ~65-70% of the total luxury market. Increasing adoption of second-hand luxury market among young population would increase the penetration of luxury goods in market. With millennials and Generation Z becoming more environmentally friendly, these consumer segment would be the growth drivers for the second-hand luxury market.

## Implications of Covid for Aspiration Merchandise

Covid impacted the Aspiration Merchandise or Luxury Merchandise market severely across the globe, including India. Consumer confidence was hit owing to the loss of livelihood and life due to Covid. Lockdowns and restrictions in meeting people and travel meant significantly reduced occasions to wear and use luxury products. As the rate of vaccinations increased across nations, and countries saw a road to recovery, the demand for Luxury products increased significantly, and reached to Pre-Covid levels for many categories. The urge to get back to 'normalcy', lifted restrictions, meeting friends & family, and holiday season led to increase in demand for Aspiration Merchandise. Covid led to the following changes in the Luxury Merchandise landscape:

- **Adoption of Digital** – Luxury brands adopted use of digital media and infrastructure in their marketing and operations. The closure of physical stores meant reaching out to consumers through alternate channels like Online and Social commerce, using tools like customised offerings to virtual showrooms, as well as personalised and one to one communication with consumers, giving them comfort and helping them shop from the comfort of their homes. The Indian Luxury E-commerce market with players like Net-a-Porter for Fashion, and Ethos for Watches saw a growth with increased acceptance of Online medium of purchase. All major luxury brands upgraded their digital presence to adapt accordingly.
- **Relook at operations & supply chain** – Covid also led to major brands relooking at their supply chains and operations to make them more efficient. These changes adopted during Covid to reduce and rationalise costs continued to stay as brands adopted more efficient ways of working.
- **Increase in acceptance and sales of Second-hand luxury**- the consumer today is more conscious of impact on environment, and there is a trend towards 'Reuse' and 'Recycle' to save the planet. This, coupled with economic depreciation during Covid, led to more acceptance of Second-hand luxury.

The decreased sentiment during Covid led to 'Revenge buying' by consumers to cheer themselves and uplift the sentiment, when Covid restrictions were uplifted, and caseloads reduced. Consumers, especially Gen Z and Millennials are the top consumers of luxury merchandise contributing to close to 50% of the total luxury market sale, and these consumer segments are also more quick adopters of Second-hand luxury, both from a sustainability point of view, and to save costs by owning a brand they aspire at a fraction of cost.

## Growth of Luxury Products in India

Luxury Goods market in India is currently valued at INR 45,210 Cr. as of FY 2021. Premium and Luxury Fashion & Lifestyle segment has the highest share with 33% contribution in FY 2020 mainly because of their higher volumes. The Covid-19 pandemic had a major impact on the luxury goods market with the market contracting by ~23% from FY 2020 to FY 2021. Other Luxury product market which includes Experiential Luxury, Luxury wines and spirits, Luxury Leather Goods, Luxury Consumer Electronics and Luxury were the most impacted segment with market contracting by ~36%. Premium and Luxury car market was the least impacted segment, contracting by ~10%.

The overall Luxury market in India is expected to show a path to recovery. It is expected that the Luxury market would be valued at INR 69,430 Cr. by FY 2025 and grow by ~11% CAGR over the next 4 years.

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*Exhibit 27: Luxury Market in India\* (INR Cr)*

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Sector	FY 2020	FY 2021	FY 2025P	CAGR
--------	---------	---------	----------	------

				2021-25P
Luxury Jewellery and Accessories	8,280	6,210	9,500	11%
Premium and Luxury Cars	17,920	16,130	25,120	12%
Luxury Fashion & Lifestyle	19,200	14,520	21,810	11%
Others	12,950	8,350	13,000	12%
Total	58,350	45,210	69,430	11%

Source: Secondary research, Technopak Analysis. \*Total size a summation of select categories as mentioned. Luxury fashion and Lifestyle includes Luxury Watches, Luxury Beauty, Luxury Eyewear and Luxury Apparels and Footwear

### Growth and Adoption of Luxury Brands in India

Indian Fashion Industry faced a shift in the late 1990s and early 2000s when International Luxury brands started retailing their products in Multi-Brand Outlets. In 2005, brands like Versace Collections and Corneliani signed their first full franchise agreement. Other luxury brands such as LVMH, Christian Dior, Fendi, Canali, Hugo Boss, Ferragamo, Armani, etc. followed suit when India's first Luxury mall - Emporio opened in Union Territory of Delhi. As the luxury fashion scene expanded, Luxury malls such as UB city and Palladium also opened their doors for luxury brands in major cities like Bangalore, Karnataka and Mumbai, Maharashtra.

Although luxury brands faced multiple challenges such as cultural differences, social norms & higher tax rate, Indianization of foreign brands and introduction of entry level products as an additional segment along with core luxury helped these luxury brands to adapt to the Indian consumer preference and cater to a larger pool of audience.

Exhibit 28: Growth of Premium and Luxury brands in India

Brand	Parameter	Description
Apple	Sales Growth	Apple sold nearly 2.8 million units of iPhones in CY2020, a growth of ~93% compared to previous years and is expected to grow sales by over 50% in CY2021
Mercedes-Benz India	Sales and Sales Growth	Mercedes-Benz India sold 4,857 units in H1CY2021, an increase from 2,948 units in H1CY2020 and is expected to end the year with a healthy y-o-y growth rate of ~65%
Louis Vuitton India Retail	Revenue and Revenue Growth	Louis Vuitton India Retail registered a revenue of INR 285.5 Cr in FY 2020, up from 245.3 Cr in FY 2019 witnessing a growth of ~16%. Louis Vuitton India Retail also reported a jump in their net profit of INR 56.9 Cr.

Source: Secondary research, Technopak Analysis

Exhibit 29: Growth in Revenue of Premium and Luxury brands in India (INR Cr.)

Brand	Revenue FY 2015	Revenue FY 2017	Revenue FY 2019	Revenue FY 2021
Apple	636.6	1,140.3	974.4	1,255.9
BMW	2,613.9	3,427.1		2701.9

Brand	Revenue FY 2015	Revenue FY 2017	Revenue FY 2019	Revenue FY 2021
Louis Vuitton India Retail	176.6	178.7	245.3	318.3
Christian Dior Trading India Private Limited	32.5	34.3	45.1	87.0

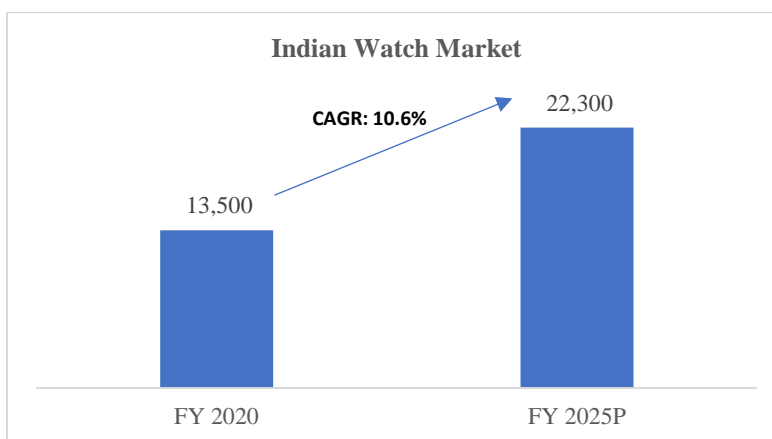
Source: Secondary research, Technopak Analysis

## **Section 2: Market Structure for Premium and Luxury Watches Retail**

### **Indian Watch Market**

Watch Market in India was valued at ~INR 13,500 Cr in FY 2020 and is expected to grow at a CAGR of 10.6%\* to reach ~INR 22,300 Cr by FY 2025, on back of factors like increased discretionary spend on watches category, opening of more organized channels of purchase like MBOs and online marketplaces & vertical specialists, increased penetration of smartwatches in mid to premium category, omnichannel market organization etc.

*Exhibit 30: Indian Watch Market FY 2020 & FY 2025P (In INR crores)*



Source: Technopak Research & Analysis

Note- Base year taken as FY 2020 owing to Covid impact in FY 2021

\* The compounded annual growth rate ('CAGR') of 10.6% for the period between FY 2020 and FY 2025 has been derived on the basis of market size build up from individual segments as given below. CAGRs & size for individual segments have been arrived at on the basis of historical data from Technopak Advisors Private Limited's ('Technopak' or 'Industry Report Provider') and Technopak's 'Body of Knowledge' and primary research & analysis done by Technopak. The size and growth rate for FY 2020 and FY 2025 for individual segment are as follows:

		FY 2020		FY 2025	
Watch Market Price Segmentation (₹)		Share%	Size (₹ CR)	CAGR %	Size (₹ CR)
High Luxury	Above 10 L	4%	540	14	1,040
Luxury Watches	2.5-10L	6%	810	13	1,492
Bridge to Luxury	1-2.5 Lakh	14%	1,890	12.5	3,406

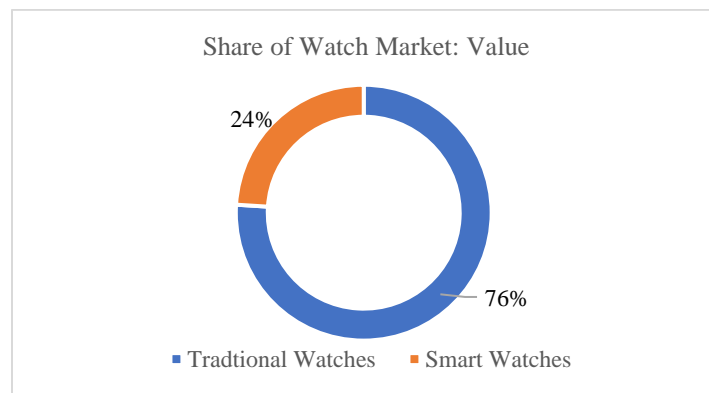


			FY 2020		FY 2025
Watch Market Price Segmentation (₹)		Share%	Size (₹ CR)	CAGR %	Size (₹ CR)
Premium	25k- 1 lakh	25%	3,375	12	5,948
Fashion	5-25k	21%	2,835	12	4,996
Mass & Mid Watches	Below 5000	30%	4,050	6	5,420
		<b>100%</b>	<b>13,500</b>		<b>22,300</b>
<b>Overall CAGR (%)</b>				<b>10.6%</b>	

The Indian watch market is further segmented basis Product type and Price. On the basis of Product type, they are differentiated as ‘Traditional watches’ (includes both Analogue and Digital Watches) and smart watches. While traditional watches occupy almost 76% share of the overall watch market, smartwatches hold 24% share, with the latter expected to grow a faster rate, owing to consumer demand, fitness & health consciousness, technological advancements linking the watch to other smart devices, and most importantly, the entry of multiple brands in the mass to mid segment smartwatch space which has given consumers the option to try out smartwatches without pushing into the premium segment. Key brands in entry level smart watches are Noise, Boat, Amazfit etc.

Traditional Watches have been the mainstay of the segment attracting consumers across price points, gender & age groups. Brands have kept segment relevant through new launches attracting specific consumer groups, e.g. Ethnic range of watches which acts as a jewelry accessory by Titan Raga; Themed watches like Fastrack etc. targeting young consumers. Premium & Luxury segment is primarily dominated by traditional watches, which are bought by the consumers for their quality, legacy and brand value.

*Exhibit 31: Share of Traditional and Smart Watches- FY 2020*



*Source: Technopak Research & Analysis*

### **Retailing Structure of Indian Watch market**

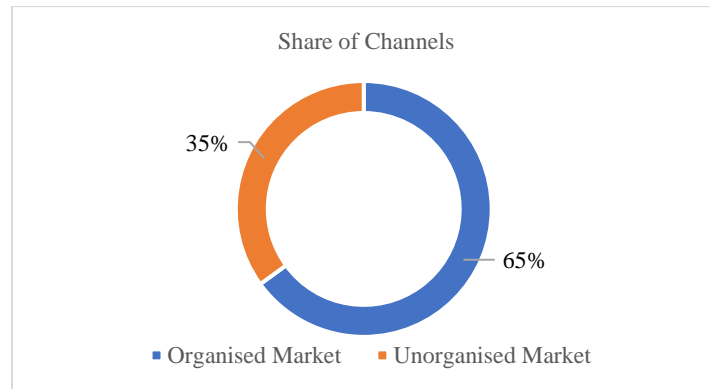
Watch Retail constitutes various channels through which consumers purchase, broadly defined as Organised and Unorganised Channels.

### **Size of Organised & Unorganised Market in Watch Retail**

The watch industry is dominated by the organised sector having a 65% share of the overall market, and unorganised

market contributing to 35%. While the organized watch market in FY 2020 was estimated at ~INR 8,700 Cr, the unorganised market was approximately INR 4,780 Cr.

*Exhibit 32: Share of Organised & Unorganised Channels in Indian Watch Market – FY 2020*



*Source: Technopak Research & Analysis*

Organised channel is further segregated as EBOs, MBOs & LFS, Vertical Specialist MBOs and Online Marketplaces & Online Vertical Specialists:

#### **Multi Brand Outlets & Large Format Stores**

Multi brand outlets are one of the most prevalent retail formats in the Indian watch market. An MBO houses multiple brands, Indian as well as international, under one roof. Shoppers Stop, Lifestyle stores are examples of few LFSs which house various watch brands. Large format stores have contributed significantly to the fashion watch segment. The department stores are frequented mostly by young shoppers, this combined with high visibility and footfalls induce a lot of impulse purchase for these watch brands.

#### **Vertical Specialist Multi-Brand Outlets**

Vertical Specialist MBOs are multi brand formats focussed on the vertical/ category and sell multiple brands across price ranges depending on the USP of the vertical specialist MBO. The growth and expansion of vertical specialists such as Ethos, Kapoor Watch Company and Johnson Watch Company, Helios etc. has further boosted the category. Players like Ethos, which have a pan India presence and sell premium and luxury brands in India have made purchase of luxury watches a seamless experience for customers They have enabled entry of multiple international brands through collaborations, e.g. Ethos has exclusive partnership with Carl F. Bucherer, Movado, Raymond Weil, Oris, Corum, Parmigiani etc. Also, watch companies have started their own chain of multi-brand watch outlets, which houses their own brands, like World of Titan, The Time Factory by Timex etc.

#### **Exclusive Brand Outlets**

Exclusive brand outlets are retail stores that house the extensive product range or all sub-brands of a single brand. Few examples of EBOs in the Indian watch industry are Rolex, Rado, Omega, Longines, Seiko etc. These stores are usually situated at high streets or in malls.

Due to FDI restrictions, international brands are allowed to open EBOs only through a joint venture with an Indian partner or through a network of franchisees. While this helps the international brands expand into a new market, it also poses these brands with a challenge of maintaining the worldwide quality standards of their brand in these partner/franchisee stores. If and when the FDI regulations are relaxed, a large number of international brands are expected to go solo and open company owned EBOs.

#### **Kiosks**

The concept of ‘Kiosk retail’ has become increasingly popular in the Indian retail scenario over the past few years. It is a cost efficient and effective way to sell products in an otherwise premium rental location like malls, the staff requirement is also minimal. Kiosks are usually located inside large shopping arcades, mall atriums, airport terminals etc. Most of these kiosks carry products by a single brand, and this approach is usually adopted by brands in Mass & Fashion range. For e.g. Casio and Fastrack watches retail through kiosks also apart from EBOs.

### Online Market Places & Online Vertical Specialists

Online Marketplaces like Amazon, Flipkart, Myntra, Tata Cliq etc have become one of the key retail channels for watches, offering primarily Mass-mid, Fashion and Premium range. Bridge to luxury and Luxury watches sold online are primarily through Online Vertical Specialists like Ethos, Kapoor Watch etc. and few luxury marketplaces like Ajio Luxe & Tata Cliq Luxury. The Vertical Specialists like Ethos have the unique proposition of offering consumers the trust and reliability they need while shopping for higher range watches online, apart from the vast range of international luxury brands they offer. Increasing penetration of multiple social media platforms and rise of social media influencers provide an alternative channel for marketing for brands and vertical specialists alike, partnering with social media influencers that could convey the company’s USP to the target customer segment and market their products effectively.

Consumers and brands alike are adopting an Omni-channel approach to buying and selling respectively, with product discovery & research happening through either channels (generally Online first), and purchase through either channel (generally Offline for Bridge to Luxury and Luxury). Players like Ethos include research articles, independent reviews and guides on watch selection on their website to assist customers in making the right choice while purchasing luxury watches. They also have a luxury watch helpline for answering technical and other queries, along with live chat with Luxury watch consultants on website. Such CRM initiatives by retailers help the consumers in decision making, as well as give a unique experience in customer service.

### Price Segmentation & Key Brands

#### Price Segmentation of the Indian Watch market

The Indian Watch Market is estimated at INR 13,500 Cr. While sub-INR 5,000 mass and mid segment of watches account for ~30% of the market, Fashion segment (INR 5,000 – INR 25,000) accounts for ~21% of the market. The Premium, Bridge to luxury and Luxury segment are collectively estimated to contribute ~49% of the market.

While the Mass & Mid segments account for a large value and volume share in the market, their growth is slow at 5-7%. On the other hand, Fashion & Premium Segments are growing at a CAGR of ~12%. The Luxury segments are growing faster than other segments at a CAGR of 13-14%.

*Exhibit 33: Segmentation of Indian Watch market by Price*

Category	Price Range (INR)	Key Brands
High Luxury	>10,00,000	    
Luxury	2,50,000-10,00,000	    
Bridge to Luxury	1,00,000 -2,50,000	    

Premium 25,000 -1,00,000



SEIKO

MOVADO

RAYMOND WEIL  
GENEVE



Fashion 5,000 -25,000



Fossil

G-SHOCK

Mass <5,000

PA  
maxima®

SONATA

CASIO

Note- Brands put in above price ranges if most of their SKUs lie in the given ranges.

Exhibit 34: Key Watch Companies & brands in India & their Distribution channels & Price Positioning

Key Players in Luxury Watch Segment													
Company / Group	Key Brands	Price range	Distribution Channels					Price Segments					
		(In INR)	Company Website	Online Marketplaces	MB Os	Vertical Specialist MBOs	EB Os	Mass & Mid	Fashion	Premium	Bridge to Luxury	Luxury	High Luxury
Rolex Watch Company Pvt. Ltd.	Rolex	NA	-	-	-	✓	✓	-	-	-	-	✓✓	✓✓
Breitling India Pvt Ltd	Breitling	1,97,020 - 39,09,000	-	-	-	✓		-	-	-	✓	✓✓	✓
Swatch Group (India) Pvt. Ltd.	Longines, Tissot, Rado, Omega	10,000 – 1,08,90,000	-	✓	✓	✓	✓	-	-	✓✓	✓✓	✓✓	✓
Richemont Group	Cartier, IWC, Jaeger-LeCoultre, Panerai	2,23,000 - 1,47,50,000	-	-	-	✓	✓	-	-	-	-	✓✓	✓✓
LVMH Group	Tag Heuer, Hublot	84,150 - 32,31,100	-	✓	✓	✓	✓	-	-	✓	✓✓	✓✓	✓
Key Players in Mass & Mid, Fashion & Premium Segment													
Company / Group	Key Brands	Price range	Distribution Channels					Price Segments					
		(In INR)	Company Website	Online Marketplaces	MB Os	Vertical Specialist	EB Os	Mass &	Fashion	Premium	Bridge to Lu	Luxury	High Luxury

			bsit e			list MBOs		Mi d			xur y		
Citizen Watches (India) Pvt. Ltd.	Citizen	5,000 – 5,00, 000	✓	✓	✓	✓	✓	✓✓	✓✓	✓✓	✓	✓	-
Timex Group India Ltd.	Timex	500 – 18,00 0	✓	✓	✓	✓	✓	✓✓	✓✓	-	-	-	-
Titan Compa ny Ltd.	Anne Klien, Coach, Fastrack, Lee Cooper, Nebula, Xylus, Edge	1,000 – 4,00, 000	✓	✓	✓	✓	✓	✓✓	✓✓	✓✓	✓	✓	-
PA Time Industri es (Maxi ma)	Maxima	500 – 5,000	✓	✓	✓	✓	-	✓✓	-	-	-	-	-
Casio India Co. Pvt. Ltd.	Casio, G- Shock, Edifice, Enticer, Vintage, Youth, Protrek	700 – 65,00 0	✓	✓	✓	✓	✓	✓✓	✓✓	✓	-	-	-
Fossil India Pvt Ltd	Fossil	5,000 – 25,00 0	✓	✓	✓	✓	✓	✓✓	✓✓	-	-	-	-

Source: Technopak Research & Analysis. Price range excluding watches which are sold out/ Price not mentioned on brand/ Vertical Specialist website, as applicable.

Note- Double tick in Price segmentation signifies prominent presence, Single tick signifies very limited presence.

Primarily, watch brands sold in India are strongly pivoted towards their price segments. For instance, watch brands in luxury segments have limited to no presence in premium and below barring a few exceptions like Swatch Group.

Retail channels also differ for difference price segments. Vertical specialists MBOs signify luxury watch retail in India, whereas a multi-channel retail play comprising EBOs, MBOs and online marketplaces signify mass to premium watch retail in country.

### Premium & Luxury Watches in India

The Premium & Luxury Watch Market comprises of the segments High Luxury (INR 10 lakhs and above), Luxury (INR 2.5 to INR 10 lakhs), Bridge to Luxury (INR 1 to INR 2.5 lakhs), and Premium Watches (INR 25,000 to INR 1 lakhs). The Luxury Watch Market comprises of High Luxury, Luxury and Bridge to Luxury segments.

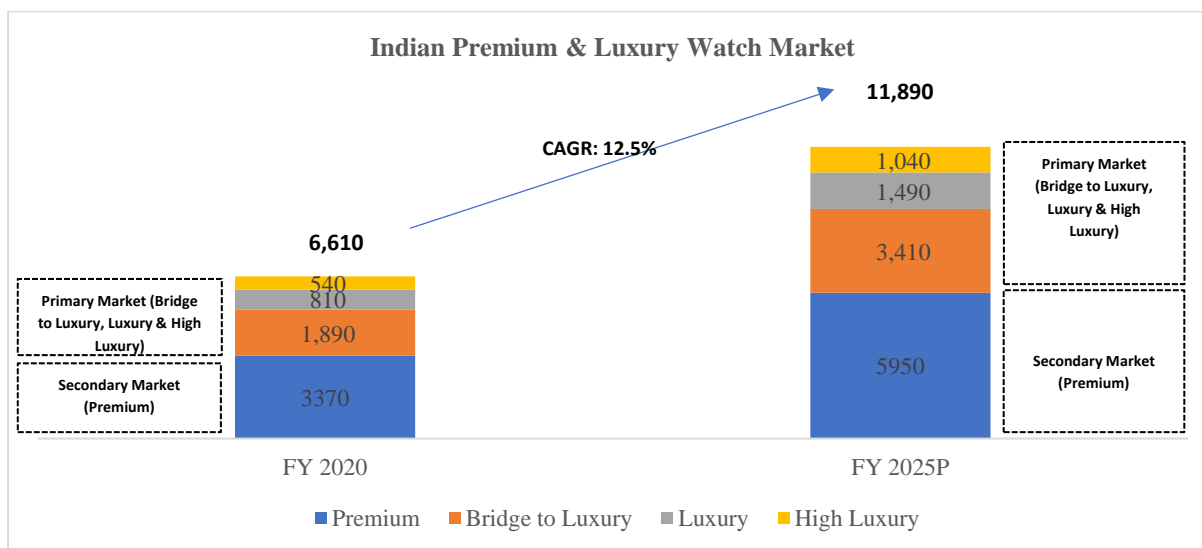
Exhibit 35: Definition of Price Segments & Market Size

Segment	Definition	FY 2020 Market Size	FY 2020 % Share of Segment in the Overall Watch Market	FY 2025P Market Size	CAGR
Premium Watch Market	<ul style="list-style-type: none"> <li>Premium (INR 25,000 to INR 1 Lakhs)</li> </ul>	INR 3,370 Cr	25%	INR 5,950 Cr	12.0%
Luxury Watch Market	<ul style="list-style-type: none"> <li>Bridge to Luxury (INR 1 Lakhs to INR 2.5 Lakhs)</li> <li>Luxury (INR 2.5 Lakhs to INR 10 Lakhs)</li> <li>High Luxury (INR 10 Lakhs &amp; above)</li> </ul>	INR 3,240 Cr	24%	INR 5,940 Cr	12.9%
Premium & Luxury Watch Market	<ul style="list-style-type: none"> <li>Premium (INR 25,000 to INR 1 Lakhs)</li> <li>Bridge to Luxury (INR 1 Lakhs to INR 2.5 Lakhs)</li> <li>Luxury (INR 2.5 Lakhs to INR 10 Lakhs)</li> <li>High Luxury (INR 10 Lakhs &amp; above)</li> </ul>	INR 6,610 Cr	49%	INR 11,890 Cr	12.5%

Source- Technopak Analysis

The High luxury market is growing faster than other segments & the overall market, at a CAGR of 14% and is expected to reach INR 1,040 Cr in FY 2025 from INR 540 Cr in FY 2020.

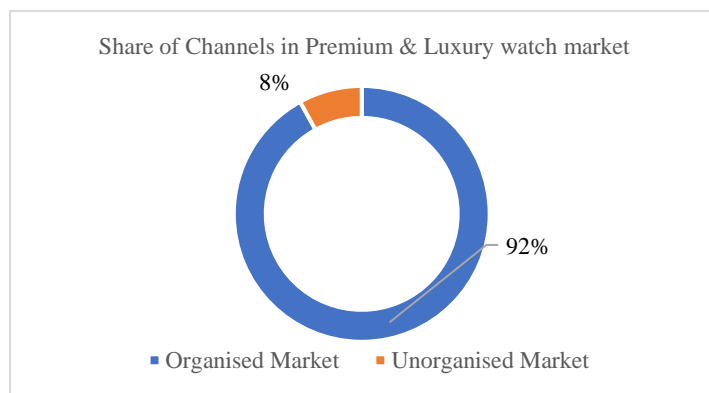
Exhibit 36: Indian Premium & Luxury Watch Market- FY 2020 and FY 2025P (In INR crores)



Source: Technopak Research & Analysis

The overall market for Premium & Luxury watches is dominated by Organised players, and within organized by Vertical Specialist MBOs like Ethos, Kapoor Watch, Johnson Watch, Zimson etc. Unorganised market consists of standalone unorganized players.

*Exhibit 37: Share of Organised & Unorganised Channels in Indian Premium & Luxury Watch Market – FY 2020*



*Source: Technopak Research & Analysis*

The branded players sell through both organized and unorganized channels, especially in the Mass-Mid and Fashion segments. While Premium and Bridge to Luxury sell majority through Organised channel, and Luxury players exclusively through Organised Market, which is why the organized market contributes to 92% of the market for Premium & Luxury Watches.

The Premium and Luxury watch retail market structure can be mapped in two ways:

- (A) Brand's perspective
- (B) Retailing perspective

**(A) Brand perspective**

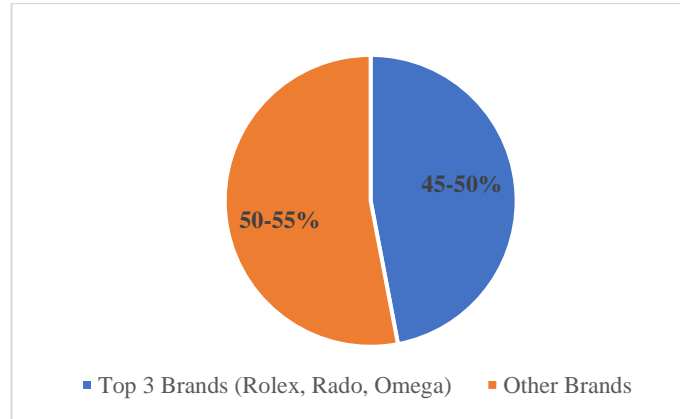
The premium & luxury watch market is dominated by international brands that have come to signify the luxury and premium watch market globally and India is no different. Therefore, nearly all of the watches sold in this segment are imported into the country and dominated by brands like Rolex, IWC, Hublot, Omega, Panerai, Rado, Longines etc. Many of these brands are also part of luxury majors globally (for instance Cartier, Panerai and IWC belong to the Richemont Group; Omega, Longines and Rado belong to Swatch Group), while quite a few are independent entities (e.g. Rolex, Breitling, Carl F Bucherer and H Moser). A similar structure exists in other key markets like China and USA. Going forward also this is not going to change given the fact that leading luxury watch brands are now near synonymous with luxury on the premise of legacy, quality of craftsmanship and heritage. These virtues are difficult to replicate and represent entry barriers for new entrants.

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Exhibit 38: Share of Swiss Watch Imports/ Share of Luxury Watch Market\*

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Note- \*Majority brands in Luxury Market are Swiss imports  
Source- Technopak Analysis

**(B) Retail Perspective**

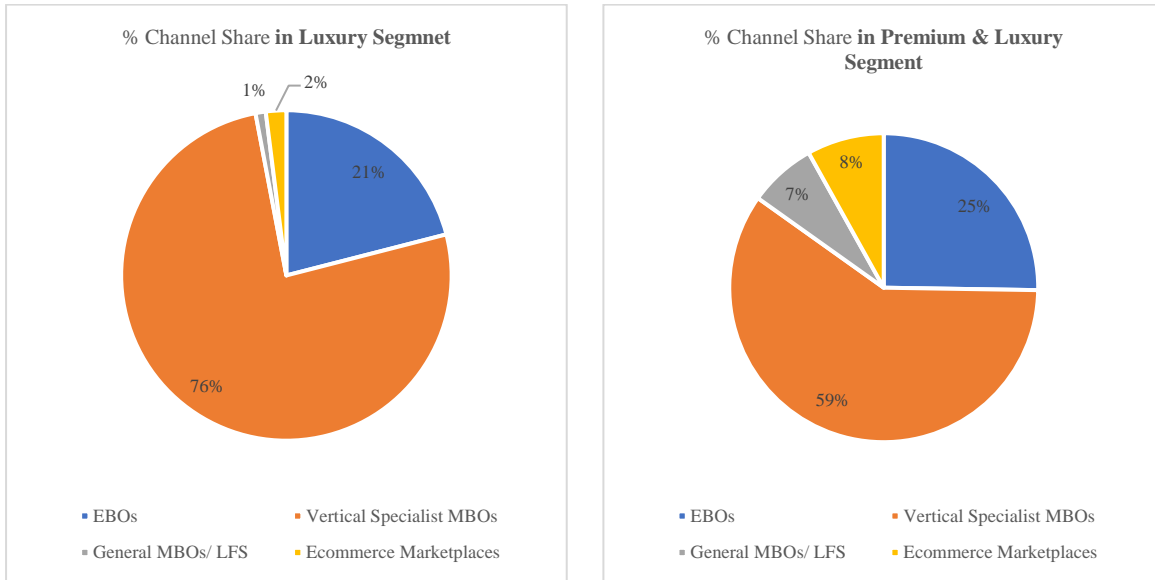
This signifies the route to market (RTM) for premium and luxury watches in India. Primarily two routes exist for luxury and premium brands sold in the country of (i) Multi Brand Retail led through Vertical Specialists, and of (ii) Exclusive Brand retail led. E-commerce and digital outreach are subsumed under both RTMs. Vertical Specialist MBO led RTM occupies 58% share of the total retail sales of premium and luxury watches in the country, whereas EBO lead RTM occupies 26% share of this total retail sales.

When seen exclusively for Luxury Segment, Vertical Specialist MBOs led RTM occupies 76% share of this market (i.e Bridge to luxury & Luxury), whereas EBO led RTM occupies 21%. Globally and in India, Vertical Specialist MBO led retailing is the dominant RTM route for luxury and premium watches given that the MBO route provides cost effective and wider market access for luxury brands. Therefore this (Vertical Specialist MBO) is the principal route for luxury brands for volumes and sales, whereas EBO route for luxury brands is used by the luxury brands to compliment MBOs.

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**Exhibit 39: Retail structure in Premium & Luxury Watch market**



Source: Technopak Research & Analysis

Within Vertical Specialist MBO route to market in India, Luxury and Premium watch retail sales is dominated by national player Ethos and regional / local MBO players like Kapoor Watch and Johnson Watch Company. Ethos has a 13% share of the total retail sales in premium and luxury segment, and a share of 20% when seen in exclusively Luxury segment. Within the latter segment where Ethos occupies a 20% share, regional and local players like Kapoor Watch occupy a 10% share, and Johnson Watch Company occupies a 7% share, -- Zimson occupies a 6% share. This makes Ethos the largest Retailer in Premium & Luxury watch retail in the country.

**Exhibit 40: Market Shares of Key Vertical Specialist Premium & Luxury Watch MBOs**

Vertical Specialist Premium & Luxury MBOs	Revenue FY2020 (In INR Cr)	Share in Luxury Watch Market	Share in Premium, & Luxury Watch Market
Ethos Limited	457.8	20%	13%
Kapoor Watch	242.4	10%	7%
Johnson Watch	161.6	7%	4%
Zimson	150.5	6%	4%
Kamal Watch	111.2	5%	3%
Khimani Watch	55.9	2%	2%
Helvetica Boutique	35.7	2%	1%

Source: Technopak Research & Analysis

**Factors leading to increase/ decrease in the sale of luxury watches in the Organized market**

The factors that have led to the growth of the sale of luxury watches in the organized market are:

## Growth Drivers

### 1. *Rise of Organised players in Luxury watch business in India*

Organised players have seen a rise in the premium and luxury watch market with expansion in both online and offline organized channels. Multiple regional chain stores such as Mumbai, Maharashtra's Just-In-Time, Hyderabad, Telangana's Kamal Watch Company, and Coimbatore, Tamil Nadu's Zimson Watch Company, have been drivers for Luxury watch MBO's in specific regions of India.

Pan-India Organised retailers such as Ethos are expanding and driving the Vertical Specialist MBO Market for luxury watches in India; Helios has pan India presence with watches mostly in fashion & premium range, with limited presence in bridge to luxury range; and Just Watches is present across the country for mostly Fashion segment of watches. Watch brands are also exploring brands partnerships, e.g. international brands such as Moser, Oris, Titoni, Carl F. Bucherer, Raymond Weil, Louis Erard, Corum among other shave exclusive partnerships with Ethos. Also, existing unorganized players are also adopting multichannel approach by selling through online marketplaces and social commerce, hence adding to the Organised market size. The rise of organized players in Luxury watch business would lead to an increase in customer trust and availability & acceptability of Luxury watches in India. Organised players often provide better after sales services such as repairs and refurbishments with additional warranty and guarantee which positively influences the purchasing decisions of customers.

### 2. *Regulatory Headwinds*

**Demonetization:** India's two highest-denomination banknotes- INR 500 & INR 1,000, were demonetized in November 2016 leading to majority of country's currency under circulation becoming redundant. There was also resulting confusion & delays caused by limited supply of new bank notes and the country experienced a cash crunch. Restriction on cash, which was the major source of transaction for premium and luxury products in the country resulted in a temporary decrease in discretionary spend and as a result, watch sales, especially premium & luxury segment suffered a setback immediately after demonetization. But this also led to the adoption of plastic/digital money in the premium & luxury watch sector. The adoption of cashless transactions has brought in further transparency into the sector. Demonetization helped organized players to further penetrate the unorganised market for premium & luxury watches by capturing market share from unorganized players whose business was predominantly based on cash.

**Goods and Services Tax:** GST introduction brought in greater transparency in the premium and luxury watch market by enforcing tax compliance.

**Permanent Account Number:** 2016 saw the introduction of mandatory PAN requirement for transactions exceeding INR 2 lakhs. The PAN card requirement makes it compulsory to establish the identity of the buyer which makes it difficult for unorganized retailers to operate, and in turn favors the organised players.

3. **Customer Relationship Management:** Luxury consumers look for experience and customisation when buying products. The purchase experience and related marketing around it hence becomes an important part of consumer decision making. Premium & Luxury watch brands are using engaging marketing tools with customised offerings and experiences to attract customers, which is something only larger organised players can afford to do, contributing to an increase in organised market. E.g. Players like Ethos, Art of Time organise events for key customers to unveil limited-edition watches along with celebrity presence.

- 4. Customizing & Designing:** Luxury watches are available in different price ranges. However, the price of customized or designer watches is often decided based on skill, the creative approach, and the designer of the watch. Few of the brands are leveraging this trend by offering products in partnership with cinema studios & famous global designers. For example, Kross studios launched The Death Star Watch in collaboration with the official owner of Star Wars with 10 limited edition watches in the luxury segment. Such experiences also attract consumers to branded and organised players in luxury segment.

#### Additional Regulatory Headwinds -

##### *Change in Custom Duty & Goods and Services Tax*

In February 2018, customs duty on imported watches and clocks was doubled from 10% to 20%. On the other hand, clearing products through customs became simpler, with the importer only needing an invoice from the provider. This has had mixed repercussions on imported luxury watches in India.

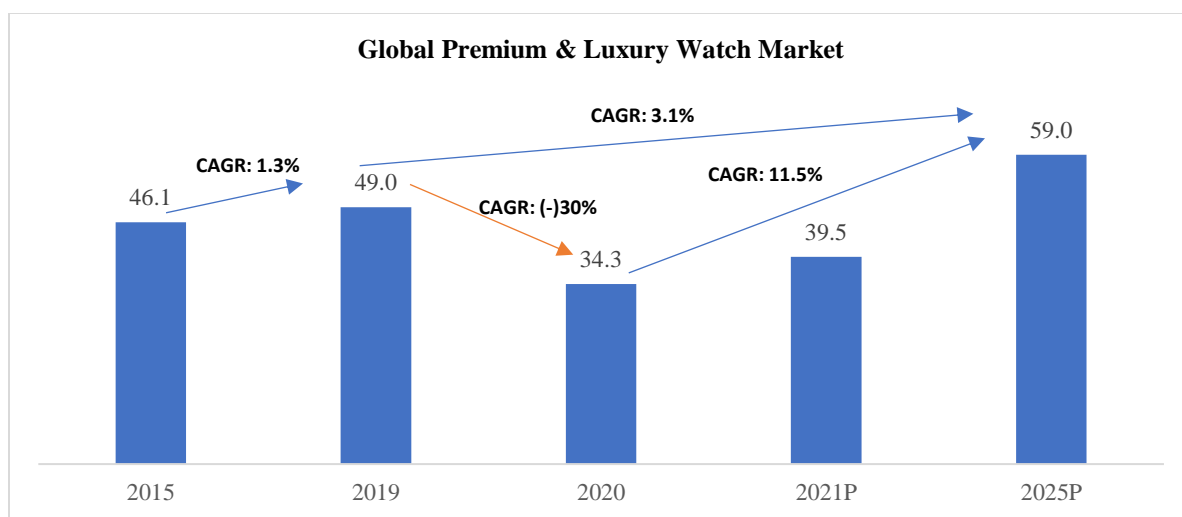
Though introduction of GST favors the organized market, but frequent changes in GST (wrist watches were taxed at around 12.5%; the implementation of GST increased the tax rate to 28%, which was again reduced to 18% in November 2017) add to confusion in processes & in the taxation policies associated with watch market in India.

#### Global Premium & Luxury Watch Market

The global premium & luxury watch market in CY 2019 was valued at USD 49 Bn. The pandemic in CY 2020 impacted the supply chain, imports & manufacturing, and dampened consumer sentiment, collectively leading to a degrowth of 30% with the global watch market reaching USD 34.3 Bn in CY 2020. However, the market has witnessed recovery in CY 2021 and is estimated to grow to USD 39.5 Bn in CY 2021.

The global watch market is expected to reach ~USD 59 Bn. by CY 2025, growing at CAGR of 11.5% from 2020-25. However, the growth from 2019 to 2025 is expected to be ~3.1%. Similar to watches, all personal luxury goods categories saw a decline in 2020 owing to Covid spread across the world.

*Exhibit 41: Global Luxury Watch Market CY 2015- CY 2025P (In USD Bn.)*



Source: Technopak Research & Analysis

The global luxury watch market has shown high growth potential in developing economies like China, India, etc. as compared to developed economies like USA, Europe, etc. This change is due to increase in disposable income and high spending on luxury goods. Increase in the number of HNI's in fast emerging economies, such as China & India, facilitate the increase of the wealth of people and thereby increasing the demand for luxury goods, including watches. Rise and acceptability of ecommerce and an increase in HNIs and UHNIs led to an increase in purchase of Luxury watches via online channels in market like China.

Asia-pacific has witnessed the surge in demand for luxury goods, which is expected to grow in the next 5 years too. Some of the key players globally are CASIO Computer Co. Ltd., Citizen Watch Co. Ltd., Compagnie Financière Richemont SA, Fossil Group Inc., LVMH Moët Hennessy -Louis Vuitton, Movado Group Inc., Patek Philippe SA, Rolex SA, Seiko Holdings Corp., and the Swatch Group Ltd.

*Exhibit 42: Global Premium & Luxury Watch Retail – Key Economies- CY 2015-CY 2021P (In USD billion) -*

Countries	Indicative Players	2015	2019	2020	2021	2025
UK & Europe	Swatch Group, Compagnie Financière Richemont SA, LVHM, Patek Philippe, Rolex	23.4	23.8	16.8	19.2	29.0
US	Rolex, Richemont Luxury, Patek Philippe, Movado, Cartier	17.0	17.7	12.3	14.0	21.0
China	Swatch Group (Swatch, Omega, Breguet, Rado), Richemont SA, Cie Financiere, Rolex	1.0	3.2	2.2	3.0	3.8
Singapore	Rolex, Swatch Group, Patek Philippe Sa, Richemont Luxury, LVMH	0.5	0.9	0.7	0.8	1.1
Rest of the world	Rolex, LVMH, Patek Philippe	4.2	3.4	2.4	2.6	4.0
<b>Total</b>		<b>46.1</b>	<b>49.0</b>	<b>34.3</b>	<b>39.5</b>	<b>59.0</b>

*Source: Technopak Research & Analysis*

Among the various retail channels, MBOs were the highest contributor to the global watch market in CY 2019. Both MBOs & E-commerce are the two most dominant channels for this market. MBOs are expected to sustain the high share of global luxury watch market in years to come. MBOs give customers options in choosing brands, compare prices, check features & specifications offered by different brands. Although many MBOs are selling their products through online channel due to an increased demand and change in consumer buying pattern of increased acceptability of online channels, offline MBOs still remains the preferred choice for customers owing to the benefits like assisted selling and guidance on product usage, touch-feel shopping experience & reliability in case of complaints. Also, offline stores give customers trust and they can apply multiple marketing strategies to influence customers which increase the chances of making a sale.

Brands are adopting online retail strategies to decrease the operational cost and reach a larger consumer base. Going forward, retailing channels are expected to adopt an omnichannel approach adapting to the advent of digital technology such that the customer experience and purchase is a combination of multiple channels. Luxury brands are also focusing on the use of social media, with Luxury brands like Rolex promoting their products on Instagram.

### **Section 3: Retailing Structure for Premium and Luxury Watches in India**

#### **Luxury & Premium Watch Market in India**

The Premium & Luxury Watch Market comprises of the segments High Luxury (INR 10 lakhs and above), Luxury (INR 2.5 to INR 10 lakhs), Bridge to Luxury (INR 1 to INR 2.5 lakhs), and Premium Watches (INR 25,000 to INR 1 lakhs). The Luxury Watch Market comprises of High Luxury, Luxury and Bridge to Luxury segments.

*Exhibit 45: Definition of Price Segments & Market Size*

<b>Segment</b>	<b>Definition</b>	<b>FY 2020 Market Size</b>	<b>FY 2020 % Share of Segment in the Overall Watch Market</b>	<b>FY 2025P Market Size</b>	<b>CAGR</b>
<i>Premium Watch Market</i>	<ul style="list-style-type: none"> <li>Premium (INR 25,000 to INR 1 Lakh)</li> </ul>	INR 3,370 Cr	25%	INR 5,950 Cr	12.0%
<i>Luxury Watch Market</i>	<ul style="list-style-type: none"> <li>Bridge to Luxury (INR 1 Lakh to INR 2.5 Lakhs)</li> <li>Luxury (INR 2.5 Lakhs to INR 10 Lakhs)</li> <li>High Luxury (INR 10 Lakhs &amp; above)</li> </ul>	INR 3,240 Cr	24%	INR 5,940 Cr	12.9%
<i>Premium &amp; Luxury Watch Market</i>	<ul style="list-style-type: none"> <li>Premium (INR 25,000 to INR 1 Lakh)</li> <li>Bridge to Luxury (INR 1 Lakh to INR 2.5 Lakhs)</li> <li>Luxury (INR 2.5 Lakhs to INR 10 Lakhs)</li> <li>High Luxury (INR 10 Lakhs &amp; above)</li> </ul>	INR 6,610 Cr	49%	INR 11,890 Cr	12.5%

Source- Technopak Analysis

The High luxury market is growing faster than other segments & the overall market, at a CAGR of 14% and is expected to reach INR 1,040 Cr in FY 2025 from INR 540 Cr in FY 2020.

#### **Import of Swiss Luxury Watches in India**

India ranked 28th in the world in the value of Import of Swiss Watches, valued at USD 103.5 Mn in CY 2020, witnessing a decline of 31.3% majorly due to the impact of Covid-19. The first wave of Covid impacted the supply chain and the demand of Swiss Watches globally as the value of global export decreased by 21.8%.

*Exhibit 46: Import of Swiss watches in India (In USD Mn)*

	<b>2020</b>	<b>Change (in %)</b>	<b>2019</b>	<b>Change (in %)</b>	<b>2018</b>
India	103.5	-31.3%	150.7	-4.3%	157.5

Source- Technopak Analysis, 1CHF=1.0225 USD in 2018, 1 CHF=1.0067 USD in 2019, 1 CHF=1.067 USD in 2020

## Comparison of Indian luxury watch market with key countries

In FY 2020, Luxury Watch Market in India accounted for 24 % of the overall Watch Market in India, with the former valued at USD 0.4 Bn as compared to the latter at USD 1.8 Bn. The share of Luxury watches compared to overall watch market in India is significantly lower as compared to the global share of 59%.

*Exhibit 47: Comparison of Indian Luxury Watch Market with Key countries (CY 2019)*

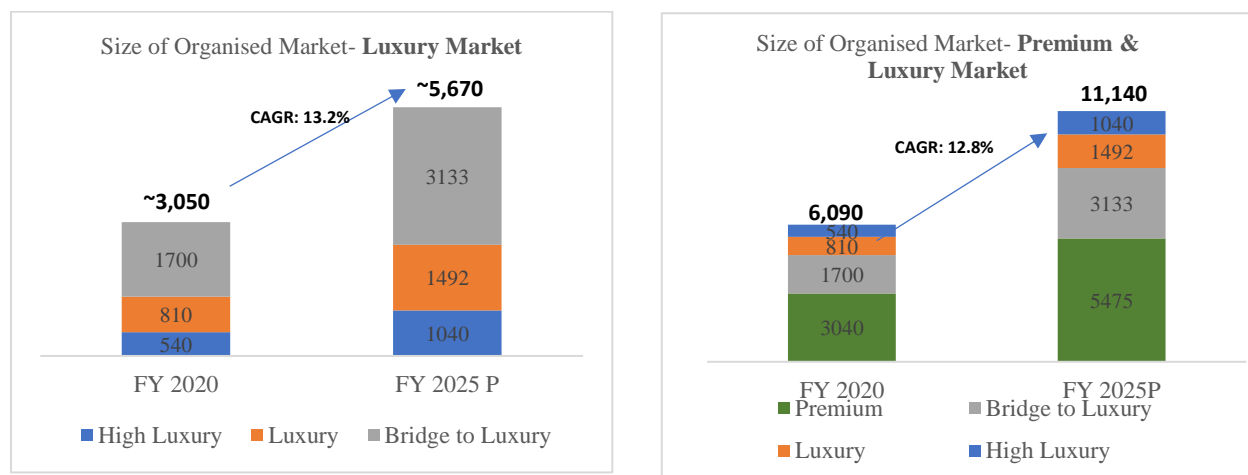
	Global	India	China	Singapore
GDP (In USD Tn)		2.6	14.7	0.3
Total Watch Retail (In USD Bn)	64.0	1.8	10.6	1.5
Luxury watch Market (In USD Bn)	38.0	0.4	3.2	0.7
<b>Share of Luxury Watch in Total Retail</b>	59%	24%	30%	47%

Source- Technopak Analysis. India number for FY 2020. Global, China, Singapore for CY 2019.  
 ¥1 CNY = USD 0.1448, 1 USD = INR 75, 1 SGD = 0.7186 USD

## Organised Luxury & Premium Watch Market - By Retail Channel Types

The share of organised market for Premium & Luxury Watches is expected to increase from 92% in FY 2020 to 94% by FY 2025, owing to growth of the organised players, led by Vertical Specialists. The share of organised market for luxury watches is expected to grow from 94% in FY 2020 to 95% in FY 2025.

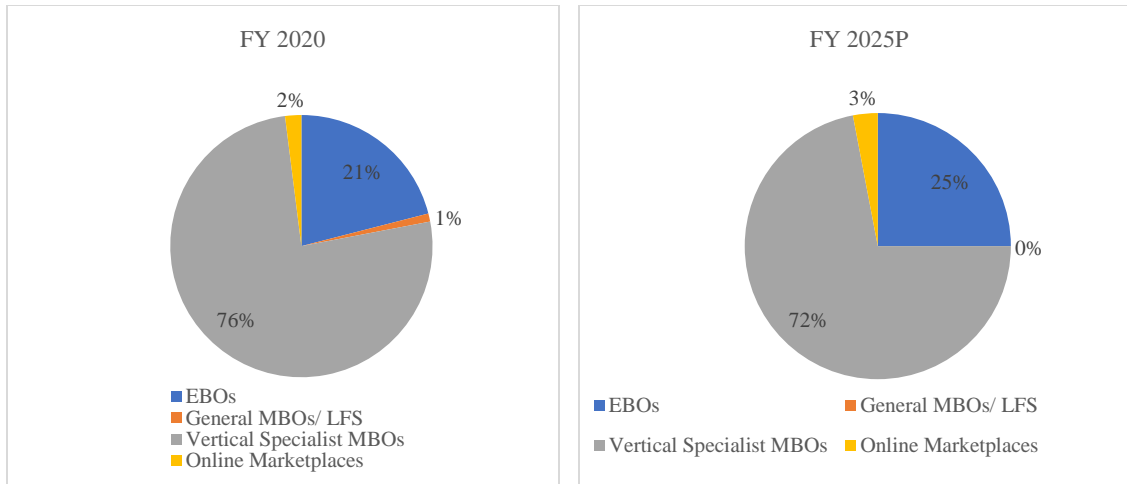
*Exhibit 48: Size of Organised market for FY 2020 and FY 2025P (in INR Crores) in each segment*



Source: Technopak Analysis

Within the organised channel, the Premium & Luxury watch market is further segregated into different retailing channels i.e., EBOs, General MBOs/ LFS, Vertical Specialist MBOs and E-commerce. The organised Luxury Watch market is dominated by Vertical Specialist MBOs occupying 76% of this market, with Ethos leading this segment with a ~20% share.

*Exhibit 49: Share of Retail Channels in the Organised Market for the Luxury Market for FY 2020 and FY 2025P*

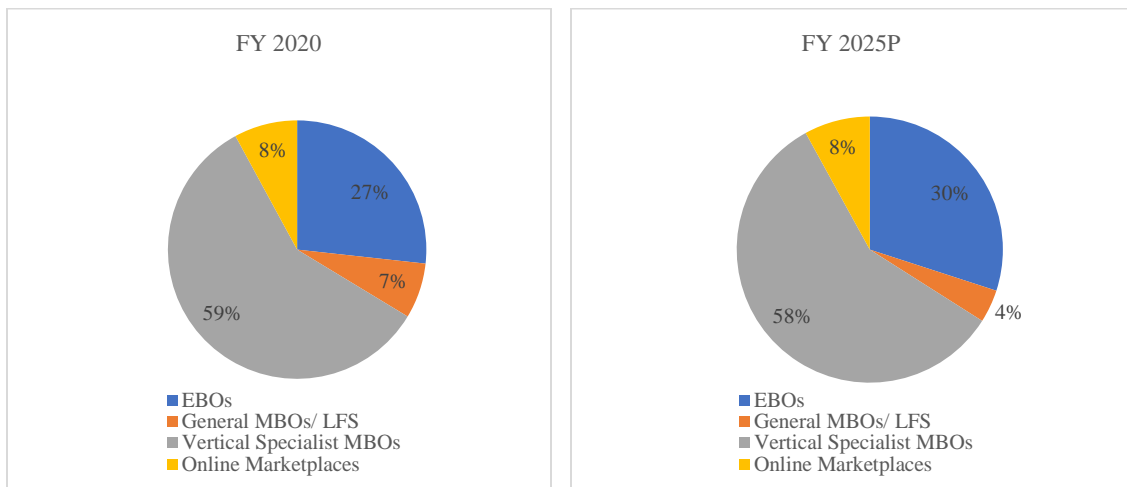


Source: Technopak Analysis

Note- Both online & offline revenue included in above channels i.e in Vertical Specialist MBOs, EBOs, General MBOs/LFS. Hence, commerce marketplaces are exclusively Online marketplaces.

The share of Vertical Specialists in the organised Luxury Market is expected to change from 76% in FY 2020 to 72% in FY 2025. This share includes sales from physical stores and from own websites of the Vertical Specialists. Share of EBOs is expected to increase from 21% in FY 2020 to 25% in FY 2025.

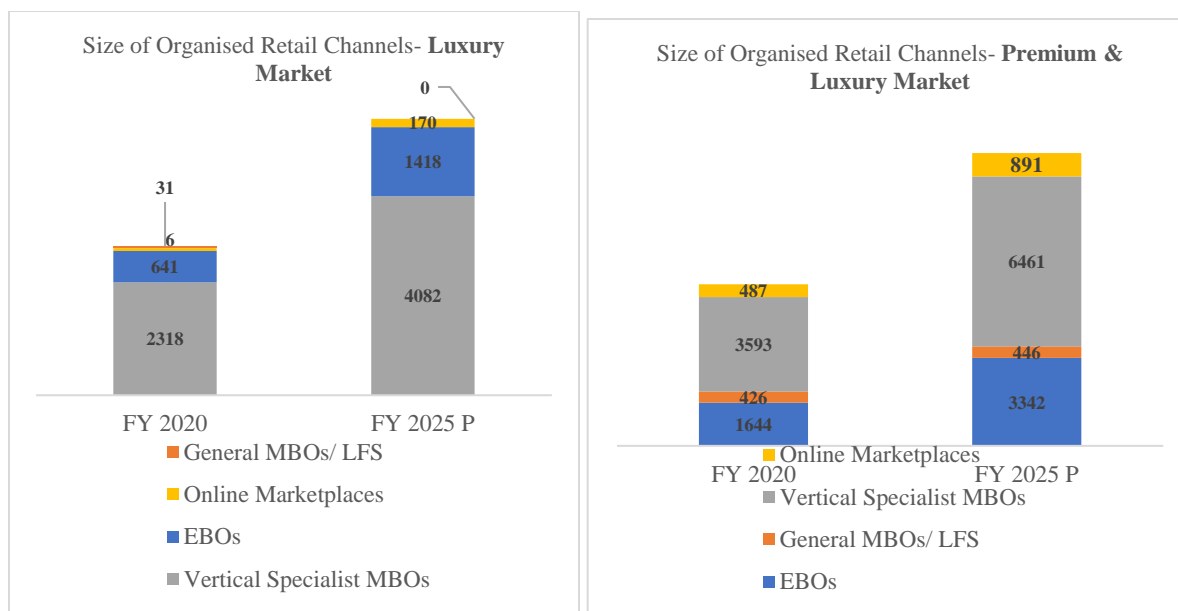
Exhibit 50: Share of Retail Channels in the Organised Market for the Premium & Luxury Market for FY 2020 and FY 2025P



Source: Technopak Analysis

Note- Both online & offline revenue included in above channels i.e in Vertical Specialist MBOs, EBOs, General MBOs/LFS. Hence, commerce marketplaces are exclusively Online marketplaces.

Exhibit 51: Size of Retail Channels in the Organised Market for FY 2020 and FY 2025P (in INR Cr) for each segment



Source: Technopak Analysis

The share of 76% in FY 2020 for Vertical Specialists in the Luxury segment translates into a market size of INR 2,320 Cr, which is expected to reach INR 4,060 Cr in FY 2025.

## Benchmarking of Key Retailing Channels by Player Types, and Retailing Approaches for Key Brands and Retailers

### Benchmarking of Franchise Exclusive Brand Outlets

**Store Count & Reach:** EBOs are viewed both as an important lever for consumer connect and for sales for luxury watch brands worldwide. Restrictions in FDI in India has meant that 51% FDI in multi-brand retail and 100% in single-brand retail is allowed, provided that 30% of value of products sold is sourced from Indian small industries. The local sourcing clause was eased in 2018 for foreign single-brand retailers for first five years if they are already procuring goods for their global operations from India. All of luxury watches sold in the country are imported and such restrictions made it difficult for international luxury watch brands, majority are which Swiss manufactured, and cannot procure raw materials from India, to operate through the direct EBO route. In this context all of luxury watch brands retail in India through franchise route (for EBOs or Vertical Specialists) rather than through directly owned EBOs. Brand like Rado has adopted the EBO model that comprise retail partnership/s to manage and operate its EBOs. This is reflected in the 27 EBOs that Rado has in India whereas for all other luxury watch brands EBOs are either absent (high luxury brands largely sell through Vertical Specialist MBOs) or minimal in India.

Exhibit 52: City-type and Region mapping for key Luxury Brand EBOs

Brand	North	South	East	West	Central	Total Stores
Rolex	17%	50%	33%	0%	0%	6
Omega	13%	50%	13%	25%	0%	8
Rado	43%	28%	4%	26%	0%	27
Longines	33%	67%	0%	0%	0%	6
Tissot*	8%	42%	8%	42%	0%	12



Brand	North	South	East	West	Central	Total Stores
Panerai	50%	0%	0%	50%	0%	2

Source: Technopak Analysis

Note: Only considered Metro, Mini-Metro and Tier 1 cities considered

Brand	Metro	Mini-Metro	Tier 1	Tier 2	Tier 3	Total Stores
Rolex	17%	67%	17%	0%	0%	6
Omega	25%	75%	0%	0%	0%	8
Rado	40%	38%	19%	2%	0%	27
Longines	33%	67%	0%	0%	0%	6
Tissot*	33%	58%	8%	0%	0%	12
Panerai	100%	0%	0%	0%	0%	2

Source: Technopak Analysis

Note: Only considered Metro, Mini-Metro and Tier 1 cities considered

**Location Mix:** Luxury watch brand EBOs are mostly located in Premium & Luxury Malls, and High Streets. For e.g. Hublot opened its first boutique store in India in Palladium, Mumbai, Maharashtra. The mall is positioned as a luxury mall that also houses EBOs of other luxury watch brand like Rado, Panerai, Tissot & Omega.

Exhibit 53: Location Mix: key Luxury Brand EBOs

Brand	Luxury Malls	Premium Malls	High Streets	Airports	Office Campuses
Rolex	✓✓	✓	✓✓✓	-	✓
Omega	-	✓✓	✓✓✓	-	-
Rado	-	✓✓	✓✓✓	✓	-
Longines	✓✓	✓✓	✓✓	-	-
Tissot	-	✓✓	✓	-	-
Panerai	✓	✓	-	-	-

Source: Technopak Analysis. Example of Office Campus- Olive Arcade, Ahmedabad for Rolex

**Direct to Consumer Enablement:** Direct to Consumer enablement by luxury watch brands through websites in India should be interpreted as an outreach mechanism to the consumers to showcase range, allow consumers to undertake product discovery, offer customer support and address FAQs. Price listings / discovery are selective keeping in mind the discerning nature of the consumer demand. Here too, like in the case of company owned EBOs, for the operational complexity involving regulatory compliance, the D2C enablement of luxury watch brands in India is subsumed under the digital and online commerce of Vertical Specialist MBOs and / or re-sellers. For instance, Ethos, which has a pan-India presence sells through its own websites online and is also the authorised watch supplier at Luxury Marketplace Ajo Luxe. Omni-channel enablement of Ethos and its likes become a key proposition on offer for luxury watch brands that enables them to expand their reach throughout the country both through offline and online means.

## Price Range:

*Exhibit 54: Price Range of Luxury watches for key Luxury Brands*

Brand	Price Range (INR)
Rolex	4,00,000-1,00,00,000
Rado	35,300 - 6,49,700
Omega	2,31,600 - 1,51,35,700*
Longines	55,000 - 13,19,000
Cartier	2,23,000 – 12,55,00,000
Breitling	1,97,020 – 39,09,000
Panerai	3,51,000 - 32,32,000*
Tag Heuer	84,150 – 15,21,500
Oris	1,31,800 – 5,60,000
Carl F. Bucherer	1,99,000 – 53,89,000

Source: Technopak Analysis

\*Note: Price references taken from respective brand's websites, barring for Omega & Panerai whose price reference is taken from [www.ethoswatches.com](http://www.ethoswatches.com). Price range excluding watches which are sold out/ Price not mentioned on website.

## Retailing Approach of Key Brands

*Exhibit 55: Retailing Approach of Representative Key Brands*

Brand	Retailing Approach
Rolex	Only authorized retailers like Ethos, Kapoor Watch Co., etc. as well as standalone retailers such as Punjab Jewels, Cooke & Kelvey, Luxury Time, etc. are allowed to retail and service Rolex watches in India. Rolex also has EBOs in Metro cities in India in association with few of its retailers like Ethos Ltd, Swiss Watch Co., Exclusive Lines, and Horology Impex. In addition, Rolex watches retail at Vertical Specialist MBOs such as Ethos Ltd, Kapoor Watch Co., etc. Its website is used for price & product discovery, customer support & guidance on purchase etc.
Rado	Rado retails primarily through Authorized retailers accounting for ~85% of all Rado stores in India, focusing on Metro, Mini metro, and Tier 1 cities. Rado also has Exclusive Boutiques in Key cities such as Mumbai, Maharashtra; National Capital Territory of Delhi; Ahmedabad, Gujarat; Bangalore, Karnataka; Chennai, Tamil Nadu; Kochi, Kerala; Coimbatore, Tamil Nadu; Hyderabad, Telangana; Lucknow, Uttar Pradesh; Pune, Maharashtra; and Trivandrum, Kerala. Their official website is often used for product and price discovery, after which a sales executive would further guide the purchasing process. Rado watches are also available (online and offline) on Vertical Specialists such as Ethos Ltd, Kapoor Watch Co., Johnson Watch Co. etc.
Longines	Longines retails in India through a national distributor: Swatch group India Pvt Ltd and Regional retailers such as Ethos Ltd, Zimson, etc. Longines watches are also available (online and offline) on Vertical Specialists such as Ethos Ltd., Johnson Watch Co. etc. They have their own Boutique store in association with Zimson in UB City, Bangalore, Karnataka.
Breitling	Breitling sells through authorised reseller such as Ethos, Art of Time, Kapoor, etc. and are mainly focused in Metro and Mini metro cities. Breitling have own dedicated website for India that offers product and price discovery

Brand	Retailing Approach
Cartier	Cartier sells through authorised resellers such as Art of Time, Kapoor Watch etc. and are mainly focused in Metro and Mini metro cities. The brand has its own dedicated website for India which is often used for product and price discovery. They have their own Boutique store in Vasant Kunj, National Capital Territory of Delhi. Cartier watches are also available on Vertical specialist websites.
TAG Heuer	TAG Heuer retails through official retailing partners such as Ethos, Kamal Watch Co., Luxury Time, etc. in Metro, Tier-1 and Tier-2 cities. They also have an official website for Indian customers which is used for price discovery. Luxury products of TAG Heuer are also available on online channels of their official retailers.
Oris	Oris retails through their only official retailer – Ethos. They are present 28 stores pan India in 15 cities. They also have their own website for India which is mainly used for product discovery. Products of Oris are also available on Luxury e-commerce marketplaces such as Tata Cliq Luxury and Luxepolis.
Carl F. Bucherer	Carl F. Bucherer has exclusive partnership with Ethos- their only official retailer in India. They have presence in 3 cities, i.e., Mumbai, National Capital Territory of Delhi, and Union Territory of Chandigarh. They also have a dedicated website for Indian consumers which is used for product and price discovery. Products of Carl F. Bucherer are also available on multiple luxury marketplaces such as Tata Cliq Luxury, Luxepolis and Chrono24.
Omega	Omega has their own exclusive boutique with vertical specialist such as Ethos Ltd, Zimson, Helvetica Lifestyle, in key cities such as Bangalore, Karnataka; Chennai, Tamil Nadu; Hyderabad, Telangana; Kolkata, West Bengal; Mumbai, Maharashtra; National Capital Territory of Delhi and Pune, Maharashtra. They also have their products available at MBOs of these vertical specialists. Omega has their own website catering the Indian consumers which is often used for product and price discovery.
Panerai	Panerai have 2 exclusive brand outlets, one each in Mumbai, Maharashtra and National Capital Territory of Delhi. Their products are also available at various vertical specialists such as Ethos Ltd, Johnson Watch Co., Art of Time and Kapoor Watch Co. Their website is used mainly for product discovery.

Source: Technopak Analysis

### ***Benchmarking of Vertical Specialist Multi Brand Outlets***

**Store Count & Reach:** Ethos is the leader among Vertical Specialist MBOs in the bridge-to-luxury, luxury and high-luxury segments, while in the fashion and premium segment, Helios is the leader in Vertical specialist MBOs. They are the only premium and luxury watch retailers with a PAN India presence. There are a few regional players that are present in select region like Kapoor Watch Co. and Johnson Watch in North India and Zimson, Kamal Watch in South India, and Art of Time in West India.

*Exhibit 56: City-type and Region mapping for key Vertical Specialist MBOs*

Vertical Specialist	North	South	East	West	Central	Total Stores
Ethos	41%	29%	4%	27%	0%	50
Zimson	0%	100%	0%	0%	0%	30
Johnson Watch Co.	100%	0%	0%	0%	0%	10
Kapoor Watch Co.	100%	0%	0%	0%	0%	11
Helios	35%	20%	11%	21%	4%	112
Art of Time	0%	0%	0%	100%	0%	2

Source: Technopak Analysis

Vertical Specialist	Metro	Mini-Metro	Tier 1	Tier 2	Tier 3	Total Stores
Ethos	41%	39%	18%	2%	0%	50
Zimson	0%	73%	23%	3%	0%	30
Johnson Watch Co.	100%	0%	0%	0%	0%	10
Kapoor Watch Co.	100%	0%	0%	0%	0%	11
Helios	26%	31%	20%	22%	1%	112
Art of Time	100%	0%	0%	0%	0%	2

Source: Technopak Analysis

**Location Mix:** Vertical Specialists in premium and luxury watch retailing are primarily located in premium & luxury malls, and high streets. Ethos with the one of the largest store networks has significant presence across both premium and luxury malls. Ethos is present in the luxury mall Palladium in Mumbai, Maharashtra which also houses some key luxury watch EBOs. Also, it is present in The Chanakya, National Capital of Delhi among other Luxury Malls.

Exhibit 57: Location Mix for key Vertical Specialist MBOs

	Premium Malls	Luxury Malls	High Streets	Airport
Ethos	✓✓✓	✓✓	✓	✓
Zimson	✓✓✓	-	✓✓✓	-
Johnson Watch Co	-	✓✓	✓✓✓	-
Kapoor Watch Co	✓✓✓	✓	✓✓	-
Helvetica	✓	-	✓✓	✓
Helios	✓✓✓	✓	✓✓✓	✓
Kamal Watch Co.	✓✓✓	-	✓✓✓	-
<b>Illustrative Examples</b>	Ambience Mall, National Capital Territory of New Delhi; Inorbit Mall, Mumbai, Maharashtra	Emporio, National Capital Territory of Delhi; Palladium, Mumbai, Maharashtra	South Extension I, Delhi; Connaught Place, National Capital Territory of Delhi	Indira Gandhi International Airport, National Capital Territory of Delhi

Source: Technopak Analysis is Higher number of ticks refer to higher presence in a given format compared to others.

Exhibit 58: Partnerships for key Vertical Specialist MBOs

	Brand EBO Partnership	No. of EBOs	Cities
Ethos	Girard Perregaux	1	National Capital Territory of Delhi
	Hublot	1	Mumbai, Maharashtra
	Jaeger-LeCoultre	1	National Capital Territory of Delhi
	Omega	3	Chennai (Tamil Nadu), Jaipur (Rajasthan), Mumbai (Maharashtra)
	Oris	1	Chennai, Tamil Nadu
	Panerai	1	National Capital Territory of Delhi
	Rado	6	Ahmedabad (Gujarat), Union Territory of Chandigarh, Jaipur (Rajasthan), Lucknow (Uttar Pradesh), National Capital Territory of Delhi, Mumbai (Maharashtra)

	<b>Brand EBO Partnership</b>	<b>No. of EBOs</b>	<b>Cities</b>
	Rolex	2	Bangalore (Karnataka), National Capital Territory of Delhi
	Seiko	1	Bangalore, Karnataka
	Tissot	1	National Capital Territory of Delhi
Zimson	Longines	2	Bangalore (Karnataka), Chennai (Tamil Nadu)
	Omega	1	Bangalore, Karnataka
	Rado	6	Coimbatore (Tamil Nadu), Bangalore (Karnataka), Chennai (Tamil Nadu)
	Seiko	2	Chennai, Tamil Nadu
	Tissot	3	Coimbatore (Tamil Nadu), Bangalore (Karnataka), Chennai (Tamil Nadu)
Johnson Watch Co	Longines	2	National Capital Territory of Delhi
	Mont Blanc	1	National Capital Territory of Delhi
	Omega	1	National Capital Territory of Delhi
	Rado	2	National Capital Territory of Delhi
Kapoor Watch Co	Longines	1	National Capital Territory of Delhi
	Rado	2	National Capital Territory of Delhi
Helvetica	Longines	1	Chennai, Tamil Nadu
	Omega	1	Chennai, Tamil Nadu
	Rado	2	Chennai (Tamil Nadu), National Capital Territory of Delhi
	Rolex	1	Chennai, National Capital Territory of Delhi
	Tissot	2	Chennai, (Tamil Nadu), Bangalore (Karnataka),
Kamal Watch Co	Longines	1	Hyderabad, Telangana
	Omega	1	Hyderabad, Telangana
	Rado	3	Hyderabad, Telangana
	Rolex	1	Hyderabad, Telangana
	Tissot	3	Hyderabad (Telangana), Bhubaneswar (Orissa)

Source: Technopak Analysis

### Product & Price Range:

*Exhibit 59: Product Range (number of SKUs) & Price Range of Luxury watches for key Luxury Brands*

Vertical Specialist	No of SKUs			Price
	Bridge to Luxury	Luxury	High Luxury	Price Range (INR)
Ethos	1,214	1,434	657	Up to 3,41,18,000
Zimson	575	1099	-	Up to 7,82,100
Johnson Watch Co.	403	582	537	Up to 5,53,00,000
Kapoor Watch Co.	465	572	284	Up to 84,50,000
Helios	134	22	-	Up to 6,00,000

Source: Technopak Analysis, Retailer Website. Above data excludes Rolex SKUs for all Retailers due to price unavailability. Price range excluding watches which are sold out/ Price not mentioned on website.

Ethos has the highest number of Premium & Luxury brands available on its website (50), followed by and Zimson (28) and Johnson Watch Co. (26). Ethos also offers highest number of SKUs across all three luxury segments – Bridge to Luxury, Luxury and High Luxury segments.

*Exhibit 60: Brand availability at Vertical Specialists*

<b>Vertical Specialist</b>	<b>Number of Premium &amp; Luxury Watch Brands available</b>
Ethos	50
Zimson	28
Kapoor Watch Co.	26
Helios	20
Johnson Watch Co.	16
Helvetica	14

*Source: Technopak Analysis*

*(Brand references taken from respective websites of Vertical Specialists)*

*Note- Only Premium & Luxury brands counted for each Retailer.*

### ***Retailing Approach of Vertical Specialist Multi Brand Outlets***

Vertical specialists house multiple watch brands, Indian as well as international, under one roof and are specialists in their vertical/ category. The target audience for a vertical specialist are consumers who appreciate a wide assortment of brands and products to choose from. First-time buyers also prefer to buy from Vertical Specialists as consumers can compare different brands and vertical specialists have the expertise, skills, and the technical knowledge to guide the customer better.

*Exhibit 61: Retailing Approach of Key Vertical Specialists*

<b>Brand</b>	<b>Retailing Approach</b>
Ethos Limited	With a Pan India presence, Ethos has made its presence across cities and regions through a network of stores and boutiques. Its 50 stores are spread across 17 cities. Ethos Summit exclusively houses bridge to luxury, Luxury & High Luxury Brands, while Ethos Stores house the premium & fashion range as well. Ethos has also opened Boutiques in partnership with prominent market leading brands like Rolex. Ethos has an increased focus on customer experience through consultation with watch experts, prompt customer service, loyalty points, guides & research on various watches and brands, service & repair through Ethos Watch Care. Ethos also actively retails through its website. Online purchase is digitally enabled for fashion and below range, while it is voice enabled for premium & luxury range. Club Echo is the loyalty program of Ethos with registered members, and annually 35% business comes from repeat buyers registered with the program.
Zimson	Zimson is a South India centric regional Luxury Watch Vertical Specialist with a focus on Mini- Metro cites. It has an active website for product and price discovery whereby customers can request a quote for purchase. They also offer memberships, and reward points on purchase and by interacting with their social media handles.
Johnson Watch Co.	Johnson Watch Co. is a regional Luxury watch Vertical Specialist with increased focus on Metro and tier-1 cites, primarily focusing on North India with stores in National Capital Territory of Delhi & Gurgaon, Haryana. Johnson Watch Co. retails over 16 premium & luxury watch brands in India. It has its website with personalised customer experience, customer support, promotions, product guidance etc. Online purchase is voice enabled through customer service team.
Kapoor Watch Co.	Kapoor Watch Co. is a family-owned regional luxury watch Vertical Specialist with high focus on Metro and tier-1 cites in North India including National Capital Territory of Delhi, Gurgaon, Haryana & Noida, Uttar Pradesh. It has active online retail enablement whereby

Brand	Retailing Approach
	customers can contact sales agent for sales queries, purchase and after sales service, while online purchase is voice enabled through customer service team.
Helios	Helios is a pan-India vertical specialist by Titan Company Limited mainly operating in fashion & premium segment, with limited bridge to luxury range. It has a network of 112 stores spread across 47 cities. It actively retails through its website which offers sale, product guidance, live chat support, option to pre-book store visits etc. Helios also provide omni-channel experience by providing customers the choice to 'order online and collect from store,' 'reserve online and try on in-store,' or 'get it shipped from nearest store.' Video shopping, online appointment booking, and endless aisle options are also available.

Source: Technopak Analysis

(Arranged in the order of highest to lowest SKUs on offer in luxury and bridge to luxury watch segment)

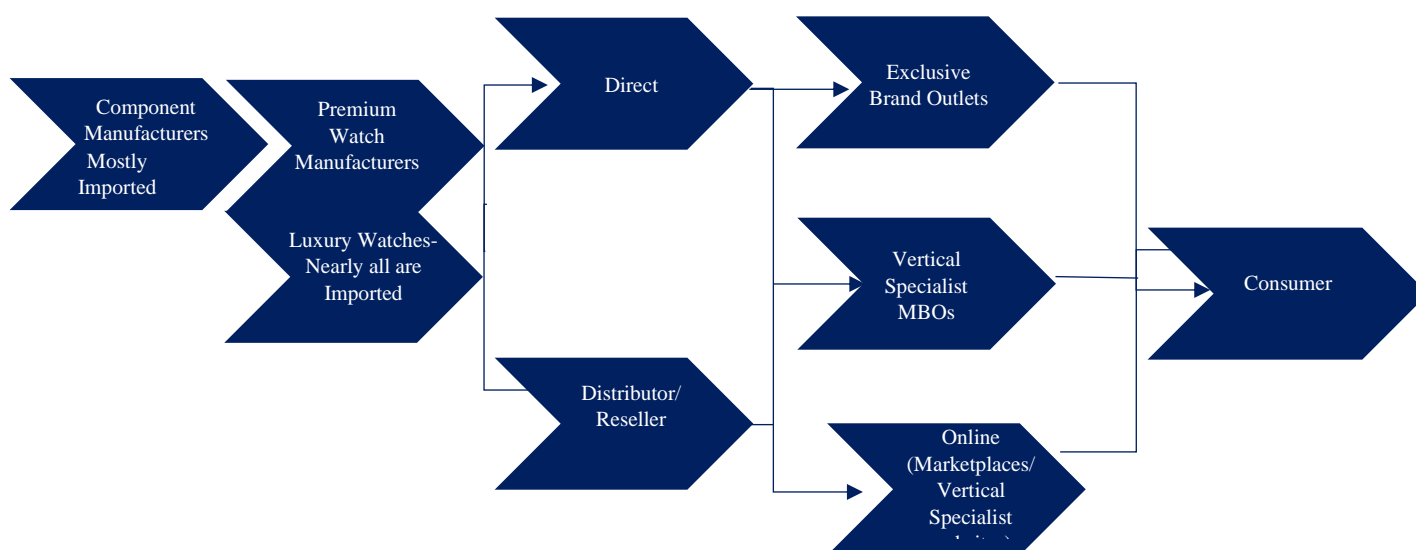
### Value Chain for Premium & Luxury watches

The value chain of the luxury watches market comprises various stages and services adding a specific value at their point of operation, which contributes to the competitive value of the service provided.

Luxury watch manufacturers either source parts directly from component manufacturers or manufacture it locally. The manufacturers can then use their direct channel to send their products directly to EBOs, MBOs & sell through online channels. Brands such as Rolex sell via official resellers and supply Luxury watches to EBOs, MBOs and Vertical Specialists. The customer, depending on his purchase pattern would choose the channel to buy Luxury watches. In India, majority luxury watches are imported, hence the finished product directly reaches the value chain through its manufacturers retailing the product through a network of retailers and distributors.

The Retailer margins on Premium watches ranges from 20 - 25%, while retailer margins on Bridge to Luxury segment ranges from 25 - 28%, and Luxury & above segments have a retailer margin of 20 - 35%.

Exhibit 62: Value Chain for Premium and Luxury watches in India



Source: Technopak Analysis

## **Key trends influencing retailing of luxury watches, and how Vertical Specialists can benefit from them:**

### ***Growth of E-commerce Enablement***

The Covid-19 pandemic brought significant changes in the retailing preferences of Indian consumers by increasing the acceptability of shopping through online medium. Brands also accepted this change and improved their online infrastructure to ensure timely delivery of products. Emergence of logistic partners helped boost the penetration of e-commerce. This change is here to stay and is expected to grow, forming an additional channel for purchase. Brands in the Luxury watch segment have invested in their Partnerships with Retailers, Exclusive Brand Outlets, and have adopted an omnichannel approach where customers can use e-commerce as a source of product discovery.

Vertical Specialists though had activated e-commerce enablement as an additional channel for sales, placed an increased focus on its growth post Covid. Among Vertical Specialist, Ethos was one of the early adopters of e-commerce and this gave Ethos a head start during the Covid-19 phase. Ethos offers omni channel enablement that integrates offline and online, for product discovery, customer experience and sales. Ethos has an average 17 Mn. page visits per year out of which 12 Mn. are new visitors (among the highest globally comparing with other multi brand luxury watch retailers). It also has a large, dedicated team (70 people out of the total 500 employees) for online and digital commerce comprising content writers, online sales agents, digital marketing teams etc. Ethos & Helvetica offer live chat support to guide customers. Johnson Watch Co, Kapoor Watch Co, Zimson etc have also activated their online commerce initiatives and provide product & price discovery, offers, and guidance on watch purchase. It is expected that the ability to offer offline and online integration by Vertical Specialists MBOs will become a key value proposition that luxury watch brands will demand and expect from their Indian partnerships for future growth. Therefore, the market for the luxury watch retail in India is further expected to consolidate in favour Vertical Specialists MBOs or any other reseller types who will be able to offer it.

### ***Role of E-commerce Marketplaces***

The advent of e-commerce gave rise to emergence of multiple marketplaces based on a digital first approach. This business model reduces several fixed and variable costs, and such marketplaces offer discounts on their products, thus benefitting the customers. E-Commerce marketplaces are also able to pass on the benefits of seasonal sales (Black Friday, Thanksgiving, etc) of international brands to Indian customers. Marketplaces need to ensure that they should have increased focus on consumer service and awareness of luxury brands, as well entering the right kinds of partnerships with trusted retailers to establish themselves in the Indian market. One of the major challenges online marketplaces faces is the prevalence of counterfeit watches in Indian Luxury Watch Market. Another issue with online market places is adjacency implying that the luxury watch brands are selective of the pages and online spaces where their products and brands are displayed in order to protect their brand equity. Luxury e-commerce centric marketplaces such as Ajoio Luxe and Tata Cliq luxury have started to address these concerns and provide details of manufacturer, import information, supplier details, easy returns etc to boost consumer trust in the medium of purchase to address these concerns.

Vertical Specialist Ethos is the key supplier of luxury watches of various international brands to the luxury e-marketplace Ajoio Luxe. Therefore, the growth of such luxury marketplace e-commerce options for luxury watches are in a way going to support both the luxury brands and their respective Vertical Specialists MBOs given their re-seller agreements and tie-ups with luxury watch brands. Further, the growth of e-commerce marketplaces for luxury segment will expand the market benefitting the overall market.



## ***Digital Adoption***

With increased internet penetration and adoption of AI/ML in retailing, Luxury brands have started adopting these technologies to make their products available to the customers. By adopting technologies such as Virtual Reality, brands are trying to bridge the gap between offline and online retailing by giving the customers a virtual touch-and-feel experience to imagine products and enable conversion. E.g. Global watch marketplace Chrono24 offers Virtual Showroom on its app which enables customers to virtually try on the watch through augmented reality, giving customers an experience and enabling them to view and feel how the watch will look on wearing. Through such features, brands & retailers are providing a differentiated experience to customers.

Technology adoption has now emerged as a key retail proposition for luxury brands and they expect their retail partners to embark on it. Luxury watch retailers are expected to adopt AR/VR for a better customer experience both within the stores and online. Tools like chatbots have reduced the time required for customer support and resolving customer queries. These technological and digital adoption tools would pave way for unique customer experiences, and hence driving the luxury watch market in coming years.

- Pan India Vertical specialists like Ethos have an omnichannel presence, and have systems aligned to give consumers an omnichannel experience using technology, implying both offline and online access to products, sales and customer support. The offline penetration and online technology advancement also gives it an edge to succeed in the luxury category. Similarly, Helios also provides omni-channel experience by providing customers the choice to 'order online and collect from store,' 'reserve online and try on in-store,' or 'get it shipped from nearest store.' Helios also offers video shopping, online appointment booking and endless aisle options.
- Regional Vertical Specialists like Johnson Watch Co, Kapoor Watch Co, Zimson, Helvetica etc. have adopted digital commerce and digital marketing initiatives to reach consumers or for the consumer to reach them through both offline and online mediums.

## ***Product adjacencies in other retail categories***

For category specialists in the luxury segment, growth through category extension is expected. Category extension can lead to category specialists such as Ethos and other retailers that have been in the business for a time to offer other luxury items in addition to sale of luxury watches. There is a potential for current vertical specialists to expand into adjacent luxury offerings like hard luxury in various product categories such as eyewear, jewelry, luggage, cosmetics, writing instruments.

Vertical Specialist MBOs of luxury watch brands have built and managed procurement relationships with global luxury brands and the same skill sets can be expanded to other luxury product categories. They have developed market connect to service the consumer segments of luxury products across India and are aware of their target audience and understand consumer insights that can be replicated for other product categories. They are well versed with the retail environment involving both online and offline and have addressed / managed issues like talent management, consumer service support, retail adjacency and processes that can be extended to luxury retail for other categories.

## **Section 4: Omnichannel Sales in premium and luxury watch segment**

### **Emergence of Omni-Channel Retail in India**

Indian retail has significantly evolved in last three decades, starting from inception of Modern Retail to Online marketplaces, to the emergence of Omni-Channel Retail, which has seen the blurring of lines between traditionally defined channels leading to emergence of an Omni-Channel Marketplace.

Exhibit 63: Evolution of Overall Retail leading to way for Omnichannel Retail

Particulars	Up to 2012	2012-2019	2019 & Beyond
<b>Format Types</b>	<ul style="list-style-type: none"> <li>Brick led Retail with prevalence of multiple formats like Multi Brand Outlets (MBOs) &amp; Large Format Stores (LFS)</li> <li>Emergence of Exclusive Brand Outlets (EBOs)</li> </ul>	<ul style="list-style-type: none"> <li>Growth of supermarket, Cash &amp; Carry</li> <li>Emergence of Ecommerce, Vertical Specialists</li> <li>initiation of ecommerce journey by brick retailers</li> </ul>	<ul style="list-style-type: none"> <li>Growth of offline-online integration</li> <li>Ecommerce integration with stores, shop &amp; collect, hyperlocals, dark stores</li> <li>Online enablement of Exclusive Brand Outlets (EBOs) &amp; Multi Brand Outlets (MBOs)</li> </ul>
<b>Tech Intervention</b>	<ul style="list-style-type: none"> <li>Point Of Sale Integration, Loyalty programs, Retail process optimization</li> <li>Use of standardized software's like SAP</li> </ul>	<ul style="list-style-type: none"> <li>Digital payment transactions, growth of social media</li> </ul>	<ul style="list-style-type: none"> <li>Video communication, social commerce, visualization, Artificial Intelligence (AI) /Augmented Reality (AR)</li> </ul>
<b>City Presence</b>	<ul style="list-style-type: none"> <li>Largely Metros, tier 1</li> </ul>	<ul style="list-style-type: none"> <li>Top 100 cities, growth of ecommerce</li> </ul>	<ul style="list-style-type: none"> <li>Retail story moving beyond top 100 cities</li> </ul>
<b>Customer Journey</b>	<ul style="list-style-type: none"> <li>Instore shopping</li> </ul>	<ul style="list-style-type: none"> <li>Browse based Ecommerce, discovery</li> <li>Instore consumer discovery, home deliveries</li> </ul>	<ul style="list-style-type: none"> <li>Convergence of offline and online</li> <li>Consumers able to browse &amp; shop both offline &amp; online</li> </ul>

Source: Technopak Analysis

### Omnichannel Retail in Premium & Luxury Watches in India

Omnichannel Retail for Premium & Luxury Watches represents a collaborative and amalgamated purchase journey for a consumer, whereby purchase and the steps leading to a purchase are a mix of multiple channels. It is the convergence of Offline and Online models into a seamless interactive ecosystem and is a unified collaboration among all modules of retail, whether frontend or backend, with focus on the consumer. Key components which define Omnichannel retail are-

- Seamless Channel Integration-** Shift in retailers' strategy from channel-centric to consumer-centric by diminishing lines between different channels through seamless integration, cross-channel execution and organizational realignment. The core purpose of Omni-Channel experience is to provide customers with seamless commerce across channels. This means customers can start a transaction from any channel and take it forward to completion from any other channel of interaction.
- Supply Chain & Inventory Management-** Complete visibility across supply chain, along with a holistic, unified view of the path to purchase, delivery, returns etc. and an integrated IT systems for data mining. A single pool of inventory allows customers to check availability, find alternate locations of availability, place orders and pick up items from a location of their choice.
- Technology & Networks-** Combined application strategy that enables seamless convergence of applications across multiple devices and environment, and efficient coexistence of various data services to interact at

multiple levels to streamline operations, data access and data interpretation. Single definition of products for backend processes and a common Content Management System across channels. Retailers need to invest in technologies like QR codes, store kiosks and mobile apps to provide a consistent digital experience.

- **Content & Personalised Engagement-** Marketing and communication moving from a broadcasting-based publishing model to direct conversation model to be able to interact with the customer at every level of his purchase journey. Retailers implementing a common CRM system which provides a unified view of the customers, irrespective of the channel of engagement and capture data effectively. And Loyalty programs applicable for transactions made across channels.

Premium & Luxury Watch consumers reach/discover a brand through multiple approaches, which consists of a mix of retailing & information channels, including offline and online broadly. These channels are often intertwined during a consumer's journey of brand discovery and purchase, making it imperative for brands and retailers to be present in those mediums to partner with the consumers in their Omnichannel journey.

A consumer can discover a premium & luxury watch through various means as given below. Irrespective of the channel for discovery of product, the consumers could reach the alternate channel through various mediums and make the final purchase through either channels/mix of channels.

**Channel of Discovery 1- Online Medium** – These could include Vertical Specialist websites; Brand websites; Premium & Luxury marketplaces; Social media channels operated by brands, vertical specialists, premium & luxury marketplaces, influencers using/promoting these brands etc.

- Consumers could start from a brand website and end up exploring a vertical specialist website/ luxury marketplace, or vice versa. They could see a particular model on Instagram handle of a Vertical specialist and end up watching videos/ photos of influencers on YouTube, Instagram, Facebook for the same or another model/ brand.
- Consumers could explore online, and further reach the Offline channel of Vertical specialists stores/ Brand EBOs and make a purchase there, or just to explore the brand through touch and feel. Their journey could go back to online if they finally make the purchase through website.
- For Premium & below category of watches, Vertical specialist websites are often Digitally enabled i.e. consumer can make the purchase directly via online channel and product would be delivered directly to customer's location. However, for higher end of premium and bridge to luxury, luxury, high luxury categories, consumers often must contact the vertical specialist team through given links of phone/ WhatsApp/ call back forms to further pursue the purchase i.e. purchase is Voice-enabled. The team then guides the consumer on the further process- which is either to visit the nearest store to explore the watches physically, or some select retailers offer home visit by store personnel carrying few shortlisted models, and the consumer could finalise and make the final purchase at home. Another way offered is selection of watch online though the team's guidance and making the purchase through RTGS/NEFT/payment links/COD.

Hence a consumer starting his/her journey online could explore various channels and make the final purchase through a mix of channels, highlighting the real Omnichannel potential in this category.

**Channel of Discovery 2- Offline Medium** – These include physical stores of vertical specialists and brands. Consumers could explore the brands in stores and make a purchase, or they could reach the online medium post their offline visit, and explore further, and complete the final purchase post exploring various channels as explained above.

**Channel of Discovery 3- ATL/BTL Mediums** – These include means like TV Ads, Newspaper, Events, Out Of Home (OOH) etc. The consumer could discover the model/ brand through these mediums, and then go through the Omnichannel product exploration and purchase, as explained above.

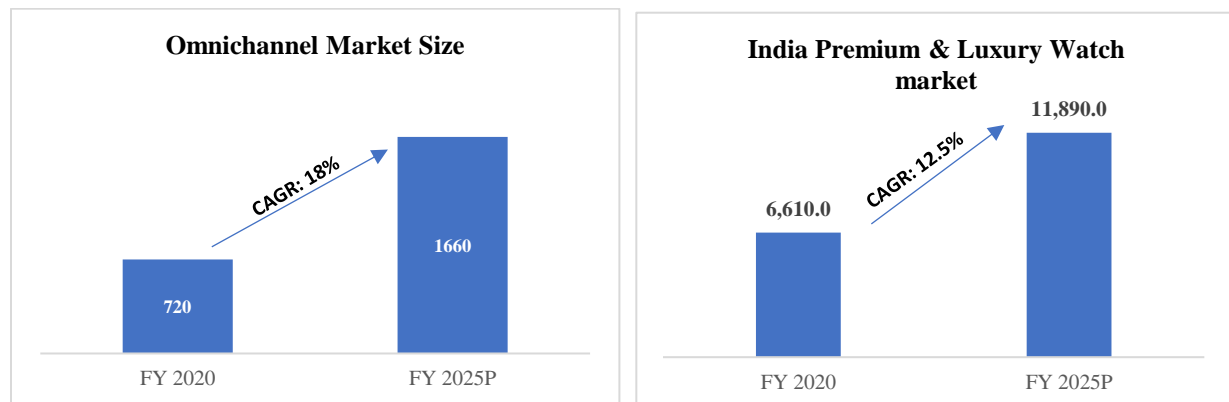
All the above means of discovery further take the consumers on their Omnichannel journey interacting with the brand at different levels on different mediums.

### Omnichannel Size for Premium & Luxury Watches in India

The Omnichannel market in India for Premium & Luxury Watches came into existence over the recent years. Before this, there was separate existence of Offline and Online channels- i.e marketplaces for premium watches serving as the online channel; and Vertical specialist MBOs, General MBOs and Brand EBOs serving as the offline channels for Premium & Luxury watches. With the launch of Vertical specialist websites for Ethos and other players, this market transformed to an Omnichannel shape. These websites merged both channels offering an Omnichannel experience to the consumers, with exploration and purchase often happening through a mix of both channels with voice and data enabled support and guidance to the consumers.

Omnichannel market for Premium & Luxury watches was valued at INR 720 Cr for FY 2020, which is almost 11% of the Premium & Luxury market size. This market is growing at a CAGR of 18%, and is expected to reach INR 1660 Cr by FY 2025, as the Vertical specialists place more importance to being consumer-centric, while assisting & engaging with consumers throughout the purchase journey.

*Exhibit 64: Market size for Omnichannel Premium & Luxury Watch market- FY 2020 & FY 2025P (in INR Cr)*



Source: Technopak Analysis

Ethos is the market leader in Luxury watch segment in India, and it also leads the Luxury Omnichannel market in India, with wide omnichannel presence and focus. In FY 2020, 36% of Ethos’s revenue came from digitally enabled sales. Other key players who follow omnichannel retail are Kapoor Watch Co, Johnson Watch Co, Zimson, Kamal Watch, Helios etc.

### Digital Presence of Vertical Specialists

Digital integration of online and offline channels, and social media presence are important contributors to success of Omnichannel initiatives by players. Ethos is the only Indian Luxury watch retailer offering loyalty program for its customers. This is one of the key reasons that more than 35% of business of Ethos comes from repeat customers. Social media is an important marketing tool used by vertical specialists. Ethos has the highest reach on social media platforms such as Instagram and Twitter with 1,64,000 followers on Instagram. It is also ranked 8<sup>th</sup> in website ranking (in category – Jewellery and Luxury products) in India- which is highest among the Premium & Luxury Watch vertical specialists in India. Global luxury watch brands also engage through social media for marketing. Watches of Switzerland is one of the key brands offering Loyalty program for its customers and has the highest number of likes on its official Facebook page. Among other key brands, Hodinkee has the highest number of followers on Instagram and Twitter.

*Exhibit 65: Comparison of Vertical Specialists on Digital Presence & Loyalty Program – Global and Indian*

Retailers	Global/ Indian Retailer	Loyalty Program	Number of Instagram Followers	Number of Likes on Facebook Page	Number of Twitter Followers	Website Ranking in India*
Hodinkee	Global	No	1,94,000	1,91,086	70,400	-
Ethos	Indian	Yes	1,64,000	1,57,655	4,935	8 <sup>th</sup>
Bucherer	Global	No	1,22,000	74,939	9,622	-
The Hourglass	Global	No	57,300	64,469	-	-
Watches of Switzerland	Global	Yes	53,200	1,95,555	5,620	-
Kapoor Watch Co	Indian	No	44,200	1,04,355	641	75 <sup>th</sup>
Helios	Indian	No	33,600	1,40,724	-	27 <sup>th</sup>
Johnson Watch Co	Indian	No	22,800	1,96,306	-	-
Zimson	Indian	No	9,400	21,802	337	-
Kamal Watch Co	Indian	No	8,000	35,610	-	-

*Source: Technopak Analysis, Data as on 20-12.2021 . Retailer put in order of Instagram followers- High to Low.*

*Note\*: includes all Jewellery and Luxury product websites*

### **Global Omnichannel market for Premium & Luxury Watches**

The digitally enabled market for Premium & Luxury watches is estimated to be 15-20% of the Overall Premium & Luxury watch market globally. Post Covid, luxury brands which were majorly offline, have also expanded their online operations. This market is expected to witness growth in the coming years as consumers and retailers alike adopt omnichannel approach to buying and selling respectively.

### **Key Players in Global Omnichannel Premium & Luxury Watch Retail:**

**Bucherer-** It is one of the leading Luxury watch retailers globally, with Omnichannel presence. It has 35 Vertical Specialist MBOs across 6 European countries (UK, France, Switzerland, Germany, Austria, Denmark) and 1 recently opened in Manhattan, USA. Bucherer acquired the leading American watch retailer Tourneau in 2018, and is in the process of rebranding Tourneau stores as Bucherer across USA. It houses its 32 luxury brands including its own brand ‘Carl F. Bucherer’ and other key luxury brands like Rolex, Vacheron Constantin, Ulysse Nardin etc. The retailer also has significant presence in the luxury Certified Pre-Owned (CPO) market. Its website allows consumers to explore brands & models, reach the customer support team for details on shortlisted models or other queries, assistance in placing orders, live chat etc. It also provides options like ‘booking store appointment’, ‘click & collect’ for customers preferring to pick up the watch at the nearest store.

**Watches of Switzerland-** It has Omnichannel presence with more than 160 MBOs across UK and USA, with plans to expand further in EU. It prioritises Omnichannel mediums through its customer centric approaches, like building merchandising on customer-centric analytics, based on showroom profiling, productivity, trend analysis, season change etc. Its website offers live video calling/ live chat and voice assistance to customers. It uses targeted marketing like Promotional events, Direct mails etc to engage with its customers by using CRM tools, and through its print & online magazine Calibre. It also focusses on its social media presence across channels like Instagram, Youtube etc. Use of AI and Machine learning technologies has been adopted for better customer service and for SEO. In 2018,

Watches of Switzerland also entered the pre-owned Luxury watch business by partnering with Analog Shift, which they acquired in 2020.

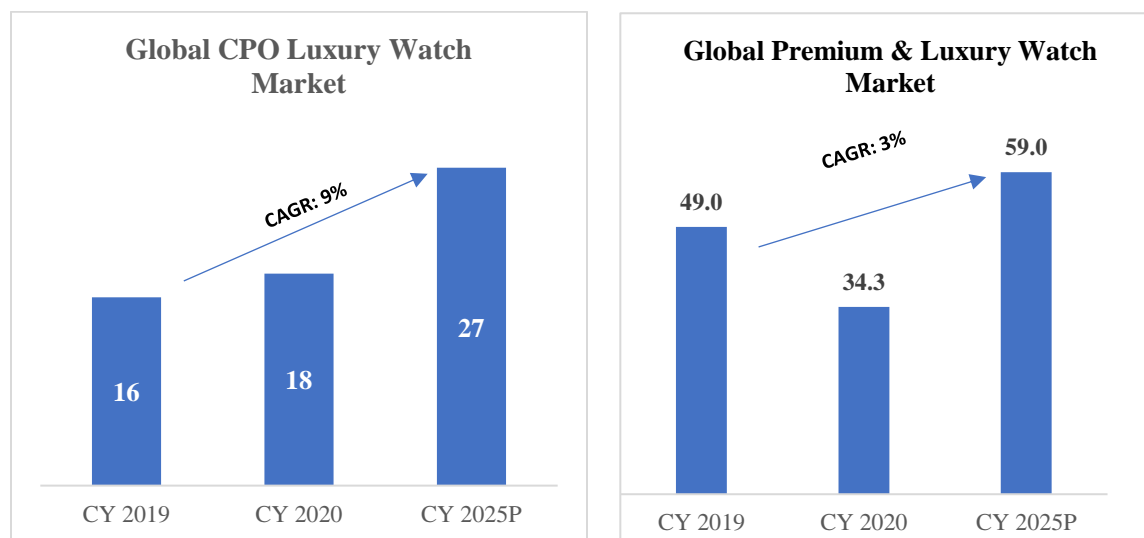
**The Hourglass-** With more than 45 luxury brands, and physical presence across regions of Singapore, Malaysia, Thailand, Hongkong, Japan, Vietnam, Australia, New Zealand, with 54 stores, The Hourglass is among the leading Luxury watch retailers with an Omnichannel approach. It focusses on customer experience through approaches like Consult a Specialist and Viewing Room. The latter gives detailed insights to consumers on history & legacy of various luxury watch brands, Curators chats etc. The website offers sale and sales assistance support to complete purchase through a mix of Omnichannel touchpoints.

### **Section 5: Assessment for Certified Pre Owned Business for Luxury Watches in India**

#### **Global Certified Pre-Owned Luxury Watch Market**

The Global Certified Pre-Owned (CPO) Luxury Watch market was valued at USD 18 Bn. in CY 2020. It is expected to grow at a CAGR of 9% from CY 2019 to CY 2025, creating an opportunity for brands and retailers to take proactive steps to shape demand. It is expected that, by CY 2025, the Global CPO Watch market would reach a value of USD 27 Bn. The adoption of second-hand Luxury watch market is emerging as one the key reasons for the growth and acceptance of Luxury watches globally.

*Exhibit 66: Size of Global Certified Pre-Owned Luxury Watch Market & Overall Global Premium & Luxury watch market (in USD Bn.)*



*Source: Technopak Analysis. Note- CPO market is a complimentary market, over and above the Global Market for Premium & Luxury Watches.*

*CAGR shown from CY 2019 to CY 2025 as CY 2020 was a Covid impacted year. Moreover, global premium & luxury watch market was severely impacted by Covid in CY 2020, while global CPO luxury market saw a growth in CY 2020.*

The Global CPO market, which is a complimentary market, over and above the Overall global market for Premium & Luxury watches, was almost 33% the size of the Overall Premium and Luxury watch market globally in CY 2020, and its size is expected to be 46% of the Overall Market in CY 2025.

#### **Key players in Global Certified Pre-Owned market**

**WatchBox:** WatchBox is one of the world’s leading platforms for the buying, selling & trading of Pre-Owned luxury watches. Their Pre-Owned watches are evaluated and brought to manufacturer operating standards before setting up for sale. With quality inspections of each watch, they provide Authenticity guarantee to customers. They have their exclusive showrooms in UAE, Switzerland, Singapore, Hong Kong and USA, and are planning to expand their

presence in USA by opening stores in New York City and Miami.

**The RealReal:** The RealReal is one of the world’s largest online marketplaces for CPO luxury watches. It offers a wide selection of authenticated, primarily pre-owned luxury goods on the online marketplace, with a collection of prominent brands like as Cartier, Rolex, Patek Phillippe, Omega etc. The marketplace has over 24 million customers listed with them. Apart from an online marketplace, they also have 18 retail outlets in key cities in the United States.

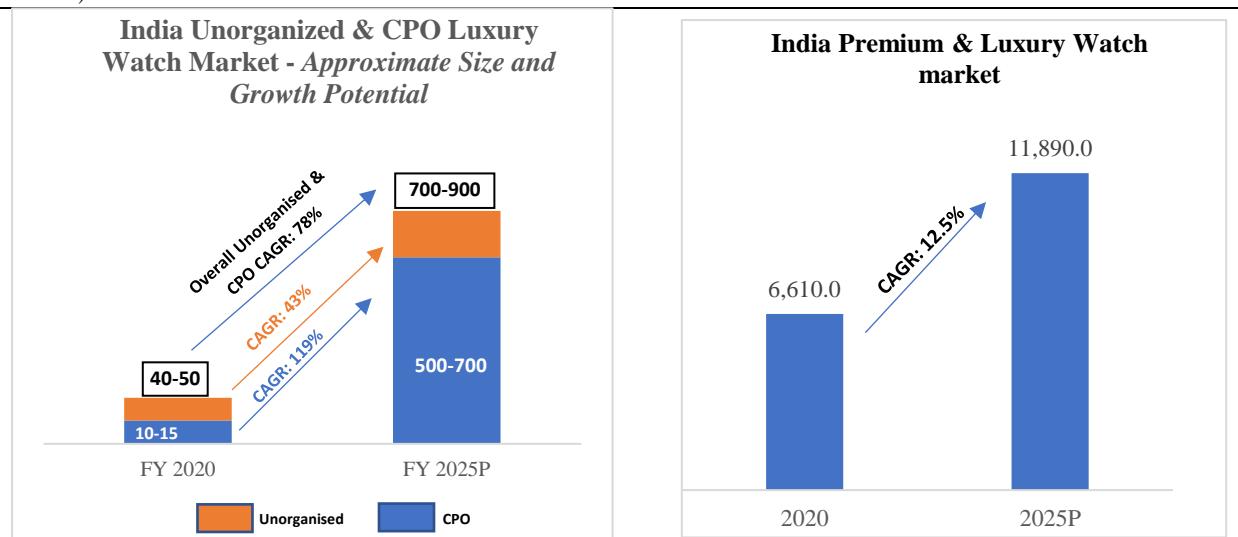
**Watchfinder:** It deals exclusively with Preowned watches. It offers services like Buying, Selling and Exchange on pre-owned watches. It also offers Free home watch pickup and additional 24 months warranty apart from remaining manufacturer warranty of watches. Lists luxury brands like Rolex, Breitling, IWC, Tudor etc.

**Chronext:** Founded in 2013, Chronext aims to create a premier digital platform by combining the ease of digital and the quality of service of a physical store. Chronext claims to have served over 120,000 customers and have a ~30% repeat purchase within 36 months. By having an international presence, they have shipped to 62 countries in 2020. Chronext offers a seamless customer experience at scale across multiple devices as well as through 11 exclusive lounges present globally. Guaranteed authenticity, Wide selection of over 7,000 watches, Personal assistance, Personal collection and Free worldwide shipping with a 14-day return policy are some of the key propositions of Chronext.

**Certified Pre-Owned Luxury Watch Market in India**

The overall luxury Preowned market was valued at approximately INR 40-50 Cr in FY 2020, which was largely dominated by the unorganised sector contributing almost 80% of the market. The organised sector offering Certification on Pre-owned luxury watches i.e the CPO Luxury Watch market is at a nascent stage in India and was valued at approximately INR 10-15 Cr in FY 2020. In comparison, the overall premium & luxury watch market in India was valued at INR 6610 Cr in FY 2020, making the Indian CPO market, which is a complimentary market, over and above the Overall Indian market for Premium & Luxury watches, to be around 0.2% of the Overall Premium & Luxury watch market. In comparison, the global CPO luxury market was approximately 33% of its Overall premium & luxury watch market in CY 2019. Hence, the CPO share in India is currently miniscule, and dominated by CPO Business of Ethos. This market, however, presents an opportunity to grow significantly from the current base, in line with global trends.

*Exhibit 67: Size of CPO Luxury watch market in India and Overall Premium & Luxury watch market in India (in INR Cr)*



Source: Technopak Analysis

Digital enablement, Omnichannel trade, trends favoring sustainability and entry of vertical specialists in this segment will be the key growth drivers of CPO market. Ethos, being a pan-India player in Luxury watch segment, with experience & trust associated with its brand, is expected to drive the CPO market in India with its CPO business.

### **Key success factors needed for business growth of Certified Pre-Owned products in India**

**Digital innovation:** Rise in Ecommerce and marketplaces for various luxury products & increased acceptance of online transactions will pave way for growth of the CPO watch market in India. Consumers are trying out digital technology to buy and sell goods on trustworthy online channels, and this has increased the consumers acceptance of CPO products. With advancements in technology, marketplaces can now have a visual check of the product a seller is trying to sell without the need for physical presence. Buyers can also use websites of key players for price discovery and product ranges. Inclusion of AI enabled chatbot has also allowed personalized assistance for buyers. With further inclusion of digital technology, the trading in luxury watches is expected to increase in years to come.

**Trend towards Sustainability:** Preowned business supports sustainability. With rising activism and appreciation for sustainable existence, recycling and upcycling are becoming important trends across retailing. Consumers across age groups, driven by Gen X & millennials now appreciate preowned, recycle & reuse as key trends to support the circular economy. This is leading to increase in CPO business across categories, including Luxury watches. Preowned watches are gaining traction in global & Indian economy and are expected to drive luxury watch industry overall.

**Availability of well-known brands at affordable prices:** Consumers in the aspiration class are now able to get previously unaffordable brands of their aspiration at a price that could be 30% or more lower than the price of a similar new watch. The fact that this is offered by the organised CPO players with warranties and quality certification makes it a dependable and risk-free purchase, making many consumers opt for this option.

**Luxury watches are emerging as a Collectible:** Luxury watches are emerging as a collectible class of goods, similar to art, stamps, coins etc. Collectors are often not able to get new watches owing to limited production compared to higher demand. Same could be true for limited edition watches too. Such consumers turn to the CPO market to buy the preowned versions of the required watch, often even paying higher price than the original price to be able to get the watch for their collection.

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*Exhibit 68: Luxury CPO Players in various Categories*

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<b>Brand</b>	<b>Category</b>	<b>Investor Funding</b>
Poshmark	Fashion, Accessories and Apparels	Total funding of USD 153 Mn in 7 Funding rounds including investors such as Menlo Ventures, Temasek Holdings, etc.
Cars24	Automobiles	Total Funding of USD 1.3 Bn in 11 Funding rounds from key investors such as Alibaba Group Tencent, Softbank Vison Fund, Exor Seeds, etc.
Watchbox	Watches	Raised USD 165 Mn. In November 2021 from investors such as The Radcliff companies, Spurce House partnership, CMIA Capital partners, etc.
Chrono24	Watches	Chrono24 has raised a total of ~USD 205 Mn. In 6 funding rounds from investors such as General Atlantic, Sprints Capitals & Insight Partners.
Watchfinder.co	Watches	Raised USD 10 Mn. In one funding round from its



Brand	Category	Investor Funding
		lead investor Piton Capital.

Source: Technopak Analysis

**Entry of Vertical Specialists in Certified Pre-owned Watches:** With an increasing demand of luxury products, Vertical Specialists MBOS in watches have started focusing on CPO luxury market as an additional segment. Lower prices compared to new luxury watches, price depreciation of a watch, and obtaining vintage timepieces, along with sustainable luxury focus are some of the reasons for which consumers buy pre-owned watches. Vertical specialists which have already created a trustworthy place in the luxury watch market, are in a better position of using these consumer trends to their advantage, and at the same time provide consumers with the comfort and trust factor that is much needed while purchasing a second-hand luxury watch. With decades of experience and an active customer base trusting luxury brands and vertical specialists, the market and availability of CPO Watches in India is expected to increase in the next 5 years. For e.g., Ethos, India's largest retailer in Luxury Watches has entered the Pre-Owned Luxury watch market by launching its CPO business -- a marketplace for buying and selling of Pre-Owned Luxury watches in India. By capitalizing on its existing business experience in Luxury watches, CPO business arm of Ethos - has paved way for the growth of CPO luxury watch market in India. Vertical specialists also provide a Certificate of Authenticity for their pre-owned watches which induces a sense of trust among the customer and help reducing the sale of counterfeit products. Some Vertical specialists also refurbish and offer warranty their pre-owned watches using original/OEM manufactured spare parts. They also offer expert watch consultancy to provide a fair resale value for luxury watches.

#### **Pre-Owned Watches Supporting the Growth of Overall Luxury Watches**

Preowned watches support the growth of overall market for luxury watches as below:

- **Provides an Entry point for the aspirational consumer segment:** While, luxury Watches are primarily owned by UHNI, HNI and Sec A++ consumers, they are an aspirational product class for many. Pre-owned market for luxury watches (and its growth) expands the total addressable opportunity to cater to the aspirational consumer segment. Pre-owned market acts both as a destination for the first-time purchase of luxury watches by the aspirational segment and as an induction of the aspiration segment into the luxury watch segment. Though pre-owned watches are available on multiple C2C (consumer-to-consumer) marketplaces such as Olx and eBay and other informal routes, the inability of such platform to underwrite risks association with spurious trade, fair value and quality of merchandise makes them vulnerable. Authentic marketplaces that are backed or promoted by vertical specialists' luxury watch retailers (defined as organized pre-owned market for premium and luxury watches) addresses this need gap, builds trust and wider acceptance among the aspirational segment.
- **Enables discovery of fair value:** Organized pre-owned watch retail enables the discovery of fair value of the watches and that creates a strong support in favor of the formalization of the trade. It dissuades informal and grey market trade and creates awareness among consumers about price points in a transparent manner.
- **Develop the market for collectibles:** Luxury watches are both bought for instant gratification and for their collectible / vintage value. The growth of organized pre-owned market for luxury watches helps to unlock the collectible market thereby increasing both the vibrancy of the market and the addressable market opportunity. Organized pre-owned market builds confidence among consumers to trade their collectibles for other collectibles. It creates incentive for the consumers to un-lock their dormant watch collections for churn and upgrades.

## Certified Pre Owned: **Emerging as an Asset Class**

Watches were traditionally seen as status symbols and have always been an essential part of the luxury goods segment as they communicate class and taste. The value of Luxury Watches is expected to depreciate as soon as the customer leaves the store. However, the value of some watches appreciates over time due to factors such as limited availability, limited edition option, rarity, increase in demand due to demand from collectors, etc.

Organized Certified Pre-Owned watches provides a channel of sale of such Vintage and Collectible watches. This proves to be a suitable environment for trade of Luxury and High-Luxury watches and can be thus considered to be an investment. Vintage Watches are also considered as an emotional investment and are often kept as a family heirloom, passing down from one generation to other.

### **Section 6: Market Structure of select other Luxury Products**

#### **Market Size of Luxury Goods (Writing instruments, Beauty, Apparel & Footwear etc.)**

Covid 19 had a major impact on the overall Luxury Goods Market in India. All the luxury goods categories witnessed decline during FY21 owing to the impact of Covid-19. However, in the following 4-year period all the categories are expected to grow.

Luxury writing instruments was valued at ~INR 396 crores in FY 2021 and is expected to reach ~INR 549 crores by FY 2025, growing at a CAGR of 8.4%. Luxury beauty market was valued at ~INR 1,946 crores in FY2021 and is expected to reach ~INR 2,647 crores by FY 2025, growing at a CAGR of 2.4%. Luxury luggage & bags market witnessed decline and was estimated at ~INR 108 crores in FY 2021 and is expected to grow to ~INR 223 crores by FY 2025, growing at a CAGR of 19.6%.

Luxury apparel & footwear market was estimated at ~INR 3,735 crores in FY 2021 and is expected to reach ~INR 5,080 by FY 2025, growing at a CAGR of 7.9%.

*Exhibit 73: Market Size of (Writing instruments, Cosmetics, Footwear & Apparel, etc.) (In INR Crores)*

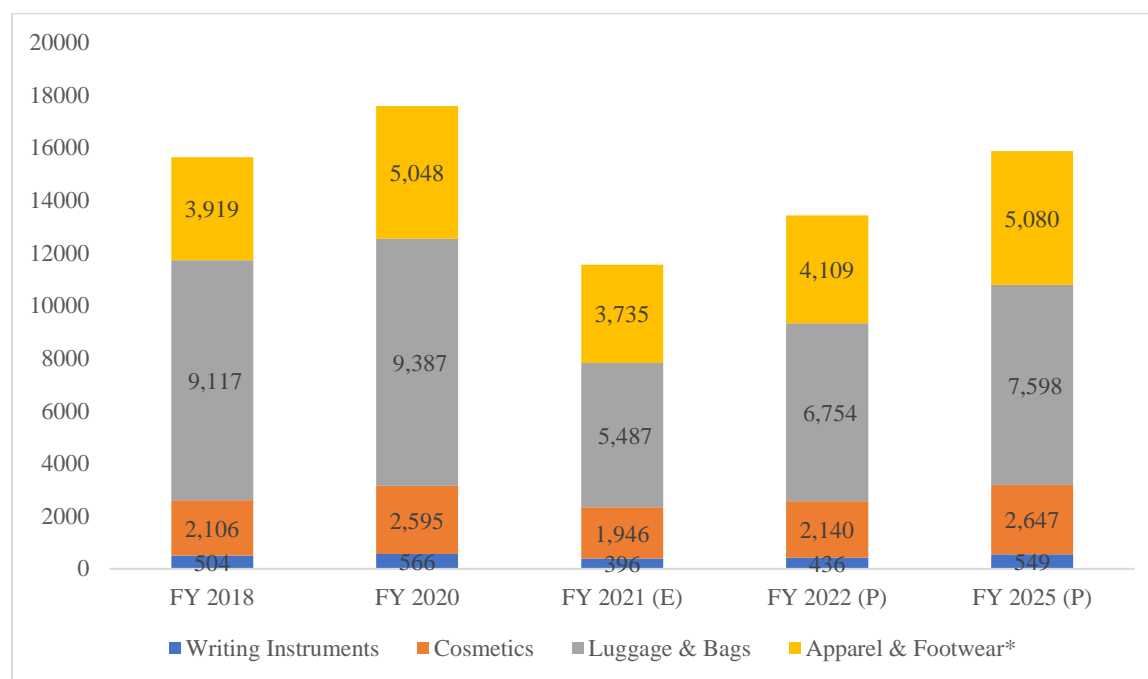
	Luxury Goods	FY 2018	FY 2020	FY 2021	FY 2022 (E)	FY 2025 (P)	CAGR - FY21-25
Hard Luxury	Writing Instruments	504	566	396	436	549	8.4%
	Cosmetics	2,106	2,595	1,946	2,140	2,647	2.4%
	Luggage & Bags	9,117	9,387	5,487	6,754	7,598	8.5%
Soft Luxury	Apparel & Footwear*	3,919	5,048	3,735	4,109	5,080	7.9%

\* Includes bridge to luxury, luxury

\*\*Include designer wear brands, couture brands and international brands in the luxury and high luxury segment

Categories like Writing Instruments, Beauty and Luggage & Bags in the hard luxury market and apparel and footwear in the soft luxury market form an immediate adjacency for luxury watch segment. Therefore, these categories become a natural extension opportunity for luxury watch vertical specialists.

Exhibit 74: Market size of key categories in Hard and Soft Luxury (in INR Cr.)



Source: Technopak Analysis

**Leading Global Brands in Hard Luxury categories**

Exhibit 75: Leading Global Brands in Hard & Soft Luxury

International Brands	Hard Luxury				Soft Luxury	
	Writing Instruments	Luggage / Bags	Cosmetics	Watches	Apparel	Footwear
Montblanc	✓	✓	-	✓	✓	✓
Louis Vuitton	✓	✓	-	✓	✓	✓
Tumi	-	✓	-	-	-	-
Armani	-	✓	-	✓	✓	✓
Hugo Boss	-	✓	✓	✓	✓	✓
Dior	✓	✓	✓	✓	✓	✓
Gucci	✓	✓	✓	✓	✓	✓
Rimowa	-	✓	-	-	-	-

Rado	-	-	-	✓	-	-
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Sources: Leading brands defined as per Brand directory ([brandirectory](#))

#### Exhibit 76: Key Global Brands in Hard & Soft Luxury Present in India

Brand Name	Segments present				Online Retail		Offline Retail	
	Writing Instruments	Luggage / Bags	Cosmetics	Apparel & Footwear	Online website of Vertical Specialist	Luxury market Places	MBOs	EBO's
Montblanc	✓	✓	-	-	✓	✓	✓	✓
Louis Vuitton	✓	✓	-	✓	✓	-	✓	✓
Tumi	-	✓	-	-	✓	✓	✓	✓
Armani Exchange	-	✓	-	✓	✓	✓	✓	✓
Hugo Boss	-	✓	✓	✓	✓	✓	✓	✓
Canali	-	✓	✓	✓	✓	✓	✓	✓
Dior	✓	✓	✓	✓	✓	✓	✓	✓
Gucci	✓	✓	✓	✓	✓	-	✓	✓
Lapis bard	✓	✓	-	-	✓	✓	-	-
Rimowa	-	✓	-	-	✓	-	-	-

Sources: Secondary research, Brand reference or listing of brands from the luxury market places like Ajio Luxe, Tatacliq Lux, etc. Luggage - Luggage / Bags & Backpacks / Wallets, Accessories, etc.

#### Key Partnerships in Luxury Segment in India

Hard luxury brands which like Tumi, Hugo Boss, Louis Vuitton, Canali, etc. are present in India in partnership with Genesis Reliance Brands.

Brands in luxury luggage and travel accessories segment like Piquadro and Bric's have partnered with Helvetica group for Pan-India distribution through the retail stores of Helvetica located at domestic & international airports and in luxury & premium malls.

German luxury luggage brand Rimowa which is under the brand portfolio of LVMH (since 2017) has signed up a franchise contract with Ethos limited, for opening of the first store in Mumbai, Maharashtra.

Like watches, luxury writing instrument category has seen the growth of vertical specialist MBOs like William Penn company which is the authorized retailer of a number of writing instruments brands which is present in both online & offline channels with 40+ luxury brands. WPC acquired the UK brand 'Lapis Bard and launched their range of leather

bags & writing instruments in the Indian market. Luxury writing instrument brand Sheaffer's & Caran d'Ache also have an exclusive tied-up with William Penn to be their exclusive distributor in India.

### **International Luxury branded Jewellery as a Potential adjacent category**

International luxury branded jewellery has the potential to emerge as a key adjacent growth category for Watch retailers, along with other hard luxury categories. Indian jewellery market has seen the domination of unorganized sector and few organized players like Tata Group (Tanishq), Reliance Group (Reliance Jewels) etc.

International branded luxury jewellery has an untapped market potential in India which brands and retailers are now realizing and looking to tap into. International Luxury jewellery brand Tiffany & Co entered the Indian market in January 2020, along with a partnership with Reliance group, by launching its flagship store in New Delhi's luxury mall The Chanakya. It later expanded its operations through its own brand website for e-commerce in October 2021. Cartier also retails its jewellery through its exclusive stores along with other categories like Watches, Eyewear, Leather goods, Fragrances etc. Same holds true for other luxury jewellery brands like Hermes, Chopard, BVLGARI etc.

Pre-owned Luxury jewellery also sells through certified pre-owned retailers like Luxeopolis and The Luxury Closet which hold brands like Dior, Chopard, Chaumet, Fendi etc.

Rise in demand for diamond and platinum jewellery will also drive this market, along with other factors like rising discretionary spending and demand for luxury products.

Currently, this market holds a potential for Vertical specialists dealing in Watches as a primary category.

E.g. The Watches of Switzerland group is global retailer of luxury watches with partnership with brands like Rolex, Patek, Philippe, Audemars Piguet, Cartier, Omega, Tag Heuer, Breitling and Tudor. The group has a leading market position in UK market and has established its presence in USA too. It has 148 stores as of May 2021 with an annual revenue of USD 1221 million out of which 67% came from the UK market and the rest came from US market.

The brand, primarily positioned as a Luxury watch retailer, is now a key player in the adjacent category of Luxury Jewellery. As of FY 2021, 87% of its revenue came from Luxury watches, ~7% from Luxury Jewellery, and ~6% from 'Others' including Fashion and classic watches and jewellery, sale of gifts, servicing, repairs and insurance. The group has partnered with Luxury Jewellery brands like Messika, Gucci, Bvlgari, Mikimoto, Chopard, Roberto Coin, FOPE etc. and has established itself as the largest jewellery retail firm in the UK.

### **Key factors that have enabled or inhibited growth of Hard Luxury goods in India**

#### **➤ Key Enablers**

- **Digital Transformation** – Post Covid Hard Luxury Goods players have amplified their digital adoption journey more rapidly than they were doing so in the past. Covid disruption prompted these players to take note of limitations of consumers' visit to retail store both for social distancing norms and for suspended operating hours for offline retail. In this context, players have accelerated adoption of multiple technologies including Augmented Reality (AR) / Virtual Reality (VR), Artificial Intelligence (AI), data analytics, tools like 360-degree experience, virtual try-ons, and other such digital tools in India. This enablement allowed luxury retail to reach closer to consumers through digital mediums while mitigating challenges posed by Covid induced restrictions. Going forward such digital adoptions are expected to create a new normal with consumer expectations getting calibrated towards such enablement and players harnessing gains through them.
- **Growth of E-commerce** – The store-based retailing continues to dominate the hard luxury goods market in India. However, e-commerce gained share in the retail market post pandemic as more luxury brands offered their product range online and with growing penetration of internet, the online retail of luxury personal goods almost doubled during the pandemic as the customers were reluctant

to visit the offline stores due to safety reasons. More and more luxury brands focused on the e-commerce retail channel as this has also been an important step to reach the customers located in Tier-1, 2 & 3 in which there has been limited access to luxury brands through store-based retailing. This online channel has not only supported the luxury brands but also the customers now have access to all the products under one umbrella. Brands like Swarovski invested in their website to enter the online space, while concurrently entering into an agreement with online platforms like TataCliq Luxury and Myntra. William Penn followed a similar approach to reach their customers through the online medium.

#### ➤ **Inhibitors**

- **Real Estate** – The luxury segment in India continues to experience a high growth rate. However, cost, and limited availability of premium real estate has always remained a challenge for many luxury brands. To overcome this luxury brands have invested in exclusive stores in luxury malls or hotels under the partnership or joint venture with a local partner. Covid-19 also impacted the real estate sector leaving the luxury brands under the heavy financial burden and many brands had to close their physical stores.
- **Covid-19** – The sales of luxury goods witnessed steep contraction during the pandemic worldwide, with governments imposing nation-wide lockdown. Post-Covid many consumers were reluctant to return to the store and economic impact led the customers to postpone purchases. Also, events like Weddings that are a big driver for purchase of aspirational merchandise remained suspended, adversely impacting sales of luxury goods like footwear, apparel, watches, jewellery, and other goods.

#### **Key retailing models in India**

- **Multi Brand Outlets /Vertical Specialist and Exclusive Brand Outlets**

Multi brand outlets are one of the most prevalent retail formats in the Indian luxury industry. An MBO houses multiple luxury brands, Indian as well as international, under one roof. The target audience for an MBO are consumers who appreciate a wide assortment of brands and products to choose from. First-time buyers also prefer to buy from multi brand stores as they can compare different brands.

While the MBOs/Vertical specialists in luxury industry in India were largely started as family owned and operated business, they have also moved to being a professional set up. Family owned and operated business have largely been regional barring a few exceptions. Having been in the business for many years they have established a firm goodwill and enjoy a loyal set of customers. One of the USPs of such MBOs is personalized selling. The owner or a family member is directly involved in most of the transactions and often offer discounts to the customers. Examples of some of these MBOs are Johnson Watch Company (National Capital Territory of Delhi), Kapoor Watch Company (National Capital Territory of Delhi) and Kamal Watch Company (Hyderabad, Telangana), Iconic India (Jaipur, Rajasthan) etc.

Many corporates have also started their own chain of multi-brand outlets. The stores are either owned & operated by the company or are franchised. Few examples of MBOs in India are The Collective, Sephora & Stride (Arvind Fashion), White Crow (Reliance Brand), World of Titan, The Time Factory, Just in Vogue, Bezel, Zimsons, Ethos Ltd., Helios, Helvetica, etc.

- **Exclusive Brand Outlets**

Exclusive or mono brand outlets are retail stores that house the entire product range or all sub-brands of a single brand. The target audience for EBOs is the astute buyer who is well travelled, aware and conscious about the brand he wears. Few examples of EBOs in the Indian luxury industry are Armani, Swarovski,

Michal Kors, Louis Vuitton, Parcos, Montblanc, Hugo Boss, etc. These outlets are situated at high streets or in premium and luxury malls.

For single brand retail – 100% foreign direct investment (FDI) is allowed. However, if the foreign investment exceeds 51%, then sourcing 30% of the value of goods procured is mandatory from India.

- **Luxury E-commerce & Online Market Places**

Online Marketplaces like Tata Cliq Luxury, Ajio Luxe, Nykaa Fashion Luxe, etc. have become one of the key online retail channels for luxury goods, offering a range of brands to the discerning customers. Selling online gives an advantage to widen the reach of a brand and gives economic benefits of not having a store on high street or in a luxury mall. E-commerce retailers are adopting an approach to connect authorized boutiques across the globe with Indian consumers. The consumers are secure about the authenticity of the products of brands like Burberry, Fendi, Coach, Michael Kors, etc. Multiple vertical specialist such as via Helvetica, William Penn, Ethos, etc. also list their products of brands like MontBlanc, Bric's, Piquadro, etc on online marketplaces such as Tatacliq Luxury.

- **Large Format stores**

Globally, Large format stores such as department stores are a key channel for luxury goods brands. These format aggregate demand and create right retail experience that otherwise becomes expensive for an individual brand to create through exclusive brand outlets, particularly in markets like India where demand for luxury goods remain dispersed. Large Format Stores (LFS) are generally considered as category agnostics and offer multiple product categories under the same roof. There are very few such formats (White Crow, The Collective) in India but wherever they exist, their offering of such a luxury range / product mix become a key proposition.

- **Road Ahead**

Luxury retail in India is relatively smaller compared to global averages (in terms of its share in the overall sales etc.). For instance, India's luxury watch market is 24% of the overall watch market for FY 2020. In comparison, Singapore's luxury watch market is almost 47% of its overall watch market, and global luxury watch market is 59% of the overall global watch market. India's luxury watch market is expected to be 27% of the overall market by FY 2025. India's overall luxury watch market for all categories will remain a niche segment compared to the overall market structure. However, within this niche space, luxury market segment offers high growth opportunities for many product categories for different consumer segments. Consumer segments like hobbyists or those who buy Indian Jewellery may seek similar propositions in categories like Watches and Writing Instruments. Professionals and travellers with disposable income may seek affinity with luggage & travel gear. Enabled by the possibility for an Omni Channel route to market, such demand pockets that currently are latent and / or remain dispersed show potential to get unlocked going forward.

Going forward, luxury brands will continue with mono brand boutique route, which will help them in improving the entire retailing experience and getting first-hand feedback from the Indian consumer and market as they offer multiple varieties and SKUs available of the same brand, targeting the brand conscious consumer segment. Concurrently, Vertical brand MBOs and aggregators who can offer ability to retail luxury will grow as principal route to market for luxury retail in India as these MBOs offer multiple brand options but have limited SKUs in each brand.

## **Impact of Taxes, Real estate, and other Operational Challenges**

### ***Tax Impact***

According to the current government policies, providing a tax identification number is now mandatory for transactions above INR 2,00,000 (approximately USD 3,800). Also, the government's move to reduce cash transactions for high-

value purchases has had an impact on luxury-brand sales, as customers find it intrusive to have to divulge transaction details to the government.

However, brands have welcomed this move as it will reduce cash transactions and curb black money.

The Goods and Services Tax introduction brought in greater transparency in the premium and luxury watch market by enforcing tax compliance. It favours organized players that can manage prescribed processes.

The high import duty on luxury imports in India is in sharp contrast to the rates in other Asian countries. Many brands argue that India is losing business as a result.

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*Exhibit 77: Duty on Luxury categories*

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Segment/Category	Total Duty
Watches	40.8%
Jewellery	18.45%
Beauty	29.8%
Luggage & Bags	40.8%
Writing Instruments	23.2%
Footwear	29.8%
Apparel	15.5%

*Note: Total Duty includes (Basic custom duty, Integrated goods & services tax, Compensation cess, Specific duty, Preferential duty)*

### ***Real-estate***

The lack of quality of retail space has proven to be a key challenge for the growth of luxury market in India. Earlier, luxury retail was limited to few airports shopping centres or five-star hotels. The limited availability of upscale malls and high streets has also been the reason for cautious approach of luxury brands. Few luxury malls opened but have been limited to top few cities. Not all of these can provide the ambience which luxury brands consider essential to maintaining brand quality. When planning to open stores in Tier 2 and Tier 3 cities, hard luxury brands prefer small and medium-sized retail outlets over malls, favouring the quality of the space over the volume. However, these small and medium-sized retail outlets lack the ability to stand out in mass market places in the Tier 2 and 3 cities.

### ***Regulations***

Indian law allows 51% foreign direct investment (FDI) in multi-brand retail and 100% in mono-brand retail. This means that luxury brands can be directly owned, controlled, and operated in India. However, to protect local industry, a further clause has been added which makes it mandatory that where FDI is above 51%, at least 30% of the value of products sold must be sourced from Indian small industries, village and cottage industries, artisans, and craftsmen. This is onerous for luxury brands, as it may require them not merely to change their business model, but to alter their brand.

The FDI Policy permits FDI without any governmental approvals in entities engaged in the marketplace model of e-commerce where the e-commerce entity simply acts as an information technology platform that connects buyers and sellers. However, FDI is not permitted in inventory-based model where the inventory of goods sold on the portal is owned or controlled by the e-commerce entity. Additionally, the policy places certain restrictions, among others, on market place model such as an entity having equity participation by an e-commerce marketplace entity, or its group



companies will not be permitted to sell its products on the information technology platform run by such marketplace entity and e-commerce marketplace entity will not mandate any seller to sell any product exclusively on its platform only.

### ***Counterfeiting / Fake luxury goods***

The market for fake and counterfeit luxury goods in India across multiple categories was approximately INR 60 billion in 2018 and is one of the major challenges for luxury brands. Brand owners worry that a high number of fakes of a specific brand debases the brand (reducing their selling power) and diverts sales from the genuine market. They often struggle to act against the counterfeit given the complexity and the anonymity of the spurious trade.

Increasing internet access and smartphone penetration have further exacerbated the challenge of counterfeit products. Such online counterfeits are more visible and available than through physical sale. Further, online counterfeiters use collaterals of genuine products to entice consumers into making a purchase.

The government's current investment policy – which permits FDI in the business-to-business e-commerce sector, but not the business-to-consumer (B2C) sector is also encouraging counterfeit trade. Thus, most e-tailers including Amazon, Flipkart, Snapdeal use a marketplace business model, with suppliers storing goods on the e-tailer's behalf, then delivering them once orders have been placed, so as not to fall under the B2C model.

This model depends on e-tailers expanding their supplier base to provide goods at competitive prices. However, supplier due diligence is often more voluntary than compulsory, implying that counterfeit and infringing goods become easily available. Thus, luxury brand owners increasingly allocate budget and resources to run extensive take-down notice programmes and take-to-court actions against such operators.

### **Key Global Trends**

Covid-19 changed how we live and work in ways we hardly imagined at the beginning of 2020. The global crisis has forced millions of individuals to develop new ways of working, learning, and shopping. The pandemic has changed and strengthened consumer's behaviour creating new priorities for all luxury brands. Luxury brands are often the first one to take the hit, but they are also the most resilient industry. The industry has shown signs of recovery and like every year new trends are being witnessed.

1. **Pandemic Support** – Increased in initiative to support local government and communities many large luxury brands quickly stood to address urgent public health needs and requirements. Some of the brands (like Richemont Group and Ralph Lauren) provided financial support to hospitals and not-for-profit associations. Others (like Bvlgari, Armani Group and LVMH) transformed their production sites to help produce hand sanitisers, hospital gowns or face masks. But beyond these immediate reactive initiatives, luxury brands have further adapted their answer to their customers most critical needs by revamping their product mix and service delivery in arrangement with the new normal.
2. **Rise of Casual & Comfort wear in Soft Luxury** - The luxury linens and home brand Parachute launched a limited-edition loungewear collection in September 2020. Danish fashion brand GANNI launched a collection of off-duty pieces and leisurewear made of recycled materials in October 2020. Beauty skincare brand Tata Harper has turned some of their best luxury spa facials into try-it-sized kits to experience at home. Burberry has also added a dedicated home comforts section for gifting.
3. **Direct to consumer enablement & growth** — The digital-native D2Cs brands will continue to actively launch more casual options and everyday luxuries but also adjust their marketing in line with changing

consumer behaviour to suit the new lifestyle and homebody mindset better. The rise of loungewear and the casualisation of luxury fashion were already in trend pre-Covid. However, Covid-19 has triggered the demand for comfort wear to grow significantly. Some of the examples of D2C brands being M.Gemi (Italy), Anine Bing and Away Travel.

4. **Technology adoption to enhance consumer experience** - Virtual Try-on/Home Try-on – Brands like Lancôme, MAC, Chanel, and bare Minerals are now offering virtual try-on feature on their ecommerce site. D2C luxury brands are also proving to be very active when it comes to providing more convenience and facilitating their adoption by new consumers. Luxury footwear brand KOIO launched a home try-on option prominently displayed on their website in response to their store closures during the pandemic. They give customers 30 days to decide to keep their sneakers or return them at no additional cost.
5. **Millennials and Gen Z** - As millennials and Gen Z become the largest segment of luxury buyers, it is necessary for luxury brands to understand how to modify and understand the needs of these young consumers. Millennials and Gen Z are digital natives, and they continuously engage with online content and are expecting highly sophisticated digital experiences. For luxury brands to remain in sync with younger global luxury consumers, they will need to adapt their approach to speaking their language and deliver digital experiences that are superior to what's already available. Brands like Louis Vuitton, Supreme, Chanel, etc. are combining luxury and streetwear with youth-inspired designers, like Rihanna and her new Fenty Maison with Louis Vuitton and Late Virgil Abloh, men's wear design director for Louis Vuitton.

Implication of global trends on Indian market are that there is rise of the first-time online buyers for luxury products (given the physical retailing remained suspended due to pandemic). The online luxury goods market nearly doubled globally and a share of which also came from Indian market.

### **Category Agnostic Aggregators as preferred go to market options for Hard & Soft luxury brands**

Retail industry in India has seen a lot of changes in the past decade. Customers previously had access to brick & mortar stores which were run by independent traders. But malls like Palladium, DLF Promenade have democratized the consumption by mixing stores across price points. Hard luxury brands have recognised India for both its opportunities and challenges. The realisation of most global brands is about necessity to operate in India through a credible retail partner who can undertake and provide the trust and support in the brands on route to market in brick form, undertake online, provide customer support, curation and adjacency. Given the scale of the opportunity it doesn't narrate individual brands to pursue or operate separately. Therefore, the aggregation becomes a compelling proposition of growth for the brands. Consequently, the aggregator model for luxury is expected to increase going forward. This aggregation will be in the form of category agnostic retailers who will use online & offline channel for growth. Reliance Brands looking at Ajio Luxe as an online route and White Crow as an offline route or Tata Cliq which is currently focused on Tata Cliq Luxury providing multiple option currently restricted through online channels. Given their ability to offer the multiple functionalities to the luxury brands they became preferred partners across both hard & soft luxury.

Tiffany has partnered with Reliance Brands Limited, which is India's largest retailer/aggregator of luxury goods and is a subsidiary of Reliance Retail. Tiffany have opened their stores in National Capital Territory of Delhi & Mumbai, Maharashtra. Reliance also acquired control of Genesis that was backed by LVMH group. While most of their luxury brands still sell in dedicated boutiques, Reliance Brand's Ahmedabad,

Gujarat located 'The White Crow' multi-brand large format store provides a retail platform for many luxury brands in India.

Brands like Roberto Cavalli have entered the Indian market in partnership with Infinite luxury group owned by designer Manav Gangwani. Roberto Cavalli offers a product range of apparel, besides accessories such as handbags, shoes, watches, sunglasses, jewellery, and small leather goods. Infinite luxury group also has partnerships with other luxury brands like Missoni, Emilio Pucci and Cavalli Cafe.

Aditya Birla Fashion and Retail Limited (ABFRL) has also partnered with international luxury brands like Ralph Lauren (Polo), Ted baker, Hackett. The group also has a multi-brand format 'The Collective' in the premium and luxury segment that offers multiple brands across apparel, footwear and accessories etc.

### **Vertical specialists expanding as aggregators**

Vertical specialists who have grown to a certain size & scale by the virtue of their market presence have created strong relationships and strong capabilities to undertake luxury in India. These vertical specialists understand Indian retail environment to do online & offline retail and provide platform to multiple brands in a single category with few adjacent categories as well. While in watches, there are vertical specialists like Ethos & Kapoor Watch Company, in writing instruments there are vertical specialists like William Penn.

**Nykaa** - Home grown vertical specialist Nykaa started out as an ecommerce portal curating beauty and wellness products from a wide range of global brands. Nykaa also launched its first offline store in New Delhi and currently has over 84 offline stores across 40 cities in India. In 2015, Nykaa launched its in-house beauty products and expanded to the bath and body care category in 2016. Nykaa has raised a total of USD 110 million in funding from investors such as TVS Capital Funds, TPG Growth, and Lighthouse India among others. Nykaa debuted on the stock market in October 2021 with the market valuation of USD 14 billion. Vertical specialists Nykaa Fashion has strengthened its portfolio with the launch of new vertical Fashion Home. The new vertical also helps Nykaa with their entry into the home furnishings space. Nykaa has already tied-up with domestic and international brands such as Portico, D'décor, Meyer, AA Living, Mason Home, Ellementry, Rosemoor, Décor Remedy, etc.

**William Penn** – William Penn Company is a leading MBO/vertical specialist for luxury writing instruments and accessories in India. They represent 40+ luxury brands and have exclusive tie-ups with brands like Sheaffer, Caran d'Ache, Lamy, and Sailor. William Penn operates through both offline & online channel with 25+ stores spread across Bengaluru, Karnataka; National Capital Territory of Delhi; Mumbai, Maharashtra; Chennai, Tamil Nadu; Kolkata, West Bengal etc. They have also expanded their portfolio with acquisition of Lapis Bard marking its fore through a vertical integration route into men's accessories segment. William Penn retails over 1000+ products across multiple price points in premium and luxury segment.

**Ethos** – Ethos Ltd. is the leading vertical specialist of luxury watches & accessories in India. Ethos is a subsidiary of KDDL (Dials and watch hands making company for global brands) and has omnichannel presence. Ethos presently has 50 stores which generated INR 457.8 crores of revenue as of FY 2020. Ethos represents 60+ premium & luxury watch brands in India with over 5,000+ products. Ethos has partnered with prominent brands like Rolex, Breitling, Seiko, Omega, Tag Heuer, Frederique Constant, Oris, Victorinox, Baume & Mercier, Raymond Weil, etc.

Going forward vertical specialists across categories are also expected to explore adjacency and expand into categories as aggregators, and this has become a compelling option for them to grow. Ethos and other key

vertical specialists like Kapoor Watch, Johnson Watch are also working towards leveraging the adjacency advantage in other luxury product categories like Luggage & Bags, Jewellery, Pens etc.

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## OUR BUSINESS

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2019, 2020 and 2021 and the nine months period ended December 31, 2021, included herein is derived from the Restated Consolidated Summary Statements, included in this Red Herring Prospectus. Unless otherwise indicated or the context otherwise requires, in this section, references to “we” or “us” means Ethos Limited and its Subsidiary, and to “Company” or “our Company” means “Ethos Limited”. For further information relating to various defined terms used in our business operations, see “Definitions and Abbreviations” on page 4.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Industry Report on Premium and Luxury Watch Retail in India” dated April 26, 2022 prepared and issued by Technopak Advisors Private Limited, appointed on October 22, 2021, exclusively commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, financial, operational, industry and other related information derived from the ‘Industry Report on Premium and Luxury Watch Retail in India’ dated April 26, 2022, prepared by ‘Technopak Advisors Private Limited’ available on the following link: <https://www.ethoswatches.com/investors-information> and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see “Risk Factors – Industry information included in this Red Herring Prospectus has been derived from an industry report commissioned and paid for by our Company for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate”. Also see, “Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data” on page 17.*

*We have included various operational and financial performance indicators in this Red Herring Prospectus, some of which may not be derived from our Restated Consolidated Summary Statement. Our fiscal year ends on March 31 of every year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The following information should be read together with, the more detailed financial and other information included in this Red Herring Prospectus, including the information contained in “Risk Factors”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and “Financial Statements” on pages 39, 154, 391 and 292, respectively.*

### Overview

We are India’s one of the largest luxury and premium watch retail player having 13% share of the total retail sales in premium and luxury segment and a share of 20% when seen in exclusively luxury segment in the financial year 2020, (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’ available on the following link: <https://www.ethoswatches.com/investors-information>) delivering a content-led luxury retail experience to our customers through our online and physical presence. In addition to our chain of 50 physical retail stores in 17 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms. We have the sizeable portfolio of premium and luxury watches in India enabling us to retail 50 premium and luxury watch brands like Omega, IWC Schaffhausen, Jaeger LeCoultre, Panerai, Bvlgari, H. Moser & Cie, Rado, Longines, Baume & Mercier, Oris SA, Corum, Carl F. Bucherer, Tissot, Raymond Weil, Louis Moinet and Balmain. We enjoy a healthy market share of 20% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’ available on the following link: <https://www.ethoswatches.com/investors-information>). 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](http://www.ethoswatches.com)” is India’s largest website for premium and luxury watches in terms in number of brands and watches offered (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’ available on the following link: <https://www.ethoswatches.com/investors-information>). In our industry, watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹2.5 lakhs per watch), premium segment (₹0.25 lakhs -1 lakh per watch) and fashion and mass segment (up to ₹0.25 lakhs per watch) (Source: ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26 , 2022, prepared by Technopak

*Advisors Private Limited* available on the following link: <https://www.ethoswatches.com/investors-information>). On our website visitors can research about the latest watch launches, reviews and choose from over 7,000 premium, bridge to luxury, luxury and high luxury watches across 50 brands and as of the calendar year ending December 31, 2021, our website had 21,844,216 number of visitor sessions. On our website, visitors are assigned highly trained watch consultants, who help the customers to choose from the 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 one of our 50 stores. As our offline and online channels are integrated, our customers can place orders for our products either offline or online and have the flexibility of buying products at one store and returning at another or browsing our product catalogues and placing orders online with doorstep delivery. Through our website, we are able to cater to our customers located in cities where we do not have any physical presence. We believe our Omnichannel model enables us in adding more customers, expanding our reach and providing better watch buying experience to our customers. We include research articles, independent reviews and guides on watch selection on our website to assist customers in making the right choice while purchasing luxury watches. We also have a luxury watch helpline for answering technical and other queries, along with live chat with luxury watch consultants on our website.

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under 'Certified Pre-Owned' ("CPO") luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360-degree physical inspection and verification of watches and certified with a two 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 store was opened in January 2003 at Union Territory of Chandigarh by our Promoter, KDDL Limited, a company listed on the BSE and the NSE, under the brand name "ETHOS". Subsequently, the retail business of our Promoter was hived off into our Company under the name and style of Kamla Retail Limited in 2008 and our Company was renamed as Ethos Limited in 2012, in order to consolidate the business of luxury watch retail under one umbrella for better management and focussed approach. Our Promoter's experience in the watch industry has assisted us in establishing strong relationships with the global watch brands and further strengthening our business. For further details, please refer to "*History and Certain Corporate Matters*" on page 247 of this Red Herring Prospectus.

As of date of this Red Herring Prospectus, we have an extensive network of 50 (fifty) retail stores spread across 17 cities of National Capital Territory of Delhi Mumbai, Maharashtra; Bengaluru, Karnataka; Hyderabad, Telangana; Chennai, Tamil Nadu; Kolkata, West Bengal; union territory of Chandigarh; Ahmedabad, Gujarat; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Gurgaon, Haryana; Guwahati, Assam; Ludhiana, Punjab; Nagpur, Maharashtra; Noida, Uttar Pradesh; Pune, Maharashtra and Thane, Maharashtra in India. Our 50 stores are categorised into 14 Ethos Summit Stores and one Airport store (that houses bridge to luxury, luxury and high luxury brands), 14 multi-brand outlets and 10 Ethos Boutiques both housing bridge to luxury and premium brands, 10 luxury segment mono-brand boutiques offering a single luxury watch brand and 1 CPO luxury watch lounge for pre-owned watches. Our distinct retail formats address various market segments like luxury and high luxury, exclusive boutiques and airport boutique. Ethos Summit stores are our flagship and large stores, which gives a far superior experience to our customers on account of a wider range of products.

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

Our 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 had 3.2 million sessions in December 31, 2021. As of March 31, 2022, we had about 2.5 million website users, over 2,83,300 active email subscriptions, 1,68,000 Instagram followers, 1,57,000 Facebook followers, and 12,300 You Tube subscriptions. 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 them with a rewarding experience in luxury retail category. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated via Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Our Club Echo outbound call centre stationed at marketing office at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. As of March 31, 2022, we had over 2,83,300 registered members to our Club Echo. The details of enrolment of new customers in our loyalty programme Club Echo and the repeat customers and revenue from such operation for nine months period ended December 31, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019 are as follows:

Financial Year	Club ECHO Sales (₹ in lakhs)	Repeat Transactions (₹ in lakhs)	Total Billing (₹ in lakhs)	Club Echo %	Repeat Share % (value)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D=A/C</b>	<b>E=B/C</b>
Nine months period ending December 31, 2021	40,765.96	17,777.44	48,724.00	83.67%	36.49%
Fiscal 2021	38,886.75	16,492.34	44,877.00	86.65%	36.75%
Fiscal 2020	42,155.60	17,753.34	52,451.00	80.37%	33.85%
Fiscal 2019	36,744.82	17,296.83	51,287.53	71.64%	33.73%

Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our expert watchmakers at the service centre have certifications from brands like Omega, Tissot, Longines, Rado among other global brands with a minimum work experience of 10 years. Our service centre has received authorisations from several leading global watch brands.

For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, our revenue from operations was ₹ 41,859.31 lakhs, ₹ 38,657.07 lakhs, ₹ 45,784.91 lakhs and ₹ 44,352.90 lakhs, respectively. Our average selling prices per watch in our retail business have increased on a YoY basis. In Fiscals 2019, 2020, 2021 and the nine months period ended December 31, 2021 the average selling price of our watches moved up from ₹ 73,261 in Fiscal 2019 to ₹ 84,240 in Fiscal 2020, to ₹ 1,09,864 in Fiscal 2021 and ₹ 1,42,795 for the nine months period ended December 31, 2021. The luxury and high luxury watch sales constituted 46.06% (₹ 20,375.17 lakhs), 48.09% (₹ 22,020.00 lakhs), 58.00% (₹ 22,421.56 lakhs) and 64.41% (₹ 26,960.95 lakhs) during Fiscals 2019, 2020, 2021 and the nine months period ended December 31, 2021, respectively, of our sale of products For further details in respect of the sales of our product in different category, please refer to page no. 230. For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, our online sales have gradually increased and comprised of 33.29% (₹ 13,934.75 lakhs), 37.64% (₹ 14,551.69 lakhs), 29.40% (₹ 13,462.54 lakhs) and 27.01% (₹ 11,980.34 lakhs), respectively of our revenue from operations. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'.

Most of our suppliers works with is on a nonexclusive 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 have not entered into any exclusive arrangement with most of our suppliers. In absence of exclusivity, we may not be able to sell the exclusive products which may not be available with other retailers in India. 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.

## **Competitive Strengths**

### ***Access to large luxury customer base***

We have built our customer base over the years and continue to aim to attract new customers to our platform by providing an engaging shopping experience. As of March 31, 2022 we have access to a HNI customer base of over 2,83,300. Access to our digital platform increased over the calendar years i.e. 15.47 million number of sessions in 2019 to 21.46 million number of sessions in December 31, 2021. Our results of operations are significantly affected by consumer demand for our products. Each of our product lines are discretionary products, which are highly dependent on trends in consumer spending and, consequently, are sensitive to factors that influence consumer spending. Demand for our products is directly proportional to the number of our HNI customers. As per the '*Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited*' available on the following link: <https://www.ethoswatches.com/investors-information>, increase in the number of HNI's in fast emerging economies, such as China and India has facilitated the increase of the wealth of people and thereby increasing the demand for luxury goods, including watches. Rise and acceptability of ecommerce and an increase in HNIs and UHNIs led to an increase in purchase of luxury watches via online channels in such markets.

Our Company's understanding of the luxury customers has enabled us to evolve our luxury customer base, enabling us to drive the sales of our luxury and high luxury watches. Our loyalty programme, Club Echo, has also been subscribed by over 2,83,300 registered members which gives a unique insight into understanding the buying pattern of our customers and reward them for their loyalty. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated through Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. We utilise the data from our Club Echo to drive highly accurate social media and digital campaigns by targeting known watch customers. Club Echo also helps us to generate profitability by reducing servicing costs, reducing price sensitivity, increased spending and favourable recommendations passed on to potential customers.

We believe that access to a large number of luxury customers gives us the competitive advantage over our competitors in sale of our products and driving revenue and profitability.

### ***Leading luxury watch Omnichannel retail player of India***

Our Company was quick to establish a robust digital infrastructure which has been our key strength and enabled us to scale business and increase our customer base. Our digital team consists of over 70 employees across different teams, including performance marketing, creative, content, social media, product/website, technology and internet sales among others. Our website showcases over 50 brands, offering a great eco-system for visitors to not only purchase these watches online but also to discover watches, and understand their legacies. We use data collected across our channels to re-market to the customers who have shown interest in our website across the popular networks and social media platforms to remain top-of-mind for our customers.

By giving our consumers both physical and digital shopping experiences through our Omnichannel model, we want to remain relevant at all the touchpoints of a consumer's journey. Our Omnichannel content offers endless aisle and our loyalty program have helped us to offer our consumers a comprehensive buying experience across online and offline platforms. The owners of some of the luxury watch brands do not permit their watches to be sold online, but our digital platform features information about such watches online as part of its marketing strategy. Our website is custom-built with what we believe to be content rich, high- quality images and videos. Through our team responsible for e-commerce and web design, our Company has created landing pages for each of its luxury brands, with distinctive brand imagery.

We are the market leader in Luxury watch segment in India, and it also leads the Luxury Omnichannel market in India, with wide omnichannel presence and focus. In FY 2020, 36% of Ethos's revenue came from digitally enabled sales. Other key players who follow omnichannel retail are Kapoor Watch Co, Johnson Watch Co, Zimson, Kamal Watch, Helios etc. (Source: *Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared*



by Technopak Advisors Private Limited' available on the following link: <https://www.ethoswatches.com/investors-information>.)

We believe that we have achieved an excellent understanding of the market trend of customers towards researching online and purchasing products offline. Basis our learnings, we have responded to such trends by optimising our online channels to grow online sales, as well as optimising our online marketing spend to target incremental returns on our advertising spend.

Our in-store channel allows customers to order products online and fulfilled by our store. Our online channels offer customers the ability to (i) purchase online with home delivery, (ii) book a viewing in-store or at home or office, and (iii) services to collect the product in-store. This is supplemented by personalised online assistance.

Our Company's Omnichannel approach is designed to enable our customers to access its products and receive information and specialist advice in the channel of their choice, with each channel designed to support the others. We also offer bridge to luxury and luxury watches through third- party e-commerce platforms. Our investment in infrastructure to develop and improve the performance and functionality of our online platforms in its markets, the introduction of home delivery and viewing in-store or at home or office has contributed to our Company's online revenue growth. Our average selling prices per watch in our retail business have increased on a YoY basis. In Fiscals 2019, 2020, 2021 and the nine months period ended December 31, 2021, the average selling price of our watches moved up from ₹ 73,261 in FY 2019 to ₹ 84,240 in FY 2020, to ₹ 1,09,864 in FY 2021 and ₹ 1,42,795 for the nine months period ended December 31, 2021.

***Strategically located and well invested store network with attractive in-store experience***

With 50 retail stores, over 7,000 varied premium and luxury watches and about 30,000 watches in stock at any given time, our retail stores are located strategically in shopping malls, airport terminals and other premium areas. We believe that the prime locations that our Company chooses for its stores in the growing Indian luxury watch markets, the investments that we have made in these stores, the selection of products that we are able to offer to its customers in-store, the presentation of products within the stores, the quality of our staff and the service that we offer to our customers will continue to help our Company to increase sales of luxury watches. Our flagship stores are high-street stores allowing lower mall dependency for us, which proved to be a massive structural advantage, especially during the pandemic year, when all the shopping malls were directed to be closed down. For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, our capital expenditure on opening new stores and refurbishing old ones was ₹ 607.88 lakhs, ₹ 1,088.36 lakhs ₹ 1,379.13 lakhs and ₹ 1,394.46 lakhs, respectively.

Our networks of retail stores allow us to cater to a large section of consumers and ensure effective penetration of the luxury watch brands that we retail. We also have knowledgeable staff and dedicated after sales service team which help our customers not only during the process of watch selection but also helps in keeping that watch ticking for long. We believe that our strategically located retail stores also enable us to offer a wide range of luxury and high luxury watches attracting a diverse customer base, ensure effective inventory management and provide benefits of scale. Details of our stores as on date of this Red Herring Prospectus are as follows:

S. No.	Store Name	Lessee name	Location (full address)	Status (opened/closed)
1	Ethos	Ethos Limited	Ethos Limited, Unit G-28 (Ground Floor), Inorbit Mall, Link Road, Malad (West), Mumbai, Maharashtra-400064	Open
2	Ethos	Ethos Limited	Ethos Limited, Touchstone Annexe, Next to Safina Plaza, Hospital Road, Bangalore, Karnataka -560001	Open
3	Ethos Summit	Ethos Limited	Ethos Summit, Unit G-14, Select City Walk, A-3, Distt Centre, Saket, National Capital Territory of Delhi, - 110017	Open
4	Tissot Boutique	Ethos Limited	Ethos Limited - Tissot Boutique, Unit F-73, Select City Walk, A-3, Distt Centre, Saket, National Capital Territory of Delhi-110017	Open

S. No.	Store Name	Lessee name	Location (full address)	Status (opened/closed)
5	Rolex Boutique	Ethos Limited	Ethos Limited - Rolex Boutique, Unit G-4, UB City, Vittal Mallya Road, Bangalore, Karnataka -560001	Open
6	Ethos	Ethos Limited	Ethos Limited, Unit IN-01/02, Intl Departure, IGI Airport, National Capital Territory of Delhi, Pin Code -110037	Open
7	Ethos Summit	Ethos Limited	Ethos Limited, Unit G-4, MBD Mall, Rajguru Nagar, Ludhiana, Punjab-141012	Open
8	Seiko Boutique	Ethos Limited	Ethos Limited - Seiko Boutique, Unit F-106, UB City, Vittal Mallya Road, Banglore, Pin Code -560001 (Karnataka)	Open
9	Ethos	Ethos Limited	Ethos Limited, Unit G-8/9, Ahmedabad One Mall, TP No. 1, FP 216, Near Vastrapur Lake, Ahemdabad, Gujarat-380054	Open
10	Rado Boutique	Ethos Limited	Ethos Limited -Rado Boutique, Unit G-30, Ahmedabad One Mall, TP No. 1, FP 216, Near Vastrapur Lake, Ahmedabad, Gujarat-380054	Open
11	Ethos Summit	Ethos Limited	Ethos Summit, Unit G-02/03, UB City, Vittal Mallya Road, Banglore, Karnataka -560001	Open
12	Ethos	Ethos Limited	Ethos Limited, Shop G37-A, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Banglore, Karnataka -560055	Open
13	Hugo Boss Boutique	Ethos Limited	Ethos Limited - Hugo Boss Boutique, Shop # 1, UG, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore, Karnataka -560055	Open
14	Ethos	Ethos Limited	Ethos Limited, Unit UG-011, The Forum Mall, 183, NSK Salai, Vadapalani, Chennai, Tamil Nadu -600026	Open
15	Ethos	Ethos Limited	Ethos Limited, Unit 35, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bangalore, Karnataka -560095	Open
16	Ethos Summit	Ethos Limited	Ethos Summit, Unit G-10 (Ground Floor), Elante Mall, Industrial & Business Park, Phase 1, Union Territory Chandigarh -160002	Open
17	Ethos	Ethos Limited	Ethos Limited, Shop 73, GF, Viviana Mall, Next to Jupiter Hospital, Near Eastern Express Highway, Thane, Maharashtra -400610	Open
18	Ethos Summit	Ethos Limited	Ethos Limited, Unit 8-A, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bangalore, Karnataka -560095	Open
19	Ethos Summit	Ethos Limited	Ethos Summit, Unit G-9A, Palladium Mall, High Street Phoenix, 462 S.B Marg, Lower Parel, Mumbai, Maharashtra-400013	Open
20	Rado Boutique	Ethos Limited	Ethos Limited -Rado Boutique, Unit G-15, Select CityWalk, A-3, Distt Centre, Saket, National Capital Territory of Delhi, -110017	Open
21	Ethos	Ethos Limited	Ethos Limited, E-152, GF, Mall of India, Plot M-03, Sector 18, Noida, Uttar Pradesh- 201301	Open
22	Ethos	Ethos Limited	Ethos Limited, Unit No. 12, Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur, Rajasthan -302017	Open
23	Rado Boutique	Ethos Limited	Ethos Limited -Rado Boutique, Unit G-16 (Ground Floor), Elante Mall, Industrial & Business Park, Phase 1, Union Territory of Chandigarh -160002	Open

S. No.	Store Name	Lessee name	Location (full address)	Status (opened/closed)
24	Rolex Boutique	Ethos Limited	Ethos Limited - Rolex Boutique, Shop G-12, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi -110021	Open
25	Ethos	Ethos Limited	Ethos Limited, G-37, Oberoi Mall Limited, International Business Park, Off Western Express Highway, Goregaon (East), 1, Mumbai, Maharashtra – 400 063	Open
26	Panerai Boutique	Ethos Limited	Ethos Limited - Panerai Boutique, Shop G-11, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi -110 021	Open
27	Jaeger Le Coultre Boutique	Ethos Limited	Ethos Limited - Jaeger LeCoultre Boutique, Shop G-11, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi -110021	Open
28	Ethos	Ethos Limited	Ethos Limited, G-27, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042	Open
29	Oris Boutique	Ethos Limited	Ethos Limited - Oris Boutique, UG-8, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600 042	Open
30	Rado Boutique	Ethos Limited	Ethos Limited - Rado Boutique, GF-60A, Viviana Mall, Next to Jupiter Hospital, Near Eastern Express Highway, Thane, Maharashtra -400610	Open
31	Ethos Summit	Ethos Limited	Ethos Limited, Unit G-03 & 103, Roxana Fortune, Road No. 12, Banjara Hills, Hyderabad, Telangana -500034	Open
32	Ethos	Ethos Limited	Ethos Limited, GF 32, City Center Mall, G.S. Road, Guwahati, Assam -781005	Open
33	Ethos	Ethos Limited	Ethos Limited, Unit No. UGF-09, VR Nagpur Mall, Medical Square, Rambagh Layout, Untkhana, Nagpur, Maharashtra - 440003	Open
34	Ethos Summit	Ethos Limited	Ethos Limited, UG-32, Phoenix Market City, 207, Viman Nagar Road, Pune, Maharashtra - 411014	Open
35	Ethos Summit	Ethos Limited	Ethos Limited, Unit G-21, Ambience Mall, NH-8, Gurgaon, Haryana -122002	Open
36	Ethos Summit	Ethos Limited	Ethos Limited, Orbit Victoria, No. 30, Shakespeare Sarani, P.S. Shakespeare Sarani, Kolkatta, West Bengal -700017	Open
37	Ethos Summit	Ethos Limited	Ethos Limited, UG-16, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042	Open
38	Ethos Summit	Ethos Limited	Ethos Summit, Shop 111, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi-110021	Open
39	Hublot Boutique	Pasadena Retail Private Limited (JV of Ethos Limited)	Hublot Boutique, Unit G-5B, Palladium Mall, High Street Phoenix, 462 S.B Marg, Lower Parel, Mumbai, Maharashtra -400013	Open
40	Rado Boutique	Ethos Limited	Ethos Limited -Rado Boutique, Unit 34 (W1-W2), Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur, Rajasthan -302017	Open
41	Omega Boutique	Ethos Limited	Ethos Limited - Omega Boutique, Unit 34 (W1-W2), Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur, Rajasthan -302017	Open

S. No.	Store Name	Lessee name	Location (full address)	Status (opened/closed)
42	Ethos	Ethos Limited	Ethos Limited, G-52 (Ground Floor), Vegas Mall, Plot No. 06, Sector 14, Dwarka, National Capital Territory of Delhi -110078	Open
43	Ethos Summit	Ethos Limited	Ethos Summit, Unit No. G-78 & 79, Palassio Mall, Sector 7, Gomti Nagar Extension, Shaheed Path, Lucknow, Uttar Pradesh - 226010	Open
44	Rado Boutique	Ethos Limited	Ethos Ltd. - Rado Boutique, Unit No. G-7, Palassio Mall, Sector 7, Gomti Nagar Extension, Shaheed Path, Lucknow, Uttar Pradesh - 226010	Open
45	Girard Perregaux Boutique	Ethos Limited	Ethos Limited - Girard Perregaux Boutique, Shop G-4, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi -110021	Open
46	Ethos	Ethos Limited	Ethos Limited, Unit No. 18, Ground Floor, Square One Mall, Saket, National Capital Territory of Delhi - 110017	Open
47	Ethos Summit	Ethos Limited	Ethos Limited, Unit No. G 13-14 (Ground Floor), Jio World Drive, Section I, Maker Maxity Phase II, The Drive-in, Bandra-Kurla Complex, Bandra (East), Mumbai, Maharashtra-400051	Open
48	Omega Boutique	Ethos Limited	Ethos Limited, Omega Boutique, UG-12A, Upper Ground Floor, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042	Open
49	Omega Boutique	Ethos Limited	Ethos Limited, Omega Boutique, Unit No. G-6A, Ground Floor, Palladium Mall, High Street Phoenix, 462 S.B Marg, Lower Parel, Mumbai, Maharashtra -400013	Open
50	Bovet Boutique	Ethos Limited	Ethos Limited, Bovet Boutique, Unit No. 202-A, Upper Ground Floor, DLF Emporio Mall, Vasant Kunj, National Capital Territory of Delhi - 110070	Open

We also believe that our network of stores in shopping malls provides us with a significant advantage over our competitors. Luxury stores requires high quality and significant space as points of sale. Since luxury high streets are limited in India, luxury malls are the main destination for such stores. The allocation of space in luxury malls for watch segment is limited and in most of the existing luxury malls, our Company has already secured its space making it difficult for our competitors to find suitable locations for retailing luxury watches. Our Company makes efforts to follow and monitor the development of luxury malls in India and contracts majority of the space allocated for watches before any competitor may initiate the process.

We have continued to invest in its systems, technology, staff, marketing and digital presence. We believe that our investments in branding, merchandising, product presentation, marketing and advertising programmes, as well as the development and functionality of its online channels, technology infrastructure, fulfilment and customer service operations enable us to deliver a consistent high-quality product and customer experience and establish a relationship of trust with its customers.

***Strong and long-standing relationships with luxury watch brands***

We value our brand relationships and have a team of brand managers who work closely with brands to strategize and execute growth and brand building strategies. We view ourselves as brand custodians and apply a client-servicing mindset to our interactions with brands to ensure we are building long-term strategic relationships. The retailing of luxury watches requires formal approval from the owner of the luxury watch brand to carry a particular product on a store-by-store basis, rather than being allowed to distribute products across an entire business. The manufacturing of key luxury watch brands is highly concentrated among a limited number of brand owners that are primarily based in Switzerland. Brand owners control distribution through strict, selective distribution arrangements, which are limited

by geography, are typically granted on a store-by-store basis and contain a wide range of requirements on how their products are to be displayed, how they can be sold. Owners of luxury watch brands closely monitor and actively manage such requirements, including product presentation and customer experience. In addition, the owners of luxury watch brands take proactive measures to preserve the exclusivity and rarity value of luxury watches and seek to avoid excess stock in the market. The resulting structural imbalance of supply and demand results in a significant proportion of customers being put on waiting lists for luxury watches from key brands. This demonstrates the importance of the relationship with luxury watch brand owners to achieve good product allocation.

Owners of luxury watch brands generally do not permit online distribution of their products without the authorised distributor also distributing the products through physical stores and subject to quality of platform checks.

Relationships with owners of luxury watch brands typically take many years to develop and are difficult to replicate. We have been immensely benefitted from our Promoter's long standing relationships with luxury watch brands, developed over the years. Since the time our Promoter was established in 1981, it undertook export of watch dials, thereby gaining valuable insights in the watch industry, which has been instrumental in building strong relationships with the brands we retail. Further, through our strong and long-standing relationships with the world's leading luxury watch makers, our Company is able to offer its customers the respected luxury watches brands in the world, such as Omega, IWC Schaffhausen, Jaeger LeCoultre, Balmain, Panerai, Bvlgari, H. Moser & Cie, Rado, Longines, Baume & Mercier, Oris SA, Corum, Carl F. Bucherer, Tissot, Raymond Weil and Louis Moinet.

Some of these business partnerships with brands like Omega, Rado, Tissot, Longines, Baume Mercier, IWC Schaffhausen, Jaeger LeCoultre, Carl F. Bucherer and Balmain have been ongoing for more than a decade. We believe that the strength of our Company's long-standing relationships with leading luxury watch brands in India has assisted, and will continue to assist, our Company in further growing its presence in India. We also believe that this strong and longstanding network of relationships with owners of luxury watch brands enhances our competitive position.

#### ***Leadership position in an attractive luxury watch market***

Watch market in India was valued at ₹ 13,500 crores in Fiscal 2020 and is expected to grow at a CAGR of 10.6% to reach ₹ 22,300 crores by Fiscal 2025. The watch industry in India is dominated by the organised sector having a 65% share of the overall market, and unorganised market contributing to 35% of the overall market. While the organized watch market in Fiscal 2020 was estimated at ₹ 8,700 crores, the unorganised market was approximately ₹ 4,780 crores. The branded players sell through both organized and unorganized channels, especially in the mass-mid and fashion segments. While premium and bridge to luxury sell majority through organised channel, luxury players exclusively thorough organised market, leading to the organized market contributing to 92% of the market for premium & luxury watches (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' available on the following link: <https://www.ethoswatches.com/investors-information>). Our Company is the largest retailer for luxury watches in India commanding 20% market share of the organised market for luxury watch retail in India. We have the sizeable portfolio of premium and luxury watches in India enabling us to retail 50 premium and luxury watch brands. (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' available on the following link: <https://www.ethoswatches.com/investors-information>)

Our Company benefits from strong levels of domestic demand for luxury watches. We also benefit from operating in markets in which retailers generally do not engage in seasonal or other calendar-based promotions to sell luxury watches (since the preservation of the exclusivity and rarity value is part of the appeal of luxury watches to customers). Brands command significant pricing power, which has enabled them to raise the list prices of their products almost every year and to carefully monitor and control potential arbitrage across regions. The retailer margins on premium watches ranges from 20% - 25%, while retailer margins on bridge to luxury segment ranges from 25% - 28%, and luxury & above segments have a retailer margin of 20% - 35% (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' available on the following link: <https://www.ethoswatches.com/investors-information>). The fact that luxury and above watch segments demand better margins allows to have better profitability in sale of high value luxury and above category. We derive significant benefits from the tendency of consumers in the luxury watch markets to become repeat customers and span age and income groups.

### ***Early mover advantage in certified pre-owned business***

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under ‘Certified Pre-Owned’ (“CPO”) luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360- degree physical inspection and verification of watches and certified with a two year warranty. The overall luxury pre-owned market in India was valued at approximately INR 40 crores -50 crores during Financial year 2020, which was largely dominated by the unorganised sector contributing almost 80% of the market. The organised sector offering Certification on Pre-owned luxury watches i.e the CPO Luxury Watch market is at a nascent stage in India and was valued at approximately INR 10 crore -15 crores lakhs in FY 2020. In comparison, the overall premium & luxury watch market in India was valued at INR 6,610 Cr in FY 2020, making the Indian CPO market, which is a complimentary market, over and above the Overall Indian market for Premium & Luxury watches, to be around 0.2% of the Overall Premium & Luxury watch market. The CPO share in India is currently miniscule, and dominated by CPO Business of Ethos. By capitalizing on its existing business experience in luxury watches, CPO business arm of our Company has paved way for the growth of CPO luxury watch market in India. (Source: *Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited, available on the following link: <https://www.ethoswatches.com/investors-information>*)

### ***Founder-led company supported by a professional management team***

Our Company benefits greatly from an experienced management team with deep industry know-how and knowledge. The management team is led by Yashovardhan Saboo, our Managing Director. He was involved in promotion of KDDL in 1981 and has since led it to the position of market leadership in India and abroad. He founded Ethos Limited in the year 2007, in name of Kamla Retail Limited. Our CEO, Pranav Saboo, who is also the founder and on the board of Dream Digital Technology Limited, a multi-faceted digital marketing company, has been instrumental in devising the strategy of making the online presence of our Company. Manoj Subramanian, our Chief Operating Officer, has been intrinsically linked with the watch industry for several years. Our Board member, Patrik Paul Hoffman has over 30 years of experience in the watch industry and has been at leadership positions with global watch brands and retailers. For experience of management team, please refer to the section “*Our Management*” on page 256. Our management team understands the global luxury industry and the luxury customer in India. Our CFO, Ritesh Kumar Agarwal, has more than 17 years of experience including experience in retail sector. For details of other senior managerial person, please refer to page 277 of this Red Herring Prospectus.

The experience of our Company’s committed and capable management team enables them to make informed decisions on key issues the business is facing. Our Company’s management team has been instrumental in achieving growth in India and enhancing its relationships with owners of luxury watch brands. We believe that the collective industry knowledge and leadership of our management team combined with our record of accomplishment and ability to achieve profitable sales growth will enable us to continue to successfully execute its strategy.

Further, our trained and knowledgeable staff and dedicated after sales service team help our customers during the process of watch selection.

### ***Our Strategies***

#### ***Leveraging our luxury watch retail business and access to luxury customers to expand into other luxury verticals***

For category specialists in the luxury segment, growth through category extension is expected. Category extension can lead to category specialists retailers that have been in the business for some time to offer other luxury items in addition to sale of luxury watches. There is a potential for current vertical specialists to expand into adjacent luxury offerings like hard luxury in various product categories such as eyewear, jewellery, luggage, cosmetics, writing instruments (Source: *Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited, available on the following link: <https://www.ethoswatches.com/investors-information>*). Vertical Specialist of luxury watch brands have built and managed procurement relationships with global luxury brands and the same skill sets can be expanded to other luxury product categories. They have developed market connect to service the consumer segments of luxury products across India and are aware of their target audience and

understand consumer insights that can be replicated for other product categories. They are well versed with the retail environment involving both online and offline and have addressed / managed issues like talent management, consumer service support, retail adjacency and processes that can be extended to luxury retail for other categories (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' available on the following link: <https://www.ethoswatches.com/investors-information>*).

Our Company has a thorough understanding of the luxury customer and the related environment in India and have a ready database of HNIs in India. We believe that all of our retail platforms are well maintained and appeal to customers interested in purchasing luxury products. We intend to leverage our strength of understanding of the luxury market, customers and products, reputation for authentic, high-end luxury products complemented by consistent customer service to foray into other luxury products in a short to medium term. Through our CPO platform, we have ventured into sale of pre-owned luxury watches and intend to expand into other luxury category goods such as luggage, eye-wear, writing instruments, jewellery among other luxury products. We have recently entered into an agreement with Rimowa, for retailing their range of luxury luggage and Messika for retailing their range of luxury Jewellery in India. We aim to increase the product offerings in our current brand portfolio of luxury watches and add newer long-term focused brands in other product categories.

Our experience shows that the luxury customer base is rapidly evolving. We aim to increase the product offerings in our current brand portfolio of luxury watches and add newer long-term focused brands in other product categories. We seek to achieve our growth strategy by leveraging our advantageous scale and best-in-class operations, including marketing, merchandising and IT capabilities combined with strong customer relationship management built around in-depth customer knowledge to cater to new category of goods in the luxury retail segment.

#### ***Expanding our physical store network and increasing market share***

We expect the luxury watch market to continue to grow in India as well as neighbouring countries like of Bangladesh (Dhaka), Sri Lanka (Colombo), Nepal (Kathmandu) and Maldives (Male). We will continue to focus on continued growth of our luxury watches business. Our strategy for continued growth and market share gain is focused on the following key limbs:

- (a) successfully executing its pipeline of new store projects, as well as identifying attractive locations for opening new Company-branded stores or mono-brand stores or relocating existing stores and continuing to upgrade its existing stores as and when necessary;
- (b) growing sales and improving margins in our existing stores and via the online channel through product, merchandising, marketing, training, logistics and technological initiatives; and
- (c) proactively managing our store portfolio to improve operating margins

With the support of the owners of luxury malls, we will seek to grow our luxury watch sales by considering new retail developments for our own flagship Summit multi branded stores, Ethos multi brand store or other mono-brand stores, with an ongoing focus on areas it believes are prime locations for luxury spending with scale. In doing so, we will also seek to secure additional agencies for sale of luxury watches and to open additional mono-brand stores, building on our strong relationships with owners of luxury watch brands, with the aim of increasing our market share of luxury watch agencies relative to our competitors. Presently, we enjoy a healthy market share of 20% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*). New store locations are selected following a rigorous identification, screening and evaluation process (such as evaluation of demographics of the area, the customer profile, the presence of other retailers of luxury watches in the area and the local demand). We consider opening a new store only if management believes it would be located in an attractive location that is available at an appropriate cost.

For details of establishment of new stores, please refer to the section “*Objects of the Offer*” on page 129.

### ***Growing our certified pre-owned luxury watch retail business***

The global CPO luxury watch market was valued at USD 18 billion in CY 2020. It is expected to grow at a CAGR of 9% from CY 2019 to CY 2025, creating an opportunity for brands and retailers to take proactive steps to shape demand. It is expected that, by CY 2025, the global CPO watch market would reach a value of USD 27 billion. The adoption of second-hand luxury watch market is emerging as one of the key reasons for the growth and acceptance of luxury watches globally (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information> ). The global CPO market, which is a complimentary market, over and above the overall global market for premium & luxury watches, was almost 33% the size of the overall premium and luxury watch market globally in CY 2020, and its size is expected to be 46% of the overall market in CY 2025 (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>).

The overall luxury pre-owned market in India was valued at approximately ₹ 40-50 crores in Fiscal 2020, which is largely dominated by the unorganised sector contributing almost 80% of the market. The organised sector offering certification on pre-owned luxury watches is at a nascent stage in India and was valued at approximately ₹ 10-15 crores in Fiscal 2020. In comparison, the overall premium & luxury watch market in India was valued at ₹ 6,610 crores in Fiscal 2020, making the Indian CPO market, which is a complimentary market, over and above the overall Indian market for premium & luxury watches, to be around 0.2% of the overall premium & luxury watch market. The CPO share in India is currently miniscule and dominated by our CPO business. This market, however, presents an opportunity to grow significantly from the current base, in line with the global trends. (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>)

Watches were traditionally seen as status symbols and have always been an essential part of the luxury goods segment as they communicate class and taste. The value of luxury watches is expected to depreciate as soon as the customer leaves the store. However, the value of some watches appreciate over time due to factors such as limited availability, limited edition option, rarity, increase in demand due to demand from collectors and the like.

Organized certified pre-owned watches provides a channel of sale of such vintage watches. This proves to be a suitable environment for trade of luxury and high-luxury watches and can be thus considered to be an investment. Vintage watches are also considered as an emotional investment and are often kept as a family heirloom, passing down from one generation to other.

In order to be successful in certified pre-owned, scale is crucial as it is important to offer a wide choice of watches to the customers and scale also allows one to make the necessary investments in digital infrastructure, marketing, servicing, refurbishing and certification. The most crucial part in a successful certified pre-owned business in watches is the procurement and refurbishment of watches. Our 50 retail stores across India that acts as off-line touch point with customers, allowing us to ask our patrons about trading in an older watch and get store-credit reimbursable on new watches. We have a dedicated website for certified pre-owned watches, which acts as a digital touch point. Website visitors can also share details and pictures of their timepieces for evaluation online, this allows us to capture procurement intent online as well. Our service centre helps in the quality checks, evaluation, refurbishing and certification of the pre-owned timepieces we receive. Our service centre also enables us to procure more timepieces, allowing our customers to trade-in or simply sell their watches to us. Our social media channels have a wide following and can be used to procure watches as well.

With access to over 2,83,300 customers, robust Omnichannel infrastructure, repair and refurbishment infrastructure and importantly, credibility with customers, we believe we have the necessary scale and infrastructure to drive sales under our CPO business.

### ***Increasing our watch brands portfolio***



We believe in our track record of being brand custodians, and not solely being focused on transactional commerce, resonates with brands around the world. As part of our continuous efforts to offer the widest assortment of brands to our customer base, we will continue to invest in entering into new brand relationships.

We will also continue to nurture our existing brand relationships. We endeavour to improve sales and hence create value for our brand relationships through improved merchandising, refined marketing and new data driven brand specific experiences. We want to ensure that our platform maintains its position as a go-to premium and luxury watch retail destination for its diverse brand relationships. Many of the world's leading watch brands are not yet present in India and we intend to partner with them and bring these brands to India.

In addition to increasing our brand portfolio, we also intend to enter into and increase our exclusive arrangements for sale and marketing of premium and luxury watch brands in India. Presently, we have brands like Carl F. Bucherer, Raymond Weil, Oris SA, Corum, Parmigiani among others (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*), which are retailed only through us in the Indian market. With our Omnichannel model and access to customer data through our website, we believe, that brands will find it easier to work with a single partner in India and/or give us the distribution of the brand with an understanding of offline retail through our stores and online retail through our website and other third party market-place platforms serviced through us. This, we believe, enables us to create a great differentiation from our competitors offerings along with giving us increased gross margins as there will be no competitive discounting. This has already happened in several markets abroad and we believe will also happen in India.

### ***Investing in our Brand***

We are in the process of buying brand-names "ETHOS" and "SUMMIT" and from our promoter, KDDL Limited. We have entered into an agreement to sell dated January 1, 2022, with KDDL Limited, for the transfer of brand names, trademarks, trade names logos and all related rights to "Ethos" in our name for an amount of ₹ 3,900 lakhs. Out of ₹ 3,900 lakhs, one third need to be paid by us by March 31, 2022, one third of the payment will be made by us to KDDL Limited when trademark "Ethos" is transferred and remaining amount is to be paid when trade mark "Summit" is transferred and registered in our favour. The transfer of brand-names "ETHOS" and "SUMMIT" from our Promoter, KDDL Limited to our Company will complete after the listing of Equity Shares on the BSE and NSE.

We seek to allocate significant resources in positioning 'Ethos' and 'Ethos Summit' as premium store having variety of luxury and prestigious watch collections. Our branding plan comprises of activities including online marketing, electronic media, print media, outdoor and event and sponsorship. We understand that the Indian consumer mindset for wrist watches have shifted from being a basic necessity and gift items to high living standard within the society and has led to increased awareness and brand consciousness. Accordingly, we believe that investment in brand is critical to increase our brand-recognition and market-share and also help us capitalise on the growing consumer preference for branded products. Our total expenses on advertisement and sales promotion for Fiscals 2019, 2020, 2021 and nine-month period ended December 31, 2021, were ₹ 1,277.74 lakhs, ₹ 1,406.30 lakhs, ₹ 1,470.39 lakhs and ₹ 1,831.48 lakhs respectively. We will continue to invest in sales promotion including online marketing to become preferred choice for our customers and brands. Please refer to "*Risk Factor - Inability to protect our intellectual property rights may adversely affect our business.*" for understanding the risks relating to our brand.

### ***Drive Sales and gather data through Technological Innovations***

With increased internet penetration and adoption of artificial intelligence and machine learning in retailing, luxury brands have started adopting these technologies to make their products available to the customers. By adopting technologies such as virtual reality, brands are trying to bridge the gap between offline and online retailing by giving the customers a virtual touch-and-feel experience to imagine products and enable conversion. Certain global marketplace platforms offer virtual showrooms on its apps, which enables the customers to virtually try on the watch through augmented reality, giving customers an experience and enabling them to view and feel how the watch will look on wearing. (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*)

Technology adoption has now emerged as a key retail proposition for luxury brands and they expect their retail

partners to embark on it. Luxury watch retailers are expected to adopt AR/VR for a better customer experience both within the stores and online. Tools like chatbots have reduced the time required for customer support and resolving customer queries. These technological and digital adoption tools would pave way for unique customer experiences, and hence driving the luxury watch market in coming years. (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' available on the following link: <https://www.ethoswatches.com/investors-information>)

We have an Omnichannel presence, and have systems aligned to give consumers an Omnichannel experience using technology, implying both offline and online access to products, sales and customer support. The offline penetration and online technology advancement also gives it an edge to succeed in the luxury category (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>). We understand the importance of assisted buying to drive awareness and make sales and in order to further enhance our efficiency, optimisation and driving sales, we are in the process of implementing several innovative steps and products including introduction of (i) heat maps for measuring store performance, dwell time, unique visitors and tracking purchaser behaviour; and (ii) smart trays, who's sensor will scan the watch and display the features of each watch placed over it. This, we believe, would greatly reduce human errors while informing the features to a customer and educate the customer about the brand lineage and history.

We plan to develop an application to further increase our digital offering to customers and luxury watch enthusiasts. The application will offer a personalised experience for customers and guide them through rich shoppable content. It will allow customers to shop through thousands of watches, create wish lists which can be shared with friends, get advice from luxury watch consultants. They can buy the watches through the application, request a viewing at home or setup an appointment at any of our stores. The application will feature several features like virtual reality, augmented reality, chatbots, voice search among other features. It will also feature watch recognition - a feature which will allow the user to click the picture of any watch seen on someone's wrist and then display to the user the entire data of the watch. It will then connect the user to a luxury watch consultant for more information about the watch. Visitors can upload their collections on the application and our consultants from the pre-owned department can give valuations on these watches. We will also launch an app for our certified pre-owned business which will have similar features but will focus only on pre-owned luxury products. First party and third party data collected with user consent will be used for pinpoint marketing through digital ad networks and social media. Data will also be used to make better purchase decisions to improve stock turns.

## Description of our Business

According to the 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' <https://www.ethoswatches.com/investors-information>, our Company is a category leader in premium and luxury watch retail in India having a healthy market share of 20% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>). We operate an Omnichannel retail platform across India and sell our products through our (i) stores categorised as Ethos Summit Stores, multi-brand stores, Ethos Boutiques, Airport Store, CPO luxury watch lounge and mono-brand boutiques, and (ii) via online channel (including Online Leads). The following table sets forth the sales to our customers, and the percentage of total sales to our customers contribution from each channel, for Fiscals 2019, 2020, 2021 and the nine months period ended December 31, 2021:

(₹ in lakhs)

Sales Channel	Fiscal 2019		Fiscal 2020		Fiscal 2021		Nine months period ended December 31, 2021	
	Sales	% Sales	Sales	% Sales	Sales	% Sales	Sales	% Sales
Stores	32,372.56	72.99%	32,322.37	70.60%	24,105.38	62.36%	27,924.56	66.71%
Online	11,980.34	27.01%	13,462.54	29.40%	14,551.69	37.64%	13,934.75	33.29%
Total	44,352.90	100.00%	45,784.91	100.00%	38,657.07	100.00%	41,859.31	100.00%

We sell our products primarily through our stores and, increasingly, online. For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, 66.71%, (₹ 27,924.56 lakhs) 62.36%, (₹ 24,105.38 lakhs) 70.60% (₹ 32,322.37 lakhs) and 72.99% (₹ 32,372.56 lakhs) of our sale of products was derived from in-store sales respectively and 33.29% (₹ 13,934.75 lakhs), 37.64% (₹ 14,551.69 lakhs), 29.40% (₹ 13,462.54 lakhs) and 27.01% (₹ 11,980.34 lakhs) was derived from online sales respectively. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'. As an Omnichannel retailer with both in-store and online offerings that are fully integrated on a single digital platform, we are able to reach customers simultaneously across all channels. The owners of the luxury watch brands sold by us are supportive of our omni-channel retail proposition (to the extent that such brands allow sales of their products online).

### ***Retail Store***

As of March 31, 2022, we had a network of 50 retail stores across 17 cities in India, which are categorised into Ethos Summit Stores, multi-brand stores, Ethos Boutiques, Airport Store, CPO luxury watch lounge and mono-brand boutiques. Our networks of retail stores allow us to cater to a large section of visitors / customers and ensure effective penetration of the luxury watch brands that we retail. Our trained and knowledgeable staff and dedicated after sales service team help our customers not only during the process of watch selection but also in keeping that watch ticking for a long time. We believe that our strategically located retail stores also enable us to offer a wide range of luxury and high-luxury watches attracting a diverse customer base, ensure effective inventory management and provide benefits of scale.

Our Ethos Summit stores are our experiential flagship boutiques across all regions, gives a far superior experience to our customers on account of a wider range of products. Our flagship stores are strategically located in cities with higher propensity to spend on luxury and we believe are a better alternative to having smaller stores spread across major cities, offer us better unit metrics. The table below sets out the details of our stores in India:

S. No.	City	Location	Area	Category
<b>Ethos Summit Stores</b>				
1	Bengaluru, Karnataka	UB City Mall	approximately 1,217 square feet	Summit – Multi Brand
2	Bengaluru, Karnataka	Forum Mall	approximately 330 square feet	Summit – Multi Brand
3	Union Territory of Chandigarh	Elante Mall	approximately 1,758 square feet	Summit – Multi Brand
4	Chennai, Chennai	Palladium Mall	approximately 1,198 square feet	Summit – Multi Brand
5	Gurgaon, Haryana	Ambience Mall	approximately 1,573 square feet	Summit - Multi Brand
6	Hyderabad, Telangana	Roxana Fortune	approximately 4,212 square feet	Summit – Multi Brand
7	Kolkata, West Bengal	Orbit Victoria	approximately 3,084 square feet	Summit – Multi Brand
8	Lucknow, Uttar Pradesh	Palassio Mall	approximately 1,359 square feet	Summit – Multi Brand
9	Ludhiana, Punjab	MBD Mall	approximately 1,090 square feet	Summit - Multi Brand
10	Mumbai, Maharashtra	Jio World Drive	approximately 1,958 square feet	Summit – Multi Brand

S. No.	City	Location	Area	Category
11	Mumbai, Maharashtra	Palladium Mall	approximately 887 square feet	Summit – Multi Brand
12	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 1,354 square feet	Summit – Multi Brand
13	National Capital Territory of New Delhi	The Chanakya Mall	approximately 1,024 square feet	Summit – Multi Brand
14	Pune, Maharashtra	Phoenix Market City	approximately 1,350 square feet	Summit - Multi Brand
<b>Multi-brand – Duty Free Store</b>				
15	National Capital Territory of New Delhi	Terminal 3, Delhi International Airport	approximately 966 square feet	Multi Brand – Duty Free
<b>Mono-brand Boutiques (Luxury Segment)</b>				
16	Bengaluru, Karnataka	U.B. City Mall	approximately 310 square feet	Rolex Boutique
17	Chennai, Tamil Nadu	Palladium Mall	approximately 1,115 square feet	Omega Boutique
18	Jaipur, Rajasthan	World Trade Park Mall	approximately 325 square feet	Omega Boutique
19	Mumbai, Maharashtra	Palladium Mall	approximately 447square feet	Hublot Boutique
20	Mumbai, Maharashtra	Palladium Mall	approximately 376 square feet	Omega Boutique
21	National Capital Territory of New Delhi	The Chanakya Mall	approximately 529 square feet	Rolex Boutique
22	National Capital Territory of New Delhi	The Chanakya Mall	approximately 413 square feet	Panerai Boutique
23	National Capital Territory of New Delhi	The Chanakya Mall	approximately 413 square feet	Jaegar LeCoultre Boutique
24	National Capital Territory of New Delhi	The Chanakya Mall	approximately 785 Square feet	Girard Perregaux Boutique
25	National Capital Territory of New Delhi	DLF Emporio Mall	approximately 829 Square feet	Bovet Boutique
<b>Ethos Multi-brand Stores</b>				
26	Ahmedabad, Gujarat	Ahmedabad One	approximately 925 square feet	Ethos - Multi Brand
27	Bengaluru, Karnataka	Forum Mall	approximately 767 square feet	Ethos - Multi Brand
28	Bengaluru, Karnataka	Orion Mall	approximately 1,100 square feet	Ethos - Multi Brand
29	Bengaluru, Karnataka	The Touchstone	approximately 2,500 square feet	Ethos - Multi Brand
30	Chennai, Tamil Nadu	Forum Mall	approximately 800 square feet	Ethos - Multi Brand

S. No.	City	Location	Area	Category
31	Chennai, Tamil Nadu	Palladium Mall	approximately 1,042 square feet	Ethos - Multi Brand
32	Guwahati, Assam	City Centre	approximately 653 square feet	Ethos - Multi Brand
33	Jaipur, Rajasthan	World Trade Park Mall	approximately 644 square feet	Ethos - Multi Brand
34	Mumbai, Maharashtra	Inorbit Mall	approximately 603 square feet	Ethos - Multi Brand
35	Mumbai, Maharashtra	Oberoi Mall	approximately 754 square feet	Ethos - Multi Brand
36	Nagpur, Maharashtra	VR Mall	approximately 1,015 square feet	Ethos - Multi Brand
37	National Capital Territory of New Delhi	Vegas Mall	approximately 920 square feet	Ethos - Multi Brand
38	Noida, Uttar Pradesh	Mall of India	approximately 509 square feet	Ethos - Multi Brand
39	Thane, Maharashtra	Viviana Mall	approximately 585 square feet	Ethos - Multi Brand
<b>Ethos Boutiques</b>				
40	Ahmedabad, Gujarat	Ahmedabad One	approximately 340 square feet	Rado Boutique
41	Bengaluru, Karnataka	Orion Mall	approximately 300 square feet	Hugo Boss Boutique
42	Bengaluru, Karnataka	UB City Mall	approximately 105 square feet	Seiko Boutique
43	Union Territory of Chandigarh	Elante Mall	approximately 453 square feet	Rado Boutique
44	Chennai, Chandigarh	Palladium Mall	approximately 254 square feet	Oris Boutique
45	Jaipur, Rajasthan	World Trade Park Mall	approximately 344 square feet	Rado Boutique
46	Lucknow, Uttar Pradesh	Palassio Mall	approximately 406 square feet	Rado Boutique
47	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 318 square feet	Rado Boutique
48	National Capital Territory of New Delhi	Select Citywalk Mall	approximately 224 square feet	Tissot Boutique
49	Thane, Maharashtra	Viviana Mall	approximately 344 square feet	Rado Boutique
<b>Lounge for Certified Pre-Owned Watches</b>				
50	National Capital Territory of New Delhi	Square One Mall	approximately 1,217 square feet	Certified Pre-owned

In addition to our retail stores, we also have warehouses at National Capital Territory of New Delhi, Mumbai, Maharashtra; Bengaluru, Karnataka and Ahmedabad, Gujarat for storing our inventory on leasehold basis.

## Online Sales

Our website, [www.ethoswatches.com](http://www.ethoswatches.com) provides a seamless experience to customer both online and offline. It provides information about international brands to our customers with smart search facilities by gender, price and its features and valuable customer education touch points. Our digital presence is supported by an in-house digital team of over 70 people with trained watch specialist and 25 online luxury watch consultant to respond to customer queries coming through the online portal helping them to research and choose watch they want. We believe, this platform is a powerful tool for the consumer to choose from a wide assortment of watches across the different categories and better awareness of our product. Online customers visit to our store, improves our credibility and sales. Through our website, we are able to cater our customers located at cities where our stores are not present. We believe that our online – offline omni retail business model helps us in adding more customers and expanding our reach and providing better watch buying experience to our customers. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as ‘online sales’.

We work progressively on the improvements of website based on user tracking giving us the ability to influence purchase decisions. We continue to focus on omni-channel with a great focus on people researching online with our watch consultants assisting them. We provide our customers greater shopping flexibility by arranging home delivery, showing watches at home and integrating store visits with website visits. The use of data from all our sources helps to focus our marketing content with great accuracy. We intend to integrate our online data with the offline experience by infusing technology at our stores through smart trays, watch recognition and augmented reality experiences. For further details, please refer to “*Our Strategies - Drive Sales and gather data through Technological Innovations.*”

We operate our businesses primarily through arrangements with watch brands, delivery companies, shopping malls and other high street locations and other vendors. Additionally, we have arrangements with other intermediaries such as digital services providers who provide certain digital services including digital marketing and search engine optimization services, payment gateway operators who facilitate consumer payments on our platform. Our customer sales arrangements are based on the terms and conditions listed on our websites. We do not have definitive supply agreements with most of the suppliers of premium and luxury brands and we procure our products on a purchase order basis. While our suppliers supply product to us, many of all our suppliers work with us on a non-exclusive basis and may engage with other retailers that compete with us or supply other products to our competitors or other entities globally. Please refer to “*Risk Factor - We do not have definitive agreements for supply of products or fixed terms of trade with majority of our suppliers. Failure to successfully leverage our supplier relationships and network could adversely affect us.*” on page 41 of this Red Herring Prospectus.

## Our Products

We are retailers of premium and luxury watches and pre-owned luxury watches. We source all of our products directly from third-party brand owners, their subsidiary in India or their authorised dealers. Watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹2.5 lakhs per watch), premium segment (₹0.25 lakhs -1 lakh per watch) and fashion and mass segment (up to ₹0.25 lakhs per watch). We retail watches in the category of premium, bridge to luxury, luxury and high luxury category. In Fiscals 2019, 2020, 2021 and nine months period ended December 31, 2021, the various categories we deal in contributed to the following towards our total sale of products:)

Category	Fiscal 2019		Fiscal 2020		Fiscal 2021		Nine months period ended December 31, 2021	
	Sales	% Sales	Sales	% Sales	Sales	% Sales	Sales	% Sales
Fashion	4,653.44	10.52%	3,658.93	7.99%	2,169.08	5.61%	1,646.05	3.93%
Premium	9,824.77	22.21%	10,241.32	22.37%	6,806.53	17.61%	5,509.85	13.16%
Bridge to luxury	9,384.04	21.21%	9,864.59	21.54%	7,259.97	18.78%	7,742.55	18.50%
Luxury	15,570.75	35.20%	17,482.94	38.18%	15,082.62	39.02%	15,326.47	36.61%

₹ in lakhs

₹ in lakhs

Category	Fiscal 2019		Fiscal 2020		Fiscal 2021		Nine months period ended December 31, 2021	
	Sales	% Sales	Sales	% Sales	Sales	% Sales	Sales	% Sales
High luxury	4,804.42	10.86%	4,537.06	9.92%	7,338.94	18.98%	11,634.49	27.79%
Total	44,237.42	100.00%	45,784.84	100.00%	38,657.14	100.00%	41,859.40	100.00%

We endeavour to provide our customers a coherent experience of the horological world with the widest selection of premium and luxury watch brands under our portfolio. We have a large collection of brands like Carl F. Bucherer, Raymond Weil, Oris, Corum among others (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*), which are retailed only through us in the Indian market, which enables us to create a great differentiation from our competitors offerings.

### **Our Services**

We offer watch aftercare services, including repairs, restoration, movement overhauling, ultrasonic cleaning, engraving and alterations. Our state of the art service centre, 'Ethos Watch Care' and collection centre is based in New Delhi and repairs several leading global watch brands. Our service centre ensures that the service concierge is always at the customers' service for all repair and service-related matter. Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our expert watchmakers at the service centre have certifications from brands like Omega, Tissot, Longines, Rado among other global brands with a minimum work experience of 10 years. Our service centre is a key infrastructure for our CPO business and undertakes the servicing, refurbishing and certification activities which are essential for operating the CPO retail business.

As per the *'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*, the rise of organized players in luxury watch business would lead to an increase in customer trust and availability & acceptability of luxury watches in India. Organised players often provide better after sales services such as repairs and refurbishments with additional warranty and guarantee which positively influences the purchasing decisions of customers.

### **Technology**

We consider our digital platform to be a key enabler and pillar to our business strategy. We use a combination of licensed and open-source technologies. We license third-party information technology systems, including Navision, for our financial reporting, inventory management, order fulfilment, and merchandising. Our IT systems integrate retail space planning and traffic, master data management, inventory, Omnichannel retail, warehouse management, CRM, financial, accounting, insurance, repair systems, business intelligence and other facets of its operations. Our systems have been optimised to support our operations on a pan India basis, and we share our digital assets and CRM across all our sales channels and operations. We have a technology team that focuses on enhancing the platform capabilities and the customer shopping experience.

We focus our efforts on creating and enhancing the features and functionality of our digital presence across multiple platforms as well as further refining our order processing and fulfilment systems to deliver a high-quality customer experience. We also use our technology systems for data analytics to refine continuously our merchandising and inventory management. Through productivity analysis of each brand and individual product that we carry and to engage in inventory forecasting.

Providing a seamless integration between the click and the brick, our digital platform ensures that while customers get a unique and convenient shopping experience online, they also have access to a wide variety of luxury and premium watches that they can purchase at our physical points of sale. An integrated business model such as this enables us to elevate our standards of customer experience, customer satisfaction and the overall conversion rate at our retail stores. It acts as a powerful tool for the consumer to choose from a wide assortment of watches across

different categories while giving them in-depth product information and knowledge, thus leading to an informed buying decision. We believe that the growing internet penetration in Indian cities, especially Tier-II and Tier-III cities have increased the potential of growth in the e-commerce segment. In the light of this trend, we believe that foraying into the online retail business will assist us in expanding and diversifying our customer base.

Our digital platform has carved a niche in the online luxury market through various unique services including a highly specialized team of luxury watch consultants and 'The Watch Guide' as in house digital magazine that curates relevant and exclusive content for watch enthusiasts. Our digital platform provides numerous value-added services including watch insurance, easy instalments and dedicated after sales service to our customers. Exclusive benefits such as these, help us to strengthen our presence and customer loyalty in the market.

### ***Loyalty Programme***

Our loyalty programme 'Club Echo' is designed to build relationships with our customers. Club Echo is a unique consumer relationship management initiative which was started by us 14 years ago with an aim to provide a rewarding experience in the luxury retail category. As of March 31, 2022, over 2,83,300 registered members to our Club Echo. Through Club Echo, we understand the buying pattern of our customers and reward them for their loyalty. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated through Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Club Echo also helps us to generate profitability by reducing servicing costs, reducing price sensitivity, increased spending and favourable recommendations passed on to potential customers. Our customer engagement and loyalty program intend to impart a delightful shopping experience to our patrons and inculcate a lasting and mutually rewarding relationship whilst continually delivering value to our customers. We also have Club Echo outbound call centre at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. We utilise the data from our Club Echo to drive highly accurate social media and digital campaigns by targeting known watch customers.

### ***Data***

We capture data across various online and offline touch points. For online, website visitors generate leads for products that they are interested in; further we generate leads via our social media platforms as well. Offline touch points such as our store also share data on product enquiries, sales, Club ECHO (our loyalty program). All this data collected, plus third-party data is used for communications and campaigns e.g. emailers, newsletter, product launches etc. and especially used to run accurately targeted advertisements. Every touchpoint in our platform generates data, based on which we develop customer insights. These insights help us create personalised consumer journeys and drive operational efficiencies adding value to the participants in our ecosystem. We continue to strengthen our data science capabilities to better our merchandising, targeting and product discovery while keeping in mind our customer security and privacy.

### ***Privacy and Data Protection***

We lay a strong emphasis on information security and data privacy of our systems. The foundation of our information security program is our information security policies. These policies set forth the guidelines for protection against security threats to safeguard the integrity of our information systems. The policies are implemented by setting controls across all platforms and infrastructure using security solutions and a dedicated team that focuses on application, network and system security, as well as security compliance and awareness to ensure that our employees adhere to the policies for the protection of information and assets. We employ appropriate privacy policies to ensure the protection of customer data.

### ***Merchandising***

The manufacturing of key luxury watch brands is highly concentrated among a limited number of brand owners that are primarily based in Switzerland. Brand owners control distribution through strict, selective distribution retail arrangements and many brands do not permit online distribution. In addition, the owners of luxury watch brands take proactive measures to preserve the exclusivity and rarity value of luxury watches and seek to avoid excess stock in



the market. Many owners of luxury watch brands do not have their own stores or retail distribution systems and look to retailers to sell their products through the retailers' stores. They typically grant selected retailers the right to sell their product ranges on a store-by-store basis per country, and work with a limited number of retailers in each country. Typically, such approved stores are announced "as authorised retailer" for public information on the website of respective watch brands.

We follow a centralised procurement process and orders are placed in accordance with norms after consultation with operations team, and brands, and taking into account relevant sales trends. Our annual purchase budgets are derived basis the existing stocks, planned sales and planned closing stocks. The budgets are further divided at store level as per the planned sales. Our ERP (Navision) acts as a control mechanism ensuring purchases are within the defined price norms and budgets. Budgets are reviewed on an ongoing basis to account for deviancy in sales. We purchase the premium and luxury watches only from the third-party brand owners, their subsidiaries or authorised dealers. For procurement through subsidiaries of global watch brands in India, merchandise is received either directly at the stores or in our central office. For all merchandise that is imported by us it is cleared after duty payment and customs approvals and then distributed to the various stores as per requisitions.

We monitor and evaluate the sales and profitability performance of each brand and adjust our future purchasing decisions from time to time to ensure we maintain an updated and relevant product offering for customers. We communicate with our brand partners frequently, providing feedback on current demand for their products, suggesting changes to specific product categories or items and providing insight into future trends.

We engage with most of our luxury watch brand partners on marketing, merchandising product launches and training. Our marketing is often in conjunction with the luxury watch brand owners, with the advertisement carrying both our brand name and the relevant product brand name. We believe that we have been successful in shifting marketing from limited cooperative advertising to sharply focused campaigns for targeted audience, such as brand events. Through our merchandising team, merchandising tools and its long-term relationships with suppliers, we seek to ensure that our inventory is appropriate and that we have the desired inventory depth.

Our merchandising capabilities are underpinned by a customer-centric analytical approach which focuses on store profiling, productivity, trend analyses, seasonal changes, and sales and inventory forecasting through advanced market trend analysis on our ERP software. Our product range structure is defined by store type and product category and is continually refined to match our strategy and market conditions. We also manage our inventory on a store-by-store and brand-by-brand basis, with a focus on monitoring weekly sales and inventory using an inventory planning and forecasting tool run on Navision software, as well as analysing demographics, product attributes, trends and seasonal changes to allow for better planning and forecasting of inventory turn, allocation of space in-store based on profits per metre and more informed decisions based on developing trends (including seasonal merchandising). We also assess the average price of inventory against the average selling price of such inventory to facilitate aligning product ranges to our customers. Our merchandising function enable us to provide feedback to our suppliers on existing inventory and forecasts in advance of ordering additional inventory, to facilitate achieving higher inventory turns and customer satisfaction through availability of products. We continuously seek to improve the turnover of our inventory, limit aged inventory and align the range of our products to match customers' preferences so many months of stock.

### ***Inventory Management***

The majority of our inventory is comprised of premium and luxury watches, which tend to maintain their value over time, making us less dependent on the rapid turnover of inventory. We continuously seek to limit aged inventory and align the range of our products to match customers' preferences and to optimise inventory turn. Our average inventory turn varies depending on the type of product.

We track back order levels together with the sales of inventory and adapt order quantities as appropriate. Our assortment of products for any given brand seeks to have a balanced representation of new products and established good selling models, across various price ranges, and also balanced between male and female models, depending on the product offering of the brand. Further, many brands also have guidelines for 'suggested assortments' and often also link this to some incentives. All these points are taken into consideration in the planning and monitoring of assortments and over all inventory management. When certain products experience a slower rate of sale than expected, we modify the assortment planning to exclude or limit the re-ordering of such products; further such slow-moving

stock may then be sold through increased marketing and promotional activities. In some cases, stock can also be returned to suppliers or exchanged for other models. In addition, we also carry some products on consignment, which reduces risks with respect to some new or high value products.

We manage our inventory such that our staff in one store can source an out-of-stock item from any other store across our stores in India in a short period of time. This ensures that the overall use of inventory throughout the system is optimised, and especially that slower moving stock in one geography is used by our stores in other geographies if required.

### ***Marketing and Advertising***

We pursue marketing strategy focused on increasing store footfall and online traffic. We have a dedicated in-house marketing team with over 70 members, constituting of writers, editors, photographers, graphic designers and the like, that is focused on creating and executing our marketing strategy.

Owners of major luxury watch brands invest heavily in marketing. As a luxury watch retailer, we benefit from the increased awareness generated by traditional marketing activities as well as promotional activities, such as watch fairs, exhibitions and flagship store openings. We often collaborate with luxury watch brands, holding events together and running cooperative marketing campaigns (where our brand is paired with the relevant third-party brand's name). With numerous watch brands in our portfolio, it becomes imperative to deploy a set of initiatives that target the right audience and accordingly, we follow a 360° approach towards the customers, providing them with a coherent experience of the horological world.

The Omnichannel marketing approach includes several strategies such as email marketing, search engine marketing, social media marketing, display marketing and blogs. In the digital marketing space, we invest in content-based campaigns. Even across all social media platforms, we have built a following of watch enthusiasts, who constantly engage with our posts. Our website attracts millions of visitors (for the nine months period ended December 31, 2021, our website has been visited by 17 million visitors of which 12 million are first time visitors), which is among the highest globally comparing with other multi brand luxury watch retailers (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited, available on the following link: <https://www.ethoswatches.com/investors-information> ).*

Our social media campaigns are supported by our in-house team of photographers and editors that help in delivering the best quality photographs. This is further complemented by a team of digital marketing specialists that enhance the marketing spectrum. We also invest on the google network in search and display marketing. The search engine marketing is a paid tool that helps us capture the intent of the prospective customer that is triggered by search queries on a particular search engine, whereas display marketing achieves the attention of the prospect consumer by employing interactive mediums on the advertisements.

The digital chapter of our marketing strategy also include email marketing, where we curate the latest releases and novelties, with the latest creative in a well-drafted email. This email is further distributed to the list of subscribers that have signed up for the email notifications.

Further expanding on providing and engaging the customers with the information on brands and the timepieces, we employ a team of writers and editors for 'The Watch Guide'. A digital magazine from Ethos Watch Boutiques, the Watch Guide is a leading blog on luxury watches, which covers exciting and inspiring stories from the horological landscape, covering the illustrious backgrounds of some of the biggest brands in horology, and the stories behind their latest and most innovative collections and timepieces. The website also features interviews with big names from the watch industry. We try and always put content and storytelling at the heart of our digital experience.

Apart from the magazine, we organise events and meetups for watch enthusiasts that are specially designed to allow customers to experience these watches in person. Here they can try out these timepieces, and this also allows brands to directly communicate with the buyers and get their feedback.

We employ a strategy of Omnichannel marketing. This includes formulating a strategy that provides the customers with a coherent experience of the product offerings. Apart from a valuable buying experience, our marketing strategy aims at creating and building the current watch retailing landscape in the country.

### ***Health, Safety and Environmental Matters***

We are committed to ensuring high standards of health, safety and environmental practices in our organisation and our offices. We aim to comply with all applicable health, safety and environmental regulations and other requirements in our operations. During Covid -19 period, we actively undertook to promote health, safety in our workplace by providing support to our employees, such as a helpdesk, vaccination camp and a number of oxygen concentrators, among others. We are committed to ensuring that the appropriate resources are provided, and that appropriate actions are taken, to implement and maintain sustainable health, safety and environmental practices and effective management systems.

### ***Our Corporate Social Responsibility Initiatives***

Corporate social responsibility has been important to us, and we are committed to giving back and making a positive social impact. We have undertaken The Million – Tree Project as a part of our CSR initiatives, pursuant to which we have pledged our support to plant one million trees over the 10 years in partnership with responsible organisations.

For the Fiscals 2019, 2020 and 2021 and the nine months period ended December 31, 2021, we undertook the following CSR activities:

- contribution of ₹ 10.03 lakhs to Khushii (an NGO registered at New Delhi) for sponsoring 59 (fifty nine) proposed children for their education, mid-day meal, counselling and medical support, stationary and uniform and internal recovery cost (Fiscal 2020);
- SVP Philanthropy Foundation, New Delhi - Purchase and distribution of PPE kits (Fiscal 2021);
- Namma Chethana Initiative, through Mumbai International Airport Limited's cafeteria partner - Satis Dining; Bengaluru - Contribution for serving food packages for Covid suffering people (Fiscal 2021);
- Isha Foundation for their 'Cauvery Calling' project, Coimbatore - Tree Plantation (Fiscal 2021);
- Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad (Fiscal 2021 and nine months period ended December 31, 2021); and
- I am Gurgaon, Gurgaon (Haryana) - Champion projects for tree plantation and revival of the environment (Fiscal 2021).

For the Fiscals 2019, 2020 and 2021 and the nine months period ended December 31, 2021, our corporate social responsibility expenditure aggregated to ₹ Nil, ₹ 10.03 lakhs, ₹ 16.61 lakhs and ₹ 14.23 lakhs respectively.

### ***Employees***

As of March 31, 2022, we have 424 employees, out of which 79 are women representing 18.63% of total employees. None of our employees are represented by a labour union and we believe that our employee relations are strong. The following table provides a breakdown of our employee base by function as of March 31, 2022:

<b>Function</b>	<b>No. of Employees</b>
Operations	286
Finance	17
Human Resource	11
Digital Team	77
Information Technology	6
Merchandising	19
Marketing	5
Project	3

Our human resource policies focus on recruiting talented and qualified personnel, who we believe integrate well with our current workforce. We endeavour to develop and train our employees in order to facilitate the growth of our operations. We promote teamwork initiatives for our employees. We have in place a rewards and recognition program and conduct regular events to recognize and award employees based on performance and the impact they have made, irrespective of their seniority, department or location. Our employee induction procedures are focussed on taking regular feedback and facilitating interaction between new employees and senior management. We conduct regular training workshops and performance reviews. We have medical and accident insurance for our employees and have also introduced wellness and physical health programs. For the Fiscals 2019, 2020, 2021 and nine months period ended December 31, 2021, our employee benefits expense were ₹ 3,312.52 lakhs, ₹ 3,317.02 lakhs, ₹ 2,920.31 lakhs and ₹ 3,087.54 lakhs respectively, constituting 7.47%, 7.24%, 7.55% and 7.38% respectively, of our revenue from operations.

### ***Competition***

Our competition for the premium and luxury segment watch retail is mainly from other watch retailers in the country. Most other premium and luxury watch retailers have presence in one or two cities with a few stores and no one enjoys a pan India presence like us. Further, no other retailer has a comparable digital footprint, whether in terms of website traffic or social media following. The only competitor with a pan India retail presence operates at entry level or premium price points.

### ***Intellectual Property***

We are in the process of purchasing our brand-name “ETHOS” and “SUMMIT” from our promoter, KDDL Limited. We have entered into an agreement to sell dated January 1, 2022, with KDDL Limited, for the transfer of brand names, trademarks, trade names logos and all related rights to “Ethos” in our name for an amount of ₹ 3,900 lakhs. Out of ₹ 3,900 lakhs, one third needs to be paid by us by March 31, 2022, one third of the payment will be made by us to KDDL Limited when trademark “Ethos” is transferred and remaining amount is to be paid when trade mark “Summit” is transferred and registered in our favor. The transfer of brand-names “ETHOS” and “SUMMIT” from our Promoter, KDDL Limited to our Company will complete after the listing of Equity Shares on the BSE and NSE.

### ***Insurance***

Our Company maintains insurance to cover risks associated with the ordinary operation of its business, including losses caused to stock and furniture by fire and burglary, losses caused by commercial crime, losses to our electronic equipment and directors’ and officers’ liability. We also maintain insurance policies for, among others, commercial general liability and product recall and group personal accident and medical claim insurance covering our employees. We insure our offices, warehouse, stores and vehicles against such hazards as fire, explosion, theft, hurricanes, flood and accidents. We also insure buildings when they are not insured under leasehold arrangements by the landlord. All policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We believe that our insurance coverage is sufficient for the risks associated with our operations. However, no assurances can be given that this coverage will be sufficient to cover the cost of defence or damages in the event of a significant claim.

### ***Properties***

As of December 31, 2021, we operated entirely out of leased premises. We operate on leasehold basis for our offices, warehouses and physical stores in India, and while we do not own the underlying property, we invest in furniture, fixtures and equipment, IT infrastructure. Typically, the term of our leases ranges from eleven months to nine years, and we are required to pay security deposits, specified monthly rentals and common area maintenance charges for the duration of the relevant agreement, subject to periodic adjustments at agreed rates. Our corporate office is being used on a lease basis. For further details relating to risks arising from leased premises, please refer to “*Risk Factor - The premises of all our stores and warehouses are leased. If we fail to renew these leases on competitive terms or if we are unable to manage our lease rental costs, our results of operations would be materially and adversely affected.*” on page 52 of this Red Herring Prospectus.

## KEY REGULATIONS AND POLICIES

*The following is an overview of the certain sector specific Indian laws and regulations which are relevant to our business. The tax related statutes and applicable shops and establishment statutes, labour laws and other miscellaneous regulations and statutes apply to us as they do to any other Indian company.*

*The information detailed in this chapter has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained or applied for by our Company, see “Government and Other Approvals” on page 445. The statements below are based on the current provisions of the Indian law, which are subject to amendments or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.*

### ***Shops and Establishments Legislations***

Under the provisions of local shops and establishments legislations applicable in the states in which such establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our offices, stores and warehouses have to be registered under the shops and establishments legislations of the states where they are located.

### ***Bureau of Indian Standards Act, 2016***

Bureau of Indian Standards Act, 2016 provides for the establishment of the Bureau of Indian Standards (“**BIS**”) for the development of the activities, inter alia, standardisation, conformity assessment and quality assurance of goods, articles, processes, systems and services, and for matters connected therewith and incidental thereto.

Functions of the BIS include, inter alia, (a) recognizing as an Indian standard, with the prior approval of the Central Government, the mark of any international body or institution at par with the standard mark, for such goods, articles, process, system or service in India or elsewhere; (b) specifying a standard mark to be called the Bureau of Indian Standards Certification Mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; (c) providing training services in relation to inter alia, quality management, standards, conformity assessment; (d) publishing Indian standards; promotion of safety in connection with any goods, article, process, system or service; and (e) any such other functions as may be necessary for promotion, monitoring and management of the quality of goods, articles, processes, systems and services and to protect the interests of consumers and other stakeholders.

### ***Legal Metrology Act, 2009***

The Legal Metrology Act, 2009 (the “**L.M. Act**”) governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weight, measure or number. It also states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the L.M. Act. Moreover, the L.M. Act prohibits any person from quoting any price, issuing a price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of the L.M. Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in the Rules made by each state. The Act also provides for Legal Metrology (General) Rules, 2011, which may be followed for due compliance if the respective state does not provide for Rules in this regard.

Additionally, the Act provides for the following penalties in case of contravention of certain provisions of the Act:

1. Penalty for use of weight, measure or numeration in contravention of the Act;
2. Penalty for alteration or tampering with the weight or measure;

3. Penalty for making a transaction, deal or contract in contravention of the Act;
4. Penalty for the buyer (buying in excess of the quantity specified, or price paid for) and seller (selling less than the quantity specified, or price paid for).

### ***Laws relating to Country of Origin***

Currently, the Legal Metrology (Packaged Commodities) Rules, 2011 (“**Packaged Commodity Rules**”) require a declaration of 'country of origin' or 'country of manufacture' or 'country of assembly' on the imported products. This is aimed at curbing false and misleading claims by the brands to deceive the customers, as also to give complete information of the product to a potential buyer. The Packaged Commodity Rules were vide an amendment made applicable to the product listing information on ecommerce platforms and inter alia, mandates the specification of Country of Origin on the product listing page. Demands for specifying the Country of Origin (“**COO**”) of products sold online has gained ground in view of Prime Minister's vision "Make in India". The Government had asked e-commerce entities to adhere to the Packaged Commodity Rules and display Country of Origin of products listed on their platform/s by August 1, 2020. In the recently draft of proposed amendment to the Consumer Protection (E-Commerce) Rules, 2020, inter alia, requires and e-commerce entity that offers imported goods or services for sale, to identify goods based on their country of origin, provide a filter mechanism on their e-commerce website and display notification regarding the origin of goods at the pre-purchase stage, at the time of goods being viewed for purchase, suggestions of alternatives to ensure a fair opportunity for domestic goods and further to provide ranking for goods and ensure that the ranking parameters do not discriminate against domestic goods and seller.

### ***The Information Technology Act, 2000***

The Information Technology Act, 2000 (the “**IT Act**”) was enacted on June 9, 2000, with the aim to provide legal recognition to transactions carried out by means of electronic commerce or electronic exchange of data or through other electronic means. It was enacted in furtherance of resolution A/RES/51/162 dated the January 30, 1997, of the General Assembly of the United Nations, which recommended taking into consideration the Model Law on Electronic Commerce adopted by the United Nations Commission on International Trade Law. The IT Act provides recognition to digital signature and electronic signature, lays down provisions for electronic governance and makes provisions for security measures in relation to electronic records. The Information Technology (Amendment) Act, 2008, which amended the IT Act, facilitates electronic commerce by recognizing contracts concluded through electronic means, protects intermediaries in respect of third-party information liability and creates liability for failure to protect sensitive personal data and information (“**SPDI**”).

Additionally, the IT Act also empowers the Government of India (“**GoI**”) to direct any of its agencies to intercept or decrypt any information in the interest of sovereignty, integrity, and security of India, among other things. The Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009 specifically permit GoI to block access of any information generated, transmitted, received, stored or hosted in any computer resource by the public, the reasons for which are required to be recorded by it in writing.

The IT Act prescribes punishment for publishing or transmitting obscene material in electronic form. The IT Act also imposes civil as well as criminal liability for various acts or offences, including, among others, tampering of computer source documents, unauthorized access of a computer system, breach of confidentiality and privacy, disclosing information in breach of a lawful contract, causing damage to a computer system and cyber-terrorism. The IT Act further imposes liability on a body corporate that possesses or handles any SPDI in a computer resource owned, controlled, or operated by it and if it is negligent is taking adequate security measures in relation to such SPDI. The provisions of the IT Act have extraterritorial jurisdiction and also apply to offences or contraventions outside India, so long as the act or conduct constituting such offence involves a computer, computer system or computer network located in India.

### ***The Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011***

In April 2011, the Department of Information Technology, Ministry of Electronics and Information Technology, GoI,

in exercise of its power to formulate rules with respect to reasonable security practices and procedures and sensitive personal data, notified the Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011 (the “**Data Protection Rules**”) in respect of Section 43A of the IT Act, which prescribes directions for the collection, disclosure, transfer and protection of SPDI by a body corporate or any person acting on behalf of a body corporate.

The Data Protection Rules define personal information to be any information that relates to a natural person, which, either directly or indirectly, in combination with other information available with a body corporate, is capable of identifying such natural person. SPDI, on the other hand, is any such personal information which relates to, among others, biometric information, financial information, physical, psychological and mental health condition and medical records of a natural person.

Under the provisions of the Data Protection Rules, a body corporate which seeks SPDI is required to have a privacy policy in place, which should be made accessible to persons providing such information. The body corporate possessing such information should not retain it for longer than it is required to be retained and should keep it secured. Any usage of such information or disclosure to a third party by a body corporate is subject to consent of the person who has provided such information. The Data Protection Rules also require body corporates to have a comprehensive documented information security program and information security policies in place so as to comply with reasonable security practices and procedures under the Data Protection Rules. Such compliance is also deemed to have been completed if the body corporate has implemented the International Standard IS/ISO/IEC 27001 on “Information Technology - Security Techniques - Information Security Management System – Requirements”.

#### ***Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021***

The Ministry of Electronics and Information Technology, GoI, notified the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (the “**Intermediary and Digital Media Rules**”) on February 25, 2021, in supersession of the Information Technology (Intermediary Guidelines) Rules, 2011. The Intermediary and Digital Media Rules make provisions in relation to intermediaries, social media intermediaries and significant social media intermediaries. The Intermediary and Digital Media Rules impose due diligence obligations in relation to all such intermediaries, including the duty to publish rules and regulations, the privacy policy and the user agreement for access to or usage of the intermediary’s computer resource by any person. Such rules and regulations, privacy policies and user agreements are required to inform the user of the computer resource to not engage in certain information which includes, among others, information that is in violation of law, or impersonates another person, is defamatory or obscene. The intermediaries are further required to take reasonable measures to ensure that the reasonable security practices and procedures under the Data Protection Rules are followed. All intermediaries are also required to establish a mechanism to redress grievances and publish details of the grievance officer. An intermediary that fails to observe the Intermediary and Digital Media Rules could be punished under applicable law, including the IT Act and the Indian Penal Code, 1860.

#### ***The Personal Data Protection Bill, 2019***

The Personal Data Protection Bill, 2019 (the “**Personal Data Protection Bill**”) was introduced in the lower house of the Indian Parliament on December 11, 2019. It seeks to provide an all-encompassing law for the protection of processing of personal data of an individual by entities and provides for the establishment of a national-level data protection authority. In doing so, the Personal Data Protection Bill seeks to amend the IT Act. The data protection authority will be empowered to prevent misuse of personal data and ensure compliance with the law. In addition, similar to the Data Protection Rules currently in force, the Personal Data Protection Bill provides for a separate classification of sensitive personal data. It is aimed at governing personal data possessed by the GoI, companies incorporated in India as well as foreign companies that deal with personal data of individuals in India. The Personal Data Protection Bill further sets out rights of individuals, grounds for dealing with personal data and prescribes punishment for offences such as processing or transferring personal data in contravention of the Personal Data Protection Bill.

The Personal Data Protection Bill is currently being reviewed by the standing committee of the Indian Parliament, which is scheduled to submit its report during the winter session of the Indian Parliament this year. The Personal Data Protection Bill remains pending before the Indian Parliament and may be enacted in its current form or with amendments in due course.

### ***Draft E-Commerce Policy, 2019***

In March 2019, the DPIIT had invited comments from stakeholders and the public on the Draft E-Commerce Policy, 2019 (“2019 Draft Policy”). Among other items, the 2019 Draft Policy proposed that measures should be taken to regulate cross-border data flow, establish a level playing field for domestic and foreign e-commerce players, boost sale of domestic products through e-commerce, and generally regulate e-commerce in India. DPIIT is currently working on a revised draft policy.

### ***Indian Contract Act, 1872***

The Indian Contract Act, 1872 codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement. The Indian Contract Act also governs the conditions for validity of contracts formed through electronic means and accordingly, the terms of service, privacy policy and return policies of any online platform are legally binding agreements and often governed by the provisions of the Indian Contract Act, 1872. However, the law is not updated yet to deal with electronic contracts, where there is absence of online signatures.

### ***Companies Act, 2013***

The Companies Act, 2013, has replaced the Companies Act, 1956 in a phased manner. The Act received the assent of the President of India on August 29, 2013.

The Companies Act primarily regulates the formation, financing, functioning, and restructuring of separate legal entity as companies. The provisions of the Act state the eligibility, procedure, and execution for various functions of the company, the relation and action of the management and that of the shareholders. The law laid down transparency, corporate governance, and protection of shareholders & creditors. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### ***Prevention of Money Laundering Act, 2002***

In order to prevent money laundering activities, the Prevention of Money Laundering Act, 2002 (“PMLA”) was enacted which seeks to prevent money laundering to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. The PMLA empowers certain officers of the Directorate of Enforcement to carry out investigations in cases involving offence of money laundering and, also to attach the property involved in money laundering. The Act prescribes that any person found guilty of money-laundering shall be punishable with rigorous imprisonment from three years to seven years and where the proceeds of crime involved relate to any offence under paragraph 2 of Part A of the Schedule (Offences under the Narcotic Drugs and Psychotropic Substance Act, 1985), the maximum punishment may extend to 10 years instead of 7 years.

### ***Laws relating to employment***

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws which may be applicable to our Company due to the nature of its business activities:

- Apprentices Act, 1961;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employee’s Compensation Act, 1923;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- Equal Remuneration Act, 1976;



- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
- Maternity Benefit Act, 1961.

*The Occupational Safety, Health and Working Conditions Code, 2020 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different dates may be appointed for different provisions of the Occupational Safety, Health and Working Conditions Code, 2020. Once effective, it will subsume, inter alia, the Factories Act, 1948, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Contract Labour (Regulation & Abolition) Act, 1970.*

*The Government of India enacted 'The Code on Social Security, 2020' which received the assent of the President of India. The provisions of this code will be brought into force on a date to be notified by the Central Government, with certain of the provisions thereunder notified already. The code proposes to subsume, inter alia, the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. The Ministry of Labour and Employment, Government of India has notified the draft rules relating to Employee's Compensation under the Code on Social Security, 2020 on June 3, 2021, inviting objections and suggestions, if any, from the stakeholders. Further, draft rules under the Code on Social Security, 2020 were notified on November 13, 2020. The draft rules propose to subsume, inter alia, the Employees' State Insurance (Central) Rules, 1950, and the Payment of Gratuity (Central) Rules, 1972.*

*The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020, and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926, and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.*

*The Government of India enacted 'The Code on Wages, 2019' which received the assent of the President of India. The code proposes to subsume the Equal Remuneration Act, 1976, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Payment of Wages Act, 1936. The provisions of this code will be brought into force on a date to be notified by the Central Government, with certain of the provisions thereunder notified already. In pursuance of the code, the Code on Wages (Central Advisory Board) Rules, 2021 have been notified, which prescribe, inter alia, the constitution and functions of the Central Advisory Board set up under the Code on Wages, 2019.*

## **Consumer Laws**

### ***The Consumer Protection Act, 2019***

The Consumer Protection Act, 2019 (the “**Consumer Protection Act**”) was enacted with the aim to provide protection to consumers and facilitate efficient resolution of consumer disputes. It replaced the erstwhile Consumer Protection Act, 1986. The Consumer Protection Act seeks to protect consumers who buy goods or avail services through offline or online transactions. The Consumer Protection Act broadly lists down six consumer rights, which include, among others, the right to be protected against marketing of goods products or services which are hazardous to life and property, right to be informed about quality and standard of goods, products and services in order to protect the consumer against unfair trade practices, right to seek redress against unfair or restrictive trade practices or unscrupulous exploitation of consumers as well as the right to consumer awareness. The scope of unfair trade practices has been expanded to include representations or statements by means of electronic record. The Consumer Protection Act further provides for the establishment of consumer protection councils, a central consumer protection authority, and consumer disputes redress commissions, and lays down scope of powers and responsibilities of all such bodies. It also provides for mediation as an alternate dispute resolution mechanism for the resolution of consumer disputes and makes provisions for the establishment of a consumer mediation cell.

The Consumer Protection Act provides for punishment of offences including non-compliance by any person with directions of the central consumer protection authority, or for false or misleading advertisement or for offences in relation to, among others, the manufacture, sale and storage of adulterants or spurious goods. Offences under the Consumer Protection Act are punishable with fines as well as imprisonment.

### ***The Consumer Protection (E-Commerce) Rules, 2020***

The Consumer Protection (E-commerce) Rules, 2020 (the “**E-commerce Rules**”), enacted pursuant to the Consumer Protection Act, include provisions regulating e-commerce transactions involving goods or services, including the marketing, sale and purchase of such goods or services. The E-Commerce Rules set out obligations for e-commerce entities in relation to consumers and users of e-commerce platforms. The E-commerce Rules prescribe duties of e-commerce entities, liabilities of marketplace e-commerce entities, duties of sellers on marketplace and duties and liabilities of inventory e-commerce entities. The E-Commerce Rules also apply to ecommerce entities which are not established in India but which systematically offer goods or services to consumers in India. The provisions of the Consumer Protection Act apply in respect of any violation of the provisions of the E-Commerce Rules.

The E-Commerce Rules were amended in May 2021 pursuant to which, certain e-commerce entities, including, among others, those which are a company incorporated in India or a foreign company under the Companies Act, 2013, are required to appoint a nodal officer or an alternate senior designated functionary who is resident in India, to ensure compliance with the provisions of the Consumer Protection Act and the rules made pursuant to the Consumer Protection Act. The Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, GoI, has proposed further changes to the E-Commerce Rules and invited public views/ comments on the proposed amendments until July 21, 2021.

### **Intellectual Property Laws**

Intellectual property in India enjoys protection under both common law and statutes. Under statutes, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. These enactments provide for the protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the domestic laws, India is party to several international intellectual property related instruments including the Patent Cooperation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the Berne Convention for the Protection of Literary and Artistic Works, 1886, the Universal Copyright Convention adopted at Geneva in 1952, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, 1961, and as a member of the World Trade Organisation, India also is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (“**TRIPS**”).

### ***Copyright Act, 1957 and the rules thereunder***

The Copyright Act, 1957, along with the Copyright Rules, 1958, (collectively, “**Copyright Laws**”) serve to create property rights for certain kinds of intellectual property, generally called works of authorship. The Copyright Laws protect the legal rights of the creator of an ‘original work’ by preventing others from reproducing the work in any other way. The intellectual property protected under the Copyright Laws includes literary works, dramatic works, musical works, artistic works, cinematography, and sound recordings. The Copyright Laws prescribe fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Upon registration, the copyright protection for a work exists for a period of 60 years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright.

### ***The Patents Act, 1970***

The Patents Act, 1970 (the “**Patents Act**”) governs the patent regime in India. Being a signatory to the TRIPS, India is required to recognize product patents as well as process patents. In addition to the broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. Section 39 of the Patents Act also prohibits any person resident in India from applying for a patent for an invention outside India without making an application for a patent for the same invention in India. The term of a patent granted under the Patents Act pursuant to Section 53 is for a period of twenty years from the date of filing of the application for the patent. A patent shall cease to have effect if the renewal fee is not paid within the period prescribed for the payment of such renewal fee. Further, the Patents Act also provides for the recognition of product patents in respect of food, medicine and drugs; that import of patented products will not be considered as an infringement; and that under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer.

### ***The Trademarks Act, 1999***

The Trademarks Act, 1999 (“**Trademarks Act**”) provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement. The Trademarks Act also governs the statutory protection of trademarks and also prohibits any registration of deceptively similar trademarks or chemical compounds, among others. Indian law permits the registration of trademarks for both goods and services. It also provides for infringement, falsifying and falsely applying for trademarks. Under the provisions of the Trademarks Act, an application for trademark registration may be made before the Trademark Registry by any person claiming to be the proprietor of a trade mark, whether individual or joint applicants, and can be made on the basis of either actual use or intention to use a trademark in the future. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark lapses and the registration are required to be restored. Further, pursuant to the notification of the Trademark (Amendment) Act, 2010 simultaneous protection of trademark in India and other countries has been made available to owners of Indian and foreign trademarks. The Trademark (Amendment) Act, 2010 also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law to international practice. Design Act, 2000 is an Act to consolidate and amend the law relating to the protection of designs which came into force on May 11, 2001. Design Act is a complete code in itself and is statutory in nature and protects new or original designs from getting copied which cause loss to the proprietor. The proprietor upon registration gets ‘copyrights in design’ for the period of 10 years from the date of registration which can be renewed for a second period of five years, before the expiration of original period of 10 years. The controller registers a design under this Act after verifying that the design of any person, claiming to be the proprietor, is the new or original design not previously published anywhere in any country and is not against any public policy or morality. Any obvious or fraudulent imitation of a design, which is already registered, without the consent of its proprietor, is unlawful. It also prohibits the import of any material which closely resembles a registered design.

### ***The Design Act, 2000***

It is an Act to consolidate and amend the law relating to the protection of designs which came into force on May 11, 2001. Design Act is a complete code in itself and is statutory in nature and protects new or original designs from getting copied which cause loss to the proprietor. The proprietor upon registration gets ‘copyrights in design’ for the period of 10 years from the date of registration which can be renewed for a second period of five years, before the expiration of original period of 10 years. The controller registers a design under this Act after verifying that the design of any person, claiming to be the proprietor, is the new or original design not previously published anywhere in any country and is not against any public policy or morality. Any obvious or fraudulent imitation of a design, which is already registered, without the consent of its proprietor, is unlawful. It also prohibits the import of any material which closely resembles a registered design.

### **Environmental Laws**

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution)

Act, 1981 and the Environment Protection Act, 1986, each as amended from time to time.

### **Foreign Exchange Laws**

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 (the “**FEMA**”). Pursuant to FEMA, the GoI and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of foreign exchange control.

### ***Foreign Investment in India***

The FEMA, the FEMA Non-debt Rules, and the Consolidated FDI Policy (effective from October 15, 2020) (the “**FDI Policy**”) issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, GoI (the “**DPIIT**”), together govern foreign investment in India. The FDI Policy subsumes and supersedes all press notes/ press releases/ clarifications/ circulars issued by the DPIIT which were in force as of October 15, 2020. In terms of FDI Policy, FDI to an extent of 51% is allowed in multi brand retail trading with government approval. In addition, the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 regulate the mode of payment and reporting requirements for investment in India by a person resident outside India.

Subject to the FDI Policy, non-resident entities can invest in India, except in prohibited sectors/ activities. However, in furtherance of Press Note 3 of 2020, dated April 17, 2020, and issued by the DPIIT, as consolidated in the FDI Policy, an entity 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, can only invest with prior approval of the GoI. Moreover, an approval of the GoI will also be required in case 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 above restriction/ purview.

In accordance with the FEMA Non-debt Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall 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, on a repatriation or non-repatriation basis, shall 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 warrant. However, 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 terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together can be up to the sectoral cap applicable to the sector in which our Company operates (*i.e.* up to 51%), as prescribed under the FEMA Non-debt Rules.

### ***Regulation of Overseas Direct Investment***

The Foreign Exchange Management (Guarantees) Regulations, 2000, as amended and the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended, along with the provisions of the Master Directions on Direct Investment by Residents in Joint Ventures (JV) / Wholly Owned Subsidiary Abroad (WOS) issued by the RBI, on January 1, 2016, as amended from time to time (the “**ODI Master Directions**”), are the primary regulations governing overseas direct investments (“**ODIs**”) by an Indian party as well as the issuance of guarantees by an Indian party to or on behalf of its non-Indian wholly owned subsidiaries (“**WOS**”) or joint ventures (“**JV**”).

Pursuant to the ODI Master Directions, an Indian party is permitted to make ODI under the automatic route, as long as such Indian party’s total financial commitment does not exceed 400% of its net worth as per its last audited balance sheet. Further, any financial commitment by an Indian party in excess of USD 1 billion (or its equivalent) in a financial

year would require prior approval of the RBI.

Under the ODI Master Directions, the “total financial commitment” of an Indian party in all non-Indian JVs and WOSs comprises of:

- (a) 100% of the amount of equity shares and/or compulsorily convertible preference shares;
- (b) 100% of the amount of other preference shares;
- (c) 100% of the amount of loan;
- (d) 100% of the amount of guarantee (other than performance guarantee) issued by the Indian party;
- (e) 100% of the amount of bank guarantees issued by a resident bank on behalf of JV or WOS of the Indian party provided the bank guarantee is backed by a counter guarantee/collateral by the Indian party; and
- (f) 50% of the amount of performance guarantee issued by the Indian party, provided that if the outflow on account of invocation of performance guarantee results in the breach of the limit of the financial commitment in force, prior permission of the RBI is to be obtained before executing remittance beyond the limit prescribed for the financial commitment.

For making any investment or undertaking any financial commitment in an overseas JV or a WOS, the Indian party should make an application in Form ODI with the prescribed enclosures and documents with an authorized dealer bank.

### **Competition Act, 2002**

The Competition Act, 2002 (the “**Competition Act**”) is an act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade in India. The act deals with prohibition of (i) certain agreements such as anti-competitive agreements and (ii) abuse of dominant position and regulation of combinations. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Competition Act. The prima facie duty of the Competition Commission of India (“Commission”) is to eliminate practices having adverse effect on competition, promote and sustain competition, protect the interests of consumers and ensure freedom of trade. The Commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General (as appointed under Section 16(1) of the Competition Act), he shall be punishable with a fine which may extend to ₹ 100,000 for each day during such failure subject to maximum of ₹ 10,000,000, as the Commission may determine.

### ***Foreign Trade (Development and Regulation) Act, 1992 (“FTA”) and the Foreign Trade (Regulation) Rules, 1993 and the Foreign Trade Policy, 2015-20***

The FTA seeks to increase foreign trade by regulating imports and exports to and from India. It authorizes the government to formulate as well as announce the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as in specified cases of foreign trade. The FTA read with the Indian Foreign Trade Policy, 2015-20 (extended till March 31, 2022) provides that no person or company can make exports or imports without having obtained an importer exporter code (“**IEC**”) number unless such person or company is specifically exempted. An application for an importer exporter code number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce (“**DGFT**”). An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

### ***Customs Act, 1962 and Customs Tariff Act, 1975***

The provisions of the Customs Act, 1962, as amended (the “**Customs Act**”) apply at the time of import or export of goods. Under the Customs Act, the Central Board of Excise and Customs (“**CBEC**”) is empowered to appoint, by notification, inter alia, ports or airports as customs ports or customs airports and places as the Inland Container Depot (“**ICD**”). Section 45 of the Customs Act lays down that all imported goods unloaded in a customs area shall remain in the custody of the person approved by the Commissioner of Customs until they are cleared for home consumption or

warehouse or transshipped. The said Act contains provision for levying the custom duty on imported goods, export goods, goods which are not cleared, goods warehoused or transshipped within 30 days after unloading etc. It also provides for storage of imported goods in warehouses pending clearance, for goods in transit etc., subject to prescribed conditions. The Customs Tariff Act, 1975 provides the rates at which duties of customs will be levied under the Customs Act.

### **Laws relating to taxation**

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

#### ***Income Tax Act 1961, the Income Tax Rules, 1962, as amended by the Finance Act in respective years***

The Income Tax Act (“**IT Act**”) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing, or arising in India or deemed to have been received, accrued, or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and the like.

#### ***Central Goods and Services Tax Act, 2017***

The Central Goods and Services Tax Act, 2017 (the “**GST Act**”) levies tax on the supply of goods and services throughout India to replace multiple taxes levied by the Central and State Governments on production, supply and sale of goods and providing of services in India, applicable from July 1, 2017. Under the GST Act, goods and services are taxed under five different categories, being 0%, 5%, 12%, 18% and 28%. GST is levied on all transactions such as supply, transfer, purchase, barter, lease, or import of goods and/or services. Transactions made within a single state are levied with Central GST (“**CGST**”) by the Central Government and State GST (“**SGST**”) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (“**IGST**”) is levied by the Central Government. GST is a consumption-based tax; therefore, taxes are paid to the state where the goods or services are consumed and not the state in which they were produced.

#### ***Indian Stamp Act, 1899 and various state specific legislations made thereunder***

Under the Indian Stamp Act, 1899 (the “**Stamp Act**”) stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title, or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. Instruments chargeable to duty under the Stamp Act, which are not duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

#### ***State-specific legislations in relation to professional tax***

Professional tax is a tax that is levied by state governments on all individuals who earn a living through any medium. Accordingly, professional tax will be applicable to our Company in accordance with various state specific legislations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as “*Kamla Retail Limited*” on November 5, 2007, as a public limited company under the provisions of the Companies Act, 1956, and a certificate of incorporation bearing registration no. U52300HP2007PLC030800 was issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Further, Our Company was granted certificate for commencement of business on November 16, 2007 by the Assistant Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh. Pursuant to the passing of a necessary resolution in terms of Section 21 of the Companies Act, 1956, and the approval of Central Government, the name of our Company was changed to “*Ethos Limited*”, to better reflect the nature of the business of our Company and a fresh certificate of incorporation dated March 5, 2012, consequent to the change of name, bearing corporate identity number U52300HP2007PLC030800 was issued by the Registrar of Companies, Himachal Pradesh.

As on the date of this Red Herring Prospectus, the registered office of our Company is situated at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh and the corporate office is situated at Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160 009.

### Changes in the Registered Office

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

### Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

- To carry on trade, distribution or retail business in India or abroad through retail formats and including but not limited to hyper markets, super markets, mega stores/discount stores, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue through internet and other forms and multi-level channels for all products and services, dealing and acting as franchises under various brand names for all kinds, materials and items including but not limited to watches and their accessories, jewellery, pre-owned or pre-used watches, luxury cars including pre-owned luxury cars, eye-ware, men’s accessories including leather products, wallets, bags, belts etc., packaging boxes, cell phones, accessories for cell phones, telecom products, consumer durables, home improvements products, footwear, books and stationery, toys and music and acquiring and running retail centres, entertainment centres including but not limited to multiplexes, cinemas, gaming centres, amusement parks, restaurants and food courts and acquiring of land or building on lease or freehold or any commercial or industrial or residential building for running and management of retail business and to acquire flats, offices and retail spaces for carrying on retail business and to sell them, lease or sublet them and to undertake and execute civil, mechanical, electrical and structural works contracts and sub-contracts in all their respective branches to carry on retailing business.*
- To carry on the business of leasing, renting or hiring various products of various brand names of all kinds, including but not limited to watches and their accessories, jewellery, pre-owned or pre-used watches, eye-ware, men’s accessories including leather products, wallets, bags, belts etc., packaging boxes, cell phones, accessories for cell phones, telecom products, consumer durables, home improvements products, footwear, books and stationery, toys and music through various retail formats or by E-commerce in India or abroad.*
- To carry on the business of retailers, distributors, exporters, importers, buyers, dealers, designers, traders and consignment Agent, C&F agent or by E-commerce all types of items and goods including Crystals, crystal wares, glass products, accessories, jewellery, articles, artificial or real made of precious metal or precious stones or any other non-precious material natural or manmade, eatables, Grocery, garments readymade or others apparels and any products made of leather, fashion items and accessories including perfumes and toiletry, furniture and furnishing material including home appliances, white goods, equipments, plant and machinery, components, display articles, writing instruments, medical instruments and appliances or any other articles or goods.*

4. *To carry on the business of buying, selling, indenting, exchanging, converting, assembling, fabricating, altering, importing, exporting, processing or otherwise handling or dealing in Wrist Watches, Watch Cases, Watch Dials, Straps, measuring Instruments, writing instruments, Precision Instruments, Clocks, Time Measuring Devices, Electronic Instruments of all types and descriptions and all components, spares, parts and accessories, materials required directly or indirectly for the manufacturing of the same.*
5. *To manufacture, produce, buy, sell, import, export, exchange and or otherwise deal in all kinds of writing instruments, pens, spectacles, spectacle frames or other fashion accessories, jewellery and or their display packaging materials, containers made of cloth, fabric, jute, plastic, rubber, metals, wood, leather, paper or any other type of synthetic, natural or manmade materials.*
6. *To carry on repairs, service and maintenance of watches, clocks, telecom products, phones, writing instruments, jewellery, crystals, watch accessories, electronic products, fashion accessories, pens, spectacles and spectacles frames and other consumer durables.*

#### **Amendments to our Memorandum of Association**

Set out below are the amendments to our Memorandum of Association in the last ten (10) years:

<b>Date of Shareholders' Resolution</b>	<b>Nature of amendment</b>
July 23, 2012	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised capital from ₹ 15,00,00,000 (Rupees Fifteen crores) divided into 1,30,50,000 (One crore thirty lakhs fifty thousand) equity shares of ₹ 10 (Rupees ten) each and 3,00,000 (Three lakhs only) 12% COCPS of ₹65/- (Rupees Sixty-Five) each Equity Shares of ₹ 10 (Rupees ten) each to ₹ 25,12,00,000 (Rupees twenty-five crores and twelve lakhs) divided into 1,30,50,000 (One crore thirty lakhs fifty thousand) Equity Shares of ₹ 10 each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65/- (Rupees Sixty-Five) each and 9,20,000 (Nine lakhs and twenty thousand only) 12% CCCPS of ₹ 110 (Rupees One hundred and ten) each.
August 27, 2012	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised capital from ₹ 25,12,00,000 (Rupees twenty-five crores and twelve lakhs) divided into 1,30,50,000 (One crore thirty lakhs fifty thousand) Equity Shares of ₹ 10 (Rupees ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65/- (Rupees Sixty-Five) each and 9,20,000 (Nine lakhs and twenty thousand only) 12% CCCPS of ₹ 110 (One hundred and ten) each to ₹ 28,20,00,000/- (Rupees Twenty-Eight Crores and twenty lakhs only) divided into 1,30,50,000 (One crore thirty lakhs and fifty thousand only) Equity Shares of ₹ 10 (Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65 (Rupees Sixty-Five) each and 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred and ten) each.
March 2, 2012	Amendment of Clause I of our MOA and all relevant references within the MOA to reflect the change in name of our Company from Kamla Retail Limited to Ethos Limited.
October 30, 2014	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised capital from ₹ 28,20,00,000/- (Rupees Twenty-Eight Crores and twenty lakhs only) divided into 1,30,50,000 (One crore thirty lakhs and fifty thousand only) Equity Shares of ₹ 10 (Rupees Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65 (Rupees Sixty-Five) each and 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (One hundred and ten) each to ₹ 35,70,00,120 (Rupees thirty-five crores seventy lakhs and one hundred twenty) divided into 1,30,50,000 (One crore thirty lakhs and fifty thousand only) Equity Shares of ₹ 10 (Rupees Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65 (Rupees Sixty-Five) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130 (One hundred thirty) each.
March 9, 2016	Alteration of Clause III(A)(I) of our MOA to include objects relating to renting of watches and its accessories inter alia other products and deletion of other objects clause.
July 7, 2016	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised capital from ₹ 35,70,00,120 (Rupees thirty-five crores seventy lakhs and one hundred twenty) divided into 1,30,50,000 (One crore thirty lakhs and fifty thousand only) Equity Shares of ₹ 10/- (Rupees Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65/- (Sixty-Five) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCPS of ₹ 130/- (Rupees One hundred thirty) to ₹ 45,70,00,120 (Rupees Forty-five crores seventy lakhs one hundred and twenty only) divided into 1,30,50,000



Date of Shareholders' Resolution	Nature of amendment
	(One crore thirty lakhs and fifty thousand only) Equity Shares of ₹ 10/- (Rupees Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65/- (Rupees Sixty-Five) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130 (One hundred thirty) and 10,00,000 (Ten lakhs) 12% Redeemable Preference Shares of ₹ 100 (Rupees one hundred) each.
November 7, 2016	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised capital from ₹ 45,70,00,120 (Rupees Forty-five crores seventy lakhs one hundred and twenty only) divided into 1,30,50,000 (One crore thirty lakhs and fifty thousand only) Equity Shares of ₹ 10/- (Rupees Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65/- (Rupees Sixty-Five) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130 (Rupees One hundred thirty) and 10,00,000 (Ten lakhs) 12% Redeemable Preference Shares of ₹ 100 (one hundred) each to ₹ 61,40,00,120 (Rupees Forty-six lakhs forty thousand one hundred and twenty) divided into 1,37,50,000 (One crore thirty-seven lakhs and fifty thousand only) Equity Shares of ₹ 10 (Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65 (Rupees Sixty-Five) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130 (Rupees One hundred thirty) each 10,00,000 (Ten lakhs) 12% Redeemable Preference Shares for 1 year term of ₹ 100 (Rupees one hundred) each and 15,00,000 (Fifteen lakhs) convertible preference shares of ₹ 100 (one hundred) each.
August 11, 2017	Amendment to Clause V of the Memorandum of Association for reclassification of authorised capital from ₹ 61,40,00,120 (Rupees Forty-six lakhs forty thousand one hundred and twenty) divided into 1,37,50,000 (One crore thirty-seven lakhs and fifty thousand only) Equity Shares of ₹ 10/- (Rupees Ten) each, 3,00,000 (Three lakhs only) 12% COCPS of ₹ 65/- (Rupees Sixty-Five) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130/- (One hundred thirty) each 10,00,000 (Ten lakhs) 12% Redeemable Preference Shares for 1 year term of ₹ 100 (Rupees one hundred) each and 15,00,000 (Fifteen lakhs) convertible preference shares of ₹ 100 (Rupees one hundred) each to ₹ 61,40,00,120 (Rupees Sixty-one crores forty thousand one hundred and twenty) divided into 1,57,00,000 (One crore fifty-seven lakhs only) Equity Shares of ₹ 10/- (Rupees Ten) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130/- (Rupees One hundred thirty) each, 10,00,000 (Ten lakhs) 12% Redeemable Preference Shares for 1 year term of ₹ 100 (Rupees one hundred) each and 15,00,000 (Fifteen lakhs) convertible preference shares of ₹ 100 (Rupees one hundred) each
February 5, 2018	Amendment to Clause V of the Memorandum of Association for reclassification of authorised capital from ₹ 61,40,00,120 (Rupees Sixty-one crores forty thousand one hundred and twenty) divided into 1,57,00,000 (One crore fifty-seven lakhs only) Equity Shares of ₹ 10/- (Rupees Ten) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten), 5,76,924 (Five lakhs seventy-six thousand nine hundred and twenty-four) 14% CCCPS of ₹ 130/- (Rupees One hundred thirty) each, 10,00,000 (Ten lakhs) 12% Redeemable Preference Shares for 1 year term of ₹ 100 (Rupees one hundred) each and 15,00,000 (Fifteen lakhs) convertible preference shares of ₹ 100 (Rupees one hundred) each to ₹ 61,40,00,120 (Rupees Sixty-one crores forty thousand one hundred and twenty) divided into 3,07,00,000 (Three crore seven lakhs only) Equity Shares of ₹ 10 (Rupees ten) each, 5,76,924 (Five lakhs seventy six thousand nine hundred and twenty four) 14% CCCPS of ₹ 130 (Rupees One hundred thirty) each, 12,00,000 (Twelve lakhs only) 12% CCCPS of ₹ 110 (Rupees One hundred ten) each, 10,00,000 (Ten lakhs only) 12% non-cumulative redeemable preference Shares of ₹ 100 (Rupees one hundred) each.
January 18, 2022*	Alteration of Clause III(A)(I) of our MOA to include objects relating to sale of luxury cars including pre owned luxury cars.

*\*Board of our Company passed the resolution in respect of alteration of objects to include sale of luxury cars including pre owned luxury cars, as one of the objects, in board meeting held on December 1, 2021. Our Company has passed the said Our Company has not carried out any research in relation to sale of luxury cars including pre-owned luxury cars. Our Company is still evaluating this business option and the same has presently not been factored in the future business prospects of our Company.*

## Major events in our history and milestones

The table below sets forth the key events in the history of our Company:

<b>Calendar Year</b>	<b>Major Achievements</b>
2007	Incorporation of Kamla Retail Limited as a public limited company.
2008	Transfer of retail business of KDDL to our Company
2009	Inaugurated retail shop at Indira Gandhi International Airport, New Delhi
2010	Amalgamation of Mahen Boutiques Limited into Kamla Retail Limited
2011	Ethos launched “Ethos Westminster”- Its first clock boutique in India at UB City, Bangalore, Karnataka
2012	Change of name of our Company from Kamla Retail Limited to Ethos Limited.
2018	Club Echo - 2 lakh members
2019	Initiation of flagship store
2020	Landmark of 50 stores within the country
2021	Introduction of pre-owned watches in National Capital Territory of New Delhi
2021	Initiation of dedicated service centre in National Capital Territory of New Delhi

### **Awards and Recognition**

As on the date of this Red Herring Prospectus, our Company has not received any awards and recognitions.

### **Accreditations and Certifications**

As on the date of this Red Herring Prospectus, our Company has not received any accreditations and certifications.

### **Holding Company**

As on the date of this Red Herring Prospectus, KDDL Limited, one of our Promoters, is our holding company. For details, see “*Our Promoters and Promoter Group*” beginning on page 281.

### **Subsidiary of our Company**

As on the date of this Red Herring Prospectus, our Company has one wholly owned subsidiary body corporate namely, Cognition Digital LLP. For further details on our subsidiary, please refer “*Our Subsidiary and Joint Venture*” on page 254.

### **Joint Venture/Associate of our Company**

As on the date of this Red Herring Prospectus, our Company has one joint venture namely, Pasadena Retail Private Limited. For further details on our subsidiary, please refer “*Our Subsidiary and Joint Venture*” on page 254.

### **Time or Cost Overruns**

Our Company has not experienced any instances of time / cost overrun as such.

### **Lock-out and strikes**

As on the date of this Red Herring Prospectus, there have been no lock-outs or strikes at any time in our Company.

### **Injunctions or restraining order against our Company**

There are no injunctions or restraining orders against our Company.

## **Revaluation of assets**

Our Company has not undertaken any revaluation of its assets since incorporation.

## **Defaults or rescheduling/restructuring of borrowings with financial institutions/banks and conversion of loans into equity**

There have been no defaults or rescheduling/restructuring of borrowings with financial institutions / banks in respect of borrowings of our Company.

## **Details regarding material acquisition or divestment of business/undertakings, mergers, amalgamations and revaluation of assets in the last ten (10) years**

### ***Scheme of arrangement between KDDL Limited and Ethos Limited earlier known as Kamla Retail Limited approved by Hon'ble High Court of Himachal Pradesh at Shimla***

The High Court of Himachal Pradesh, Shimla vide its order dated November 3, 2008, sanctioned the scheme of arrangement between KDDL Limited and Ethos Limited earlier known as Kamla Retail Limited i.e. under Sections 391 and 394 of the Companies Act, 1956 (“Scheme”).

Prior to the Scheme, our Promoter - KDDL Limited was carrying on the retail business of luxury swiss brands watches under the trade name of ‘ETHOS’ since 2003. Later on, keeping in view the increasing size of retail business and better administrative control, the retail division was hived off from the holding Company into a body corporate under the name and style of ‘Kamla Retail Limited’ in the year 2008.

Pursuant to the Scheme, all the business, undertakings, activities, properties except trademark of ‘Ethos’ and ‘Kamla’, assets, and liabilities pertaining to retail division of KDDL Limited were transferred and vested in ‘Kamla Retail Limited’.

### ***Scheme of Amalgamation of Mahen Boutiques Limited with Ethos Limited earlier known as Kamla Retail Limited as approved by Hon'ble High Court of Himachal Pradesh at Shimla.***

The High Court of Himachal Pradesh, Shimla vide its order dated November 2, 2010, sanctioned a scheme of amalgamation of Mahen Boutiques Limited with Kamla Retail Limited under Sections 391 and 394 of the Companies Act, 1956 (“Scheme”).

Prior to the Scheme, Mahen Boutiques Limited was in the same business as Kamla Retail Limited i.e. setting up of high-end mono brand boutiques/retail stores for retailing watches, jewellery, crystal wares, articles made of precious and semiprecious metals and stones. The Scheme was aimed towards better, efficient, and economical management, control and running of the business and for administrative convenience and to obtain advantage of economy of large scale.

Pursuant to the Scheme, all the business, undertakings, activities, properties, assets, and liabilities pertaining to Mahen Boutiques Limited were transferred and vested in Kamla Retail Limited.

## **Launch of key products or services, entry in new geographies or exit from existing markets**

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/facility creation, location of our manufacturing facilities, see “Our Business” beginning on page 213.

## **Strategic and Financial Partnerships**

As on the date of this Red Herring Prospectus, our Company does not have any financial or strategic partners.

## Shareholders' agreements and share subscription agreements

As on date of this Red Herring Prospectus, our Company does not have any subsisting shareholders' agreements among our shareholders of our Company vis-a-vis our Company.

## Any agreement entered into by Key Managerial Personnel or Director/ Promoter/any other employee of our Company, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company

As on date of this Red Herring Prospectus, no such agreement has been entered into by Key Managerial Personnel or Director/ Promoter/any other employee of our Company.

## Guarantees given by the Selling Shareholders who are Promoters of our Company

As on the date of this Red Herring Prospectus, our Promoter, Yashovardhan Saboo and KDDL Limited have provided the guarantees listed below to third parties. These guarantees have been issued towards contractual obligations in respect of loans availed by our Company:

(₹ in lakhs)			
S. No.	Lender	Type of Loan	Loan Sanctioned Amount
1.	IDBI Bank Limited	Cash Credit facilities, ILC/FLC/TCBG/BG/BC Limit and LER limit	2,685.00
2.	Bank of Maharashtra	Cash Credit facilities	2,000.00
3.	Jammu & Kashmir Bank	Cash Credit facility and Bank Guarantee facility	950.00

## Other Agreements

### *Shareholder's Agreement dated February 3, 2019 between Yashovardhan Saboo and Luxury Time Private Limited (Shareholder's Agreement)*

Our Joint Venture Company, Pasadena Retail Private Limited, was incorporated as a private limited company pursuant to the Shareholder's Agreement between Yashovardhan Saboo and Luxury Time Private Limited with the objective of carrying on the business of operating a mono-brand boutique for luxury watches at Palladium Mall, Lower Parel, Mumbai, Maharashtra by collaborating with our Company. In terms of the Shareholder's Agreement, Yashovardhan Saboo and Luxury Time Private Limited have certain mutual rights such as appointing directors to the board of Pasadena Retail Private Limited, each having the right to appoint equal number of directors as long as they continue to hold shares in the ratio of 50:50. In the event that Luxury Time Private Limited wishes to transfer their shares in Pasadena Retail Private Limited, the transferring party shall first be required to offer such shares to Yashovardhan Saboo.

In terms of the Shareholder's Agreement, Yashovardhan Saboo had the rights to transfer his Equity Share to Ethos Limited and in such a case all the terms and condition of the agreement will be applicable on Ethos. Significant decisions shall require unanimous consent of Luxury Time Private Limited and Yashovardhan Saboo.

Significant terms and conditions of the said agreements includes consent of both the shareholders to commence any new business, change in name and registered office of the company, borrowings from bank, distribution of dividend, closure of the company, sale of the whole or substantial undertaking of Pasadena Retail Private Limited,

Pasadena Retail Private Limited was incorporated as a Joint Venture ("JV") between Luxury Time India Private Limited and Yashovardhan Saboo with a shareholding of 50% each on January 11, 2019 with the objective of carrying on the business of operating a mono-brand boutique for luxury watches at Palladium Mall, Lower Parel, Mumbai, Maharashtra. Since the businesses of both our Company and the JV is similar, it was decided by the Board of our Company to acquire the stake of Yashovardhan Saboo in the JV and make our Company a partner in the JV. The transfer of 50% stake of Yashovardhan Saboo in the JV was consummated at an aggregate amount of ₹ 50.00 lakhs on April 26, 2019.

Board of our Company in its board meeting held on February 4, 2019, approved investment in Pasadena Retail Private Limited, by way of purchase of 5,00,000 equity shares held by Yashovardhan Saboo. Yashovardhan Saboo, on April 26, 2019, executed the documents for transferring his entire stake i.e. 5,00,000 equity shares held in 'Pasadena Retail Private Limited' representing 50% of the paid up capital of Pasadena Retail Private Limited' for an amount aggregating to ₹ 50,00,000/- @ ₹ 10 per equity share. The board of Pasadena Retail Private Limited took note of the said transfer in its board meeting held on May 3, 2019 and recorded the same in books of the Pasadena Retail Private Limited. With the said transfer Ethos Limited has stepped into the shoes of the Yashovardhan Saboo and became the partner in joint venture in place of Yashovardhan Saboo. However, Yashovardhan Saboo, continues to be director on the Board of Pasadena Retail Private Limited

***Limited Liability Partnership Agreement dated November 29, 2017 (LLP Agreement) between our Company and Pranav Shankar Saboo.***

Our wholly owned subsidiary, Cognition Digital LLP, was incorporated as a Limited Liability partnership pursuant to LLP Agreement with the objective to develop and implement information technologies (IT) and conduct IT-based businesses including retail and distribution of consumer and other goods.

In terms of LLP Agreement, all partners of Cognition Digital LLP are entitled to share profit and losses in the ratio of their capital contribution. Pursuant to the LLP Agreement, all partners have a right to access to an inspect copies or books of LLP by giving prior intimation. The parties to the LLP Agreement are entitled to carry on their own, separate, and independent business as hitherto and Cognition Digital LLP shall have no objection unless they intimate about the same priorly. All the decisions taken in the meeting of matters related to Cognition Digital LLP shall be decided by a resolution passed unanimously by all the partners.

Neither our Company nor Pranav Shankar Saboo, shall without the written consent of all other partners of Cognition Digital LLP shall: (a) employ any money, goods, or effects or pledge the assets thereof except in the ordinary course of business, (b) assign, mortgage or charge his or her share in the Cognition Digital LLP, (c) compromise or compound or release or discharge any debt due to Cognition Digital LLP except upon the written consent given by the other partners. Cognition Digital LLP can be wound up with the consent of all the partners subject to provisions of the Limited Liability Partnership Act, 2018, as amended.

The partners of the limited liability partnership LLP i.e. Ethos Limited and Pranav Shankar Saboo, liable to share the profit and loss in the ration of 99.999:0.001. In case the said limited liability partnership suffers loss, may impact financials of our Company.

## OUR SUBSIDIARY AND JOINT VENTURE

As on the date of this Red Herring Prospectus, our Company has one subsidiary, being Cognition Digital LLP and one joint venture, being Pasadena Retail Private Limited.

### I. Our Subsidiary

#### Cognition Digital LLP (“Cognition”)

##### *Corporate Information*

Cognition was incorporated as a limited liability partnership under the Limited Liability Partnership Act, 2008, pursuant to a certificate of incorporation dated November 24, 2017, issued by Registrar of Companies, Chandigarh. Its LLP identification number is AAL-2438 and its registered office is situated at Haibatpur Road, Saddomajra, Derabassi, Mohali, Punjab, 140507.

##### *Nature of Business*

Cognition is currently engaged in the business of developing and implementing information technologies (IT) and conduct IT-based businesses including retail and distribution of consumer and other goods.

##### *Capital Structure*

The total obligation of contribution in Cognition is ₹ 42.94 lakhs.

##### *Capital contribution of our Company in Cognition*

The capital contribution of our Company in Cognition is ₹ 42.94 lakhs.

##### *Shareholding Pattern of Cognition*

Cognition is a 100% wholly owned direct subsidiary of our Company.

### II. Our Joint Venture

#### Pasadena Retail Private Limited (“JV”)

##### *Corporate Information*

Our JV was incorporated as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated January 11, 2019 issued by the Registrar of Companies, Delhi. Its corporate identity number is U52520DL2019PTC344249 and its registered office is located at 713, Pearls Omaxe Building, Tower-2, Netaji Subhash Place, Wazirpur, North West, National Capital Territory of New Delhi 110034 India.

##### *Nature of Business*

Our JV is also engaged in in the business of retail of watches.

##### *Capital Structure*

The details of the capital structure of our JV are as follows:

Particulars	Aggregate Nominal Value (In ₹)
<b>Authorized share capital</b>	
40,00,000 Equity Shares of ₹10 each	4,00,00,000
<b>Issued, subscribed and paid-up capital</b>	
35,00,000 equity shares of ₹10 each	3,50,00,000

#### *Shareholding Pattern of our JV*

The shareholding pattern of our JV, as of the date of this Red Herring Prospectus, is as follows:

Name of the Shareholder	Number of equity shares held	Percentage of the total shareholding(%)
Our Company	17,50,000	50.00
Luxury Time Private Limited	17,50,000	50.00
<b>Total</b>	<b>35,00,000</b>	<b>100.00%</b>

#### **Other confirmations**

##### *Accumulated profits or losses*

As on the date of this Red Herring Prospectus, there are no accumulated profits or losses of Cognition Digital LLP or our JV, which are not accounted for by our Company.

##### *Listing of our Subsidiary and JV*

Our Subsidiary and JV are not listed on any stock exchange in India or abroad. Further, neither have any of the securities of Cognition Digital or JV have been refused listing by any stock exchange in India or abroad during the last three years, nor has it failed to meet the listing requirements of any stock exchange in India or abroad.

##### *Business interest of our Subsidiary and JV in our Company*

Cognition Digital LLP and JV does not have any interest in our Company's business, except as disclosed in "Offer Document Summary – Summary of Related Party Transactions".

##### *Common pursuits between our Company and our Subsidiary and JV*

Cognition Digital LLP does not compete with our Company and, accordingly, there is no conflict of interest between Cognition Digital LLP and our Company. Further, Cognition Digital LLP and our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situations as and when they arise.

While our JV is also involved in the business of retail of watches like our Company, at present there is no conflict in relation to such similar business being carried out. Further, our Company and our JV will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

## OUR MANAGEMENT

### Board of Directors

In terms of the Articles of Association of our Company and Act, our Company is required to have not less than 3 (three) Directors and not more than fifteen Directors. As of the date of this Red Herring Prospectus, our Board comprises of 10 (ten) Directors, of which 2 (two) are Executive Directors, 2 (two) are non-independent Director and 6 (six) Directors are independent Directors including 1(one) woman director on our Board. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and SEBI Listing Regulations.

The following table sets forth the details regarding our Board as on the date of this Red Herring Prospectus:

S. No.	Name, Designation, Address, Occupation, Date of Birth, Nationality, DIN, Current Term and Period of Directorship	Age (in years)	Directorships in other companies/ Designated Partner in LLPs / Partner in firms
1.	<p><b>Yashovardhan Saboo</b></p> <p><i>Designation:</i> Managing Director  <i>Address:</i> House no. 1, Sector 5, Chandigarh- 160008  <i>Occupation:</i> Industrialist  <i>Date of Birth:</i> August 24, 1958  <i>Nationality:</i> Indian  <i>DIN:</i> 00012158  <i>Current Term:</i> 1 year with effect from December 1, 2021  <i>Period of Directorship:</i> Director since November 5, 2007.</p>	63	<p><b>Companies:</b></p> <ul style="list-style-type: none"> <li>- All India Federation of Horological Industries</li> <li>- Satva Jewellery and Design Limited</li> <li>- Kamla Tesio Dials Limited</li> <li>- VBL Innovations Private Limited</li> <li>- Mahen Distribution Limited</li> <li>- KDDL Limited</li> <li>- Pasadena Retail Private Limited</li> <li>- Vardhan Properties and Investment Private Limited.</li> </ul> <p><b>LLP:</b></p> <ul style="list-style-type: none"> <li>- Cognition Digital LLP as a body corporate Nominee</li> <li>- Saboo Ventures LLP</li> <li>- Saboo Housing Projects LLP</li> <li>- Vardhan International LLP</li> </ul>
2.	<p><b>Anil Khanna</b></p> <p><i>Designation:</i> Independent Director  <i>Address:</i> House No. 515, Sector 36-B, Chandigarh 160036  <i>Occupation:</i> Professional  <i>Date of Birth:</i> March 20, 1959  <i>Nationality:</i> Indian  <i>DIN:</i> 00012232  <i>Current Term:</i> 5 years with effect from August 11, 2017  <i>Period of Directorship:</i> Director since November 5, 2007</p>	63	<p><b>Companies:</b></p> <ul style="list-style-type: none"> <li>- KDDL Limited</li> </ul> <p><b>Others:</b></p> <ul style="list-style-type: none"> <li>- J.R Khanna &amp; Co., Chartered Accountants,</li> <li>- Rotary and Blood Bank Society Resource Centre-A Charitable Society</li> </ul>
3.	<p><b>Nagarajan Subramanian</b></p> <p><i>Designation:</i> Independent Director  <i>Address:</i> 2<sup>nd</sup> Floor, Sanskriti, 8, Dongarsi Road, Walkeshwar, Mumbai, Maharashtra 400006  <i>Occupation:</i> Professional  <i>Date of Birth:</i> April 10, 1956  <i>Nationality:</i> Indian  <i>DIN:</i> 02406548  <i>Current Term:</i> 5 years with effect from August 11, 2017  <i>Period of Directorship:</i> Director since June 29, 2011</p>	66	<p><b>LLP:</b></p> <ul style="list-style-type: none"> <li>- En Theos Consulting LLP</li> </ul>



S. No.	Name, Designation, Address, Occupation, Date of Birth, Nationality, DIN, Current Term and Period of Directorship	Age (in years)	Directorships in other companies/ Designated Partner in LLPs / Partner in firms
4.	<p><b>Neelima Tripathi</b></p> <p><i>Designation:</i> Independent Director  <i>Address:</i> 19, Central Lane, Bengali Market, National Capital Territory of New Delhi 110001  <i>Occupation:</i> Practicing Professional  <i>Date of Birth:</i> September 11, 1963  <i>Nationality:</i> Indian  <i>DIN:</i> 07588695  <i>Current Term:</i> 5 years with effect from August 11, 2017  <i>Period of Directorship:</i> Director since August 9, 2016</p>	58	Nil
5.	<p><b>Sundeep Kumar</b></p> <p><i>Designation:</i> Independent Director  <i>Address:</i> A-176A, Sushant Lok Phase-1, Gurgaon, Haryana - 122001  <i>Occupation:</i> Service  <i>Date of Birth:</i> January 5, 1958  <i>Nationality:</i> Indian  <i>DIN:</i> 02750717  <i>Current Term:</i> 5 years with effect from August 11, 2017  <i>Period of Directorship:</i> Director since October 6, 2016</p>	64	Nil
6.	<p><b>Dilpreet Singh</b></p> <p><i>Designation:</i> Independent Director  <i>Address:</i> House No. 1347, Chakarapur, D.L.F. Phase – 4, Block B, Gurgaon, Haryana.  <i>Occupation:</i> Corporate Executive  <i>Date of Birth:</i> June 17, 1958  <i>Nationality:</i> Indian  <i>DIN:</i> 03042448  <i>Current Term:</i> 5 years with effect from July 14, 2018  <i>Period of Directorship:</i> Director since April 9, 2018</p>	63	<p><b>LLP:</b></p> <ul style="list-style-type: none"> <li>- DS Health Enablers LLP</li> <li>- Talent Policy Enablers LLP</li> </ul>
7.	<p><b>Mohaimin Altaf</b></p> <p><i>Designation:</i> Independent Director  <i>Address:</i> 4D, Sagar Apartment, Tilak Marg, National Capital Territory of New Delhi 110001  <i>Occupation:</i> Professional  <i>Date of Birth:</i> August 14, 1985  <i>Nationality:</i> Indian  <i>DIN:</i> 08080751  <i>Current Term:</i> 5 years with effect from July 14, 2018  <i>Period of Directorship:</i> Director since April 9, 2018</p>	36	Nil
8.	<p><b>Manoj Gupta</b></p> <p><i>Designation:</i> Whole time Director with functional designation of Executive Director  <i>Address:</i> House no. 6072, Modern Housing Complex, Manimajra, Union Territory of Chandigarh-160 101  <i>Occupation:</i> Professional  <i>Date of Birth:</i> March 22, 1969</p>	53	Nil

S. No.	Name, Designation, Address, Occupation, Date of Birth, Nationality, DIN, Current Term and Period of Directorship	Age (in years)	Directorships in other companies/ Designated Partner in LLPs / Partner in firms
	<p><i>Nationality:</i> Indian  <i>DIN:</i> 08700786  <i>Current Term:</i> 2 years with effect from April 1, 2022  <i>Period of Directorship:</i> Director since February 12, 2020</p>		
9.	<p><b>Patrik Paul Hoffman</b></p> <p><i>Designation:</i> Non-Independent Director  <i>Address:</i> Rue Abraham-Robert 62A, 2300 La, Chaux-de-Fonds, Switzerland  <i>Occupation:</i> Professional  <i>Date of Birth:</i> November 30, 1964  <i>Nationality:</i> Swiss national  <i>DIN:</i> 09208027  <i>Current Term:</i> With effect from July 31, 2021, liable to retire by rotation  <i>Period of Directorship:</i> Director since June 11, 2021</p>	57	Nil
10.	<p><b>Chitranjan Agarwal</b></p> <p><i>Designation:</i> Additional Director (Non-Independent Non Executive)  <i>Address:</i> House No. 116, Sector 18-A, Chandigarh 160018  <i>Occupation:</i> Professional  <i>Date of Birth:</i> January 28, 1967  <i>Nationality:</i> Indian  <i>DIN:</i> 00095715  <i>Current Term:</i> With effect from April 1, 2022, liable to retire by rotation  <i>Period of Directorship:</i> Director since April 1, 2022</p>	55	<p><b>Companies:</b></p> <ul style="list-style-type: none"> <li>- NCC Advisor Private Limited</li> <li>- SPQR Advisors Private Limited</li> <li>- Playwrite Foundation</li> </ul>

### Brief profiles of our Directors

#### *Yashovardhan Saboo*

Yashovardhan Saboo aged sixty-three (63) years is the Managing Director of our Company since November 5, 2007. He holds a post graduate diploma in management from Indian Institute of Management, Ahmedabad, Gujarat. He is the promoter of our Company and has vast experience of working in manufacturing and retail industry. He is also the promoter in KDDL Limited. He has been conferred with “Udyog Ratna” Award from PHDCCI in the year 2005.

#### *Anil Khanna*

Anil Khanna aged sixty-three(63) years is an independent Director of our Company since November 5, 2007. He holds a degree in Bachelor of Arts (Economics, Mathematics) and is also a qualified Chartered Accountant from Institute of Chartered accountants of India. He holds Diploma in information system audit and is Certified Forensic Accountant and Fraud Detector from ICAI.

#### *Nagarajan Subramanian*

Nagarajan Subramanian, aged sixty-six (66) years is an independent Director of our Company since June 29, 2011. He holds a degree in Bachelor of Technology (Mechanical Engineering) from College of Engineering, Madras, Tamil Nadu and a post graduate diploma in management from Indian Institute of Management, Ahmedabad, Gujarat. Prior to joining our Company, he was associated with Titan Industries Ltd., Walt Disney India Pvt. Ltd. Currently, he is running “en theos consulting”, which is a boutique consultancy firm focusing on lifestyle retailing advisory.

### ***Neelima Tripathi***

Neelima Tripathi, aged fifty-eight (58) years, is an Independent Director of our Company since August 9, 2016. She is a practicing advocate by profession and is registered with the Bar Council of Delhi. She is also a qualified Chartered Accountant from Institute of Chartered accountants of India. She has over 20 years of experience in handling civil litigations, arbitrations, appearances at tribunals, courts, commissions etc.

### ***Sundeep Kumar***

Sundeep Kumar, aged sixty-four (64) years, is an Independent Director of our Company since October 6, 2016. He holds a bachelor's degree in economics from Delhi University and has done his Master of Business Administration from Indian Institute of Management, Ahmedabad, Gujarat. He has rich experience in field of communication and general management. He has been heading Corporate Affairs and Communication of Dalmia Bharat. He has also worked with Novartis Healthcare.

### ***Dilpreet Singh***

Dilpreet Singh, aged sixty-three (63) years, is an Independent Director of our Company since April 9, 2018. He holds a bachelor's degree in law from the Delhi University and a master of personal management and industrial relations University Business School, Union Territory of Chandigarh. He is currently an employability consultant at Amazon Web Services India (AISPL). He has served in various capacities within IBM, including Vice President and human resource head at IBM India, human resource leader in the Middle East and Africa, director of human resource and resourcing at IBM Daksh.

### ***Mohaimin Altaf***

Mohaimin Altaf, aged thirty-six (36) years, is an Independent Director of our Company since April 9, 2018. He has completed his Bachelor of Arts in Economics and Master of Business Administration from the Wharton School, University of Pennsylvania. Prior to joining our Company, he worked as a Strategy and M & A Analyst with Morgan Stanley, New York.

### ***Manoj Gupta***

Manoj Gupta aged fifty-three (53) years is an Executive Director of our Company since February 12, 2020. He holds a degree in Bachelor of Arts from University of Punjab and has done advance diploma in tool and die making from central scientific instruments organization, Indo-Swiss Training Centre. Prior to joining our organization, he has worked with Titan Industries Limited. He was also associated with KDDL Limited. Thereafter, he was transferred to our Company as Vice President Operations – Summit.

### ***Patrik Paul Hoffman***

Patrik Paul Hoffman aged fifty-seven (57) years is a Non-Independent Director of our Company since June 11, 2021. He has done his education from Business School of the Association of Commerce, Switzerland (Accountant with Federal Diploma, CPA, Certified Public Accountant). He has also completed Marketing Management, International Management, Sales Management, Marketing Research and Marketing Decision Making from Andrews University, USA. He has over 30 years' experience in the watch industry and has been at leadership positions with global watch brands and retailers.

### ***Chitranjan Agarwal***

Chitranjan Agarwal aged fifty-five (55) is an Additional Director (Non-Independent) of our Company since April 1, 2022. He holds a degree in Bachelor of Commerce from Government College, Chandigarh. He has also completed his LLB from University of Delhi. He is also a qualified Chartered Accountant from Institute of Chartered accountants of India. He is holding valid Certificate of Practice and is practicing as an Independent Chartered Accountant since

October 1990. He holds a Certificate in Corporate Social Responsibility and Certificate in Goods and Services Tax from the Institute of Chartered Accountants of India. He holds Certificate on the Global Financial Crisis from Yale University.

### **Relationship between our Directors and Key Managerial Personnel**

Pranav Shankar Saboo, CEO of our Company, is the son of Yashovardhan Saboo, Except, Pranav Shankar Saboo, none of the employees of Ethos Limited is related to the Promoter, Directors or KMPs of our Company in any manner.

### **Confirmation from Directors**

None of our Directors have been identified as a wilful defaulters (as defined in the SEBI ICDR Regulations), fraudulent borrower and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Neither Company nor our Directors have been declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations, nor have been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors of our Company have held or currently holds directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Red Herring Prospectus with the SEBI, during the term of his/ her directorship in such companies.

None of our Directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

Further, none of our Directors currently is or was a director of any listed company which have been or were delisted from any stock exchange during the term of their directorship in such companies.

### **Arrangements or understandings with major shareholders, customers, suppliers or others**

There is no arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed as a Director or member of senior management.

### **Service contracts with Directors**

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment.

### ***Details of the terms and conditions of appointment of our Managing Director and Whole time Directors:***

The terms and conditions of appointment of our Managing Director as well as our Whole Time Director are as follows:-

### **Yashovardhan Saboo, Managing Director**

Yashovardhan Saboo was appointed on our Board at the incorporation of our Company. He was appointed as the Managing Director of our Company with effect from November 5, 2007. Most recently, he was reappointed as the Managing Director of our Company for a period of 1 (one) year from December 1, 2021, pursuant to a resolution passed by our Board and shareholders on November 8, 2021 and January 18, 2022, respectively. He has been paid ₹

9.38 lakhs during Fiscal 21.

Yashovardhan Saboo is not paid any monthly remuneration. He is paid sitting fees for attending the board meetings and committee meetings pursuant to board resolution dated August 4, 2014.

<i>(Amount in ₹)</i>					
Sitting fee received per meeting attended	Board Meeting*	Audit Committee	Stakeholder's Relationship Committee*	Nomination and Remuneration Committee*	CSR Committee*
	22,500/-	15,000/-	22,500/-	22,500/-	22,500/-

\*For being designated chairperson in the committee, is entitled to 1.5x of the sitting fee.

### Manoj Gupta, Whole Time Director

Manoj Gupta was appointed as a Whole Time Director with functional designation of 'Executive Director' pursuant to Board resolution dated February 12, 2020. He was appointed as an additional director on recommendation of nomination and remuneration committee-cum-performance evaluation and guidance committee. Pursuant to shareholders' resolution dated April 10, 2020 he has been appointed as Executive Director. He has been further re-appointed as Executive Director of our Company with effect from April 1, 2022 for a further term of 2 years on recommendations of Nomination and Remuneration Committee at its meeting held on March 25, 2022 and Board meeting held on March 28, 2022, subject to approval from shareholders.

He was paid ₹ 64.82 lakhs during Fiscal 2021. Pursuant to the recommendation of Nomination and Remuneration Committee and Audit Committee meetings held on 25<sup>th</sup> March, 2022, the Board of Directors at its meeting held on 28<sup>th</sup> March, 2022 approved the following remuneration and perquisites to Manoj Gupta on his re-appointment as Whole Time Director with functional designation of Executive Director with effect from 1<sup>st</sup> April, 2022 for a further term of 2 years :

<i>(₹ in lakhs)</i>	
Particulars*	Per annum
Fixed Compensation	71.50
Variable Pay (yearly)	8.00
**as may be approved by the Nomination and Remuneration Committee and Board of Directors	
Total Payable	79.50

\*The above remuneration is subject to the approval of shareholders at the ensuing General Meeting of our Company.

### Payments made to Whole Time Directors

<i>(₹ in lakhs)</i>					
S. No.	Name of the Director	For nine months period ended December 31, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
1	Yashovardhan Saboo	9.20	3.90	3.38	4.50
2	Manoj Gupta	50.81	74.80	5.25*	-

\*in the capacity of additional director.

### Payment or benefits to Non-Executive and Independent Directors by our Company

<i>(₹ in lakhs)</i>					
S. No.	Name of Director	Payment including sitting fees and commission for the nine months period ended December 31, 2021*	Payment including sitting fees and commission Fiscal 2021*	Payment including sitting fees and commission Fiscal 2020*	Payment including sitting fees and commission Fiscal 2019*
1.	Anil Khanna	4.58	5.63	3.31	8.78

S. No.	Name of Director	Payment including sitting fees and commission for the nine months period ended December 31, 2021*	Payment including sitting fees and commission Fiscal 2021*	Payment including sitting fees and commission Fiscal 2020*	Payment including sitting fees and commission Fiscal 2019*
2.	Nagarajan Subramanian	2.25	3.43	2.57	8.25
3.	Neelima Tripathi	1.80	1.23	0.35	0.97
4.	Sundeeep Kumar	1.20	2.45	0.98	3.86
5.	Dilpreet Singh	2.40	3.20	1.37	3.86
6.	Mohaimin Altaf	1.95	3.39	2.16	3.05
7.	Patrik Paul Hoffman	0.75	0	-	-

\* including commission of 1% net profit.

### Shareholding of our Directors

As per our Articles, our Directors are not required to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of filing this Red Herring Prospectus, on a fully diluted basis, is set forth below:

Name of the Directors	Designation	Number of Equity Shares
Yashovardhan Saboo	Managing Director	3,77,383
Manoj Gupta	Executive Director	10,250
Anil Khanna	Independent Director	12,822
Nagarajan Subramanian	Independent Director	85,203

### Borrowing powers of our Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a resolution passed by our shareholders at annual general meeting of our Company held on August 6, 2014, our Board has been authorized to borrow any sum or sums of monies (including by way of advances, loans, issue of debentures or bonds and/or other instruments), notwithstanding that the moneys to be borrowed by our Company together with monies already borrowed (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), will or may exceed our Company's aggregate paid-up share capital, free reserves and securities premium, provided that the total amount of money so borrowed by the Board shall not at any time together with interest payable exceed a sum of ₹ 5,000 lakhs.

### Bonus or profit-sharing plan

Pursuant to a resolution passed by the Board of Directors of our Company on August 4, 2014, the non-executive Directors of our Company shall be paid profit sharing commission of 1% of Net Profit as computed under section 198 of the Companies Act, 2013 in the proportion of their participation at the meetings of the Board and specified committees.

1.	<b>Sitting Fees</b>
A.	For meetings of the Board and Specified Committees (i) For half day (4 hours or less): ₹ 15,000/- (ii) For full day: ₹ 25,000/-
B.	For meetings of all other committees (i) For half day (4 hours or less): Rs 10,000/- (ii) For full day: ₹ 15,000/-

Designated chairperson of the Board or a Committee will be entitled to 1.5x of the fees above. For meetings lasting more than 1 day, the fee will increase pro-rata. The Non-Executive Directors are also paid 1% profit sharing commission at the end of the year as and when our Company declares Profit at the end of the year. The said commission is only paid at the time of Net Profits which may or may not occur. The figure is also known at the end of the year.

Except as stated above, there are no other profit sharing arrangement involving the Issuer, Promoters, Promoters' Group, director and shareholders of our Company in respect of the profits of our Company.

Further, our Company is entitled to 50% profits of its joint ventures Pasadena Retail Private Limited pursuant to shareholder's agreement dated February 3, 2019 between Yashovardhan Saboo and Luxury Time Private Limited (Shareholder's Agreement) and subsequent transfer of shareholding by Yashovardhan Saboo to our Company. For further details in respect of the Shareholder's Agreement, please refer to '*Shareholder's Agreement dated February 3, 2019 between Yashovardhan Saboo and Luxury Time Private Limited (Shareholder's Agreement)*' on page 252.

### **Interests of Directors**

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them.

Our Director, Yashovardhan Saboo is also promoter of our Group Company and may be deemed to be interested to the extent of payments made between our Company and Group Company if any. For details, please refer to '*Offer Document Summary- Summary of Related Party Transactions*' on page 29.

Our Directors may also be interested to the extent of Equity Shares and to the extent of any dividend payable to them, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer.

Our Directors may also be interested to the extent of deposit placed with Company under the 'Circular for inviting deposits' in terms of provisions of Section 73 of the Companies Act, 2013 held by them or their relatives, pursuant to the Offer and to the extent of any interest thereon payable to them, if any.

#### *Interest in property*

None of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, etc.

#### *Interest in the promotion and formation of our Company*

Other than Yashovardhan Saboo, who is interested in the promotion of our Company as disclosed in "*Our Promoters and Promoter Group*" on page 281, none of our Directors have any interest in the promotion of our Company other than in the ordinary course of business.

#### *Business interest*

Except as stated in "*Offer Document Summary – Summary of Related Party Transactions*" on page 29, and to the extent set out above under "*Interests of Directors*" on page 263, our Directors do not have any other interest in our business.

### ***Changes in our Board in the last three (3) years***

The details of changes in our Board during the last three (3) years immediately preceding the date of this Red Herring Prospectus are as follows:

S. No.	Name	Designation	Date of appointment/change in designation/cessation	Reason
1.	Chitranjan Agarwal	Additional Director	April 1, 2022	Appointment as Additional Director
2.	Manoj Gupta	Executive Director	April 1, 2022	Re-appointment as Executive Director

S. No.	Name	Designation	Date of appointment/change in designation/cessation	Reason
3.	Patrik Paul Hoffmann	Non-Independent Director	July 31, 2021	Regularisation as Non-Independent Director, liable to retire by rotation.
4.	Patrik Paul Hoffmann	Additional Director	June 11, 2021	Appointment as an additional Director
5.	Manoj Gupta	Executive Director	April 10, 2020	Regularisation as an Executive Director
6.	Manoj Gupta	Additional Director	February 12, 2020	Appointment as an additional Director
7.	Yashovardhan Saboo	Managing Director	December 1, 2021	Re-appointment as the Managing Director
8.	Rajat Kakar	Independent Director	February 25, 2018	Cessation as an independent Director
9.	Dilpreet Singh	Additional Director	April 9, 2018	Appointment as an additional Director
10.	Dilpreet Singh	Independent Director	July 14, 2018	Regularisation as an independent Director
11.	Mohaimin Altaf	Independent Director	April 9, 2018	Appointment as an additional Director
12.	Mohaimin Altaf	Independent Director	July 14, 2018	Regularisation as an independent Director

### Corporate Governance

As of the date of this Red Herring Prospectus, our Board comprises of 10 (ten) Directors, of which 2 (two) are Executive Directors, 2 (two) are Non Independent Director and 6 Directors are Independent Directors (including 1 (one) woman director). The provisions of the Companies Act along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations, pertaining to the constitution of the Board and committees thereof and formulation and adoption of policies. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act, 2013.

### Committees of our Board

In terms of the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, our Company has constituted/ reconstituted the following Board-level committees:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders Relationship Committee;
- (d) Risk Management Committee;
- (e) Corporate Social Responsibility Committee; and
- (f) IPO Committee.

The details of the committees required to be constituted by our Company under the Companies Act, the SEBI Listing Regulations are as follows:

#### (a) Audit Committee

The Audit Committee was constituted pursuant to a resolution passed by our Board dated December 9, 2008. The Audit Committee was re-constituted vide passing the board resolution dated October 31, 2018. The Audit Committee was further re-constituted vide passing board resolution dated December 30, 2021. The current composition of the Audit Committee is as follows:

Name of the Director	Position in the Committee	Designation
Anil Khanna	Chairman	Independent Director
Yashovardhan Saboo	Member	Managing Director
Nagarajan Subramanian	Member	Independent Director
Mohaimin Altaf	Member	Independent Director

#### Terms of Reference for the Audit Committee:-



The Audit Committee shall be responsible for, among other things, as may be required by the stock exchange(s) from time to time, the following:

**A. Powers of Audit Committee**

The Audit Committee shall have powers, including the following:

- (a) to investigate any activity within its terms of reference;
- (b) to seek information from any employee;
- (c) to obtain outside legal or other professional advice;
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (e) such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

**Role of Audit Committee**

The role of the Audit Committee shall include the following:

- (1) oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
- (2) recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) formulation of a policy on related party transactions, which shall include materiality of related party transactions;
- (5) Following information shall be provided by the Company to Audit Committee for approval by the Audit Committee for a proposed related party transaction:
  - a. Type, material terms and particulars of the proposed transaction;
  - b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
  - c. Tenure of the proposed transaction (particular tenure shall be specified);
  - d. Value of the proposed transaction;
  - e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
  - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
    - i) details of the source of funds in connection with the proposed transaction;
    - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,

- nature of indebtedness;
  - cost of funds; and
  - tenure;
- iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
  - h. A copy of the valuation or other external party report, if any such report has been relied upon;
  - i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
  - j. Any other information that may be relevant
- (6) The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- (7) reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- (8) examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
- a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft audit report.
- (9) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (10) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds

of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (11) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (12) approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed

**Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (13) scrutiny of inter-corporate loans and investments;
- (14) valuation of undertakings or assets of the Company, wherever it is necessary;
- (15) evaluation of internal financial controls and risk management systems;
- (16) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (17) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (18) discussion with internal auditors of any significant findings and follow up there on;
- (19) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (20) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (21) recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- (22) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (23) reviewing the functioning of the whistle blower mechanism;
- (24) monitoring the end use of funds raised through public offers and related matters;
- (25) overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- (26) approval of appointment of chief financial officer (i.e. the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

- (27) reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;
- (28) carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time;
- (29) consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders; and
- (30) Such roles as may be prescribed under the Companies Act, SEBI Listing Regulations and other applicable provisions.

The Audit Committee shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses;
- e) The appointment, removal and terms of remuneration of the chief internal auditor;
- f) Statement of deviations in terms of the SEBI Listing Regulations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of Regulation 32 (1) of the SEBI Listing Regulations; and
  - b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32 (7) of the SEBI Listing Regulations.
- g) review the financial statements, in particular, the investments made by any unlisted subsidiary.

**(b) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted pursuant to a resolution of our Board dated August 4, 2014. The Committee was re-constituted vide board resolution dated December 30, 2021. The current composition of the Nomination and Remuneration Committee is as follows:

Name of the Directors	Position in the Committee	Designation
Dilpreet Singh	Chairman	Independent Director
Yashovardhan Saboo	Member	Managing Director
Anil Khanna	Member	Independent Director
Sundeep Kumar	Member	Independent Director
Nagarajan Subramaniam	Member	Independent Director

**Terms of reference for the Nomination and Remuneration Committee are as follows:**

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the “**Board**” or “**Board of Directors**”) a policy relating to the remuneration of the directors, key managerial personnel and other employees (“**Remuneration Policy**”).

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully; and
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- (2) Formulation of criteria for evaluation of independent directors and the Board;
- (3) Devising a policy on Board diversity;
- (4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director);
- (5) Determining remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary), which shall be market related, usually consisting of a fixed and variable component;
- (6) Analysing, monitoring and reviewing various human resource and compensation matters;
- (7) Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (8) Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (9) Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
- (10) Reviewing and approving the Company’s compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (11) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;
- (12) Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
  - (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

- (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
- (13) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
- use the services of an external agencies, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - consider the time commitments of the candidates.
- (14) Administering the employee stock option scheme/ plan approved by the Board and the shareholders of the Company in accordance with the terms of such scheme/ plan (“**ESOP Scheme**”), if any;
- (15) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- (16) Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

**(c) Stakeholders’ Relationship Committee**

The Stakeholders’ Relationship Committee was constituted pursuant to a resolution of our Board dated October 7, 2015. The said committee was further re-constituted vide passing board resolution dated December 30, 2021. The current composition of our Stakeholders Relationship Committee is as follows:

<b>Name of the Directors</b>	<b>Position in the Committee</b>	<b>Designation</b>
Anil Khanna	Chairman	Independent Director
Yashovardhan Saboo	Member	Managing Director
Manoj Gupta	Member	Executive Director

**Terms of reference for the Stakeholders Relationship Committee are as follows:**

The Stakeholders’ Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures or deposits from shareholders/public deposits, including non-receipt of share or debenture certificates or deposit certificate and review of cases for refusal of transfer / transmission of shares and debentures, non-receipt of annual

report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

- (2) review of measures taken for effective exercise of voting rights by shareholders;
- (3) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (4) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- (5) review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
- (6) review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- (7) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

**(d) Risk Management Committee**

The Risk Management Committee was constituted pursuant to the Board Resolution passed on December 30, 2021. The current composition of our Corporate Social Responsibility Committee is as follows:

Name of the Directors	Position in the Committee	Designation
Sundeep Kumar	Chairman	Independent Director
Manoj Gupta	Member	Executive Director
Pranav Shankar Saboo	Member	Chief Executive Officer
Ritesh Kumar Agrawal	Member	Chief Financial Officer

Terms of reference of the Risk Management Committee are as follows:

- (1) To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
- (2) To implement and monitor policies and/or processes for ensuring cyber security;
- (3) To frame, devise and monitor risk management plan and policy of the Company;
- (4) To review and recommend potential risk involved in any new business plans and processes;
- (5) To review the Company's risk-reward performance to align with the Company's overall policy objectives;
- (6) Monitor and review regular updates on business continuity;
- (7) Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and

- (8) Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

**(e) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee was constituted pursuant to the Board Resolution passed on February 4, 2019. The present Corporate Social Responsibility committee was re-constituted on December 30, 2021. The current composition of our Corporate Social Responsibility Committee is as follows:

Name of the Directors	Position in the Committee	Designation
Yashovardhan Saboo	Chairman	Managing Director
Pranav Shankar Saboo	Member	Chief Executive Officer
Neelima Tripathi	Member	Independent Director
Mohaimin Altaf	Member	Independent Director
Malvika Saboo	Special Invitee	-

Terms of reference for the Corporate Social Responsibility Committee are as follows:

- (1) formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
- (2) identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- (3) review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;
- (4) delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- (5) review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- (6) any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and
- (7) exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

**(f) IPO Committee**

The IPO Committee was constituted by our Board of Directors on December 1, 2021.

The members of the IPO Committee are:

Name of the Directors	Position in the Committee	Designation
Yashovardhan Saboo	Chairman	Managing Director
Nagarajan Subramaniam	Member	Independent Director



Anil Khanna	Member	Independent Director
Pranav Shankar Saboo	Member	Chief Executive Officer
Ritesh Kumar Agrawal	Member	Chief Financial Officer

Terms of reference of IPO Committee are as follows:

- (1) To decide, negotiate and finalise the pricing, the terms of the issue of the Equity Shares and all other related matters regarding the Pre-IPO Placement, if any, including the execution of the relevant documents with the investors, in consultation with the book running lead manager(s) ("BRLM(s)") appointed in relation to the Offer.
- (2) to decide in consultation with the BRLM(s) the actual size of the Offer and taking on record the number of Equity Shares, having face value of ₹ 10 per Equity Share (the "Equity Shares"), and/or reservation on a competitive basis, and/or any rounding off in the event of any oversubscription and/or any discount to be offered to retail individual bidders participating in the Offer and all the terms and conditions of the Offer, including without limitation timing, opening and closing dates of the Offer, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, and to accept any amendments, modifications, variations or alterations thereto.
- (3) to appoint, instruct and enter into agreements with the BRLM(s), and in consultation with BRLM appoint any other book running lead manager or intermediary and enter into agreements with intermediaries, co-managers, underwriters, syndicate members, brokers, escrow collection bankers, auditors, independent chartered accountants, refund bankers, registrar, grading agency, monitoring agency, industry expert, legal counsels, depositories, custodians, credit rating agencies, printers, advertising agency(ies), and any other agencies or persons (including any successors or replacements thereof) whose appointment is required in relation to the Offer and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letters and offer agreement with the BRLM(s) and Selling Shareholders, and the underwriting agreement with the underwriters, and to terminate agreements or arrangements with such intermediaries.
- (4) to make any alteration, addition or variation in relation to the Offer, in consultation with the BRLM(s) or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Offer structure and the exact component of issue of Equity Shares.
- (5) to finalise, settle, approve, adopt and arrange for submission of the draft red herring prospectus ("**DRHP**"), the updated draft red herring prospectus ("**UDRHP**") the red herring prospectus ("**RHP**"), the prospectus ("**Prospectus**"), the preliminary and final international wrap, if any, and any amendments, supplements, notices, clarifications, reply to observations, addenda or corrigenda thereto, to appropriate government and regulatory authorities, respective stock exchanges where the Equity Shares are proposed to be listed ("Stack Exchanges"), the Registrar of Companies, Himachal Pradesh ("Registrar of Companies"), institutions or bodies.
- (6) to invite the existing shareholders of the Company to participate in the Offer to Offer for Sale the Equity Shares held by them at the same price as in the Offer.
- (7) To take all actions as may be necessary and authorised in connection with the Offer for Sale and to approve and take on record the approval of the Selling Shareholder(s) for offering their Equity Shares in the Offer for Sale and the transfer of Equity Shares in the Offer for Sale.
- (8) to issue advertisements in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Offer in accordance with

the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"), Companies Act, 2013, as amended and other applicable laws.

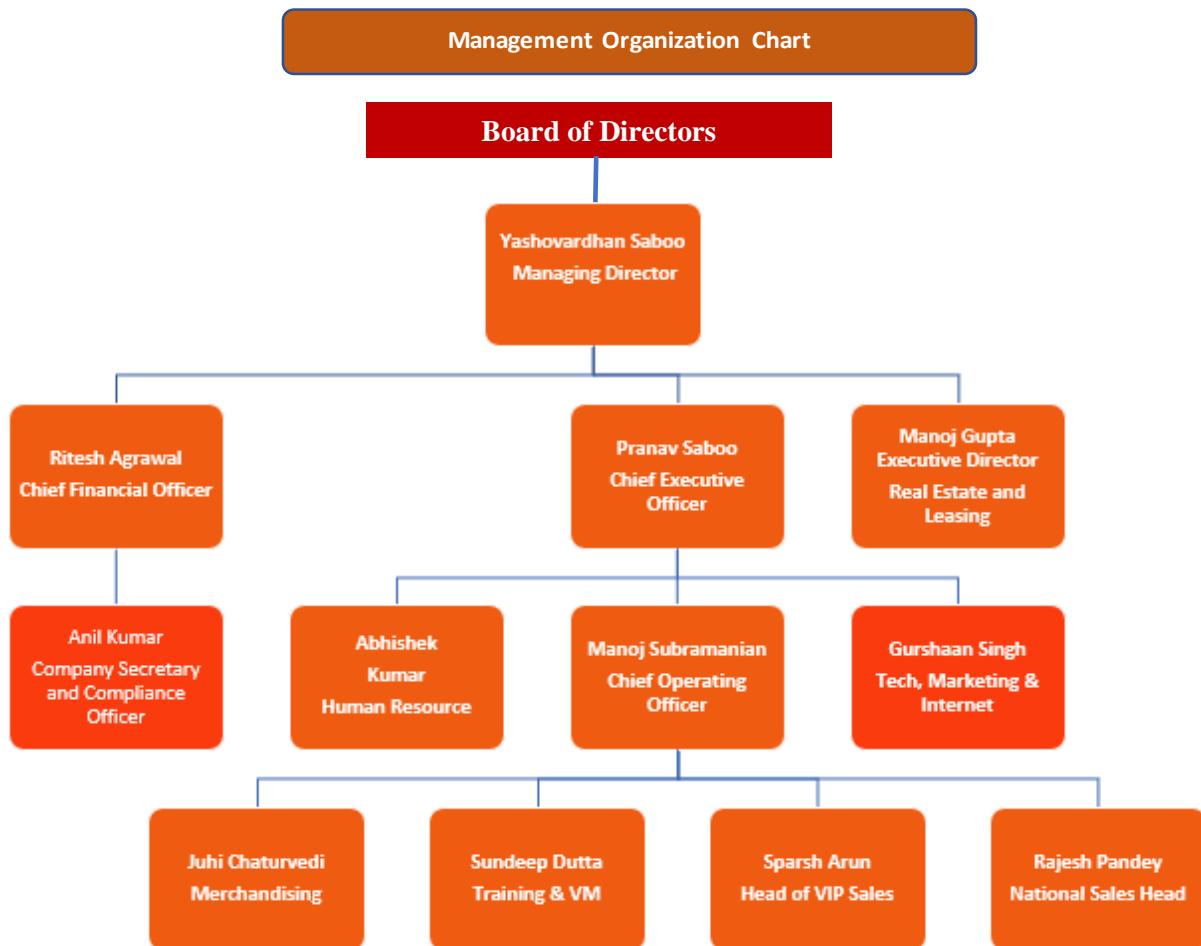
- (9) to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them.
- (10) to open separate escrow accounts as the escrow account to receive application monies from anchor investors/underwriters in respect of the bid amounts and a bank account as the refund account for handling refunds in relation to the Offer and in respect of which a refund, if any will be made
- (11) to open account with the bankers to the Offer to receive application monies in relation to the Offer in terms of Section 40(3) of the Companies Act, 2013, as amended.
- (12) to do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection, with power to authorise one or more officers of the Company to execute all or any such documents.
- (13) to negotiate, finalise, sign, execute and deliver or arrange the delivery of the offer agreement, syndicate agreement, cash escrow and sponsor bank agreement, underwriting agreement, agreements with the registrar to the Offer, monitoring agency and the advertising agency(ies) and all other agreements, documents, deeds, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, monitoring agency, legal advisors, auditors, Stock Exchanges, BRLM(s) and other agencies/intermediaries in connection with Offer with the power to authorize one or more officers of the Company to execute all or any of the aforesaid documents.
- (14) to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), Registrar of Companies and such other statutory and governmental authorities in connection with the Offer, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, UDRHP, RHP and the Prospectus.
- (15) to make in-principle and final applications for listing and trading of the Equity Shares on one or more Stock Exchanges, to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing.
- (16) to determine and finalize, in consultation with the BRLM(s), the price band for the Offer and minimum bid lot for the purpose of bidding, any revision to the price band and the final Offer price after bid closure, and to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and credit Equity Shares to the demat accounts of the successful allottees in accordance with applicable laws and undertake other matters in connection with or incidental to the Offer, including determining the anchor investor portion, the Pre-IPO Placement, if any, in accordance with the SEBI ICDR Regulations
- (17) to issue receipts/allotment advice/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company

with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforementioned documents.

- (18) to approve the code of conduct, suitable insider trading policy, whistle blower/vigil mechanism policy, risk management policy and other corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable laws.
- (19) to seek, if required, the consent and waivers of the parties with whom the Company has entered into various commercial and other agreements such as Company's lenders, joint venture partners, all concerned governmental and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer in accordance with the applicable laws.
- (20) to determine the price at which the Equity Shares are offered, issued, allocated, transferred and/or allotted to investors in the Offer in accordance with applicable regulations in consultation with the BRLM(s) and/or any other advisors, and determine the discount, if any, proposed to be offered to eligible categories of investors.
- (21) to settle all questions, difficulties or doubts that may arise in relation to the Offer, as it may in its absolute discretion deem fit.
- (22) to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Offer.
- (23) to authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage and remuneration in connection with the Offer.
- (24) to withdraw the DRHP or RHP or to decide not to proceed with the Offer at any stage, in consultation with the BRLM(s) and in accordance with the SEBI ICDR Regulations and applicable laws.
- (25) To determine the utilization of proceeds of the fresh issue, if applicable and accept and appropriate proceeds of such fresh issue in accordance with the Applicable Laws;
- (26) to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant Stock Exchange(s) where the Equity Shares are to be listed;
- (27) to pay the relevant stamp duties to the depositories as per prescribed rates and as per timelines under applicable laws; and
- (28) to authorize and empower officers of the Company (each, an "Authorized Officer(s)"; for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the Stock Exchange(s), the registrar's agreement and memorandum of understanding, the depositories' agreements, the offer agreement with the BRLM(s) (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLM(s) and syndicate members, the cash escrow and sponsor bank agreement, confirmation of allocation notes, allotment advice, placement agents, registrar to the Offer, bankers to the Company, managers, underwriters, escrow agents, accountants,

auditors, legal counsel, depositories, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLM(s) and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing.

**ORGANIZATION STRUCTURE OF OUR COMPANY**



### ***Key Managerial Personnel***

The following persons are the Key Managerial Personnel of our Company:

1. Yashovardhan Saboo, Managing Director
2. Manoj Gupta, Executive Director
3. Pranav Shankar Saboo, Chief Executive Officer
4. Ritesh Kumar Agrawal, Chief Financial Officer
5. Anil Kumar, Company Secretary and Compliance Officer

### **Brief Profiles of our Key Managerial Personnel**

For brief profiles of Yashovardhan Saboo and Manoj Gupta, please refer “*Our Management – Brief profiles of our Directors*” above. The brief profiles of our other Key Management Personnel are set out below:

#### ***Pranav Shankar Saboo***

Pranav Shankar Saboo, aged 34 (Thirty four) years, is the Chief Executive Officer of our Company. He is an undergraduate and is associated with Ethos Limited since January 31, 2015. He was thereafter elevated as the CEO of Ethos with effect from April 1, 2018. He is also the founder and on the board of Dream Digital Technology Limited, a multi-faceted digital marketing company.

#### ***Ritesh Kumar Agrawal***

Ritesh Kumar Agrawal, aged 41 (Forty one) years, is the Chief Financial Officer of our Company. He has 17 years of experience in finance. He is an associate member of the Institute of Chartered Accountants of India. He holds a bachelor’s degree in commerce from Sambalpur University. He has previously been associated with Spencer’s Retail Limited, Baxter Pharmaceuticals Private Limited, Intertek India Private Limited and PricewaterhouseCoopers Private Limited. He joined our Company on August 17, 2021.

#### ***Anil Kumar***

Anil Kumar aged 36 (Thirty six) years is a Company Secretary and Compliance Officer of our Company since June 29, 2011. He has been appointed as Compliance Officer of our Company vide Board resolution dated December 30, 2021. He holds the degree in Bachelor of Commerce from Nagpur University. He is a Fellow member of the Institute of Company Secretaries of India and has over 12 (twelve) years of experience in legal and secretarial compliances. He has also served as the treasurer and chairman of the Chandigarh Chapter of Northern India Regional Council of the Institute of Company Secretaries of India during the years 2019 and 2020 respectively. Prior to joining our Company, he has worked as the company secretary and compliance officer of Parabolic Drugs Limited, Union Territory of Chandigarh.

All the KMPs are the permanent employees of our Company.

### **Senior Management Personnel**

#### ***Manoj Subramaniam***

Manoj Subramaniam is the COO in our Company. He has been associated with our Company since March 1, 2020. He holds a bachelor’s degree in commerce from S.I.E.S. College of Commerce and Economics. Further, he has done his Master of Business Administration from Institute for Technology and Management in academic association with New Hampshire. Previously, he has worked with Swatch Group, Swiss Watch House LLC and Just Lifestyle etc.

#### ***Juhi Chaturvedi***

Juhi Chaturvedi heads the merchandising department of our Company. She has been associated with our Company since October 8, 2007. She holds a bachelor’s degree in science from Government M.L.B. Girls’ College, Bhopal,

Madhya Pradesh and diploma in materials management from Rani Durgavati Vishwavidyalaya. She was previously associated with Indian Army as Major.

***Rajesh Pandey***

Rajesh Pandey is the national sales head of our Company. He has been associated with our Company since December 1, 2021. He has done his Master of Business Administration from SRM University. Previously he worked with Standard Chartered Bank, Swatch Group etc.

***Sparsh Arun***

Sparsh Arun is the head of VIP sales (high net worth customers sales) in our Company. He has been associated with our Company since May 13, 2013. He completed his post-graduation in management from Indian School of Business.

***Abhishek Kumar***

Abhishek Kumar is the head of human resource in our Company. He has been associated with our Company since April 15, 2019. He has done his post graduate diploma in personnel management from Xavier Institute of Social Service, Ranchi, Jharkhand. Previously, he has worked with Nestle, Hindware etc.

***Sandeep Dutta***

Sandeep Dutta is responsible for training and visual merchandising in our Company. He has been associated with our Company since July 1, 2005. He holds a bachelors’ degree from Panjab University and diploma in industrial relations and personnel management from Bhartiya Vidya Bhavan, Union Territory of Chandigarh.

***Gurshaan Singh***

Gurshaan Singh is responsible for technology, marketing and internet operations in our Company. He has been associated with our Company since June 1, 2019. He has done his post-graduation in management from Indian School of Business. Previously, he has worked with Fintellix Solutions Pvt. Ltd., IndusInd Bank.

**Relationship of Key Managerial Personnel with our Directors and / or other Key Managerial Personnel**

Except as disclosed in - “*Relationship between our Directors and Key Managerial Persons*” on page 260, none of our Key Management Personnel are related to each other.

**Remuneration of the Key Managerial Personnel**

In addition to as disclosed under the section titled “*Our Management –Payments made to Whole Time Directors*” on page 261 and except as disclosed below no compensation has been received by the Key Managerial Personnel of our Company for the Fiscal ended March 31, 2021, and no benefits in kind were granted by our Company for services rendered:

<i>(₹ in lakhs)</i>		
S. No.	Name of Key Managerial Personnel	Total remuneration
1.	Yashovardhan Saboo	3.90
2.	Manoj Gupta	64.82
3.	Pranav Shankar Saboo	250.69
4.	Ritesh Kumar Agrawal	-
5.	Anil Kumar	9.96

***Any arrangement with major shareholder, customers, supplier or others, pursuant to which any of the Key Managerial Persons was selected as a Key Managerial Personnel***

None of the KMPs was selected as a KMP pursuant to any arrangement with major shareholder, customers, supplier

or others.

### ***Shareholding of the Key Managerial Personnel***

Except as disclose below and our Directors, none of our Key Managerial Personnel holds any Equity Shares as on date of this Red Herring Prospectus.

<b>S. No.</b>	<b>Name of Key Managerial Personnel</b>	<b>Shareholding</b>	<b>Percentage</b>
1.	Yashovardhan Saboo	3,77,383	1.98%
2.	Manoj Gupta	10,250	0.05%
3.	Pranav Shankar Saboo	1	Negligible*
4.	Ritesh Kumar Agrawal	Nil	NA
5.	Anil Kumar	32	Negligible

\*less than 0.01%

### ***Service Contracts***

Our Company has not entered into any service contracts with our Directors, Key Managerial Personnel which provide for benefits upon termination of employment.

### ***Contingent and deferred compensation payable to our Directors/ Key Managerial Personnel***

There is no contingent or deferred compensation payable to Directors/ Key Managerial Personnel, which does not form part of their remuneration

### ***Bonus or profit sharing plan for our Key Management Personnel***

None of our Key Managerial Personnel is party to any bonus or profit sharing plan of our Company, other than the performance linked incentives given to Key Managerial Personnel.

### ***Interests of the Key Managerial Personnel***

Our Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel and their shareholding, public deposits . The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, interest on deposit as placed in our Company as may be applicable. Our CEO, Pranav Shankar Saboo, may also be said to be interested to the extent of 0.001% of the annual profit/(loss) of Cognition Digital LLP. None of the Key Management Personnel have been paid any consideration of any nature from our Company other than their remuneration.

### ***Changes in our Key Managerial Personnel in the last three (3) years***

Except as disclosed in “*Our Management - Changes in our Board during last three years*” on page 263, and herein below, there have been no other changes in our Key Managerial Personnel of our Company in the last three (3) years prior to the date of this Red Herring Prospectus:

<b>S. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Date of appointment/change in designation/cessation</b>	<b>Reason</b>
1.	Manoj Gupta	Executive Director	April 1, 2022	Reappointment as Executive Director
2.	Manoj Gupta	Executive Director	April 1, 2020	Appointment as Executive Director
3.	Pranav Shankar Saboo	Chief Executive Officer	April 1, 2020	Re-appointment as CEO

S. No.	Name	Designation	Date of appointment/change in designation/cessation	Reason
4.	C. Raja Sekhar	Chief Financial Officer	August 16, 2021	Cessation as CFO
5.	Ritesh Kumar Agrawal	Chief Financial Officer	August 17, 2021	Appointment as CFO

***Employee Stock Option Scheme/ Employee Stock Purchase Scheme***

For details of our Company’s ESOP Schemes, please see “*Capital Structure*” on page 123.

***Payment or benefits to officers of our Company***

Except statutory entitlements for benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors and Key Managerial Personnel, is entitled to any benefits upon termination of employment under any service contract entered into with our Company. Except as stated otherwise in this Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any officer of our Company’s employees including the Key Managerial Personnel, in two years preceding the date of this Red Herring Prospectus.



## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters


The Promoters of our Company are:

1. KDDL Limited
2. Mahen Distribution Limited; and
3. Yashovardhan Saboo

As on the date of this Red Herring Prospectus, our Promoters hold 1,47,90,121 Equity Shares in aggregate, representing 77.52% of the issued, subscribed and paid-up Equity Share capital of our Company. For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure – Build-up of our Promoters' shareholding in our Company*", on page 111 of this Red Herring Prospectus.

### Details of our Promoters are as follows:

#### Individual Promoter:

	<p>Yashovardhan Saboo, aged 63 years, is the Managing Director of our Company. He was born on August 24, 1958. He is a resident of House no. 1, Sector 5, Union Territory of Chandigarh- 160009. As on the date of this Red Herring Prospectus, Yashovardhan Saboo holds 3,77,383 Equity Shares, representing 1.98% of the issued, subscribed and paid-up Equity Share capital of our Company.</p> <p>The permanent account number of Yashovardhan Saboo is ADYPS5461Q.</p> <p>For the complete profile of Yashovardhan Saboo, along with details of his educational qualifications, professional experience, position/posts held in the past, directorships held, other ventures, special achievements and business and financial activities, see "<i>Our Management</i>" on page 258.</p>
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Our Company confirms that the permanent account number, bank account number, passport number, Aadhaar card number and driving license number of our Promoter shall be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with them.

### Details of our Promoter Companies

#### a) **KDDL Limited**

##### (i) *Corporate Information*

Our Promoter, KDDL Limited was incorporated on January 8, 1981 under the provisions of the Companies Act, 2013, pursuant to a certificate of incorporation issued by Registrar of Companies, Himachal Pradesh. The registered office of KDDL Limited is situated at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh-173220. The corporate identity number is L33302HP1981PLC008123.

KDDL Limited is engaged in the business of manufacturing of watch components (watch dials and watch hands), precision engineering components and press tools.

The equity shares of KDDL Limited are currently listed on BSE and NSE.

KDDL Limited has not changed its activities since the date of its incorporation.

KDDL Limited is the holding company of Mahen Distribution Limited.

(ii) *Details of Promoters of our Corporate Promoter*

The promoters of KDDL Limited are Yashovardhan Saboo and Rajendra Kumar Saboo.

(iii) *Board of Directors-KDDL Limited*

The Board of Directors of KDDL Limited are:

- (i) Yashovardhan Saboo
- (ii) Anil Khanna
- (iii) Jai Vardhan Saboo
- (iv) Vishal Satinder Sood
- (v) Praveen Gupta
- (vi) Sanjiv Sachar
- (vii) Ranjana Agarwal
- (viii) Sanjeev Kumar Masown

(iv) *Shareholding Pattern*

The authorised share capital of KDDL Limited is ₹ 25,00,00,000 divided into 2,50,00,000 equity shares of face value of ₹ 10 each and the issued and paid-up share capital of KDDL Limited is ₹ 12,73,70,640 divided into 1,27,37,064 equity shares of face value of ₹ 10 each.

The following table provides details of the shareholding pattern of KDDL Limited as on December 31, 2021:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	% of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	13	59,69,330	59,69,330	46.87	59,69,330	47.15	59,69,330
(B) Public	7,241	67,67,734	67,67,734	53.13	66,91,466	52.85	65,73,628
(C1) Shares underlying DRs	-	-	-	0.00	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-	0.00	-
(C) Non Promoter-Non Public	-	-	-	0.00	-	0.00	-
<b>Grand Total</b>	<b>7,254</b>	<b>1,27,37,064</b>	<b>1,27,37,064</b>	<b>100.00</b>	<b>1,26,60,700</b>	<b>100.00</b>	<b>1,25,42,958</b>

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	% of Total Voting right	No. of equity shares held in dematerialized form
		064	4		96		

(v) *Change in control*

There has been no change in control or management of KDDL Limited in the three years immediately preceding the date of the Draft Red Herring Prospectus and this Red Herring Prospectus.

**b) Mahen Distribution Limited**

(i) *Corporate Information*

Our Promoter, Mahen Distribution Limited was incorporated May 28, 2009 under the provisions of the Companies Act, 2013, pursuant to a certificate of incorporation issued by Registrar of Companies, Chandigarh. The registered office of Mahen Distribution Limited is situated at Kamla Centre, S.C.O. 88-89, Sector 8C, Chandigarh 160009. The corporate identification number is U93000CH2009PLC031625.

Mahen Distribution Limited is involved in the business of distribution of watches and other services.

Mahen Distribution Limited has not changed its activities from the date of its incorporation.

(ii) *Details of Promoters of our Corporate Promoter*

The promoters of Mahen Distribution Limited are KDDL Limited, Yashovardhan Saboo, Satvika Saboo, Pranav Shankar Saboo, Usha Saboo, Anuradha Saboo and Dinesh Agrawal. For details of directors of promoters of Mahen Distribution Limited, please refer to 'Board of Directors- KDDL Limited' on page 282.

(iii) *Board of Directors*

The Board of Directors of Mahen Distribution Limited are:

- (i) Yashovardhan Saboo,
- (ii) Vijay Sarup Mathur;
- (iii) Pawan Kumar Goyal; and
- (iv) Sanjeev Kumar Masown.

(iv) *Shareholding Pattern*

The authorised share capital of Mahen Distribution Limited is ₹ 9,28,80,000 divided into 73,50,000 equity shares of face value of ₹ 10 each; 230,000 12% Cumulative Preference Shares of ₹ 56 each and 100,000 12% Cumulative Preference Shares of ₹ 65 each and the issued and paid-up share capital of Mahen Distribution Limited is ₹ 6,00,57,000 divided into 60,05,700 equity shares of face value of ₹ 10 each.

The following table provides details of the shareholding pattern of Mahen Distribution Limited as

on date of this Red Herring Prospectus:

<b>Name of shareholders</b>	<b>No. of equity shares held</b>	<b>% of shareholding</b>
KDDL Limited	60,05,694*	100
Satvika Saboo^	1	0
Yashovardhan Saboo^	1	0
Pranav Shankar Saboo^	1	0
Usha Saboo^	1	0
Anuradha Saboo^	1	0
Dinesh Agrawal^	1	0
<b>Total</b>	<b>60,05,700</b>	<b>100</b>

\*The Board of KDDL Limited, one of the Promoter of our Company, on January 29, 2022, accorded its consent to acquire 77,000 equity shares (1.28% of the total shareholding of Mahen Distribution Limited) of ₹ 10 each held by Yashovardhan Saboo, who is also a Promoter of our Company, at a price of ₹ 309 each, aggregating to ₹ 237.93 lakhs. Post the completion of the acquisition on March 29, 2022, Yashovardhan Saboo holds only 1 equity share on behalf of KDDL Limited and Mahen Distribution Limited. has become a wholly owned subsidiary of KDDL Limited.

^Holding shares on behalf of KDDL Limited

(v) *Change in control*

There has been no change in control or management of Mahen Distribution Limited in the three years immediately preceding the date of the Red Herring Prospectus.

Our Company confirms that the permanent account numbers, bank account numbers, company identification numbers and addresses of Registrar of Companies of each of our Promoter companies have been submitted to the Stock Exchanges on which the specified securities are proposed to be listed, at the time of filing of the Red Herring Prospectus with them.

**Changes in control**

Other than as disclosed in “*Capital Structure – Build-up of our Promoters’ shareholding in our Company*” on page 111, there has not been any effective change in the management and control of our Company in the five years immediately preceding the date of this Red Herring Prospectus.

**Interests of our Promoters**

Our Promoters are interested in our Company to the extent: (1) that they have promoted our Company; (2) of their respective shareholding, the shareholding of their relatives and entities in which the Promoters are interested and which hold Equity Shares in our Company and the dividend payable upon such shareholding, if any, and other distributions in respect of the Equity Shares held by them, their relatives or such entities, if any; (3) of being Directors and/or Key Management Personnel of our Company and the sitting fees /remuneration, benefits and reimbursement of expenses, payable to them, as per the terms of their employment agreement, as applicable, payable by our Company to them; and (4) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoters hold shares or have an interest, if applicable and (5) to the extent deposits held by them with our Company. For further details, see “*Capital Structure*”, “*Our Management*”, and “*Offer Document Summary – Summary of Related Party Transactions*” on pages 100, 256 and 29, respectively.

Further, our Promoter is also director on the boards, or are shareholders, trustees, proprietors, members or partners, of certain entities forming part of the Promoter Group, Group Companies, Subsidiary and other entities with which our Company has had related party transactions and may be deemed to be interested to the extent of the payments made by our Company, if any, to such entities forming part of the Promoter Group, Group Companies and such other entities. For the payments that are made by our Company to certain entities forming part of the Promoter Group, Group Companies and other related parties, see “*Offer Document*

*Summary – Summary of Related Party Transactions*” on page 29.

No sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which our Promoters are interested, in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by such Promoter(s) or by such firm or company, in connection with the promotion or formation of our Company.

For details regarding the shareholding of our Promoters in our Company and our Subsidiary, see sections “*Capital Structure*”, “*Our Subsidiary and Joint Venture*” and “*Our Management*”, beginning on pages 100, 254 and 256, respectively.

#### **Interest in property, land, construction of building and supply of machinery**

None of our Promoters have any interest in any property acquired by our Company in the preceding three years from the date of this Red Herring Prospectus or proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery except to the extent of leases entered by Ethos Limited with KDDL Limited for lease of the properties including its Corporate Office.

#### **Payment or Benefits to our Promoters or Promoter Group**

Except as stated in the sections “*Offer Document Summary – Summary of Related Party Transactions*” and “*Our Management*” beginning on page 29 and 256, there has been no amount or benefit paid or given, respectively, to our Promoters or members of the Promoter Group during the two years prior to the filing of this Red Herring Prospectus and no amount or benefit is intended to be paid or given to any of our Promoters or members of the Promoter Group.

#### **Material guarantees to third parties**

Except the pledge of 3,60,000 shares of KDDL Limited held by Yashovardhan Saboo in favour of Bank of Maharashtra for securing the credit facilities availed by our Company, personal guarantee of Yashovardhan Saboo to IDBI Bank Limited, Bank of Maharashtra and Jammu & Kashmir Bank Limited for securing the credit facilities availed by our Company and corporate guarantee of KDDL Limited to IDBI Bank Limited, Bank of Maharashtra and Jammu & Kashmir Bank Limited for securing the credit facilities availed by our Company, our Promoters have not given any material guarantees to any third party with respect to the equity shares. For details of the same, please refer to “*History and Certain Corporate Matters*” on page 247.

#### **Companies or firms with which our Promoters have disassociated in the last three years**

Our Promoter have not disassociated themselves from any company in last three years except as follows:

Our Promoter, Yashovardhan Saboo sold his entire shareholding in Anacott Trading SA through a contract of sale of shares dated September 27, 2021, for transfer of his entire shareholding to Beanstalk SA, a swiss company for CHF 90,000. Yashovardhan Saboo has received entire consideration for his shareholding.

#### **Confirmations**

Our Promoters and members of our Promoter Group have not been declared nor identified as wilful defaulters or fraudulent borrowers in terms of the SEBI ICDR Regulations. Further, there are no violations of securities laws committed by our Promoters and members of our Promoter Group in the past and no proceedings for violation of securities laws are pending against them except as disclosed in this Red Herring Prospectus.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not and have never been promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except Mahen Distribution Limited our Promoter and Pasadena Retail Private Limited, our Joint Venture, which are in similar line of business, our Promoters are not involved in any venture that is in the same line of activities or business as that of our Company.

Our Directors, Promoters, KMPs and its associated entities that no regulatory action has been taken or on-going by any authority or agency and they that were never involved in matters like illegal money mobilization, Recovery proceedings etc.

### **Promoter Group**

Persons constituting the Promoter Group (other than our Promoters) of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations 2018 are set out below:

#### ***Natural persons forming part of our Promoter Group (other than our Promoters):***

<b>Name of Promoter</b>	<b>Name of the individuals</b>	<b>Relationship with our Promoter</b>
Yashovardhan Saboo	Anuradha Saboo	Spouse
	Rajendra Kumar Saboo	Father
	Usha Devi Saboo	Mother
	Jai Vardhan Saboo	Brother
	Satvika Saboo	Daughter
	Pranav Shankar Saboo	Son
	Narendra Kumar Mohatta	Spouse's Father
	Pushpa Manjari Mohatta	Spouse's Mother
	Alok Mohatta	Spouse's Brother

#### ***Entities forming part of our Promoter Group (other than our Promoters):***

<b>Sr. No.</b>	<b>Name of the entities</b>
1.	Dream Digital Technology Private Limited
2.	Satva Jewellery and Design Limited
3.	Kamla Tesio Dials Limited
4.	Saboo Ventures LLP
5.	Saboo Housing Projects LLP
6.	VBL Innovations Private Limited
7.	Vardhan Properties and Investment Private Limited
8.	Pylania SA
9.	Kamla International Holdings SA
10.	Pasadena Retail Private Limited
11.	Cognition Digital LLP
12.	Estima AG
13.	Swades Capital LLC
14.	Vardhan International LLP

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term “group companies”, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under IndAS-24, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies (other than our Subsidiary and Promoters) with which there were related party transactions during the periods covered in the Restated Consolidated Summary Statements, as covered under the IndAS-24, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

Further, the IPO Committee of the Board in its meeting held on December 30, 2021 has decided that for the purpose of disclosure in the Offer Documents, as prescribed under the SEBI ICDR Regulations, the companies (other than promoters and subsidiaries) with which there were related party transactions as per the Restated Consolidated Summary Statements of our Company during any of the last three Fiscals and for the nine months period ended December 31, 2021 in respect of which Restated Consolidated Summary Statements are included in the Offer Documents (“*Relevant Period*”), shall be identified as the group companies of our Company.

Accordingly, the following companies have been identified by our board as our Group Companies (“**Group Companies**”):

1. VBL Innovations Private Limited\*
2. Pylania SA\*
3. Pasadena Retail Private Limited\*
4. Dream Digital Technology Private Limited\*
5. Saboo Ventures LLP\*
6. Vardhan Properties and Investment Private Limited
7. Saboo Housing Projects LLP
8. Anacott Trading SA

*\*the financial information for the preceding three years for the five largest Group Companies based on turnover has been hosted on the website of our Company as specified below, in accordance with the SEBI ICDR Regulations.*

### **Details of our Group Companies:**

#### **1. VBL Innovations Private Limited (“VBL”)**

##### ***Registered Office***

The registered office of VBL is located at No.81-82, 7<sup>th</sup> Main, Phase III, Peenya Industrial Area, Bangalore, Karnataka 560058, India.

##### ***Financial Performance***

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share, derived from the latest audited financial statements available on a standalone basis of VBL, for the Fiscals 2021, 2020 and 2019, are available at <https://www.ethoswatches.com/investors-information>.

2. ***Pylania SA***

***Registered Office***

The registered office of Pylania SA is located at Allerheiligenstrasse 30, CH2540, Grenchen.

***Financial Performance***

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share, derived from the latest audited financial statements available on a standalone basis of Pylania SA, for the Fiscals 2021, 2020 and 2019, are available at <https://www.ethoswatches.com/investors-information>.

3. ***Pasadena Retail Private Limited (“JV”)***

***Registered Office***

The registered office of our JV is located at 713, Pearls Omaxe Building, Tower-2, Netaji Subhash Place, Wazirpur, North West Delhi, National Capital Territory of Delhi.

***Financial Performance***

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share, derived from the latest audited financial statements available on a standalone basis of our JV, for the Fiscals 2021, 2020 and 2019, are available at <https://www.ethoswatches.com/investors-information>.

4. ***Dream Digital Technology Private Limited (“DDTPL”)***

***Registered Office***

The registered office of DDTPL is located at S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160018, India.

***Financial Performance***

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share, derived from the latest audited financial statements available on a standalone basis of DDTPL, for the Fiscals 2021, 2020 and 2019, are available at <https://www.ethoswatches.com/investors-information>.

5. ***Saboo Ventures LLP (“SV LLP”)***

***Registered Office***

The registered office of SV LLP is located at S.C.O. 88-89 Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160018, India.

***Financial Performance***

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share, derived from the latest audited financial statements available on a standalone basis of SV LLP, for the Fiscals 2021, 2020 and 2019, are available at <https://www.ethoswatches.com/investors-information>.



6. ***Vardhan Properties & Investment Private Limited (“VPIPL”)***

***Registered Office***

The registered office of VPIPL is located at S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160018, India.

7. ***Saboo Housing Projects LLP (“SHP LLP”)***

***Registered Office***

The registered office of SHP LLP is located at S.C.O. 88-89 Sector 8-C, Madhya Marg, Union Territory of Chandigarh 160018, India.

8. ***Anacott Trading SA***<sup>^</sup>

***Registered Office***

The registered office of Anacott Trading SA is located at Rue de la Raffinerie 1 Neuchâtel, NEUCHÂTEL, 2000 Switzerland.

<sup>^</sup>***Note: Yashovardhan Saboo entered into a contract of sale of shares dated September 27, 2021, for transfer of his entire shareholding to Beanstalk SA, a swiss company, for CHF 90,000. Yashovardhan Saboo has received entire consideration for his shareholding.***

**Litigation**

There are no litigations of Group Companies which may have material effect on our Company, please refer to ‘*Outstanding Litigation and Material Developments*’ on page 439.

**Nature and extent of interest of Group Companies**

Our Group Companies do not have any interest in the promotion of our Company.

Our Group Companies are not interested in any property acquired by our Company in the three years preceding the filing of this Red Herring Prospectus or proposed to be acquired by our Company.

Our Group Companies are not interested in any transactions for acquisition of land, construction of building or supply of machinery except as disclosed in “*Offer Document Summary – Summary of Related Party Transactions*” on page 29.

For further details regarding the payments made by our Company to our Group Companies, see “*Offer Document Summary – Summary of Related Party Transactions*” on page 29.

**Common pursuits between our Group Companies and our Company**

Our JV is also involved in the business of retail of watches like our Company, at present there is no conflict in relation to such similar business being carried out. Further, our Company and our JV will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

**Related Business Transactions within the group and significance on the financial performance of our Company**

Other than the transactions disclosed in the section “*Offer Document Summary – Summary of Related Party Transactions*” on page 29, there are no other business transactions between our Company and the Group Companies which are significant to the financial performance of our Company.

**Business interests or other interests**

Except as disclosed in “*Offer Document Summary – Summary of Related Party Transactions*” on page 29, our Group Companies do not have any business interest in our Company.

**Other Confirmations**

Our Group Companies do not have any securities listed on a stock exchange. For further details, see “*Other Regulatory and Statutory Disclosures*” on page 453. Further, our Group Companies have not made any public or rights issue of securities in the three years preceding the date of this Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by our shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act. Our Board approved the formal dividend policy of our Company, at the Board meeting held on December 30, 2021, which includes parameters to be considered by the Board for declaration of dividend, with an objective of rewarding the shareholders of our Company.

The dividend if any, will depend on a number of factors, including but not limited to standalone net operating profit after tax, working capital requirements, capital expenditure requirements, resources required to fund acquisitions and / or new businesses, cash flow required to meet contingencies, outstanding borrowings, accumulated reserves including retained earnings, long term investment proposed, capital restructuring, debt reduction, cost of raising funds from alternate sources etc. The consolidated profits earned by our Company may either be retained and used for various purposes by our Company, or it may be distributed to the shareholders. There is no guarantee that any dividends will be declared or paid by our Company in the future. For details, see “*Risk Factors – Our Company may not be able to pay dividends in the future.*” on page 66.

In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under the loan or financing documents, our Company is currently a party to or may enter into from time to time.

Our Company has not declared or paid any dividends in the last three Fiscal Years and until the filing of this Red Herring Prospectus.

Our Company shall pay dividends, if declared, to the shareholders of our Company in accordance with the provisions of the Companies Act, the Articles of Association and provisions of the SEBI Listing Regulations and other applicable laws. Our Company may pay dividend by cheque, electronic clearance service, as will be approved by our Board in the future. Our Company may also, from time to time, pay interim dividends.

**SECTION V : FINANCIAL STATEMENTS**

**RESTATED CONSOLIDATED SUMMARY STATEMENTS**

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## **Independent Auditors' Examination Report on the Restated Ind AS Consolidated Summary Statements of Ethos Limited**

To  
The Board of Directors  
Ethos Limited  
Kamla Centre  
SCO 88-89, Sector 8-C,  
Chandigarh, 160009,  
India

Dear Sirs,

1. We S.R. Batliboi & Co. LLP, Chartered Accountants (“we”, or “us” or “SRBC”) have examined the attached Restated Ind AS Consolidated Summary Statements of Ethos Limited (the “Company”) , its subsidiary (the Company and its subsidiary together referred to as the “Group”), and its joint venture, comprising the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities as at December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Ind AS Consolidated Summary Statements of Profit and Loss (including other comprehensive income), the Restated Ind AS Consolidated Summary Statement of Change in Equity, the Restated Ind AS Consolidated Summary Statement of Cash Flow, for the nine months period ended December 31, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the “Restated Ind AS Consolidated Summary Statements”), as approved by the Board of Directors of the Company at their meeting held on April 07, 2022, for the purpose of inclusion in the Red Herring Prospectus (“RHP”) and prospectus prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“IPO”) prepared in terms of the requirements of:
  - a) Section 26 of Part 1 of Chapter III of The Companies Act, 2013 (the “Act”);
  - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”); and
  - c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).
2. The preparation of Restated Ind AS Consolidated Summary Statements, which are to be included in the RHP and prospectus, is the responsibility of the management of the Company, for the purpose set out in paragraph 15 below. The Restated Ind AS Consolidated Summary Statements have been prepared by the Management of the

Company on the basis of preparation stated in paragraph 2 of Annexure V to the Restated Ind AS Consolidated Summary Statements. The responsibility of the management of the companies included in the Group and its joint venture includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Consolidated Summary Statements. The management of the companies included in the Group and its joint venture are also responsible for identifying and ensuring that the Group and its joint venture comply with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Ind AS Consolidated Summary Statements taking into consideration:
  - a) the terms of reference and our engagement agreed upon with you vide our engagement letter dated January 04, 2022, requesting us to carry out work on such Restated Ind AS Consolidated Summary Statements, proposed to be included in the RHP of the Company in connection with the proposed IPO of the Company;
  - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concept of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Ind AS Consolidated Summary Statements; and
  - d) the requirements of Section 26 of the Act and applicable provisions of the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.

4. These Restated Ind AS Consolidated Summary Statements have been compiled by the management from:
  - (a) Audited interim consolidated Ind AS financial statements of the Group and its joint venture as at and for the nine months period ended December 31, 2021 which were prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind AS"), which have been approved by the Board of Directors at their meeting held on April 07, 2022.

- (b) Audited consolidated financial statements of the Group and its joint venture as at and for the years ended March 31, 2021 and March 31, 2020 which were prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on June 11, 2021 and June 25, 2020 respectively.
  - (c) Audited consolidated financial statements of the Group as at and for the year ended March 31, 2019 which were prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held May 04, 2019.
5. For the purpose of our examination, we have relied on:
- (a) Auditors' Reports issued by us dated April 07, 2022, June 11, 2021 and June 25, 2020, on the Consolidated Financial Statements of the Group and its joint venture as at and for the nine months period ended December 31, 2021 and as at and for the years ended March 31, 2021 and March 31, 2020, as referred in Paragraph 4 (a) and 4 (b) above.
  - (b) Auditor's report issued by the previous auditor dated May 04, 2019 on the consolidated financial statements of the Group as at and for the financial year ended March 31, 2019 referred in Paragraph 4 (c) above.
6. As indicated in our audit reports referred to in paragraph 4 above
- (a) we did not audit the financial statements of a subsidiary and a joint venture whose financial statements include total assets, total revenues, net cash inflows / (outflows) and share of profit/ loss in its joint venture included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditors (the "Other Auditors") and whose reports have been furnished to us by the Company's management. Our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect of these components, was based solely on the reports of the Other Auditors.

(Rs in Lakhs)

Particulars	As at and for the nine-months period ended December 31, 2021	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020
Total Assets	338.13	411.51	358.27
Total Revenue	146.87	477.38	804.01
Net Cash inflows/(outflows)	(22.61)	112.18	(23.42)
Share of profit/(loss) in joint venture	(2.19)	13.50	(33.43)

(b) The information for the comparative year presented, has been restated to reflect rectification and reclassifications in the consolidated Ind AS financial statements previously presented to conform to the presentation of the consolidated Ind AS financial statements for the year ended March 31, 2020. Refer to Note 50 (Refer Annexure VI Part A Note 2 to the Restated Ind AS Consolidated Summary Statements) to Consolidated financial statements, which describes the nature and impact of such adjustments/ reclassification.

Our opinion on the consolidated financial statements is not modified in respect of above matters.

7. The audit for the financial year ended March 31, 2019 was conducted by the Company's previous auditor, B S R & Co. LLP, Chartered Accountants (the "Previous Auditor"). The audit report on the consolidated financial statements issued by the Previous Auditor included the following other matter:

We did not audit the financial statement of 1 subsidiary whose share of total assets (before consolidation adjustments), total revenues (before consolidation adjustments) and net cash inflows (before consolidation adjustments) in the consolidated financial statement, for the relevant years is tabulated below, which have been audited by other auditor, Mukta Arvind and Associates, and whose report have been furnished to us by the Company's management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this component, is based solely on the report of the other auditor:



(Rs. in lakhs)

<b>Particulars</b>	<b>As at and for the year ended March 31, 2019</b>
Total Assets	367.01
Total Revenue	871.88
Net Cash inflow/(outflows)	18.21

The opinion of the Previous Auditor on the consolidated Ind AS financial statements is not modified in respect of the above matter.

8. The Previous Auditor has examined the Restated Consolidated Summary Statements. Accordingly, reliance has been placed on the independent practitioners' examination report dated April 07, 2022 on the restated consolidated statement of assets and liabilities as at March 31, 2019 and the restated consolidated statement of profit and loss (including other comprehensive income), statement of changes in equity and cash flow statement for the year ended March 31, 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (Collectively, the "2019 Restated Ind AS Consolidated Summary Statements") examined by them for the said year. They have also confirmed that the 2019 Restated Ind AS Consolidated Summary Statements:
- (a) have been prepared after incorporating adjustments for the changes in accounting policies and should be read with the basis of preparation of the 2019 Restated Ind AS Consolidated Summary Statements which states that there are no material errors and that adjustments have been made for regrouping/reclassifications retrospectively in the financial year ended March 31, 2019, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine-months period ended December 31, 2021;
  - (b) does not contain any qualifications requiring adjustments.
  - (c) have been prepared in accordance with the Act, ICDR Regulations and Guidance Note.
9. The Other Auditors referred to in paragraph 6 above, have examined the restated summary statements of the subsidiary and joint venture listed in Annexure 1 and included in these Restated Ind AS Consolidated Summary Statements. The Other Auditors have confirmed that those restated summary statements:
- (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications

retrospectively in financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2021;

- (ii) does not contain any qualifications requiring adjustments; and
- (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. Based on our examination, also as per the reliance placed on the examination report submitted by the Previous Auditor and Other Auditors for the respective period/years, and according to the information and explanations given to us and, we report that the Restated Ind AS Consolidated Summary Statements:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2021;
- b) there are no qualifications in the auditors' reports on the audited consolidated financial statements of the Group and its joint venture for the nine months period ended December 31, 2021 and for the year ended March 31, 2021 and March 31, 2020 and in the auditors' reports on the audited consolidated financial statements of the Group for the year ended March 31, 2019 which require any adjustment to the Restated Consolidated Summary Statements.

Qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, included in audit reports of the Standalone financial statements of the Company for the year ended March 31, 2021 March 31, 2020 and March 2019 which do not require any corrective adjustments in the Restated Ind AS Consolidated Summary Statements have been disclosed under in Annexure VI to the Restated Ind AS Consolidated Summary Statements.

Emphasis of Matter paragraph included in the auditors report on the Consolidated financial statement of the Group and its joint venture for the nine months period ended December 31, 2021 and year ended March 31, 2021 and March 31, 2020 which do not require any corrective adjustments in the Restated Ind AS Consolidated Summary Statements are as follows;

Emphasis of Matter – December 31, 2021

We draw attention to Note 42 (Refer Annexure VII Note 44 to the Restated Ind AS Consolidated Summary Statements) to the accompanying Interim consolidated Ind AS financial statements, which describes the uncertainties and impact of COVID-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Emphasis of Matter – March 31, 2021

We draw attention to Note 41 (Refer Annexure VII Note 44 to the Restated Ind AS Consolidated Summary Statements) to the Consolidated Ind AS financial statements, which describes the uncertainties and the impact of second wave of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Emphasis of Matter – March 31, 2020

We draw attention to Note 42 (Refer Annexure VII Note 44 to the Restated Ind AS Consolidated Summary Statements) to the consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

- c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
11. We have not audited any financial statements of the Group and its joint venture as of any date or for any period subsequent to December 31, 2021. Accordingly, we express no opinion on the financial position, results of operations, cash flows or change in equity of the Group and its joint venture as of any date or for any period subsequent to December 31, 2021.
  12. The Restated Ind AS Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Audited Consolidated Financial Statements mentioned in paragraph 5 above.
  13. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
  14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

15. Our report is intended solely for use of the Board of Directors for inclusion in the red herring prospectus and prospectus to be filed with SEBI, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Himachal Pradesh, in connection with the proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

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**per Anil Gupta**

Partner

Membership No.: 87921

UDIN: 22087921AGPHNR9600

New Delhi

April 07, 2022

**Annexure 1**

**Subsidiary and Joint Venture of the Company audited by other auditors as at December 31, 2021, March 31, 2021 and March 31, 2020 and for the nine months period ended December 31, 2021 and each of the years ended March 31, 2021 and March 31, 2020:**

<b><u>Name of Component</u></b>	<b><u>Component Type</u></b>	<b><u>Name of the other auditor</u></b>
Cognition Digital LLP	Subsidiary	Mukta Arvind & Associates
Pasadena Retail Private Limited	Joint Venture	Singhal Karun & Co.

**Annexure-I Restated Consolidated Summary Statement of Assets and Liabilities**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Annexure VII					
Particulars	Notes	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	3,508.90	3,068.32	3,059.35	2,121.77
Capital work-in-progress	3	27.36	375.73	69.88	440.02
Intangible assets	4	62.76	64.48	80.94	57.45
Right-of-use assets	39	8,168.66	7,928.32	9,340.92	6,790.50
Intangible assets under development	4	-	5.61	5.61	38.21
Investment in joint venture	5	152.88	80.07	66.57	-
<b>Financial assets</b>					
- Loans	6	9.36	9.79	4.80	7.23
- Other financial assets	7	1,172.64	889.10	836.04	1,017.04
Non current tax assets (net)	8	150.75	147.43	144.63	123.24
Deferred tax assets (net)	9	934.23	866.25	806.98	818.82
Other non-current assets	10	197.37	116.49	214.72	298.13
<b>Total non-current assets</b>		<b>14,384.91</b>	<b>13,551.59</b>	<b>14,630.44</b>	<b>11,712.41</b>
<b>Current assets</b>					
Inventories	11	23,963.73	19,777.12	21,859.01	20,556.94
<b>Financial assets</b>					
- Trade receivables	12	985.30	1,218.04	938.32	891.61
- Cash and cash equivalents	13	6,141.59	1,830.83	983.60	756.76
- Other bank balances	14	1,221.20	220.47	109.99	120.97
- Loans	6	29.25	18.13	14.19	11.61
- Other financial assets	7	746.88	1,011.70	1,278.58	680.81
Other current assets	15	1,926.45	1,576.50	2,381.52	2,161.45
<b>Total current assets</b>		<b>35,014.40</b>	<b>25,652.79</b>	<b>27,565.21</b>	<b>25,180.15</b>
<b>Total assets</b>		<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity share capital	16	1,877.55	1,821.28	1,821.28	1,690.17
Other equity	17	17,928.53	13,740.08	13,165.50	11,350.26
<b>Equity attributable to owners of the Company</b>		<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>
Non controlling interest		0.00	0.00	0.00	0.00
<b>Total equity</b>		<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
<b>Financial liabilities</b>					
- Borrowings	18 (i)	2,326.43	1,708.22	1,575.94	1,620.46
- Lease liabilities	39	7,125.87	6,888.66	7,963.38	5,295.40
- Other financial liabilities	19	49.23	90.00	94.52	48.86
Provisions	20	132.09	157.09	130.04	110.23
<b>Total non-current liabilities</b>		<b>9,633.62</b>	<b>8,843.97</b>	<b>9,763.88</b>	<b>7,074.95</b>
<b>Current liabilities</b>					
<b>Financial liabilities</b>					
- Borrowings	18 (ii)	6,349.53	3,490.61	5,998.75	6,086.06
- Lease liabilities	39	2,162.11	1,913.60	1,890.74	1,903.13
-Trade payables					
-total outstanding dues of micro enterprises and small enterprises	21	77.30	0.72	1.93	-
-total outstanding dues of creditors other than micro enterprises and small enterprises	21	8,310.05	7,198.63	7,241.34	6,761.05
- Other financial liabilities	22	1,054.41	971.03	979.03	929.69
Other current liabilities	23	1,505.86	916.91	1,057.84	654.29
Provisions	20	288.59	249.45	237.36	135.53
Current tax liabilities (net)	24	211.76	58.10	38.00	307.43
<b>Total current liabilities</b>		<b>19,959.61</b>	<b>14,799.05</b>	<b>17,444.99</b>	<b>16,777.18</b>
<b>Total liabilities</b>		<b>29,593.23</b>	<b>23,643.02</b>	<b>27,208.87</b>	<b>23,852.13</b>
<b>Total equity and liabilities</b>		<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>

The above statement should be read with Annexure V, Annexure VI and Annexure VII to the restated consolidated summary statements

As per our report of even date

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

**For and on behalf of the Board of Directors of Ethos Limited**

**Y.Saboo**  
Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Dhiman**  
Company Secretary

Place: New Delhi  
Date: 07 April 2022

Place: Chandigarh  
Date: 07 April 2022

ETHOS LIMITED  
CIN No-U52300HP2007PLC030800  
**Annexure- II Restated Consolidated Summary Statement of Profit and Loss**  
(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	Annexure VII			
		Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	25	41,859.31	38,657.07	45,784.91	44,352.90
Other income	26	1,075.45	1,657.16	315.65	156.73
<b>Total income (I)</b>		<b>42,934.76</b>	<b>40,314.23</b>	<b>46,100.56</b>	<b>44,509.63</b>
<b>Expenses</b>					
Purchase of stock-in-trade	27	34,222.01	26,084.91	34,205.38	34,988.34
Changes in inventory of stock-in-trade	28	(4,186.61)	2,081.89	(1,302.07)	(3,453.65)
Employee benefits expense	29	3,087.54	2,920.31	3,317.02	3,312.52
Finance costs	30	1,192.22	1,698.21	1,962.89	1,611.95
Depreciation and amortization expense	31	2,275.09	3,135.91	3,278.90	2,566.21
Other expenses	32	4,180.72	3,596.77	4,406.44	3,836.47
<b>Total expenses (II)</b>		<b>40,770.97</b>	<b>39,518.00</b>	<b>45,868.56</b>	<b>42,861.84</b>
<b>Restated profit before share of joint venture and tax (III= I-II)</b>		<b>2,163.79</b>	<b>796.23</b>	<b>232.00</b>	<b>1,647.79</b>
Share of Profit/(Loss) of joint venture (net of income tax) (IV)		(2.19)	13.50	(33.43)	-
<b>Restated Profit before tax (V= III-IV)</b>		<b>2,161.60</b>	<b>809.73</b>	<b>198.57</b>	<b>1,647.79</b>
<b>Tax expense, comprising:</b>					
- Current tax	33	634.52	289.43	319.41	983.68
- Deferred tax (credit)/charge		(71.70)	(58.23)	12.56	(324.77)
<b>Total tax expense (VI)</b>		<b>562.82</b>	<b>231.20</b>	<b>331.97</b>	<b>658.91</b>
<b>Restated Profit(loss) for the period / year (VII = V-VI)</b>		<b>1,598.78</b>	<b>578.53</b>	<b>(133.40)</b>	<b>988.88</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
- Re-measurement of loss on defined benefit plans		14.70	(4.99)	(2.85)	(29.76)
- Income tax relating to items that will not be re-classified to profit and loss		(3.72)	1.04	0.72	10.40
<b>Restated other comprehensive income/(loss) for the period / year</b>		<b>10.98</b>	<b>(3.95)</b>	<b>(2.13)</b>	<b>(19.36)</b>
<b>Restated total comprehensive Income/(loss) for the period / year</b>		<b>1,609.76</b>	<b>574.58</b>	<b>(135.53)</b>	<b>969.52</b>
<b>Restated earnings/(loss) per equity share [nominal value of Rs. 10 (previous period/year Rs. 10)]</b>					
Basic (Rs.)*	34	8.74	3.18	(0.75)	5.22
Diluted (Rs.)*		8.74	3.15	(0.75)	5.22

\*not annualised for the nine months ended 31 December 2021

The above statement should be read with Annexure V, Annexure VI and Annexure VII to the restated consolidated summary statements

As per our report of even date

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**For and on behalf of the Board of Directors of Ethos Limited**

**Y.Saboo**  
Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Anil Gupta**  
Partner  
Membership No. 87921

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Dhiman**  
Company Secretary

Place: New Delhi  
Date: 07 April 2022

Place: Chandigarh  
Date: 07 April 2022

**Ethos Limited**  
**CIN No-U52300HP2007PLC030800**  
**Annexure- III Restated Consolidated Summary Statement of Cash Flows**  
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

PARTICULARS	Nine months ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. OPERATING ACTIVITIES</b>				
Restated Profit before tax	2,161.60	809.73	198.57	1,647.79
<b>Adjustments to reconcile profit before tax to net cash flows:</b>				
Depreciation and amortization expense	2,275.09	3,135.91	3,278.90	2,566.21
Property, plant and equipment written off and loss on sale of property, plant & equipment	23.72	34.60	91.38	-
Profit on disposal of property, plant and equipment	-	(5.31)	-	-
Interest expense	1,168.93	1,689.95	1,962.89	1,611.95
Interest income	(156.51)	(110.34)	(113.93)	(96.84)
Provisions/liabilities no longer required written back	(79.99)	(75.64)	(110.59)	(58.87)
Share of loss/(profit) of joint venture	2.19	(13.50)	33.43	-
Share options lapsed	(9.41)	-	(18.11)	(7.81)
Unrealized foreign exchange (gain) / loss	(23.97)	(55.00)	68.67	(22.76)
Rent waiver on lease liabilities	(748.65)	(1,402.22)	-	-
Gain on termination of lease contracts	(1.09)	(60.79)	(83.88)	-
Allowance for bad and doubtful debts/ (written back)	(59.21)	(2.90)	105.38	-
Allowance for bad and doubtful advances	-	22.85	-	-
Advances / deposits / Bad debts written off	93.33	51.76	63.50	38.41
<b>Cash generated from operations before working capital changes</b>	<b>4,646.03</b>	<b>4,019.10</b>	<b>5,476.21</b>	<b>5,678.08</b>
<b>Movements in working capital:</b>				
(Increase)/decrease in inventories	(4,186.61)	2,081.89	(1,302.07)	(3,453.65)
(Increase) in loans	(10.69)	(8.93)	(0.15)	(12.89)
(Increase)/decrease in other financial assets	79.74	190.49	(347.07)	(511.21)
(Increase)/decrease in other assets	(378.16)	808.79	(477.07)	(81.60)
(Increase)/decrease in trade receivables	230.38	(315.19)	(152.10)	(245.99)
Increase in provisions	28.84	34.15	118.79	71.06
Increase/(decrease) in trade payables	1,249.90	21.26	426.32	(880.71)
(Decrease)/Increase in other financial liabilities	92.72	(125.14)	64.33	409.89
(Decrease)/Increase in other current liabilities	587.10	(87.47)	501.35	(348.90)
<b>Cash flow from operations</b>	<b>2,339.25</b>	<b>6,618.95</b>	<b>4,308.55</b>	<b>624.08</b>
Income tax paid (net)	(484.18)	(272.13)	(610.23)	(739.72)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>1,855.07</b>	<b>6,346.82</b>	<b>3,698.32</b>	<b>(115.64)</b>
<b>B. INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances)	(724.72)	(959.51)	(1,426.43)	(1,298.09)
Proceeds from sale of property, plant and equipment	19.74	15.00	78.61	0.65
Payment towards purchase of investments	(75.00)	-	(100.00)	-
Investment in bank deposits (having original maturity of more than three months)	(1,008.01)	(74.70)	(24.80)	94.06
Interest received	31.78	15.53	16.52	13.14
<b>Net cash (used in) investing activities (B)</b>	<b>(1,756.21)</b>	<b>(1,003.68)</b>	<b>(1,456.10)</b>	<b>(1,190.24)</b>
<b>C. FINANCING ACTIVITIES</b>				
Proceeds from issue of equity share capital (including premium)	2,644.36	-	2,100.00	2,917.98
Proceeds from non-current borrowings	1,665.79	1,145.89	602.17	384.10
Repayment of non-current borrowings	(697.07)	(848.75)	(784.85)	(213.32)
Proceeds from current borrowings having maturity period more than 3 months	676.82	218.30	237.11	73.99
Repayment of current borrowing having maturity period more than 3 months	(300.29)	(212.60)	(97.40)	(64.26)
Proceeds from/repayments of current borrowings (net)	2,131.88	(2,678.70)	(88.86)	1,195.73
Payment of principal portion of lease liabilities	(764.89)	(474.52)	(2,094.82)	(1,359.85)
Interest paid on lease liabilities	(754.43)	(1,056.90)	(1,072.25)	(846.56)
Interest expense paid	(390.27)	(588.63)	(816.48)	(754.08)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>4,211.90</b>	<b>(4,495.91)</b>	<b>(2,015.38)</b>	<b>1,333.73</b>



**Annexure- III Restated Consolidated Summary Statement of Cash Flows**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

PARTICULARS	Nine months ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>4,310.76</b>	<b>847.23</b>	<b>226.84</b>	<b>27.85</b>
Cash and cash equivalents at the beginning of the period / year	1,830.83	983.60	756.76	728.91
<b>Cash and cash equivalents at the end of the period / year</b>	<b>6,141.59</b>	<b>1,830.83</b>	<b>983.60</b>	<b>756.76</b>
<b>Notes :</b>				
1. Cash and cash equivalents include :				
Balance with banks in current accounts	1,855.38	341.22	903.13	261.79
Cheques, drafts on hand	0.59	12.71	4.86	304.88
Cash on hand	59.63	35.03	66.63	101.12
Credit cards receivable	125.99	42.87	8.98	88.97
Fixed Deposit with original maturity of less than 3 months	4,100.00	1,399.00	-	-
<b>Cash and cash balance at the end of the period / year (Refer Note 13)</b>	<b>6,141.59</b>	<b>1,830.83</b>	<b>983.60</b>	<b>756.76</b>

2. The above cash flow statement has been prepared under indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

3. Refer note 18(ii) for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. Refer note 39 for non-cash investing activities in form of additions to right of use assets.

**The above statement should be read with Annexure V, Annexure VI and Annexure VII to the restated consolidated summary statements**

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

**Anil Gupta**

Partner

Membership No. 87921

**For and on behalf of the Board of Directors of Ethos Limited**

**Y.Saboo**

Managing Director

DIN 00012158

**Anil Khanna**

Director

DIN 00012232

**Ritesh Kumar Agrawal**

Chief Financial Officer

**Pranav Shankar Saboo**

Chief Executive Officer

**Anil Dhiman**

Company Secretary

Place: New Delhi

Date: 07 April 2022

Place: Chandigarh

Date: 07 April 2022

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<b>a. Equity share capital</b>								
At the beginning of the period / year	1,82,12,812	1,821.28	1,82,12,812	1,821.28	1,69,01,713	1,690.17	1,59,08,564	1,590.86
Issue of share capital during the period / year	5,62,688	56.27	-	-	13,11,099	131.11	9,93,149	99.31
Balance at the end of the period / year #	<b>1,87,75,500</b>	<b>1,877.55</b>	<b>1,82,12,812</b>	<b>1,821.28</b>	<b>1,82,12,812</b>	<b>1,821.28</b>	<b>1,69,01,713</b>	<b>1,690.17</b>

# Refer note 16

**b. Other Equity**

	Compulsory convertible cumulative preference shares	Deemed capital contribution	Share application money pending allotment	Reserves and surplus			Total	
				Share options outstanding	Capital reserve	Securities premium		Retained earnings
<b>Balance as at 01 April 2018</b>	750.00	50.51	-	78.62	1.67	7,367.78	(678.71)	7,569.87
- Restated profit for the year	-	-	-	-	-	-	988.88	988.88
-Other comprehensive loss (net of tax)	-	-	-	-	-	-	(19.36)	(19.36)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	969.52	969.52
-Issue of equity shares for cash	-	-	-	-	-	2,800.68	-	2,800.68
-Share options lapsed	-	-	-	(7.81)	-	-	-	(7.81)
-Share application money	-	-	18.00	-	-	-	-	18.00
<b>Balance as at 31 March 2019</b>	<b>750.00</b>	<b>50.51</b>	<b>18.00</b>	<b>70.81</b>	<b>1.67</b>	<b>10,168.46</b>	<b>290.81</b>	<b>11,350.26</b>
- Restated loss for the year	-	-	-	-	-	-	(133.40)	(133.40)
-Other comprehensive loss (net of tax)	-	-	-	-	-	-	(2.13)	(2.13)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(135.53)	(135.53)
-Issue of equity shares for cash	-	-	-	-	-	2,736.88	-	2,736.88
-Issue of equity shares on account of conversion of compulsory convertible cumulative preference shares	(750.00)	-	-	-	-	-	-	(750.00)
-Share options lapsed	-	-	-	(18.11)	-	-	-	(18.11)
-Share option exercised	-	-	-	(5.33)	-	5.33	-	-
-Share allotted against application money	-	-	(18.00)	-	-	-	-	(18.00)
<b>Balance as at 31 March 2020</b>	-	<b>50.51</b>	-	<b>47.37</b>	<b>1.67</b>	<b>12,910.67</b>	<b>155.28</b>	<b>13,165.50</b>
- Restated profit for the year	-	-	-	-	-	-	578.53	578.53
-Other comprehensive loss (net of tax)	-	-	-	-	-	-	(3.95)	(3.95)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	574.58	574.58
-Share application money pending allotment	-	-	7.50	-	-	-	-	7.50
-Share application money refunded	-	-	(7.50)	-	-	-	-	(7.50)
<b>Balance as at 31 March 2021</b>	-	<b>50.51</b>	-	<b>47.37</b>	<b>1.67</b>	<b>12,910.67</b>	<b>729.86</b>	<b>13,740.08</b>
- Restated profit for the period	-	-	-	-	-	-	1,598.78	1,598.78
-Other comprehensive income (net of tax)	-	-	-	-	-	-	10.98	10.98
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	1,609.76	1,609.76
-Share options lapsed	-	-	-	(9.41)	-	-	-	(9.41)
-Share options exercised	-	-	-	(37.96)	-	153.19	-	115.23
-Share allotted against application money received	-	-	-	-	-	2,472.87	-	2,472.87
<b>Balance as at 31 December 2021</b>	-	<b>50.51</b>	-	-	<b>1.67</b>	<b>15,536.73</b>	<b>2,339.62</b>	<b>17,928.53</b>

The above statement should be read with Annexure V, Annexure VI and Annexure VII to the restated consolidated summary statements

As per our report of even date

For S.R. Batliboi & Co. LLP  
Chartered AccountantsAnil Gupta  
Partner  
Membership No. 87921

For and on behalf of the Board of Directors of Ethos Limited

Y.Saboo  
Managing Director  
DIN: 00012158Anil Khanna  
Director  
DIN 00012232Ritesh Kumar Agrawal  
Chief Financial OfficerPranav Shankar Saboo  
Chief Executive OfficerAnil Dhiman  
Company SecretaryPlace: New Delhi  
Date: 07 April 2022Place: Chandigarh  
Date: 07 April 2022

## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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#### **1. Corporate Information**

Ethos Limited (“the Company” or “the Parent Company”), is a public limited company domiciled in India and was incorporated on 05 November 2007 under the provisions of the Companies Act applicable in India. These Restated Consolidated Summary Statements comprise the Company, its subsidiary (referred to collectively as the “Group”) and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

The Group’s business consists of trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services.

Information on the Group’s structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 40.

The Group’s Restated Consolidated Summary Statements for the nine months period ended 31 December 2021 and year ended 31 March 2021, 31 March 2020 and 31 March 2019 were approved for issue in accordance with a resolution of the directors on 07 April 2022.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation of Restated Consolidated Summary Statements**

The Restated Consolidated Summary Statements of the Group comprise of Restated Consolidated Summary Statement of Assets and Liabilities as at 31 December, 2021, 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statement of Cash flows, the Restated Consolidated Summary Statement of Changes in Equity for the nine months ended 31 December 2021, year ended 31 March 2021, 31 March 2020 and 31 March 2019, and the Summary of Significant Accounting Policies and Other Explanatory Information of the Group (collectively, the “Restated Consolidated Summary Statements” or “Statements”). These Statements have been prepared by the Management specifically for the purpose of preparation of Restated Consolidated Summary Statements to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with its proposed initial public offering of equity shares of face value of Rs. 10 each of the Company comprising a fresh issue of equity shares and an offer for sale of equity shares held by the selling shareholders (collectively, the “Offering”). These Restated Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of:

(i) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

(ii) Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“the SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (‘SEBI’) on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and

(iii) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”)

The Restated Consolidated Summary Statements have been prepared after incorporating adjustments for the changes in accounting policies, reclassification due to amended Schedule III and other regrouping/reclassifications retrospectively in the financial year ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months ended 31 December 2021.

## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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These Restated Consolidated Summary Statements have been compiled by the management from the audited Consolidated Ind AS Financial Statements of the Group for the period ended 31 December 2021 and year 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meetings held on 07 April 2022, 11 June 2021, 25 June 2020 and 4 May 2019 respectively. The Restated Consolidated Summary Statements are based on the classification provisions contained in Ind AS 1, ‘Presentation of Financial Statements’ and division II of Schedule III of the Companies Act 2013.

The accounting policies have been consistently applied by the Group in preparation of Restated Consolidated Summary Statements and are consistent with those adopted in the preparation of audited consolidated Ind AS financial statements for the nine months ended 31 December 2021.

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

#### **Basis of measurement**

The Restated Consolidated Summary Statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

<b>Items</b>	<b>Measurement basis</b>
Certain financial assets and liabilities (including derivative instruments) <i>(Refer accounting policy regarding financial instruments)</i>	Fair value

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The Company has prepared the Restated Consolidated Summary Statements on the basis that it will continue to operate as a going concern.

## **2.2 Basis of Consolidation**

The Restated Consolidated Summary Statements comprise the financial statement of the Group, and the entities controlled by the Group including its subsidiary and its joint venture for the nine months ended 31 December 2021 and year ended 31 March 2021, 31 March 2020 and 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

- The contractual arrangement with the other vote holders of the investee.

## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

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

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

The restated consolidated summary statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., nine months ended 31 December 2021 and year ended on 31 March 2021, 31 March 2020 and 31 March 2019. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

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

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

The details of the consolidated entities are as follows:

**Ethos Limited****Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Name of the Entity	Principal Activities	Relationship	Country of incorporation	% of holding (31 December 2021)	% of holding (31 March 2021)	% of holding (31 March 2020)	% of holding (31 March 2019)
Cognition Digital LLP*	IT based business solutions	Subsidiary	India	99.99%	99.99%	99.99%	99.99%
Pasadena Retail Private Limited**	Trading of Watches	Joint Venture	India	50.00%	50.00%	50.00%	Nil

\* The percentage of holding denotes the Share of Profits in LLP.

\*\* w.e.f. 03 May 2019

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

If the Group loses control over a subsidiary, it:

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

**2.3 Summary of significant accounting policies****a. Investment in Joint Venture**

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

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

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the

## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

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

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

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Restated Consolidated Summary Statement of Profit and loss outside the operating profit.

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

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

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

#### **b. Current versus non-current classification**

The Group presents assets and liabilities in the Restated Consolidated Summary Statement of Assets and Liabilities based on current/non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or

## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Group classifies all other liabilities as non-current.

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

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

#### **c. Property, plant and equipment ('PPE')**

##### *Recognition and measurement*

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

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

##### **Recognition criteria**

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

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Restated Consolidated Summary Statement of Profit and Loss.

##### *Subsequent expenditure*

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



## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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#### *Depreciation*

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the Restated Consolidated Summary Statement of Profit and Loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at note no. '2.3(p)' below for period of leases.

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

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

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

#### *Derecognition*

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

#### **d. Intangible assets**

##### *Acquired Intangible*

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

##### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Restated Consolidated Summary Statement of Profit and Loss as incurred.

##### *Amortisation*

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

## **Ethos Limited**

### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

#### *Derecognition*

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

#### **e. Inventories**

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

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

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

#### **f. Retirement and other employee benefits**

##### *Short-term employee benefits*

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

##### *Post-employment benefits*

##### Defined contribution plans

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

##### Defined benefit plans

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

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

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses

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

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

#### Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in Restated Consolidated Summary Statement of Profit and Loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **g. Shared-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 37(iv).

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

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

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the

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transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

#### **h. Provisions**

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

#### **i. Financial guarantee contracts**

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

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

#### **j. Contingent liabilities and contingent assets**

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

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

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

#### **k. Commitments**

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

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#### **I. Revenue from contract with customers**

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

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

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

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

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

#### *Sale of goods*

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

#### *Variable Consideration*

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

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

#### *Right of return assets*

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

#### *Refund liabilities*

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

#### *Customer loyalty programmes*

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

#### *Cost to obtain a contract*

The group pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sales incentive are immediately recognised as an expense and included as part of employee benefits.

#### *Sale of services*

Revenue from services rendered is recognised in Restated Consolidated Summary Statement of Profit and Loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes at the time of completion of service.

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#### **Contract balances**

##### *Trade Receivable*

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

##### *Contract liabilities*

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

#### **m. Recognition of interest income or expense**

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

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

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

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

#### **n. Borrowing costs**

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

#### **o. Taxes**

Income tax comprises current and deferred tax. It is recognised in Restated Consolidated Summary Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

##### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and

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

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

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

#### *Deferred tax*

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

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

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

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

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

Deferred tax relating to items recognised outside Restated Consolidated Summary Statement of Profit and



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Loss is recognised outside Restated Consolidated Summary Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

#### *Sales tax/GST paid on acquisition of assets or on incurring expenses*

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

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

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

#### **p. Leases**

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

##### *Group as a lessee*

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

##### *Right-of-use assets*

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

- Buildings 2 to 10 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note no. 2.3(s) Impairment of non-financial assets.

#### *Lease Liabilities*

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

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

#### *Short-term leases and leases of low-value assets*

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

## **q. Financial instruments**

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

#### *Financial assets*

##### *Initial recognition and measurement*

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

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financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in note no. 2.3(1) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

#### *Subsequent measurement*

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

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

#### *Debt instruments at amortised cost*

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

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

#### *Debt instrument at FVOCI*

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

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

#### *Debt instrument at FVPL*

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

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

#### *Equity investments*

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

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

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

#### *Impairment of financial assets*

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

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

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

#### *Measurement of expected credit losses*

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

#### *Presentation of allowance for expected credit losses in the balance sheet*

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

#### *Write-off*

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

#### *Derecognition of financial assets*

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

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

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

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### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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#### *Financial liabilities*

##### *Initial recognition and measurement*

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

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

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

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

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

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

##### *Derecognition of financial liabilities*

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

##### *Derivative financial instruments*

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

##### *Offsetting*

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

#### **r. Impairment of non-financial assets**

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent

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cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in Restated Consolidated Summary Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

#### **s. Foreign currency transactions**

##### ***Initial recognition***

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

##### ***Measurement at the reporting date***

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Restated Consolidated Summary Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

#### **t. Operating segments**

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

#### **u. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits

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with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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

#### **v. Cash flow statement**

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

#### **w. Earnings per share**

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

#### **x. Measurement of fair values**

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

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

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

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

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

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

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

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



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

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

Further information about the assumptions made in measuring fair values used in preparing these Restated Consolidated Summary Statements is included in the respective notes.

#### **y. Convertible preference shares**

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

## **2.4 Changes in accounting policies and disclosures**

### **New and amended standards**

#### **a. Amendment to Ind AS 116 Leases: COVID-19 related Rent Concessions**

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. The Group has applied the practical expedient with effect from April 01, 2020. The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic received upto June 30, 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Group has accounted the unconditional rent concessions of Rs. 748.65 lakhs during the nine months ended December 31, 2021 (March 31, 2021: Rs. 1402.22 lakhs) in “other income” in the Restated

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### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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Consolidated Summary Statement of Profit and Loss.

- b. The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the Restated Consolidated Summary Statements.
- (i) Ind AS 103 Business Combination
  - (ii) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116
  - (iii) Conceptual framework for financial reporting under Ind AS issued by ICAI
  - (iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28
- c. On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rule 2015 are:

#### **Balance Sheet:**

Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work in- progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of financial statements.

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The amendments are extensive and the group evaluated the same to give effect to them as required by law.

#### **2.5 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's Restated Consolidated Summary Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### *Judgments*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Restated Consolidated Summary Statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

##### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 31 December 2021 and year ending 31 March 2021, 31 March 2020 and 31 March 2019 is included in the following notes:

#### **a) Revenue from contracts with customers**

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

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### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

#### **b) Defined benefit plans**

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

#### **c) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

#### **d) Contingencies**

Refer Note 38 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

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### **Annexure – V Significant Accounting Policies to the Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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**e) Impairment of non-financial assets**

Refer Note 2.3 (r)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts;

**f) Impairment of financial assets**

Refer Note 2.3 (q)- Impairment of financial assets.

**g) Fair value measurement**

Refer Note 2.3 (x) for Fair value measurement

**h) Share based payments**

Refer Note 2.3 (g) for Share based payments

**i) Determining the lease term of contracts with renewal and termination options – Group as lessee:** The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Leases – Estimating the incremental borrowing rate:** The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**j) Useful life of Property, plant and equipment and intangibles:** The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

**k) Provision for slow and obsolete inventory:** The Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net realisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the Parent Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

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**Annexure VI- Summary of Restatement Adjustments**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**Part A: Statement of restatement adjustments to audited Consolidated Ind AS financial statements**

**Reconciliation between audited equity and restated equity**

	Note No	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total equity (as per audited financial statements)		19,894.35	15,693.49	15,221.72	13,388.37
<b>Restatement Adjustments</b>					
<b>A) Change in accounting policies</b>					
Ind AS 116- Leases	Annexure VI, Part A, Note 1	(88.27)	(132.13)	(234.94)	(347.95)
<b>B) Adjustments due to prior period items / other adjustment</b>					
Other Equity*		-	-	-	0.01
<b>Total equity as per restated consolidated summary statement of assets and liabilities</b>		<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>

\* Pertains to difference in share options lapsed

**Reconciliation between audited profit/(loss) and restated profit/(loss)**

	Note No	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(Loss) after tax (as per audited Consolidated Ind AS financial statements)		1,554.92	475.72	(246.41)	1,336.85
<b>Restatement adjustments</b>					
<b>A) Impact of Ind AS 116 and other adjustments</b>					
<b>Increase/(decrease) in total income</b>	Annexure VI, Part A, Note 1				
Gain on termination of lease contracts		(13.04)	14.54	83.88	-
<b>(Increase)/decrease in total expenses</b>					
Depreciation of right-of-use assets		71.65	116.03	184.88	(2,081.69)
Interest on lease liability		-	5.22	(16.94)	(846.56)
Rent expense		-	1.60	(31.00)	2,393.38
<b>Total impact on adjustments</b>		<b>58.61</b>	<b>137.39</b>	<b>220.82</b>	<b>(534.87)</b>
Tax adjustment		(14.75)	(34.58)	(107.81)	186.90
<b>Restated profit/(loss) after tax for the period / year</b>		<b>1,598.78</b>	<b>578.53</b>	<b>(133.40)</b>	<b>988.88</b>

**Annexure VI- Summary of Restatement Adjustments**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**Note to adjustments:**

1) **Ind AS 116** - Leases has been notified and effective for financial statements from 01 April 2019 which prescribes the accounting of the lease contracts entered in the capacity of the lessee and a lessor. The Group has applied Ind AS 116 for preparing the audited consolidated Ind AS financial statements for the period beginning from 01 April 2019. For the purpose of preparing restated consolidated summary statements, Ind AS 116 has been applied retrospectively with effect from 01 April 2018 using same accounting policy choices (transition options as per Ind AS 116) as adopted on 01 April 2019 for transition to Ind AS 116.

**2) Material restatement adjustments**

Particulars	Note No	Nine months ended	Year ended	Year ended	Year ended
		31 December 2021	31 March 2021	31 March 2020	31 March 2019
Provisions (Non current)	a	-	-	-	(128.39)
Provisions (Current)	a	-	-	-	128.39
Other Financial Asset (Non current)	b	-	-	-	120.97
Other Bank Balance	b	-	-	-	(120.97)
Trade Receivables	e	-	-	-	(77.56)
Cash and cash equivalents	e, f	-	-	-	98.92
Other financial assets (Current)	c, f	-	-	-	(280.17)
Borrowings	d	-	-	-	210.81
Other financial liabilities (Non current)	g	-	-	-	48.86
Trade payables	c, h, i	-	-	-	207.00
Other financial liabilities (Current)	d, g, i	-	-	-	(235.50)
Other current liabilities	h	-	-	-	27.64
Revenue from operations	j	-	-	-	(58.87)
Other income	j	-	-	-	58.87
<b>Total Adjustment</b>		-	-	-	-

- a. Reclassification of Provision for compensated absences amounting Rs. 128.39 lakhs from non current provision to current provision.
- b. Reclassification of current fixed deposits with banks amounting Rs. 120.97 lakhs from other non current financial assets to other bank balances.
- c. Reclassification of reimbursement from vendors amounting Rs. 258.81 lakhs recoverable from trade payable to other current financial assets.
- d. Reclassification of long term loan amounting Rs. 210.81 lakhs from other financial liabilities to borrowings (non current).
- e. Reclassification of Rs. 77.56 lakhs from cash and cash equivalents to trade receivables.
- f. Reclassification of recoverable from bank amounting Rs. 21.36 lakhs from cash and cash equivalents to other financial asset (current).
- g. Reclassification of Interest payable on deposits of Rs. 48.86 lakhs from other financial liability (current) to other financial liability (non current).
- h. Reclassification of Security deposit of Rs. 27.64 lakhs from trade payables to other current liabilities.
- i. Reclassification of Interest payable of Rs. 24.17 lakhs from trade payable to other financial liability (current).
- j. Reclassification of liabilities no longer required written back of Rs. 58.87 lakhs from revenue from operations to other income.

**Annexure VI- Summary of Restatement Adjustments**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**Part B : Reconciliation of retained earnings as per audited consolidated Ind AS financial statements with retained earnings as per Restated Ind AS Summary Statements as at 31 March 2019**

The Group has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on 01 April 2019 for transition to Ind AS 116, while preparing the restated consolidated summary Statements for each of the year ended 31 March 2020 and 31 March 2019. As specified in the Guidance Note, the equity balance computed under Restated Ind AS summary statements for the year ended 31 March 2019 and equity balance computed on transition (using modified retrospective approach) to Ind AS 116 on 01 April 2019 differs due to restatement adjustments made for each of the year ended 31 March 2019. Accordingly, the closing equity balance as at 31 March 2019 of the restated consolidated summary statements has not been carried forward to opening balance sheet as at 01 April 2019. The reconciliation of the same is as follows :

Particulars	Amount
<b>Other Equity</b>	
Retained Earning	
Restated balance as at 31 March 2019	290.81
Add: Adjustment on account of transition to Ind AS 116	347.95
Add: Adjustments due to prior period items / other adjustment	0.01
<b>Balance as at April 01, 2019 as per audited consolidated Ind AS financial statements.</b>	<b>638.77</b>

**Part C -Non adjusting events**

**Audit qualifications for the respective years, which do not require any adjustments in the restated consolidated summary statements are as follows**

**a) Audit qualifications for the respective years, which do not require any adjustments in the restated consolidated summary statements are as follows:**

1) There are no audit qualification in auditor's report for the nine months ended 31 December 2021 and financial year ended 31 March 2021, 31 March 2020 and 31 March 2019 .

**b) Emphasis of matter not requiring adjustment to restated consolidated summary statements:**

1) In auditor's report interim financial statement for the nine months ended 31 December 2021, following emphasis of matter is given:-

We draw attention to Note 44 to the Interim consolidated Ind AS financial statements, which describes the uncertainties and impact of COVID-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

2) In auditor's report for financial year ended 31 March 2021, following emphasis of matter is given:-

We draw attention to Note 41 to the Consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of second wave of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

3) In auditor's report for financial year ended 31 March 2020, following emphasis of matter is given:-

We draw attention to Note 42 to the Consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of second wave of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

4) There are no emphasis of matter in auditor's report for the financial year ended 31 March 2019.

**c) Other audit qualifications included in the Annexure to the auditors' reports issued under Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act , on the standalone Ind AS financial statements:**



Ethos Limited  
CIN No-U52300HP2007PLC030800

**Annexure VI- Summary of Restatement Adjustments**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**As at and for the year ended 31 March 2021**

**Clause (vii)(a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

**Clause (vii)(c)**

According to the records of the Company, the dues of income-tax and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of the Dues	Amount	Amount Deposited	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	26.63	11.12	Assessment year 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	31.16	31.16	Assessment year 2013-14	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	52.02	52.02	Assessment year 2014-15	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	208.02	41.60	Assessment year 2017-18	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	0.53	-	Assessment year 2018-19	Commissioner of Income tax
Delhi Value added tax Act, 2004	VAT and CST	3,330.03	-	Financial Year 2016-17	Assistant Commissioner, Department of Trade and Taxes

**Clause (viii)**

In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, or banks. The Company did not have any loans or borrowings from government and has not issued any debentures during the year. The Reserve Bank of India vide its circular dated March 27, 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments), falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020) for various categories of loans. The Company had availed the permitted moratorium for some of its borrowings. The Company has paid all its due EMI's within the extended moratorium period.

**Clause (x)**

As more fully explained in Note 45, we have been informed that during the year ended 31 March 2021, the e-mail account of one of the Vendor of the Company was hacked and based on the communication received from the hacked account, the Company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 lakhs on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank. The Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Furthermore, the Vendor also filed a complaint with the Swiss Authorities to recover the amount involved. Though, the Company is putting in its best efforts to recover the amount, the management has made provision amounting to Rs. 22.85 lakhs against the total amount of Rs. 45.67 lakhs involved in the said fraud.

**As at and for the year ended 31 March 2020**

**Clause (vii)(a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

**Clause (vii)(c)**

According to the records of the Company, the dues of income-tax on account of any dispute, are as follows:

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**Annexure VI- Summary of Restatement Adjustments**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Name of the statute	Nature of the Dues	Amount	Amount Deposited	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	22.85	11.12	Assessment year 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	31.16	31.16	Assessment year 2013-14	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	52.02	52.02	Assessment year 2014-15	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	208.02	41.60	Assessment year 2017-18	Commissioner of Income tax (Appeals)

**Clause (x)**

As more fully explained in Note 46, we have been informed that during the year ended 31 March 2020, the store head of two stores have embezzled inventory of Rs. 60.79 lakhs by fictitiously billing watches under credit sale, reporting watches under layaway and pilfering physical inventory. The Company has lodged police complaint and initiated legal action to recover the loss, pending which, the Company has written off an amount of Rs. 33.25 lakhs, net of insurance claim recoverable of Rs. 27.54 lakhs under fidelity insurance cover. Further, the Company has withheld an amount of Rs. 6.47 lakhs payable to these employees as on date.

**As at and for the year ended 31 March 2019**

**Clause (vii)(a)**

Refer note 36(vi) wherein it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court judgement dated 28 February 2019 on provident fund matter, pending clarification from the department of PF, management has not recognized and deposited any additional provident fund amount with respect to the period prior to 28 February 2019.

**Clause (vii)(b)**

According to the information explanations given to us, there are no dues of Income tax, GST, Sales tax, Duty of excise, Duty of customs and Value added tax which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of the Dues	Amount Disputed #	Amount Deposited	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	22.85	7.32	Assessment year 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	31.16	31.16	Assessment year 2013-14	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	52.02	52.02	Assessment year 2014-15	Commissioner of Income tax (Appeals)
Finance Act, 1994	CENVAT credit (including penalty)	485.53	170.00*	Financial year 2008-09 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Delhi Value added tax Act, 2004	VAT	1,015.71	15.00	Financial Year 2013-14	Special Commissioner Appeal

# Amounts as per demand order including interest and penalty, whichever indicated in the order.

\* Paid under protest by utilising the balance in Cenvat credit

**Part D: Material re-grouping**

Appropriate re-groupings have been made in the restated consolidated summary statement of assets and liabilities, restated consolidated summary statement of profit and loss and restated consolidated summary statement of cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Ind AS financial information of the Group for the nine months ended 31 December 2021 respectively prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

**Ethos Limited**

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**Annexure VII- Notes to Restated Consolidated Summary Statements**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**3 Property, plant and equipment and capital work-in-progress**

	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Furniture and fittings</b>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Total</b>	<b>Capital work-in-progress</b>
<b>Gross carrying amount (at deemed cost/ cost)</b>							
Balance as at 01 April 2018	1,025.88	101.13	914.39	106.01	198.44	2,345.85	64.44
Additions during the year	471.87	57.05	318.52	58.19	42.36	947.99	634.53
Disposals / capitalisation during the year	-	-	-	(1.29)	-	(1.29)	(258.95)
<b>Balance as at 31 March 2019</b>	<b>1,497.75</b>	<b>158.18</b>	<b>1,232.91</b>	<b>162.91</b>	<b>240.80</b>	<b>3,292.55</b>	<b>440.02</b>
Additions during the year	1,018.61	-	609.34	85.03	22.13	1,735.11	265.03
Disposals / capitalisation during the year	(135.95)	(16.12)	(84.01)	(53.88)	-	(289.96)	(635.17)
<b>Balance as at 31 March 2020</b>	<b>2,380.41</b>	<b>142.06</b>	<b>1,758.24</b>	<b>194.05</b>	<b>262.94</b>	<b>4,737.69</b>	<b>69.88</b>
Additions during the year	315.75	207.61	167.19	56.29	33.80	780.64	725.03
Disposals / capitalisation during the year	(335.62)	(0.28)	(151.38)	(9.58)	-	(496.86)	(419.18)
<b>Balance as at 31 March 2021</b>	<b>2,360.54</b>	<b>349.39</b>	<b>1,774.05</b>	<b>240.76</b>	<b>296.74</b>	<b>5,021.47</b>	<b>375.73</b>
Additions during the period	362.23	3.96	271.40	121.64	191.32	950.55	308.25
Disposals / capitalisation during the period	(82.95)	-	(29.49)	(1.84)	(55.73)	(170.02)	(656.62)
<b>Balance as at 31 December 2021</b>	<b>2,639.82</b>	<b>353.35</b>	<b>2,015.96</b>	<b>360.56</b>	<b>432.33</b>	<b>5,802.00</b>	<b>27.36</b>
<b>Accumulated Depreciation</b>							
Balance as at 01 April 2018	393.55	8.55	221.04	64.74	11.17	699.05	-
Depreciation charge for the year	267.50	7.13	135.95	36.98	24.81	472.37	-
Disposals for the year	-	-	-	(0.64)	-	(0.64)	-
<b>Balance as at 31 March 2019</b>	<b>661.05</b>	<b>15.68</b>	<b>356.99</b>	<b>101.08</b>	<b>35.98</b>	<b>1,170.78</b>	-
Depreciation charge for the year	383.54	6.05	163.21	47.32	29.02	629.14	-
Disposals for the year	(61.30)	(5.12)	(37.12)	(18.04)	-	(121.58)	-
<b>Balance as at 31 March 2020</b>	<b>983.29</b>	<b>16.61</b>	<b>483.08</b>	<b>130.36</b>	<b>65.00</b>	<b>1,678.34</b>	-
Depreciation charge for the year	436.62	9.07	224.45	47.26	32.94	750.34	-
Disposals for the year	(335.62)	(0.25)	(130.61)	(9.05)	-	(475.53)	-
<b>Balance as at 31 March 2021</b>	<b>1,084.29</b>	<b>25.43</b>	<b>576.92</b>	<b>168.57</b>	<b>97.94</b>	<b>1,953.15</b>	-
Depreciation charge for the period	245.72	14.86	131.90	51.10	28.32	471.90	-
Disposals for the period	(82.95)	-	(22.93)	(1.30)	(24.76)	(131.94)	-
<b>Balance as at 31 December 2021</b>	<b>1,247.06</b>	<b>40.29</b>	<b>685.89</b>	<b>218.37</b>	<b>101.50</b>	<b>2,293.11</b>	-
<b>Net carrying amount</b>							
<b>At 31 March 2019</b>	<b>836.70</b>	<b>142.50</b>	<b>875.92</b>	<b>61.83</b>	<b>204.82</b>	<b>2,121.77</b>	<b>440.02</b>
<b>At 31 March 2020</b>	<b>1,397.12</b>	<b>125.45</b>	<b>1,275.16</b>	<b>63.69</b>	<b>197.94</b>	<b>3,059.35</b>	<b>69.88</b>
<b>At 31 March 2021</b>	<b>1,276.25</b>	<b>323.96</b>	<b>1,197.13</b>	<b>72.19</b>	<b>198.80</b>	<b>3,068.32</b>	<b>375.73</b>
<b>At 31 December 2021</b>	<b>1,392.76</b>	<b>313.06</b>	<b>1,330.07</b>	<b>142.19</b>	<b>330.83</b>	<b>3,508.90</b>	<b>27.36</b>

**Ethos Limited**

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**Annexure VII- Notes to Restated Consolidated Summary Statements***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***Notes:**

- a. Refer note 18 for information on property, plant and equipment pledged as security by the Group.
- b. Refer note 38 (iii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- c. Deletion amount includes re-imburement received for property, plant and equipment of Rs. Nil as at 31 December 2021 (31 March 2021: Rs. 9.36 lakhs; 31 March 2020: Rs 49.58 lakhs ; 31 March 2019: Nil.) from brands.
- d. The Group has capitalized the following expenses to the cost of property, plant and equipment/capital work-in-progress (CWIP) in relation to stores opened/in process of opening.

	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Opening balances brought forward</b>	<b>53.67</b>	<b>3.82</b>	<b>107.56</b>	<b>18.98</b>
Rent	30.42	43.82	107.78	137.69
Power and fuel	0.35	0.33	3.50	0.94
Rates and taxes	3.67	14.94	10.53	20.30
Repair and maintenance - Others	14.21	3.37	9.11	11.81
Miscellaneous expenses	-	4.49	3.60	13.32
<b>Sub Total</b>	<b>102.32</b>	<b>70.77</b>	<b>242.08</b>	<b>203.04</b>
Less: Allocated to property, plant and equipment	(88.58)	(17.10)	(238.26)	(95.48)
<b>Closing balance included under Capital Work in Progress</b>	<b>13.74</b>	<b>53.67</b>	<b>3.82</b>	<b>107.56</b>

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***Capital work in progress (CWIP) Ageing Schedule****As at 31 December 2021**

	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	27.36	-	-	-	27.36
<b>Total</b>	<b>27.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.36</b>

**As at 31 March 2021**

Projects in progress	318.87	56.86	-	-	375.73
<b>Total</b>	<b>318.87</b>	<b>56.86</b>	<b>-</b>	<b>-</b>	<b>375.73</b>

**As at 31 March 2020**

Projects in progress	69.88	-	-	-	69.88
<b>Total</b>	<b>69.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69.88</b>

**As at 31 March 2019**

Projects in progress	437.49	2.53	-	-	440.02
<b>Total</b>	<b>437.49</b>	<b>2.53</b>	<b>-</b>	<b>-</b>	<b>440.02</b>

## 4 Intangible assets

	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development *
<b>Gross carrying amount (at deemed cost/ cost)</b>					
Balance as at 01 April 2018	-	-	55.59	55.59	9.47
Additions during the year	-	41.90	0.26	42.16	28.73
Disposals/Capitalisation during the year	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	-	<b>41.90</b>	<b>55.85</b>	<b>97.75</b>	<b>38.21</b>
Additions during the year	45.16	-	1.60	46.76	11.07
Disposals/Capitalisation during the year	-	-	(5.18)	(5.18)	(43.67)
<b>Balance as at 31 March 2020</b>	<b>45.16</b>	<b>41.90</b>	<b>52.27</b>	<b>139.34</b>	<b>5.61</b>
Additions during the year	0.37	-	1.50	1.87	-
Disposals/Capitalisation during the year	-	-	(0.10)	(0.10)	-
<b>Balance as at 31 March 2021</b>	<b>45.53</b>	<b>41.90</b>	<b>53.68</b>	<b>141.11</b>	<b>5.61</b>
Additions during the period	5.61	-	5.70	11.31	-
Disposals/Capitalisation during the period	-	-	(16.24)	(16.24)	(5.61)
<b>Balance as at 31 December 2021</b>	<b>51.14</b>	<b>41.90</b>	<b>43.14</b>	<b>136.18</b>	-
<b>Accumulated Amortisation</b>					
Balance as at 01 April 2018	-	-	28.15	28.15	-
Amortisation for the year	-	0.04	12.11	12.15	-
Disposals during the year	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	-	<b>0.04</b>	<b>40.26</b>	<b>40.30</b>	-
Amortisation for the year	5.40	7.00	9.28	21.68	-
Disposals during the year	-	-	(3.57)	(3.57)	-
<b>Balance as at 31 March 2020</b>	<b>5.40</b>	<b>7.04</b>	<b>45.96</b>	<b>58.40</b>	-
Amortisation for the year	7.54	6.98	3.81	18.33	-
Disposals during the year	-	-	(0.10)	(0.10)	-
<b>Balance as at 31 March 2021</b>	<b>12.94</b>	<b>14.02</b>	<b>49.67</b>	<b>76.63</b>	-
Amortisation for the period	6.24	5.26	1.40	12.90	-
Disposals during the period	-	-	(16.10)	(16.10)	-
<b>Balance as at 31 December 2021</b>	<b>19.18</b>	<b>19.28</b>	<b>34.96</b>	<b>73.43</b>	-
<b>Net carrying amount</b>					
<b>At 31 March 2019</b>	-	<b>41.86</b>	<b>15.59</b>	<b>57.45</b>	<b>38.21</b>
<b>At 31 March 2020</b>	<b>39.77</b>	<b>34.86</b>	<b>6.31</b>	<b>80.94</b>	<b>5.61</b>
<b>At 31 March 2021</b>	<b>32.59</b>	<b>27.88</b>	<b>4.01</b>	<b>64.48</b>	<b>5.61</b>
<b>At 31 December 2021</b>	<b>31.96</b>	<b>22.62</b>	<b>8.18</b>	<b>62.76</b>	-

\*includes development of business intelligence software.

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***Intangible Asset under Development (IAUD) Ageing Schedule**

As at 31 December 2021	Amount in IAUD for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>As at 31 March 2021</b>					
Projects in progress	-	5.61	-	-	5.61
<b>Total</b>	-	<b>5.61</b>	-	-	<b>5.61</b>
<b>As at 31 March 2020</b>					
Projects in progress	5.61	-	-	-	5.61
<b>Total</b>	<b>5.61</b>	-	-	-	<b>5.61</b>
<b>As at 31 March 2019</b>					
Projects in progress	28.73	9.48	-	-	38.21
<b>Total</b>	<b>28.73</b>	<b>9.48</b>	-	-	<b>38.21</b>

**Ethos Limited**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**5. Investments\***

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Non-current investments (Investment accounted as per equity method)				
<b>In equity shares of Joint venture</b>				
Unquoted, fully paid up				
- Pasadena Retail Private Limited	175.00	100.00	100.00	-
17,50,000 (31 March 2021: 10,00,000; 31 March 2020: 10,00,000 and 31 March 2019: Nil) equity shares of Rs. 10 each fully paid up				
- Share of (Loss) in Joint Venture	(22.12)	(19.93)	(33.43)	-
	<u>152.88</u>	<u>80.07</u>	<u>66.57</u>	<u>-</u>

\*Refer note 47

**6. Loans\* (at amortised cost)**

(unsecured, considered good)

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Loan to employees								
- to related party** (refer note no. 40)	7.18	1.79	6.16	6.81	-	-	-	-
- to others	22.07	7.57	11.97	2.98	14.19	4.80	11.61	7.23
	<u>29.25</u>	<u>9.36</u>	<u>18.13</u>	<u>9.79</u>	<u>14.19</u>	<u>4.80</u>	<u>11.61</u>	<u>7.23</u>

\*The Group's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 35.

\*\* represents loan to whole time director.

**7. Other financial assets (at amortised cost)**

(Unsecured, considered good)

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Security deposits								
- to related party (refer note no. 40)	6.77	-	6.77	-	-	6.77	-	6.77
- to others	475.16	1,165.14	632.57	889.10	706.85	793.33	393.93	1,010.27
Fixed Deposits with maturity of more than 12 months from the Balance sheet date #	-	7.28	-	-	-	35.78	-	-
Right of return assets	44.73	-	69.02	-	-	-	-	-
Interest accrued but not due on fixed deposits	21.32	0.22	10.76	-	7.37	0.16	6.71	-
Advances Recoverable	177.54	-	271.22	-	543.00	-	258.81	-
Others*	21.36	-	21.36	-	21.36	-	21.36	-
	<u>746.88</u>	<u>1,172.64</u>	<u>1,011.70</u>	<u>889.10</u>	<u>1,278.58</u>	<u>836.04</u>	<u>680.81</u>	<u>1,017.04</u>

# These deposits include restricted bank deposits amounting to Rs. Nil (31 March 2021 : Rs. Nil; 31 March 2020 : Rs. 28.67 lakhs; 31 March 2019 : Rs. Nil) on account of deposits pledged as security for bank guarantees and for obtaining deposits from shareholders.

\* related to claim receivable for disputed bank charges

**8. Non-current tax assets (net)**

Advance income tax (net of provision)

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision)	150.75	147.43	144.63	123.24
	<u>150.75</u>	<u>147.43</u>	<u>144.63</u>	<u>123.24</u>



**Ethos Limited**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

9. <b>Deferred tax assets (net)</b>	<b>As at 31 December 2021</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Significant components of the Group's net deferred tax are as follows:				
Deferred tax assets	941.50	873.52	806.98	818.82
Deferred tax liabilities	<u>(7.27)</u>	<u>(7.27)</u>	-	-
Net deferred tax assets	<u>934.23</u>	<u>866.25</u>	<u>806.98</u>	<u>818.82</u>
<b>Period ended December 31, 2021</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing Balance</b>
Deferred tax assets:				
<i>Deferred tax assets on</i>				
Property, plant and equipments and Intangible assets	364.05	14.45	-	378.50
Allowance for bad and doubtful debts	25.79	(14.90)	-	10.89
Provision for employee benefits	124.17	9.71	(3.72)	130.16
Provision - others expenses	36.41	20.08	-	56.49
Carry forward loss and unabsorbed depreciation*	-	20.06	-	20.06
Lease liabilities and Right of use assets (Net)	302.53	38.35	-	340.88
Others #	20.56	(16.04)	-	4.52
Deferred tax liability on				
Claim receivable taxable on receipt basis under Income tax Act	<u>(7.27)</u>	-	-	<u>(7.27)</u>
Net deferred tax asset	<u>866.25</u>	<u>71.70</u>	<u>(3.72)</u>	<u>934.23</u>

\* related to subsidiary as at 31 December 2021.

# includes primarily deposits amortisation and interest income there upon as per IND AS 109.

<b>Year ended March 31, 2021</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing Balance</b>
Deferred tax assets:				
<i>Deferred tax assets on</i>				
Property, plant and equipments and Intangible assets	303.16	60.88	-	364.05
Allowance for bad and doubtful debts	26.52	(0.73)	-	25.79
Provision for employee benefits	201.47	(78.33)	1.04	124.17
Provision - others expenses	31.30	5.11	-	36.41
Lease liabilities and Right of use assets (Net)	231.75	70.78	-	302.53
Others #	12.78	7.78	-	20.56
Deferred tax liability on				
Claim receivable taxable on receipt basis under Income tax Act	<u>-</u>	<u>(7.27)</u>	-	<u>(7.27)</u>
Net deferred tax asset	<u>806.98</u>	<u>58.23</u>	<u>1.04</u>	<u>866.25</u>

# includes primarily deposits amortisation and interest income there upon as per IND AS 109.

**Ethos Limited**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Year ended March 31, 2020	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	344.23	(41.07)	-	303.16
Allowance for bad and doubtful debts	-	26.52	-	26.52
Provision for employee benefits	194.86	5.89	0.72	201.47
Provision - others	92.84	(61.54)	-	31.30
Lease liabilities and Right of use assets (Net)	186.89	44.86	-	231.75
Others #	-	12.78	-	12.78
Net deferred tax asset	<u>818.82</u>	<u>(12.56)</u>	<u>0.72</u>	<u>806.98</u>

# includes primarily deposits amortisation and interest income there upon as per IND AS 109.

Year ended March 31, 2019	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	307.64	36.59	-	344.23
Provision for employee benefits	109.77	74.69	10.40	194.86
Provision - others	22.45	70.39	-	92.84
Lease liabilities and Right of use assets (Net)	-	186.89	-	186.89
Others	43.79	(43.79)	-	-
Net deferred tax asset	<u>483.65</u>	<u>324.77</u>	<u>10.40</u>	<u>818.82</u>

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>10. Other non-current assets</b> (Unsecured, considered good)				
Capital advances	92.96	11.79	83.40	79.57
Advances other than capital advances				
- Prepaid expenses	0.28	0.57	2.99	-
- CENVAT credit receivable	104.13	104.13	128.33	218.56
	<u>197.37</u>	<u>116.49</u>	<u>214.72</u>	<u>298.13</u>
<b>11. Inventories</b> (At lower of cost and net realisable value)				
Stock-in-trade [including goods-in-transit Rs. 62.00 lakhs (31 March 2021: Rs. 464.89 lakhs; 31 March 2020: Rs. 116.57 lakhs and 31 March 2019: Rs. 214.66 lakhs)]	23,963.73	19,777.12	21,859.01	20,556.94
	<u>23,963.73</u>	<u>19,777.12</u>	<u>21,859.01</u>	<u>20,556.94</u>

**Note:-** During the nine months period ended 31 December 2021, Rs. 17.36 lakhs (31 March 2021: Rs. 14.82 lakhs; 31 March 2020: Rs. Nil; 31 March 2019: Rs. Nil) was recognised as an expense for inventories carried at net realisable value.

**Ethos Limited**
**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

12. Trade receivables <i>(Unsecured, considered good unless otherwise stated)</i>	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Trade receivables #				
- Related parties (refer to note 40)	266.37	282.49	354.01	417.77
- Others	718.93	935.55	584.31	473.84
	<u>985.30</u>	<u>1,218.04</u>	<u>938.32</u>	<u>891.61</u>
<b>Break-up of trade receivables:</b>				
<i>Trade Receivables</i>				
Considered good	985.30	1,218.04	938.32	891.61
Significant increase in credit risk	43.28	102.48	105.38	-
	<u>1,028.58</u>	<u>1,320.52</u>	<u>1,043.70</u>	<u>891.61</u>
<i>Impairment Allowance (allowance for bad and doubtful debts)</i>				
Significant increase in credit risk	(43.28)	(102.48)	(105.38)	-
	<u>985.30</u>	<u>1,218.04</u>	<u>938.32</u>	<u>891.61</u>

# The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 35.

Trade Receivables are non-interest bearing and are generally on terms of 0 to 120 days.

**Trade Receivables Ageing Schedule**

As at December 31, 2021	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	728.48	-	10.97	-	245.85	985.30
Undisputed Trade Receivable- which have significant increase in credit risk	2.70	21.56	7.94	3.12	1.81	37.13
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	6.15	6.15
<b>Total</b>	<b>731.18</b>	<b>21.56</b>	<b>18.91</b>	<b>3.12</b>	<b>253.81</b>	<b>1,028.58</b>

As at March 31, 2021	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	908.51	-	40.61	0.73	268.18	1,218.03
Undisputed Trade Receivable- which have significant increase in credit risk	56.89	0.56	3.03	1.09	0.84	62.41
Disputed Trade Receivable- which have significant increase in credit risk	-	-	7.57	-	32.50	40.07
<b>Total</b>	<b>965.40</b>	<b>0.56</b>	<b>51.21</b>	<b>1.82</b>	<b>301.53</b>	<b>1,320.52</b>

As at March 31, 2020	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	569.77	38.80	0.73	329.02	-	938.32
Undisputed Trade Receivable- which have significant increase in credit risk	70.42	-	1.28	1.17	-	72.87
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	23.86	8.65	32.51
<b>Total</b>	<b>640.19</b>	<b>38.80</b>	<b>2.01</b>	<b>354.05</b>	<b>8.65</b>	<b>1,043.70</b>

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**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

As at March 31, 2019	Outstanding for following periods from due date of payment*					
	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total
Undisputed Trade Receivable - considered good	413.33	49.30	420.33	-	-	882.96
Undisputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivable - considered good	-	-	-	4.60	4.05	8.65
<b>Total</b>	<b>413.33</b>	<b>49.30</b>	<b>420.33</b>	<b>4.60</b>	<b>4.05</b>	<b>891.61</b>

\* Disputed amount mainly includes amount recoverable on account of open reconciliations items with e-commerce platforms.

13. Cash and cash equivalents	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Balances with banks in				
- Current accounts *	1,855.38	341.22	903.13	261.79
- Fixed Deposits with original maturity of less than 3 months	4,100.00	1,399.00	-	-
Cheques, drafts on hand	0.59	12.71	4.86	304.88
Cash on hand	59.63	35.03	66.63	101.12
Others				
- Credit cards receivable	125.99	42.87	8.98	88.97
	<u>6,141.59</u>	<u>1,830.83</u>	<u>983.60</u>	<u>756.76</u>

\* includes Rs. Nil as at 31 December 2021 ( 31 March 2021: Rs. Nil; 31 March 2020: Rs. Nil and 31 March 2019: Rs. 18.00 lakhs) being the amount of equity shares pending allotment.

14. Other bank balances	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	<u>1,221.20</u>	<u>220.47</u>	<u>109.99</u>	<u>120.97</u>
	<u>1,221.20</u>	<u>220.47</u>	<u>109.99</u>	<u>120.97</u>

# These deposits include restricted bank deposits amounting to Rs. 217.71 lakhs (31 March 2021 : Rs. 207.21 lakhs; 31 March 2020 : Rs. 92.99 lakhs; 31 March 2019 : Rs. 113.96 lakhs) on account of deposits pledged as security for bank guarantees and earmarked against deposits from shareholders.

**Ethos Limited****Annexure VII- Notes to Restated Consolidated Summary Statements***(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>15. Other current assets</b>				
<i>(Unsecured, considered good unless otherwise stated)</i>				
Prepaid expenses	44.62	17.53	15.59	18.77
Advances for supply of goods				
- Related party (Refer note 40)	13.32	18.11	15.35	
- Others	236.74	411.62	587.12	334.28
Advances to employees	58.25	31.10	51.82	64.56
GST credit receivable	1,469.75	1,013.29	1,629.33	1,632.03
VAT recoverable	3.40	6.45	7.31	9.21
Advance against initial public offer related expenses (Refer note 56)	21.69	-	-	-
Deposit under protest	49.76	49.69	47.50	101.96
Other recoverable #	51.77	51.56	27.49	0.64
Less: Provision for bad and doubtful advances				
- Other recoverable	(22.85)	(22.85)	-	-
	<u>1,926.45</u>	<u>1,576.50</u>	<u>2,381.52</u>	<u>2,161.45</u>

# includes primarily claims receivable and includes Rs. 22.85 lakhs considered as allowance for bad and doubtful advances as at 31 December 2021 (31 March 2021: Rs. 22.85 lakhs; 31 March 2020: Nil; 31 March 2019: Nil).

**ETHOS LIMITED**
**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

16. Share capital	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<i>Authorised</i>								
Equity shares of Rs. 10 each	3,07,00,000	3,070.00	3,07,00,000	3,070.00	3,07,00,000	3,070.00	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs. 130 each	5,76,924	750.00	5,76,924	750.00	5,76,924	750.00	5,76,924	750.00
12% cumulative redeemable preference shares of Rs. 110 each	12,00,000	1,320.00	12,00,000	1,320.00	12,00,000	1,320.00	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs. 100 each	10,00,000	1,000.00	10,00,000	1,000.00	10,00,000	1,000.00	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>	<b>3,34,76,924</b>	<b>6,140.00</b>	<b>3,34,76,924</b>	<b>6,140.00</b>	<b>3,34,76,924</b>	<b>6,140.00</b>
<i>Issued subscribed and fully paid up</i>								
Equity shares of Rs.10 each fully paid up	(i) 1,87,75,500	1,877.55	1,82,12,812	1,821.28	1,82,12,812	1,821.28	1,69,01,713	1,690.17
14% cumulative compulsory convertible preference shares of Rs. 130 each	(ii) -	-	-	-	-	-	5,76,923	750.00
	<b>1,87,75,500</b>	<b>1,877.55</b>	<b>1,82,12,812</b>	<b>1,821.28</b>	<b>1,82,12,812</b>	<b>1,821.28</b>	<b>1,74,78,636</b>	<b>2,440.17</b>

**(a) Right preferences and restrictions attached to equity and preference shares**

- (i) The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Parent Company. The Parent Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company the holders of equity shares will be entitled to receive the remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (ii) The preference shareholders did not hold any voting rights. The Company declared and paid dividends in Indian Rupees. Where dividend on cumulative preference shares is not declared for a financial year the entitlement thereto was carried forward whereas in the case of non-cumulative preference shares the entitlement for that year lapses. In the event of liquidation of the Company the holders of preference shares will be entitled to receive the amount of their preference capital contribution before distribution of the remaining assets to the equity shareholders.

Conversion terms of 576,923 14% cumulative compulsorily convertible preference shares of Rs 130 each fully paid up was 5 (Five years from the date of allotment in equal number of equity shares of face value of Rs 10 each at a premium of Rs 120 (and any cumulative dividend remaining unpaid) at the end of 5 (Five) years. Accordingly, all these preference shares have been converted into 576,923 equity shares of Rs. 10 each at a premium of Rs. 120 per share.

"The holder of 2,00,000 14% cumulative compulsorily convertible preference shares of Rs 130 each (converted into 2,00,000 equity shares on 14th November, 2019) had "tag along and put option rights". Tag along rights would be triggered in the event of promoter selling a substantial portion (more than 10% of combined shareholding of the promoter) of his shares in the Company to any person before the expiry of the term. The holder of equity shares would have the right to cause the promoter to ensure that the proposed transferee purchases all or part of its shares on a pro rata basis at the same terms and price as offered to the promoter. During the year ended March 31, 2021, the holder has exercised the put option right for 2,00,000 equity shares and as on March 31, 2021 no put option right is outstanding.

The holder of 77,000 14% cumulative compulsorily convertible preference shares of Rs 130 each (converted into 77,000 equity shares on 6th November, 2019) had "tag along and put option rights". Tag along rights would be triggered in the event of promoter selling a substantial portion (more than 10% of combined shareholding of the promoter) of his shares in the Company to any person before the expiry of the term. The holder of equity shares would have the right to cause the promoter to ensure that the proposed transferee purchases all or part of its shares on a pro rata basis at the same terms and price as offered to the promoter. During the year ended March 31, 2021, the holder has exercised the put option right for 77,000 equity shares and as on March 31, 2021 no put option right is outstanding.

**(b) Reconciliation of shares outstanding**

i) Equity shares of Rs. 10 each fully paid up	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At the beginning of the period / year	1,82,12,812	1,821.28	1,82,12,812	1,821.28	1,69,01,713	1,690.17	1,59,08,594	1,590.86
Add: issued during the period /year	4,57,938	45.79	-	-	7,19,176	71.92	9,93,149	99.31
Add: issued pursuant to conversion of 14% cumulative compulsorily convertible preference shares	-	-	-	-	5,76,923	57.69	-	-
Add: issued on exercise of employee stock options	1,04,750	10.48	-	-	15,000	1.50	-	-
At the end of the period /year	<b>1,87,75,500</b>	<b>1,877.55</b>	<b>1,82,12,812</b>	<b>1,821.28</b>	<b>1,82,12,812</b>	<b>1,821.28</b>	<b>1,69,01,743</b>	<b>1,690.17</b>
ii) 14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up (Instruments entirely equity in nature)								
At the beginning of the period /year	-	-	-	-	5,76,923	750.00	5,76,923	750.00
Less: Converted into equity shares	-	-	-	-	(5,76,923)	(750.00)	-	-
At the end of the period /year	-	-	-	-	-	-	<b>5,76,923</b>	<b>750.00</b>

## (c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up								
KDDL Limited (holding company and ultimate holding company)	1,21,19,588	1,211.96	1,14,10,146	1,141.01	1,11,33,146	1,113.31	1,03,94,740	1,039.47
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32	22,93,150	229.32	22,93,150	229.32	22,93,150	229.32
14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up	-	-	-	-	-	-	-	-
KDDL Limited (holding company and ultimate holding company)	-	-	-	-	-	-	19,230	25.00

## (d) Particulars of shareholders holding more than 5% shares of the Parent Company

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by								
KDDL Limited	1,21,19,588	64.55	1,14,10,146	62.65	1,11,33,146	61.13	1,03,94,740	61.50
Mahen Distribution Limited	22,93,150	12.21	22,93,150	12.59	22,93,150	12.59	22,93,150	13.57
Mr. Mukul Mahavir Agrawal	9,24,121	4.92	9,00,976	4.95	9,00,976	4.95	9,00,976	5.33
14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up held by								
-Sixth Sense India Opportunities – I	-	-	-	-	-	-	2,48,373	43.05
-Mr. Nikhil Vora	-	-	-	-	-	-	1,15,462	20.00
-Mr. R.K. Saboo	-	-	-	-	-	-	46,155	8.00
-Mrs. Anuradha Saboo	-	-	-	-	-	-	42,308	7.33

## (e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding 31 December 2021).

During the five years immediately preceding 31 December 2021 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

(i) The Parent Company had, during the year ended 31 March 2018, converted 1,100,010 12% cumulative compulsory convertible preference shares of face value of Rs. 110 into 1,100,010 equity shares of Rs. 10 each at a premium of Rs. 100 each. Further, 21,250 equity shares of Rs. 10 each had been issued under employee stock option plan for which exercise price has been received in cash.

(ii) During the year ended 31st March 2020, 576,293 14% cumulative compulsory convertible preference shares of Rs. 130 each were converted into 576,923 equity shares of Rs. 10 each at a premium of Rs. 120 per share. Further, 15,000 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(iii) During the nine months period ended 31 December, 2021, 104,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

## (f) Employee stock options

Terms attached to stock options granted to employees of the parent company and its holding company are described in note 37(iv) regarding employee share based payments.

## (g) Shares reserved for issue under options and contracts

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Under Ethos Employee Stock Option Scheme - 2013; 350,000 equity shares of Rs. 10 each, at an exercise price of Rs. 120 per share [Refer note 37(iv)]	-	-	1,31,250	13.13	1,31,250	13.13	1,54,250	15.43
For 14% compulsorily convertible preference shares into 576,923 equity shares of Rs. 10 each	-	-	-	-	-	-	5,76,923	57.69

**Ethos Limited**

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*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**h) Promoters Shareholdings**

Equity shares of Rs. 10 each fully paid up held by

S.No.	Promoter's name	As at 31 December 2021			As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
		No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
1	KDDL Limited	1,21,19,588	64.55%	1.90%	1,14,10,146	62.65%	1.52%	1,11,33,146	61.13%	-0.37%	1,03,94,740	61.50%	-2.76%
2	Mahen Distribution Limited	22,93,150	12.21%	-0.38%	22,93,150	12.59%	0.00%	22,93,150	12.59%	-0.98%	22,93,150	13.57%	-0.85%
3	Mr. Yashovardhan Saboo	3,77,383	2.01%	0.46%	2,81,428	1.55%	0.75%	1,44,362	0.79%	0.05%	1,25,131	0.74%	-0.05%
<b>Total</b>		<b>1,47,90,121</b>	<b>78.77%</b>		<b>1,39,84,724</b>	<b>76.79%</b>		<b>1,35,70,658</b>	<b>74.51%</b>		<b>1,28,13,021</b>	<b>75.81%</b>	

14% Cumulative compulsorily convertible preference shares of Rs. 130 each fully paid up held by:-

S.No.	Promoter's name	As at 31 December 2021			As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
		No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
1	KDDL Limited	-	-	-	-	-	-	-	-	-100.00%	19,230	3.33%	-
2	Mr. Yashovardhan Saboo	-	-	-	-	-	-	-	-	-100.00%	19,231	3.33%	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.00%</b>	<b>38,461</b>	<b>6.67%</b>	<b>-</b>



**17. Other equity**

(also refer to Statement of Changes in Equity)

(i) *Compulsory convertible cumulative preference shares*

Terms attached to the compulsory convertible cumulative preference shares are described in note 16(a)(ii) Equity share capital.

(ii) *Deemed capital contribution*

a) Includes Rs. 14.51 lakhs towards fair value of guarantees given by the Parent Company in the earlier years.

b) Includes Rs. 36.00 lakhs towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

(iii) *Share application money pending allotment*

Share application money pending allotment represents monies received against shares to be issued under the employee stock option plan formulated by the Parent Company as at the year end.

*Nature and purpose of reserves*(iv) *Share options outstanding account*

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

(v) *Capital reserve*

Reserve created under the scheme of arrangement (Business Combination). The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(vi) *Securities premium*

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

(vii) *Retained earnings*

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to restated consolidated summary statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

18. Borrowings	Note	As at	As at	As at	As at
		31 December 2021	31 March 2021	31 March 2020	31 March 2019
<b>i) Non-current borrowings</b>					
Term-loans					
From banks (secured)	(a)	1,105.63	843.90	138.91	157.60
From others (Unsecured)	(b)	-	-	254.24	294.18
Deposits					
<i>Inter corporate deposits</i>					
From related parties (unsecured) (refer to note 40)	(c)	-	-	35.00	517.00
From others (unsecured)	(d)	-	-	200.00	200.00
<i>Deposits from shareholders (unsecured)</i>	(e)	2,379.77	1,672.78	1,591.38	1,233.44
Total non-current borrowings (including current maturities)		3,485.40	2,516.68	2,219.54	2,402.22
Less : Current maturities of non-current borrowings (refer to note 18(ii))		(1,158.97)	(808.46)	(643.60)	(781.76)
		<u>2,326.43</u>	<u>1,708.22</u>	<u>1,575.94</u>	<u>1,620.46</u>

## Notes:

- a) Vehicle loans from banks amounting to Rs. 210.63 lakhs (31 March 2021 : Rs.123.90 lakhs; 31 March 2020 : Rs.138.91 lakhs; 31 March 2019 : Rs.157.60 lakhs) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (31 March 2021 : 8.23% to 11.76%; 31 March 2020 : 8.23% to 11.76%; 31 March 2019 : 8.23% to 11.76%). The above loans are repayable in monthly instalments within a period of next two to five years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. 389.00 lakhs (31 March 2021: Rs. 389.00 lakhs; 31 March 2020: Nil; 31 March 2019: Nil) carrying interest rate equal to 7.50 % (31 March 2021: 7.50%; 31 March 2020: Nil; 31 March 2019: Nil). The Loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Parent Company. This is also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the Parent Company and second charge on entire property, plant and equipment of the Parent Company. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly instalments of Rs. 8.10 lakhs as per the repayment schedule commencing from 30 April 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on 30 April 2026.

Term loan from IDBI Bank Limited amounting to Rs. 330.00 lakhs (31 March 2021: Rs. 330.00 lakhs; 31 March 2020: Nil; 31 March 2019: Nil) carrying interest rate equal to 8.80 % (31 March 2021: 8.80%; 31 March 2020: Nil; 31 March 2019: Nil). The Loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the Parent Company both present and future and second charge on the property, plant and equipment of the Parent Company both present and future. This is also secured by mortgage and second charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly instalments of Rs. 9.17 lakhs and 36th Instalment of Rs. 9.05 lakhs as per the repayment schedule commencing from 31 March 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on 31 March 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs.176.00 lakhs (31 March 2021: Rs. 1.00 lakh; 31 March 2020: Nil; 31 March 2019: Nil) carrying interest rate equal to RLLR plus 1% (presently 8.20%) (31 March 2021: 8.2%; 31 March 2020: Nil; 31 March 2019: Nil) is secured by Second charge on the stock and receivables on pari passu basis of the Parent Company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly instalments commencing from 31 March 2022 with one year of moratorium from the first drawdown. The last instalment would be repaid on 31 March 2025.

- b) Term loans from others include loan taken from India bulls Housing Finance Limited amounting to Rs. Nil ( 31 March 2021: Nil; 31 March 2020: Rs. 254.24 lakhs; 31 March 2019: Rs. 294.18 lakhs). The same was secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the Parent Company. These limits were also guaranteed by the holding company, the director of the Company and relatives of the director. The rate of interest varied from 11% to 14.50% per annum. The original loan was taken in March 2014. The same was repayable in 120 equal instalments and was repaid during the March 31, 2021.
- c) Inter corporate deposits from related parties amounting to Rs. Nil ( 31 March 2021: Nil; 31 March 2020: Rs. 35.00 lakhs; 31 March 2019: Rs. 517 lakhs) carried an interest rate ranging between Nil (31 March 2021: 8.50% to 16%; 31 March 2020 : 8.50% to 16%; 31 March 2019: 8.50% to 16%) per annum. The same was repayable within Nil (31 March 2021: 12-24 months; 31 March 2020: 12-36 months; 31 March 2019: 12-36 months) and were repaid during the year ended March 31, 2021.
- d) Inter corporate deposit from others amounting to Nil (31 March 2021: Nil; 31 March 2020: Rs. 200 lakhs; 31 March 2019: Rs. 200 lakhs) carried an interest rate of Nil (31 March 2021 : 13.5% , 31 March 2020 : 13.5% to 14%, 31 March 2019 : 13.5% to 14%) per annum. The same was repayable within 24 months and was repaid during the year ended March 31, 2021.
- e) Deposits from Shareholders carry an interest rate ranging between 8% to 11.25% (31 March 2021: 8% to 11.25%; 31 March 2020: 8% to 10.75%; 31 March 2019: 8% to 12.50%) per annum and carry a maturity period from 6 to 36 months from the respective date of deposits.

ii) Current borrowings		As at	As at	As at	As at
		31 December 2021	31 March 2021	31 March 2020	31 March 2019
Loan repayable on demand					
- From banks (secured)	(f)	4,594.61	2,462.73	4,241.45	5,230.31
Other Loans					
-Inter-corporate deposits from others (unsecured)	(g)	525.00	-	500.00	-
-Deposits from shareholders (unsecured)*	(h)	70.95	219.42	613.70	73.99
Current maturities of non-current borrowings		1,158.97	808.46	643.60	781.76
		<u>6,349.53</u>	<u>3,490.61</u>	<u>5,998.75</u>	<u>6,086.06</u>

\* Including payable to related parties. Refer note 40

## Notes

f) Loan repayable on demand from IDBI Bank Limited amounting to Rs. 1,812.66 lakhs (31 March 2021 : Rs. 698.14 lakhs; 31 March 2020 : Rs. 1,544.82 lakhs; 31 March 2019 : Rs. 2,386.71 lakhs) are repayable on demand and are secured by first pari passu charge on all the current assets of the Company both present and future and second pari passu charge on the property, plant and equipment of the Parent Company both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits are guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the Parent Company and relative of the director. The rate of interest as on 31 December 2021 varies from 9.50% to 10.50% (31 March 2021 : 10.50% to 10.90%; 31 March 2020 : 10.75% to 11.50%; 31 March 2019 : 11.25% to 12%) per annum.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. 831.38 lakhs (31 March 2021 : Rs. 536.69 lakhs; 31 March 2020 : Rs. 859.29 lakhs; 31 March 2019 : Rs. 874.89 lakhs) are repayable on demand and are secured by first pari passu charge on the stock and receivables of the Parent Company. These limits are also secured by exclusive first charge on assets of Ormapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans are also guaranteed by the Holding Company and personal guarantees of the director of the Parent Company. The rate of interest as on 31 December 2021 is at 8.35% (31 March 2021 : 8.35% to 10.70%; 31 March 2020 : 10.70% to 11.40%; 31 March 2019 : 11.40% to 12.40%) per annum.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. 1,950.57 lakhs (31 March 2021 : Rs. 1,227.90 lakhs; 31 March 2020 : Rs. 1,837.34 lakhs; 31 March 2019 : Rs. 1,968.71 lakhs) are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the Parent Company. These limits are also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the Parent Company and second pari passu charge on entire property, plant and equipment of the Parent Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the Parent Company and relative of the director. The rate of interest as on 31 December 2021 is 11.00% (31 March 2021 : 11.00%; 31 March 2020 : 11.00%; 31 March 2019 : 11.50%) per annum.

g) Inter corporate deposits from others amounting to Rs. 525 lakhs (31 March 2021: Nil; 31 March 2020: Rs. 500 lakhs; 31 March 2019: Rs. Nil) carry an interest rate of 10% to 12% (31 March 2021 : 10.0%; 31 March 2020 : 10.0% to 13.5%; 31 March 2019 : Nil ) per annum. The same is repayable within 12 months and was repaid during the year.

h) The fixed rate of interest on deposit from shareholders for maturity period of one year in the nine months period ended 31 December 2021 at 8% to 9.50% per annum (31 March 2021: 9.50% to 10.00% per annum; 31 March 2020: 9.50% to 10.00% per annum; 31 March 2019: 10.00% to 10.50% per annum).

i) The Reserve Bank of India vide its circular dated March 27, 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments), falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020) for various categories of loans. The Parent Company had availed the permitted moratorium for some of its borrowings. The Company has paid all its due EMI's within the extended moratorium period.

j) The Parent Company has filed monthly statements of current assets with the banks in agreement with the books of accounts.

## Reconciliation of movement of liabilities to cash flows arising from financing activities

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<b>Balance as at the beginning of the period /year (including current and non-current borrowings)</b>	<b>5,198.83</b>	<b>7,574.69</b>	<b>7,706.52</b>	<b>6,330.28</b>
Proceeds from non-current borrowings	1,665.79	1,145.89	602.17	384.10
Repayment of non-current borrowings	(697.07)	(848.75)	(784.85)	(213.32)
Proceeds from current borrowings having maturity period more than 3 months	676.82	218.30	237.11	73.99
Repayment of current borrowing having maturity period more than 3 months	(300.29)	(212.60)	(97.40)	(64.26)
Proceeds from/repayments of current borrowings (net)	2,131.88	(2,678.70)	(88.86)	1,195.73
<b>Balance as at the end of the period /year (including current and non-current borrowings)</b>	<b>8,675.96</b>	<b>5,198.83</b>	<b>7,574.69</b>	<b>7,706.52</b>

## Movement of Interest accrued

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<b>Balance as at the beginning of the period /year</b>	<b>252.87</b>	<b>208.45</b>	<b>134.29</b>	<b>122.98</b>
Interest Expense	1,168.93	1,689.95	1,962.89	1,611.95
Interest Paid	(1,144.70)	(1,645.53)	(1,888.73)	(1,600.64)
<b>Balance as at the end of the period /year</b>	<b>277.10</b>	<b>252.87</b>	<b>208.45</b>	<b>134.29</b>

Note: Refer note no. 39 for movement of lease liabilities.

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>19. Other Non current financial Liabilities</b>				
Interest Accrued but not due on deposits (Refer to note 40 for related parties disclosure)	49.23	90.00	94.52	48.86
	49.23	90.00	94.52	48.86

20. Provisions	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<i>Provision for employee benefits</i>								
Provision for gratuity (Refer note 37)	17.69	132.09	4.28	157.09	3.32	130.04	3.12	110.23
Provision for compensated absences	270.90	-	245.17	-	234.04	-	132.41	-
	<u>288.59</u>	<u>132.09</u>	<u>249.45</u>	<u>157.09</u>	<u>237.36</u>	<u>130.04</u>	<u>135.53</u>	<u>110.23</u>

21 Trade payables*	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	- Micro enterprises and small enterprises #	77.30	0.72	1.93	-			
- Trade payables to related parties (Refer to note 40)	39.79	65.72	382.88	338.54				
- Other trade payables	8,270.26	7,132.91	6,858.46	6,422.51				
	<u>8,387.35</u>	<u>7,199.35</u>	<u>7,243.27</u>	<u>6,761.05</u>				

\* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 35.

# There are no micro enterprises and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

**Trade Payables Ageing Schedule**

As at 31 December 2021	Outstanding for following periods from due date of payment**					
	Not Due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	77.30	-	-	-	77.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,173.13	6,563.50	-	-	-	7,736.63
Disputed dues of creditors other than micro enterprises and small enterprises	-	37.99	192.76	120.18	222.49	573.42
<b>Total</b>	<b>1,173.13</b>	<b>6,678.79</b>	<b>192.76</b>	<b>120.18</b>	<b>222.49</b>	<b>8,387.35</b>

As at 31 March 2021	Outstanding for following periods from due date of payment**					
	Not Due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	0.72	-	-	-	0.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,057.56	5,468.60	-	-	-	6,526.16
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	257.33	123.47	268.83	672.48
<b>Total</b>	<b>1,057.56</b>	<b>5,492.16</b>	<b>257.33</b>	<b>123.47</b>	<b>268.83</b>	<b>7,199.35</b>

As at 31 March 2020	Outstanding for following periods from due date of payment**					
	Not Due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	1.93	-	-	-	1.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,130.50	5,674.77	8.66	-	-	6,813.93
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	138.17	177.43	111.81	427.41
<b>Total</b>	<b>1,130.50</b>	<b>5,676.70</b>	<b>146.83</b>	<b>177.43</b>	<b>111.81</b>	<b>7,243.27</b>

As at 31 March 2019	Outstanding for following periods from due date of payment**					
	Not Due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,727.74	4,593.05	-	-	-	6,320.79
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	302.32	19.01	118.93	440.26
<b>Total</b>	<b>1,727.74</b>	<b>4,593.05</b>	<b>302.32</b>	<b>19.01</b>	<b>118.93</b>	<b>6,761.05</b>

## includes unbilled dues of Rs. 725.78 lakhs (31 March 2021: Rs. 404.92 lakhs; 31 March 2020: Rs. 407.36 lakhs and 31 March 2019: Rs. 416.34 lakhs).

\*\*Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

Particulars	As at	As at	As at	As at
	31 December 2021	31 March 2021	31 March 2020	31 March 2019
(a) The principal amount remaining unpaid to any supplier at the end of the year	77.30	0.72	1.93	-
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ( "MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year		-	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act		-	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	-	-	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act		-	-	-
<b>22. Other financial liabilities</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December 2021</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Refund Liabilities	76.92	106.16	-	-
Capital creditors	77.97	142.41	62.20	105.69
Salaries, wages and bonus and other employee payable *	693.55	571.59	802.89	738.56
Interest accrued but not due on borrowings *	205.97	150.87	109.58	70.15
Interest payable-others	-	-	4.36	15.29
	<u>1,054.41</u>	<u>971.03</u>	<u>979.03</u>	<u>929.69</u>
* Refer note 40 for related parties disclosure				
<b>23. Other current liabilities</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December 2021</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Deferred revenue	257.99	213.28	246.09	222.57
Statutory dues	181.51	189.31	130.54	116.49
Advances from customers	1,016.80	474.66	653.57	287.59
Interest payable-others	21.92	12.02	-	-
Other Payables	27.64	27.64	27.64	27.64
	<u>1,505.86</u>	<u>916.91</u>	<u>1,057.84</u>	<u>654.29</u>
Below is the movement of Deferred revenue:-				
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December 2021</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Balance as at the beginning of the period/year</b>	<b>213.28</b>	<b>246.09</b>	<b>222.57</b>	<b>181.71</b>
Add: Loyalty points created during the period/year	186.97	191.23	258.86	202.72
Less: Loyalty points redeemed/expired during the period/year	(142.26)	(224.04)	(235.34)	(161.86)
<b>Balance as at the end of the period/year</b>	<b>257.99</b>	<b>213.28</b>	<b>246.09</b>	<b>222.57</b>
<b>24. Current tax liabilities (net)</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December 2021</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Provision for income tax (net)	211.76	58.10	38.00	307.43
	<u>211.76</u>	<u>58.10</u>	<u>38.00</u>	<u>307.43</u>

**Ethos Limited**
**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*
**25. Revenue from operations**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from contracts with customers</b>				
Sale of products (net of applicable tax)	41,662.49	38,184.91	44,905.72	43,744.10
Sale of services	196.82	472.16	879.19	547.16
	<u>41,859.31</u>	<u>38,657.07</u>	<u>45,784.91</u>	<u>44,291.26</u>
Other operating revenues	-	-	-	61.64
	<u>41,859.31</u>	<u>38,657.07</u>	<u>45,784.91</u>	<u>44,352.90</u>

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

**Reconciliation of revenue recognised in the restated consolidated summary statement of profit and loss with the contracted price**

Particulars	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Revenue as per contracted price	41,904.02	38,624.26	45,808.43	44,332.11
Less: (Creation)/Redemption of loyalty points	(44.71)	32.81	(23.52)	(40.86)
	<u>41,859.31</u>	<u>38,657.07</u>	<u>45,784.91</u>	<u>44,291.26</u>

**Revenue from operations disaggregated based on nature of products and services**

Particulars	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations				
- Watch and Watch accessories	41,750.05	38,657.07	45,784.91	44,178.59
- Marketing Support and other Services	-	-	-	174.31
- Luxury cars	109.26	-	-	-
<b>Total</b>	<u>41,859.31</u>	<u>38,657.07</u>	<u>45,784.91</u>	<u>44,352.90</u>

**Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Trade Receivables (Refer Note No. 12)	985.30	1,218.04	938.32	891.61
Deferred revenue (Refer Note No. 23)	257.99	213.28	246.09	222.57
Advances from customers (Refer Note No. 23)	1,016.80	474.66	653.57	287.59

**26. Other income**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Interest income under the effective interest rate method on				
- Fixed Deposits	41.02	12.08	14.42	13.13
- Security deposits at amortised cost	113.95	91.58	96.60	83.71
- Others	1.54	6.68	2.91	-
Provisions/liabilities no longer required written back	79.99	75.64	110.59	58.87
Allowance for bad and doubtful debts written back	59.21	2.90	-	-
Profit on disposal of property, plant and equipment	-	5.31	-	-
Rent waiver on lease liabilities (Refer note 2.4(a))	748.65	1402.22	-	-
Miscellaneous Income*	31.09	60.75	91.13	1.02
	<u>1075.45</u>	<u>1657.16</u>	<u>315.65</u>	<u>156.73</u>

\* mainly includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

**27. Purchase of stock-in-trade**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Purchases during the period / year	34,222.01	26,084.91	34,205.38	34,988.34
	<u>34,222.01</u>	<u>26,084.91</u>	<u>34,205.38</u>	<u>34,988.34</u>

**28. Changes in inventory of stock-in-trade**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the period / year	19,777.12	21,859.01	20,556.94	17,103.29
Inventory at the end of the period / year	(23,963.73)	(19,777.12)	(21,859.01)	(20,556.94)
(Increase)/ Decrease in inventory	<u>(4,186.61)</u>	<u>2,081.89</u>	<u>(1,302.07)</u>	<u>(3,453.65)</u>

**Ethos Limited****Annexure VII- Notes to Restated Consolidated Summary Statements***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***29. Employee benefits expense**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	2862.73	2,658.01	3,031.88	3,031.26
Contribution to provident and other funds (Refer Note 37)	137.17	186.86	176.88	142.48
Share based payments	(9.41)	-	(18.11)	(7.81)
Staff welfare expenses	97.05	75.44	126.38	146.59
	<u>3,087.54</u>	<u>2,920.31</u>	<u>3,317.02</u>	<u>3,312.52</u>

**30. Finance costs**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on borrowings	404.14	617.70	862.59	740.56
Interest on lease liabilities (Refer note 39)	754.43	1,056.90	1,072.25	846.56
Interest on delay in deposit of income tax	10.36	15.35	28.05	24.83
Other borrowing cost	23.29	8.26	-	-
	<u>1,192.22</u>	<u>1,698.21</u>	<u>1,962.89</u>	<u>1,611.95</u>

**31. Depreciation and amortisation expense**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment (Refer note 3)	471.90	750.34	629.14	472.37
Amortisation of intangible assets (Refer note 4)	12.90	18.33	21.68	12.15
Depreciation of Right-of-use of assets (Refer note 39)	1,790.29	2,367.24	2,628.08	2,081.69
	<u>2,275.09</u>	<u>3,135.91</u>	<u>3,278.90</u>	<u>2,566.21</u>

**32. Other expenses**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	79.41	95.69	139.15	123.06
Service cost expense	124.43	53.65	110.20	51.43
Insurance	63.28	84.33	41.80	35.74
Rent (net of reimbursements of Rs. 51.96 lakhs (31 March 2021: Rs 53.22 lakhs; 31 March 2020: Rs. 171.78 lakhs; 31 March 2019: Rs 214.20 lakhs)) (Refer note 39)	329.14	195.10	105.11	390.97
Rates and taxes	85.92	26.22	25.23	66.26
Repair and maintenance - Others	390.46	495.72	532.05	414.81
Foreign exchange loss (net)	97.92	30.57	167.01	134.61
Travelling and conveyance	144.06	103.30	277.99	296.08
Advertisement and sales promotion (refer note 40)	1831.48	1,470.39	1,406.30	1,277.74
Directors sitting fees	40.13	23.22	14.11	33.27
Printing and stationery	17.19	18.02	19.30	17.69
Recruitment expenses	28.16	33.43	26.67	17.56
Telephone and telex	46.14	60.05	72.91	70.28
Postage and telegram	161.80	190.14	216.68	188.20
Legal and professional fees *	132.26	154.45	227.62	251.91
Bank charges	354.50	287.31	415.76	341.33
Allowance for bad and doubtful debts	-	-	105.38	-
Advances/deposits/Bad debts written off	93.33	51.76	63.50	38.40
Provision for bad and doubtful advances	-	22.85	-	-
Loss on sale of property, plant and equipment	11.77	-	17.95	0.12
Property, plant and equipment written off (net)	11.95	34.60	73.43	-
Service tax deposit and credit written off (Refer note 46)	-	-	218.56	-
Corporate Social Responsibility expenditure (Refer note 43)	14.23	16.61	10.03	-
Donation	2.50	2.50	4.32	-
Miscellaneous expenses	120.66	146.86	115.35	87.01
	<u>4,180.72</u>	<u>3,596.77</u>	<u>4,406.44</u>	<u>3,836.47</u>

\*Includes payment to auditors (excluding taxes as applicable and including payment to former Statutory auditors of Parent Company)

**Ethos Limited**
**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
As auditor				
Statutory audit	8.55	11.85	12.10	12.50
Limited review of special purpose quarterly results	6.00	6.00	7.35	6.75
In other capacity				
Certification work etc.	3.63	6.33	2.60	3.40
Reimbursement of expenses	0.56	0.96	2.95	1.85
Other services	-	-	-	2.25
	18.73	25.14	25.00	26.75

**33. Tax expense**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<i>a) Income tax recognised in statement of profit and loss</i>				
<i>Current tax</i>				
Current period / year	634.52	288.49	296.13	1013.61
Changes in estimates related to prior period / years	-	0.94	23.28	(29.93)
	634.52	289.43	319.41	983.68
<i>Deferred tax</i>				
Attributable to-				
Origination and reversal of temporary differences	(71.70)	(64.89)	(198.48)	(324.77)
Changes in estimates related to prior period /years	-	6.66	(24.45)	-
Change in Deferred tax due to change in Income tax rate (Refer Note No. 45)	-	-	235.49	-
	(71.70)	(58.23)	12.56	(324.77)
Total tax expense recognised during the period / year	562.82	231.20	331.97	658.91

The above tax expense for the year can be reconciled to the accounting profit as follows:

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<b>Profit before tax</b>	<b>2,161.60</b>	<b>809.73</b>	<b>198.57</b>	<b>1,647.79</b>
Tax at the Indian tax rate*	538.64	208.93	87.08	575.73
Effect of expenses that are not deductible in determining taxable profit	24.18	14.67	10.57	51.08
Effect of tax (benefit) / expense pertaining to prior period / years	-	7.60	(1.18)	29.93
Effect of decrease in tax rate	-	-	235.49	-
Others	-	-	-	2.17
<b>Income tax expenses recognised in statement of profit and loss</b>	<b>562.82</b>	<b>231.20</b>	<b>331.97</b>	<b>658.91</b>

\* The tax rate used for the current tax reconciliation above is the corporate tax rate of 25.168% (31 March 2021: 25.168%; 31 March 2020: 25.168%; 31 March 2019: 34.944% ) for Parent Company and 34.944% (31 March 2021: 34.944%; 31 March 2020: 34.944%; 31 March 2019: 34.944% ) for subsidiary payable by corporate entities in India on taxable profits under the Indian tax law.

*b) Income tax expense recognised in other comprehensive income*

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<b>Deferred tax assets/(liabilities)</b>				
<i>Arising on income and expenses recognised in other comprehensive income</i>				
-Remeasurement of defined benefit obligation	(3.72)	1.04	0.72	10.40
<b>Total income tax recognised in other comprehensive income</b>	<b>(3.72)</b>	<b>1.04</b>	<b>0.72</b>	<b>10.40</b>
<i>Bifurcation of the income tax recognised in other comprehensive income into:-</i>				
Items that will not be reclassified to profit or loss	(3.72)	1.04	0.72	10.40
Items that may be reclassified to profit or loss	-	-	-	-
	<b>(3.72)</b>	<b>1.04</b>	<b>0.72</b>	<b>10.40</b>



**Ethos Limited****Annexure VII- Notes to Restated Consolidated Summary Statements***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***34. Earnings per share**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Basic earnings per share</b>				
<i>i Profit / (loss) for basic earning per share of Rs. 10 each</i>				
Profit / (loss) for the period/year	1,598.78	578.53	(133.40)	988.88
Less : dividend on convertible preference shares, net of tax	-	-	-	126.58
	1598.78	578.53	(133.40)	862.30
<i>ii Weighted average number of equity shares for (basic)</i>				
Opening Balance	1,82,12,812	1,82,12,812	1,69,01,713	1,59,08,564
Effect of fresh issue of shares	80,617	-	8,00,532	6,06,492
	1,82,93,429	1,82,12,812	1,77,02,245	1,65,15,056
Basic Earnings/(loss) per share (face value of Rs 10 each)	8.74	3.18	(0.75)	5.22
<b>B. Diluted earnings per share</b>				
<i>i Profit / (loss) for diluted earning per share of Rs. 10 each</i>				
Profit / (loss) for the period/year	1,598.78	578.53	(133.40)	988.88
<i>ii Weighted average number of equity shares for diluted</i>				
Opening Balance	1,82,12,812	1,82,12,812	1,69,01,713	1,59,08,564
Effect of fresh issue of shares *	80,617	1,31,250	9,31,782	13,37,665
	1,82,93,429	1,83,44,062	1,78,33,495	1,72,46,229
Diluted earnings/(loss) per share (face value of Rs 10 each)	8.74	3.15	(0.75)	5.22

\* includes Nil (March 2021 131,250, March 2020 131,250 & March 2019 154,250 options and 576,923 convertible preference shares in 31 March 2019) options under Ethos Employee Stock Option Plan – 2013. For the year ended 31 March 2020, 131,250 options were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti dilutive)

Ethos Limited

Annexure VII- Notes to Restated Consolidated Summary Statements

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

35. Financial instruments - fair values and risk management

I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 December 2021			As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
<b>Financial assets</b>														
<b>Non-current</b>														
Loans	(c)	3	-	9.36	-	-	9.79	-	-	4.80	-	-	7.23	-
Other financial assets	(c)	3	-	1,172.64	-	-	889.10	-	-	836.04	-	-	1,017.04	-
<b>Current</b>														
Trade receivables	(a)	3	-	985.30	-	-	1,218.04	-	-	938.32	-	-	891.61	-
Cash and cash equivalents	(a)	3	-	6,141.59	-	-	1,830.83	-	-	983.60	-	-	756.76	-
Other bank balances	(a)	3	-	1,221.20	-	-	220.47	-	-	109.99	-	-	120.97	-
Loans		3	-	29.25	-	-	18.13	-	-	14.19	-	-	11.61	-
Other financial assets		2	-	746.88	-	-	1,011.70	-	-	1,278.58	-	-	680.81	-
<b>Total</b>			-	<b>10,306.22</b>	-	-	<b>5,198.06</b>	-	-	<b>4,165.52</b>	-	-	<b>3,486.03</b>	-
<b>Financial liabilities</b>														
<b>Non-current</b>														
Borrowings	(b)	3	-	2,326.43	-	-	1,708.22	-	-	1,575.94	-	-	1,620.46	-
Other Non current financial Liabilities	(c)		-	49.23	-	-	90.00	-	-	94.52	-	-	48.86	-
<b>Current</b>														
Borrowings (including current maturities)	(b)	3	-	6,349.53	-	-	3,490.61	-	-	5,998.75	-	-	6,086.06	-
Trade payables	(a)	3	-	8,387.35	-	-	7,199.35	-	-	7,243.27	-	-	6,761.05	-
Other financial liabilities	(a)	2	-	1,054.41	-	-	971.03	-	-	979.03	-	-	929.69	-
<b>Total</b>			-	<b>18,166.95</b>	-	-	<b>13,459.21</b>	-	-	<b>15,891.51</b>	-	-	<b>15,446.12</b>	-

Notes:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. The own non-performance risk as at balance sheet date was assessed to be insignificant.
- (c) The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.
- There are no transfers between Level 1, Level 2 and Level 3 during the period/ year ended 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 31, 2019.

**II. Financial risk management****(i) Risk management framework**

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii));and
- Market risk (see (iv))

**(ii) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

*Trade receivables and Loans*

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Balance as at the beginning of the year/ period</b>	<b>102.48</b>	<b>105.38</b>	-	-
Provision created during the year/period	6.87	35.46	105.38	-
Provision utilised/reversed during the year/period	(66.07)	(38.36)	-	-
<b>Balance as at the end of the year/ period</b>	<b>43.28</b>	<b>102.48</b>	<b>105.38</b>	-

The movement in the provision for bad and doubtful advances is as follows: (Refer Note 15)

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Balance as at the beginning of the year/ period</b>	<b>22.85</b>	-	-	-
Provision created during the year/period	-	22.85	-	-
Provision utilised/reversed during the year/period	-	-	-	-
<b>Balance as at the end of the year/ period</b>	<b>22.85</b>	<b>22.85</b>	-	-

*Cash and cash equivalents*

The Group holds cash and cash equivalents of Rs. 6,141.59 lakhs at 31 December 2021 (31 March 2021:Rs 1,830.83 lakhs 31 March 2020: Rs. 983.60 lakhs; 31 March 2019: Rs 756.76 lakhs ). The cash and cash equivalents are mainly held with scheduled banks.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. As at 31 December 2021, the Group has available Rs. 505.39 lakhs (31 March 2021: Rs. 2,637.27 lakhs , 31 March 2020: Rs. 1,058.55 lakhs and 31 March 2019: Rs. 69.69 lakhs ) in form of undrawn committed borrowing limits.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>31 December 2021</b>					
Non derivative financial liabilities					
- Borrowings	8,675.96	8,838.60	6,414.03	2,424.57	-
- Trade payables	8,387.35	8,387.35	8,387.35	-	-
- Lease liabilities	9,287.98	12,012.68	2,809.05	7,185.76	2,017.87
- Capital creditors	77.97	77.97	77.97	-	-
- Salaries, wages and bonus and other employee payable	693.55	693.55	693.55	-	-
- Interest accrued but not due on borrowings	255.20	255.20	205.97	49.23	-
- Refund Liabilities	76.92	76.92	76.92	-	-
	<b>27,454.93</b>	<b>30,342.27</b>	<b>18,664.84</b>	<b>9,659.56</b>	<b>2,017.87</b>

	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>31 March 2021</b>					
Non derivative financial liabilities					
- Borrowings	5,198.83	5,320.24	3,501.50	1,818.74	-
- Trade payables	7,199.35	7,199.35	7,199.35	-	-
- Lease liabilities	8,802.26	11,958.94	2,760.18	6,629.21	2,569.55
- Capital creditors	142.41	142.41	142.41	-	-
- Salaries, wages and bonus and other employee payable	571.59	571.59	571.59	-	-
- Interest accrued but not due on borrowings	240.87	240.87	150.87	90.00	-
- Refund Liabilities	106.16	106.16	106.16	-	-
	<b>22,261.48</b>	<b>25,539.56</b>	<b>14,432.06</b>	<b>8,537.95</b>	<b>2,569.55</b>

	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>31 March 2020</b>					
Non derivative financial liabilities					
- Borrowings	7,574.69	7,685.47	6,045.43	1,640.04	-
- Trade payables	7,243.27	7,243.27	7,243.26	-	-
- Lease liabilities	9,854.12	13,821.30	2,889.36	7,363.95	3,567.99
- Capital creditors	62.20	62.20	62.20	-	-
- Salaries, wages and bonus and other employee payable	802.89	802.89	802.89	-	-
- Interest accrued but not due on borrowings	204.10	204.10	109.58	94.52	-
- Interest Payable Others	4.36	4.36	4.36	-	-
- Refund Liabilities	-	-	-	-	-
	<b>25,745.63</b>	<b>29,823.59</b>	<b>17,157.08</b>	<b>9,098.51</b>	<b>3,567.99</b>

	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>31 March 2019</b>					
Non derivative financial liabilities					
- Borrowings	7,706.52	7,864.05	6,138.28	1,725.77	-
- Trade payables	6,761.05	6,761.05	6,761.05	-	-
- Lease liabilities	7,198.53	9,072.10	2,511.02	5,700.23	860.85
- Capital creditors	105.69	105.69	105.69	-	-
- Salaries, wages and bonus payable	738.56	738.56	738.56	-	-
- Interest accrued but not due on borrowings	119.01	119.01	70.16	48.86	-
- Interest payable-others	15.29	15.29	15.29	-	-
	<b>22,644.65</b>	<b>24,675.76</b>	<b>16,340.05</b>	<b>7,474.86</b>	<b>860.85</b>

## (iv) Market Risk

## a) Product price risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavourably from the markets, the Group negotiates with its principals for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

## b) Interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Fixed rate borrowings	4,081.35	2,736.10	3,333.24	2,476.21
Floating rate borrowings	4,594.61	2,462.73	4,241.45	5,230.31
	<b>8,675.96</b>	<b>5,320.24</b>	<b>7,685.47</b>	<b>7,706.52</b>

*Interest rate sensitivity analysis*

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year-end was outstanding for the whole year.

	Profit / (Loss) before tax	
	Strengthening	Weakening
<i>For the nine months period ended 31 December 2021</i>		
Interest rate (0.5% movement)	(17.23)	17.23
<i>For the year ended 31 March 2021</i>		
Interest rate (0.5% movement)	(12.31)	12.31
<i>For the year ended 31 March 2020</i>		
Interest rate (0.5% movement)	(21.21)	21.21
<i>For the year ended 31 March 2019</i>		
Interest rate (0.5% movement)	(26.15)	26.15

## c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in which the Group is exposed to risk are CHF, USD, GBP, SGD and EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

*Exposure to currency risk*

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows :

	CHF	USD	GBP	SGD	EUR
<b>31 December 2021</b>					
Trade payables (net of receivable)	2,216.99	168.44	20.75	99.19	196.77
Net exposure of recognised financial liability	2,216.99	168.44	20.75	99.19	196.77
<b>31 March 2021</b>					
Trade payables (net of receivable)	1,370.88	222.06	41.34	172.52	179.77
Net exposure of recognised financial liability	1,370.88	222.06	41.34	172.52	179.77
<b>31 March 2020</b>					
Trade payables (net of receivable)	1,564.78	63.97	-	73.84	81.04
Net exposure of recognised financial liability	1,564.78	63.97	-	73.84	81.04
<b>31 March 2019</b>					
Trade payables (net of receivable)	1,595.25	18.38	-	5.86	28.80
Net exposure of recognised financial liability	1,595.25	18.38	-	5.86	28.80

*Sensitivity analysis*

A reasonably possible strengthening (weakening) of CHF, USD, GBP, SGD and EUR, against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	
<b>31 December 2021</b>				
CHF (1% movement)	(22.17)	22.17	(16.59)	16.59
SGD (1% movement)	(0.99)	0.99	(0.74)	0.74
EUR (1% movement)	(1.97)	1.97	(1.47)	1.47
USD (1% movement)	(1.68)	1.68	(1.26)	1.26
GBP (1% movement)	(0.21)	0.21	(0.16)	0.16
<b>31 March 2021</b>				
CHF (1% movement)	(13.71)	13.71	(10.26)	10.26
SGD (1% movement)	(1.73)	1.73	(1.29)	1.29
EUR (1% movement)	(1.80)	1.80	(1.35)	1.35
USD (1% movement)	(2.22)	2.22	(1.66)	1.66
GBP (1% movement)	(0.41)	0.41	(0.31)	0.31
<b>31 March 2020</b>				
CHF (1% movement)	(15.65)	15.65	(11.71)	11.71
SGD (1% movement)	(0.74)	0.74	(0.55)	0.55
EUR (1% movement)	(0.81)	0.81	(0.61)	0.61
USD (1% movement)	(0.64)	0.64	(0.48)	0.48
<b>31 March 2019</b>				
CHF (1% movement)	(15.95)	15.95	(10.38)	10.38
SGD (1% movement)	(0.06)	0.06	(0.04)	0.04
EUR (1% movement)	(0.29)	0.29	(0.19)	0.19
USD (1% movement)	(0.18)	0.18	(0.12)	0.12

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar, EUR: Euro.

**36. Capital Management****(i) Risk management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings including lease liabilities net of cash and cash equivalents. Equity comprises all components of equity (as shown in the Balance Sheet). The Group always tries to minimize its adjusted net debt to equity ratio.

The Group's adjusted net debt to equity ratio was as follows.

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total Debt	17,963.94	14,001.09	17,428.81	14,905.05
Less: cash and cash equivalents	(6,141.59)	(1,830.83)	(983.60)	(756.76)
<b>Adjusted net debt</b>	11,822.35	12,170.26	16,445.21	14,148.29
Total equity	19,806.08	15,561.36	14,986.78	13,040.43
<b>Adjusted net debt to equity ratio</b>	<b>0.60</b>	<b>0.78</b>	<b>1.10</b>	<b>1.08</b>

**(ii) Dividends not recognized at the end of reporting period**

Cumulative preference dividend not recognised on 12% cumulative Compulsory convertible preference shares, 14% cumulative compulsory Convertible preference shares including dividend distribution taxes

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
	-	-	-	553.12
<b>Total</b>	-	-	-	<b>553.12</b>

**Ethos Limited**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**37 Employee benefits**

<b>I. Assets and liabilities relating to employee benefits</b>	<b>As at 31 December 2021</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<i>Non-current</i>				
Liability for gratuity	132.09	157.09	130.04	110.23
	<u>132.09</u>	<u>157.09</u>	<u>130.04</u>	<u>110.23</u>
<i>Current</i>				
Liability for gratuity	17.69	4.28	3.32	3.12
Liability for compensated absences	270.90	245.17	234.04	132.41
	<u>288.59</u>	<u>249.45</u>	<u>237.36</u>	<u>135.53</u>
	<u>420.68</u>	<u>406.54</u>	<u>367.40</u>	<u>245.76</u>

For details about the related employee benefit expenses, refer to note no. 40.

**II. Defined benefit plan - Gratuity**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

*Interest rate risk:*

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

*Demographic risk:*

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

**a) Funding**

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

**b) Reconciliation of present value of defined benefit obligation**

	<b>As at 31 December 2021</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Balance at the beginning of the period / year	197.42	173.68	147.21	99.87
Benefits paid*	(29.16)	(31.03)	(12.83)	(11.47)
Current service cost	21.89	40.72	27.74	22.80
Interest cost	10.05	12.39	11.04	7.49
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	(13.99)	1.66	0.52	28.52
<b>Balance at the end of the period / year</b>	<b>186.21</b>	<b>197.42</b>	<b>173.68</b>	<b>147.21</b>

\* Includes Rs. Nil (31 March 2021: Rs Nil; 31 March 2020: Rs. 8.98 lakhs; 31 March 2019: Rs Nil ) directly paid by the Company

**c) Reconciliation of the present value of plan assets**

	<b>As at 31 December 2021</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Balance at the beginning of the period / year	36.04	40.32	33.86	38.32
Contributions paid into the plan	27.00	27.30	10.10	5.38
Interest Income	1.84	2.78	2.54	2.87
Benefits paid	(29.16)	(31.03)	(3.85)	(11.47)
Return on plan assets recognised in other comprehensive income	0.71	(3.33)	(2.33)	(1.23)
<b>Balance at the end of the period / year</b>	<b>36.43</b>	<b>36.04</b>	<b>40.32</b>	<b>33.87</b>

**d) Expense recognised in profit or loss**

	<b>As at 31 December 2021</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Current service cost	21.89	40.72	27.74	22.80
Interest Income	(1.84)	(2.78)	(2.54)	(2.87)
Interest cost	10.05	12.39	11.04	7.49
	<u>30.10</u>	<u>50.33</u>	<u>36.24</u>	<u>27.42</u>

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**Annexure VII- Notes to Restated Consolidated Summary Statements**

e) Remeasurements recognised in other comprehensive income	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Actuarial loss on defined benefit obligation	(13.99)	1.66	0.53	28.53
Return on plan assets less than discount rate	(0.71)	3.33	2.33	1.23
	<b>(14.70)</b>	<b>4.99</b>	<b>2.85</b>	<b>29.76</b>

f) Plan assets

100% of the plan assets are managed by LIC

g) Actuarial assumptions	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Discount rate (per annum)	6.94% p.a.	6.80% p.a.	6.91% p.a.	7.50% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
Retirement age	55 years	55 years	55 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(8.99)	9.74	(9.61)	10.40	(9.12)	9.89	(19.82)	16.89
Future salary growth rate (0.5% movement)	9.22	(8.58)	9.44	(8.79)	8.94	(8.30)	19.82	(17.05)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

h) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Within 1 year	17.69	4.29	3.32	4.51
1-2 year	8.49	15.99	3.29	4.15
2-3 year	19.96	24.38	14.70	4.33
3-4 year	2.62	3.46	17.25	4.19
4-5 year	2.55	2.74	3.17	4.11
5-10 years	134.91	146.56	131.94	125.92

i) Weighted average duration of the defined benefit plan

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Weighted average duration (in years)	16.39	16.54	17.28	12.40

III. Defined contribution plans

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs. 104.03 lakhs (31 March 2021: Rs. 131.67 lakhs; 31 March 2020: Rs. 135.90 lakhs; 31 March 2019: Rs. 106.10 lakhs) during the period as expense towards contribution to these plans.



## IV. Share based payments

## a) Description of share-based payment arrangement

As at 31 December 2021, the Parent Company has the following share-based payment arrangements.

## b) Employee Stock Option Scheme (equity-settled)

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50% of the options granted to the selected employee shall vest on 1st October, 2017 in case there is continuation of his service till the date of vesting.

2. 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013"

The Company, at its 14th Annual General Meeting, approved variation/modification in the terms of "Ethos Employee Stock Option Plan 2013 by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before 16th August, 2021. The aforesaid scheme expired on 16th August, 2021.

## c) Reconciliation of outstanding share option

Particulars	For the nine months ended 31 December 2021		During the year ended 31 March 2021		During the year ended 31 March 2020		During the year ended 31 March 2019	
	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)
<b>Ethos Employee Stock Option Scheme - 2013</b>								
Option outstanding at the beginning of the period / year	1,27,750	120	1,27,750	120	1,50,750	120	1,68,250	120
Exercised during the period / year	1,04,750	120	-	120	15,000	120	-	-
Lapsed during the period / year	23,000	120	-	120	8,000	120	17,500	120
Options outstanding at the end of the period / year	-	120	1,27,750	120	1,27,750	120	1,50,750	120
No. of shares arising out of the options outstanding	-	120	1,27,750	120	1,27,750	120	1,50,750	120
<b>Ethos Employee Stock Option Scheme - 2013</b>								
Option outstanding at the beginning of the period / year	3,500	120	3,500	120	3,500	120	3,500	120
Lapsed during the period / year	3,500	120	-	-	-	-	-	-
Options outstanding at the end of the period / year	-	-	3,500	120	3,500	120	3,500	120
No. of shares arising out of the options outstanding	-	-	3,500	120	3,500	120	3,500	120

## d) Expense recognized in statement of profit and loss

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Expense arising from equity-settled share based payment transaction (including options lapsed during the period / year)	(9.41)	-	(18.11)	(7.81)

## e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair values of the equity settled share based payment plan are as follows :

Assumptions	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Fair value at grant date	35.54/56.08	35.54/56.08	35.54/56.08	35.54/56.08
Share price at grant date	120.00	120.00	120.00	120.00
Exercise price	120.00	120.00	120.00	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	7.60%/7.60%	7.60%/7.60%	7.60%/7.60%	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	4.56/4.16	4.56/4.16	4.56/4.16	4.56/4.16
Expected Annual Volatility of Shares*	40%-60%	40%-60%	40%-60%	40%-60%
Expected dividend yield (in %)	1.58%	1.58%	1.58%	1.58%

\*Expected volatility has been based on an evaluation of the historical volatility of the Parent Company's share price, particularly over the historical period commensurate with the expected term.

**ETHOS LIMITED**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**38. Contingent liabilities, commitments and other matters**

i) *Claims against the Group not acknowledged as debts, under dispute*

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
a) Income Tax matters	318.77	310.30	314.05	106.03
b) Excise Duty matters	47.08	-	-	-
c) Value Added Tax matters	3,330.03	3,331.35	1.32	1,000.71
d) Customs duty matters	12.90	12.90	17.85	-
	<b>3,708.78</b>	<b>3,654.55</b>	<b>333.22</b>	<b>1,106.74</b>

Based on the discussion with the solicitors/legal opinion taken by the Group, the management believes that the Group has a good chance of success in above mentioned case and hence, no provision there against was considered necessary.

ii) *Arrears of fixed cumulative dividend on 12% cumulative compulsory convertible preference shares, 14% cumulative compulsory convertible preference shares including dividend distribution taxes*

-	-	-	553.12
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iii) *Commitments*

-Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	121.34	122.45	306.82	188.96
-amount payable under non- cancellable leases	-	-	-	7,241.80
	<b>121.34</b>	<b>122.45</b>	<b>306.82</b>	<b>7,430.76</b>

iv) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition. As on December 31, 2021, there is one open legal proceedings involving disputed amount of Rs. 110.22 lakhs.

v) Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Group will not be material.

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**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*
**39 Leases**
**A. Group as a lessee**

The Group has lease contracts for various retail stores to be used for its operations. The Leases generally have lease terms 3 - 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the period/year:

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>At the beginning of the year/period</b>	<b>7,928.32</b>	<b>9,340.92</b>	<b>6,790.50</b>	<b>7,412.63</b>
Reclassified from prepaid expenses on transition (if any)	-	-	-	172.85
Additions	2,166.06	1,281.41	5,754.40	1,286.71
Deletions	(135.42)	(326.77)	(575.90)	-
Depreciation expense	(1,790.29)	(2,367.24)	(2,628.08)	(2,081.69)
<b>At the closing of the year/period</b>	<b>8,168.66</b>	<b>7,928.32</b>	<b>9,340.92</b>	<b>6,790.50</b>

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>At the beginning of the year/period</b>	<b>8,802.26</b>	<b>9,854.12</b>	<b>7,198.53</b>	<b>7,412.63</b>
Additions	2,098.06	1,212.39	5,410.17	1,145.76
Accretion of interest	754.43	1,056.90	1,072.25	846.56
Deletions	(98.81)	(387.50)	(659.77)	-
Payments (Principal and interest)*	(1,519.32)	(1,531.42)	(3,167.07)	(2,206.41)
Rent Concession (Refer Note 2.4(a))	(748.65)	(1,402.22)	-	-
<b>At the closing of the year/period</b>	<b>9,287.98</b>	<b>8,802.26</b>	<b>9,854.12</b>	<b>7,198.53</b>
Current lease liabilities	2,162.11	1,913.60	1,890.74	1,903.13
Non-current lease liabilities	7,125.87	6,888.66	7,963.38	5,295.40
<b>Total</b>	<b>9,287.98</b>	<b>8,802.26</b>	<b>9,854.12</b>	<b>7,198.53</b>

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Within one year	2,809.05	2,760.18	2,889.36	2,511.02
After one year but not more than five years	7,185.76	6,629.21	7,363.95	5,700.23
More than five years	2,017.87	2,569.55	3,567.99	860.85
<b>Total</b>	<b>12,012.68</b>	<b>11,958.94</b>	<b>13,821.30</b>	<b>9,072.10</b>

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.63%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in restated consolidated summary statement of profit and loss:

Particulars	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation expense of right-of-use assets	1,790.29	2,367.24	2,628.08	2,081.69
Interest expense on lease liabilities	754.43	1,056.90	1,072.25	846.56
Expense relating to short-term leases and variable rent (included in other expenses)**	381.10	248.32	276.89	605.17
<b>Total amount recognised in profit or loss</b>	<b>2,925.82</b>	<b>3,672.46</b>	<b>3,977.22</b>	<b>3,533.42</b>

\* The Group had total cash outflows for leases of Rs. 1,519.32 lakhs during the nine months period ended 31 December 2021 (31 March 2021: Rs. 1,531.42 lakhs; 31 March 2020: Rs. 3,167.07 lakhs; 31 March 2019: Rs 2,206.41 lakhs).

The Group had non-cash additions to right of use assets and lease liabilities of Rs. 2,098.06 lakhs in 31 December 2021 (31 March 2021: Rs. 1,212.39 lakhs , 31 March 2020: Rs. 5,410.17 lakhs and 31 March 2019: Rs. 1,145.76 lakhs).

\*\* Gross of reimbursement received of Rs. 51.96 lakhs during the nine months period ended 31 December 2021 (31 March 2021: Rs. 53.22 lakhs; 31 March 2020: 171.78 lakhs; 31 March 2019: Rs 214.20 lakhs ).

**ETHOS LIMITED****Annexure VII- Notes to Restated Consolidated Summary Statements***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***40 Related parties****(i) Holding Company****(ii) Joint venture****(iii) Entities under common control (where transactions have taken place during the period / balances outstanding) :**

Mahen Distribution Limited  
Pylania SA  
VBL Innovations Private Limited  
Vardhan Properties & Investment Limited  
Anacott Trading SA

**(iv) Details of transactions entered into with the related parties:****Key Managerial Personnels**

Mr.Y.Saboo (Managing Director)

Mr. Pranav Shankar Saboo (CEO)  
Mr. Anil Khanna - Independent Director

Mr. N. Subramanian - Independent Director  
Mr. Sundeep Kumar - Independent Director  
Mrs. Neelima Tripathi - Independent Director  
Mr. Dilpreet Singh - Independent Director  
Mr. Mohaimin Altaf - Independent Director  
Mr. Patrik Paul Hoffman - Additional Director (w.e.f. 11 June 2021)  
Mr. Manoj Gupta (Executive Director)

Mr. C. Raja Sekhar (CFO upto 16 August 2021)  
Mr. Ritesh Kumar Agrawal (CFO w.e.f 17 August 2021)  
Mr. Anil Dhiman (CS)

**KDDL Limited (KDDL)****Pasadena Retail Private Limited**

Dream Digital Technology Private Limited (DDTPL)  
Saboo Ventures LLP  
Saboo Housing Projects LLP  
Saveeka Family Trust

**Relative of Key Managerial Personnel**

Mr. R K Saboo (Father)  
Mr. Jai Vardhan Saboo (Brother)  
Mrs. Usha Devi Saboo (Mother)  
Mrs. Anuradha Saboo (Spouse)  
Mrs. Satvika Suri (Daughter)  
Mr. Pranav Shankar Saboo (CEO) (Son)  
Mrs. Malvika Saboo (Spouse)  
Mrs. Alka Khanna (Spouse)  
Mrs Poonam Prakash (Sister)  
Mr. Saahil Khanna (Son)

Mr Apoorv P. Tripathi (Son)

Mrs Nighat Altaf (Mother)

Mrs. Lalit Gupta (Spouse)  
Mr. Amol Gupta (Son)  
Mrs. Saneh Lata (Mother)  
Mr. Deepak Gupta (Brother)

Mrs. Anju Chilumuri (Spouse)

Mrs. Navita Verma (Spouse)

ETHOS LIMITED

Annexure VII- Notes to Restated Consolidated Summary Statements

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

(v)

Particulars	Joint Venture				Entities under common control				Key Managerial Personnel and their relatives				Holding Company			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019
<b>Transactions :</b>																
Sale of goods	-	-	-	-	-	-	-	58.07	140.43	45.88	55.65	12.66	19.39	3.94	4.54	6.70
Interest Income	1.53	6.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent income	-	-	-	-	0.60	0.60	10.15	15.00	-	-	-	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	2.10	59.40	268.41	1,593.39	64.25	-	5.00	-	-	-	-	-
Short term employee benefits	-	-	-	-	-	-	-	-	350.19	401.77	238.27	242.94	-	-	-	-
Legal and professional fees	-	-	-	-	-	-	-	-	13.57	0.45	4.29	2.64	-	-	-	-
Advertisement and sales promotion	-	-	-	-	22.50	22.50	-	24.13	-	-	-	-	-	-	5.20	6.00
Recovery of expenses incurred	19.97	26.49	13.65	-	0.60	0.09	8.12	24.97	-	-	-	-	-	2.07	0.62	-
Rent expenses	-	-	-	-	4.00	-	-	-	9.55	22.19	21.14	6.93	16.48	20.73	15.83	7.57
Directors sitting fees and commission	-	-	-	-	-	-	-	-	40.13	23.23	14.11	33.27	-	-	-	-
Reimbursement of expenses	-	-	-	-	1.32	-	-	-	-	-	-	-	2.99	1.01	9.98	184.23
Interest Expenses	-	-	-	-	13.48	61.77	53.05	53.95	74.67	75.04	38.79	17.17	-	-	-	-
Financial guarantee expenses	-	-	-	-	-	-	-	-	-	-	-	-	22.37	28.29	0.45	0.75
Sale of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.76	0.21
Purchase of Property, Plant and Equipment	-	-	-	-	-	-	-	4.41	-	-	-	-	0.96	-	0.09	41.90
Investment in joint venture	75.00	-	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	7.50	-	-	-	-	-	-
Share application money refunded	-	-	-	-	-	-	-	-	-	7.50	-	-	-	-	-	-
Loan taken	-	-	-	-	275.00	-	200.00	-	481.33	371.27	371.00	-	-	-	-	-
Loan repaid	-	-	-	-	200.00	685.00	82.00	-	261.89	196.54	-	70.00	-	-	-	-
Loan given	-	-	-	-	-	-	-	-	5.50	14.35	-	-	-	-	-	-
Security Premium received	-	-	-	-	55.18	-	9.23	-	176.39	-	168.82	-	1,940.99	-	2,051.15	482.87
Equity shares issued	-	-	-	-	1.02	-	-	-	8.95	-	14.19	-	35.94	-	73.84	17.12

**ETHOS LIMITED**
**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*
**Related party disclosure (continued)**
**Details of transactions entered into with the related parties (continued) :**

Balances outstanding :	Joint Venture				Entities under common control				Key Managerial Personnel and their relatives				Holding Company			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019
<b>Balances outstanding :</b>																
Investments	175.00	100.00	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable against sale of goods	-	-	-	-	245.85	268.18	329.02	417.77	11.05	14.31	18.87	-	-	-	-	-
Receivable against reimbursement	13.32	18.11	15.35	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	8.97	12.97	5.83	-	9.47	-	4.01	-
Security deposits paid	-	-	-	-	-	-	-	-	-	-	-	-	6.77	6.77	6.77	6.77
Payable for Employee Benefits	-	-	-	-	-	-	-	-	14.65	63.16	4.82	71.50	-	-	-	-
Payable for Director Fees	-	-	-	-	-	-	-	-	21.00	7.31	1.97	-	-	-	-	-
Payable for services received	-	-	-	-	18.19	54.73	66.03	109.59	0.60	-	-	-	-	3.67	37.85	228.95
Interest accrued but not due	-	-	-	-	-	-	-	-	101.38	97.53	52.75	12.20	-	-	-	-
Guarantees taken by the company	-	-	-	-	-	-	-	-	10,320.00	9,370.00	11,082.72	11,202.54	5,635.00	5,635.00	5,889.24	5,929.18
Lease Liabilities	-	-	-	-	29.14	-	-	-	-	14.78	34.21	50.51	21.78	35.83	51.59	24.98
Unsecured loans	-	-	-	-	75.00	-	684.99	567.00	935.51	786.91	612.18	156.66	-	-	-	-
Deemed capital contribution	-	-	-	-	-	-	-	-	-	-	-	-	50.51	50.51	50.51	50.51
12% Cumulative compulsory convertible preference shares	-	-	-	-	-	-	-	36.00	-	-	-	140.00	-	-	-	25.00

The following are the details of transaction eliminated on consolidation during the period ended 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019:

Particulars	Subsidiary controlled by the Company			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019
For the Period Ended/ Year ended				
Rent income	9.00	9.00	2.41	-
Advertisement and sales promotion	146.63	473.48	802.81	697.57
Reimbursement of expenses	68.66	265.95	392.21	460.58
Sale of Property, Plant and Equipment	-	0.35	0.50	-

The following are the details of balance eliminated on consolidation as at 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019:

Balances outstanding :	Subsidiary controlled by the Company			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019
<b>Balances outstanding :</b>				
Investment in partnership firm	295.92	335.74	277.44	42.94
Payable for services received	139.61	260.27	290.83	175.55

**ETHOS LIMITED****Annexure VII- Notes to Restated Consolidated Summary Statements***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***Notes:**

- 1 The Group's principal related parties consist of KDDL Limited, its subsidiaries and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enters into transactions in the ordinary course of business.
- 2 Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 '- Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.
- 3 Security being provided by Directors and relatives of directors for long term loan taken from India bulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan was repaid during the year ended 31 March 2021.
- 4 Security being provided by KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.
- 5 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited.
- 6 Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him.
- 7 All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

**41 . Additional information- Reconciling Gross Sales (including billing under consignment arrangement and Sales tax / Goods and services tax) with net sales:**

	Nine months ended 31 December 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Sales (gross including Sales tax / Goods and services tax)	48,870.02	45,327.53	53,190.39	51,531.13
Less: Sales tax / GST	(7,010.71)	(6,670.46)	(7,405.48)	(7,239.87)
Net sales	<b>41,859.31</b>	<b>38,657.07</b>	<b>45,784.91</b>	<b>44,291.26</b>

The Group's sales model comprises of outright sales of purchased goods to customers.

ETHOS LIMITED

**Annexure VII- Notes to Restated Consolidated Summary Statements**

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**42 Segment information**

**Operating segments**

*Basis for segmentation*

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

The Group has three reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports at least on quarterly basis.

The Group does not have operating segments that are to be aggregated.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions
Luxury Cars	Trading of Luxury Cars

*Information about reportable segments*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

S.No.	Particulars	Nine months ended	Year Ended	Year Ended	Year Ended
		31 December	31 March	31 March	31 March
		2021	2021	2020	2019
1	<b>Segment revenue</b>				
	a) Watch and Watch Accessories	41,750.05	38,657.07	45,784.91	44,178.59
	b) Marketing Support and other Services	146.63	473.48	802.81	871.88
	c) Luxury cars	109.26	-	-	-
	<b>Total</b>	<b>42,005.94</b>	<b>39,130.55</b>	<b>46,587.72</b>	<b>45,050.47</b>
	Less: Inter segment revenue	(146.63)	(473.48)	(802.81)	(697.57)
	<b>Revenue from operations</b>	<b>41,859.31</b>	<b>38,657.07</b>	<b>45,784.91</b>	<b>44,352.90</b>
2	<b>Segment results profit(loss) before tax and interest from each segment</b>				
	a) Watch and Watch Accessories	3,257.42	2,307.73	1,750.32	2,820.19
	b) Marketing Support and other Services	(60.11)	89.87	297.21	342.71
	c) Luxury cars	-	-	-	-
	<b>Total</b>	<b>3,197.31</b>	<b>2,397.60</b>	<b>2,047.53</b>	<b>3,162.90</b>
	Add: Interest Income	156.51	110.34	113.93	96.84
	Less: Finance costs	(1,192.22)	(1,698.21)	(1,962.89)	(1,611.95)
	<b>Profit before tax</b>	<b>2,161.60</b>	<b>809.73</b>	<b>198.57</b>	<b>1,647.79</b>
3	<b>Segment Assets</b>				
	a) Watch and Watch Accessories	42,490.77	36,345.95	40,981.27	35,632.83
	b) Marketing Support and other Services	157.34	134.44	42.90	189.99
	c) Luxury cars	163.32	-	-	-
	d) Unallocated assets*	6,587.88	2,723.99	1,171.48	1,069.74
	<b>Total Segment assets</b>	<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>
4	<b>Segment liabilities</b>				
	a) Watch and Watch Accessories	11,121.02	9,296.11	9,495.13	8,431.00
	b) Marketing Support and other Services	41.29	46.85	38.47	74.36
	c) Luxury cars	145.59	-	-	-
	d) Unallocated liabilities**	18,430.92	14,300.06	17,675.27	15,346.77
	<b>Total Segment liabilities</b>	<b>29,593.23</b>	<b>23,643.02</b>	<b>27,208.87</b>	<b>23,852.13</b>
5	<b>Capital expenditure</b>				
	a) Watch and Watch Accessories	641.78	1,016.53	1,381.96	1,299.26
	b) Marketing Support and other Services	52.53	0.35	0.98	-
	<b>Total</b>	<b>694.31</b>	<b>1,016.88</b>	<b>1,382.94</b>	<b>1,299.26</b>
	<b>Depreciation and amortisation</b>				
	a) Watch and Watch Accessories	2,270.42	3,131.31	3,272.68	2,559.03
	b) Marketing Support and other Services	4.67	4.60	6.22	7.18
	<b>Total</b>	<b>2,275.09</b>	<b>3,135.91</b>	<b>3,278.90</b>	<b>2,566.21</b>
	<b>Allowance for bad and doubtful debts/advances</b>				
	a) Watch and Watch Accessories	(59.21)	19.95	105.38	-
	b) Marketing Support and other Services	-	-	-	-
	<b>Total</b>	<b>(59.21)</b>	<b>19.95</b>	<b>105.38</b>	<b>-</b>

\*Unallocated assets mainly includes deferred tax assets, non-current tax assets, investment in joint venture, other bank balance in the form of fixed deposit and interest thereon etc.

\*\*Unallocated liabilities mainly includes borrowings, lease liabilities, current tax liabilities and interest accrued on borrowings etc.



**ETHOS LIMITED**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**43 Corporate Social Responsibility**

In light of Section 135 of the Companies Act, 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs. 11.78 lakhs (March 31, 2021: Rs 16.61 lakhs; March 31, 2020: Rs. 10.03 lakhs; 31 March 2019: Nil) for CSR activities carried out during the nine months ended 31 December 2021.

S.No.	Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
i	Amount required to be spent by the company during the period / year	14.23	16.61	9.85	-
ii	Amount of expenditure incurred	11.78	16.61	10.03	-
iii	Shortfall at the end of the period / year	2.45	-	-	-
iv	Total of previous years shortfall	-	-	-	-
v	Reason for shortfall	-	-	-	-
vi	Nature of CSR activities	Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.	SVP Philanthropy Foundation, New Delhi - Purchase and distribution of Namma Chethana Initiative, through Bombay International Airport Limited's cafeteria partner - M/s SATIS Dining, Bengaluru - Contribution for serving food packages for COVID suffering people	Initial contribution of Rs. 10.03 lakhs to Khushii (an NGO registered at New Delhi) for sponsoring 59 (fifty nine) proposed children for their education, mid-day meal, counselling and medical support, stationary and uniform and internal recovery cost.	None
		Isha Foundation for their "Cauvery Calling" project, Coimbatore - Tree Plantation	Isha Foundation for their "Cauvery Calling" project, Coimbatore - Tree Plantation		
		Isha Foundation for their "Cauvery Calling" project, Coimbatore - Tree Plantation	Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad		
			I am Gurgaon, Gurgaon (Haryana) - Champion projects for tree plantation and revival of the environment		
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Not applicable	Not applicable	Not applicable	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable	Not applicable	Not applicable

**ETHOS LIMITED**
**Annexure VII- Notes to Restated Consolidated Summary Statements**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*
**44 COVID-19 Impact**

The Group's operations and revenue were impacted on account of disruption in economic activity due to Covid-19. The Group has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these consolidated financial statements. Our Auditors' Reports dated April 07, 2022, June 11, 2021 and June 25, 2020, on the Consolidated Financial Statements of the Group and its joint venture as at and for the nine months period ended December 31, 2021 and as at and for the years ended March 31, 2021 and March 31, 2020 included Emphasis of Matter paragraph related to the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management.

45 During the financial year 2019-20, the Parent Company had elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Parent Company had recognised provision for taxation and re-measured its deferred tax assets basis the rate prescribed in the said Section. The impact of such change was recognized in statement of profit and loss of the financial year 2019-20.

46 Regarding service tax matter, the Parent Company had opted Sabka Vishwas (Legacy Dispute Resolution) Scheme during the financial year 2019-20. As per the scheme, keeping in view of the amount involved, 50% of the disputed amount was required to be deposited to avail immunity from interest & penalty. The Parent Company had written off the amount of payment made under the scheme of Rs 170 lakhs during the financial year 2019-20. In addition to this, Parent Company had provided Rs. 48.56 lakhs during the financial year 2019-20. Accordingly, profits in the financial year 2019-20 was reduced by Rs. 218.56 lakhs. The Parent Company, based on the opinion sought from a legal counsel, had filed a writ petition for the opening of TRAN-1 in the Punjab and Haryana High Court for the transition remaining credit and the next date of hearing is yet to be received.

**47 Interest in Joint Venture**

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Non-Current Assets, including right-of-use assets of Rs. 94.00 lakhs (31 March 2021: Rs. 121.44 lakhs; 31 March 2020: 158.76 lakhs and 31 March 2019: Nil)	131.54	160.60	199.11	-
Current Assets, including inventories of Rs. 246.16 lakhs (31 March 2021: Rs. 219.95 lakhs; 31 March 2020: Rs. 234.97 lakhs and 31 March 2019: Nil)	291.35	286.90	281.53	-
Non-Current Liabilities, including only lease liabilities	(59.57)	(85.72)	(114.67)	-
Current Liabilities, including lease liabilities of Rs. 50.95 lakhs (31 March 2021: Rs. 46.12 lakhs; 31 March 2020: Rs. 43.72 lakhs and 31 March 2019: Nil) and trade payables of Rs. 134.45 lakhs (31 March 2021: Rs. 142.71 lakhs; 31 March 2020: Rs. 153.04 lakhs and 31 March 2019: Nil)	(210.44)	(281.71)	(299.40)	-
<b>Equity</b>	<b>152.88</b>	<b>80.07</b>	<b>66.57</b>	<b>-</b>
Proportion of the Group's ownership				
Share in Equity	152.88	80.07	66.57	-
Add: Goodwill	-	-	-	-
Carrying value of the investment	<b>152.88</b>	<b>80.07</b>	<b>66.57</b>	<b>-</b>
	<b>Nine months ended 31 December 2021</b>	<b>Year ended 31 March 2021</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Revenue from operations	563.60	644.68	291.68	-
Other income	26.10	42.88	1.54	-
Purchase of stock-in-trade	589.70	687.56	293.22	-
Changes in inventory of stock-in-trade	476.61	455.52	699.51	-
Finance costs	(52.42)	30.03	(469.94)	-
Depreciation and amortization expense	33.66	53.44	35.71	-
Other expenses	66.11	87.21	47.37	-
	71.58	41.29	47.42	-
Profit/Loss before income tax	595.54	667.50	360.07	-
Tax expense	(5.86)	20.06	(66.85)	-
Profit/(loss) for the period / year	(1.47)	(6.94)	-	-
<b>Group's share of loss for the year (Share 50% )</b>	<b>(4.39)</b>	<b>27.00</b>	<b>(66.85)</b>	<b>-</b>
	<b>(2.19)</b>	<b>13.50</b>	<b>(33.43)</b>	<b>-</b>

**ETHOS LIMITED**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

**48 Other Statutory Information**

- 1) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- 2) The Group does not have any transactions with companies struck off.
- 3) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or
  - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- 6) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
  - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- 7) The Group not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

**ETHOS LIMITED**
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*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

49 The Parent Company is in the process of purchasing its brand-name “Ethos” and “Summit” from its Holding company i.e. KDDL Limited. The Parent Company has entered into an agreement dated January 1, 2022 with KDDL Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of Rs. 3,900 lakhs. Out of Rs. 3,900 lakhs, 1/3rd amount need to be paid by the Parent Company by March 31, 2022 as advance, 1/3rd of the payment will be made by the Parent Company when trademark “Ethos” is transferred and registered in the name of the Parent Company and remaining amount is to be paid when trademark “Summit” is transferred and registered in the name of the Parent Company. As per the terms of agreement the Parent Company has paid Rs. 1,300 lakhs as advance towards first tranche before March 31, 2022.

50 Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
<b>Parent company</b>								
Ethos Limited								
As at December 31, 2021	99%	19,653.20	100%	1,601.08	99%	10.87	281%	1,611.95
As at March 31, 2021	99%	15,481.31	98%	566.48	136%	(5.38)	98%	561.10
As at March 31, 2020	100%	15,020.20	-88%	117.13	100%	(2.13)	-85%	115.00
As at March 31, 2019	98%	12,823.33	78%	771.53	100%	(19.36)	78%	752.17
<b>Subsidiaries</b>								
Cognition Digital LLP								
As at December 31, 2021	1%	295.90	-2%	(39.95)	1%	0.11	-7%	(39.84)
As at March 31, 2021	2%	335.72	10%	56.85	-36%	1.43	10%	58.28
As at March 31, 2020	2%	277.45	-143%	190.41	0%	-	-140%	190.41
As at March 31, 2019	2%	260.04	22%	217.33	0%	-	22%	217.33
<b>Joint Venture (Investments as per the equity method)*</b>								
Pasadena Retail Private Limited								
As at December 31, 2021	1%	152.88	0%	(2.19)	0%	-	0%	(2.19)
As at March 31, 2021	1%	80.07	2%	13.50	-	-	2%	13.50
As at March 31, 2020	0%	66.57	14%	(33.43)	-	-	25%	(33.43)
As at March 31, 2019	0%	-	0%	-	-	-	0%	-
<b>Eliminations</b>								
As at December 31, 2021	-1%	(295.90)	2%	39.84	0%	-	2%	39.84
As at March 31, 2021	-2%	(335.74)	-10%	(58.30)	0%	-	-10%	(58.30)
As at March 31, 2020	-3%	(377.44)	305%	(407.51)	0%	-	301%	(407.51)
As at March 31, 2019	0%	(42.94)	0%	0.02	0%	-	0%	0.02
As at December 31, 2021								
Total As at March 31, 2021	100%	19,806.08	100%	1,598.78	100%	10.98	280%	1,609.76
Total As at March 31, 2020	100%	15,561.36	100%	578.53	100%	(3.95)	100%	574.58
Total As at March 31, 2020	100%	14,986.78	100%	(133.40)	100%	(2.13)	100%	(135.53)
Total As at March 31, 2019	100%	13,040.43	100%	988.88	100%	(19.36)	100%	969.52

\* Amounts given here in respect of joint venture is the share of the Group in the net assets of the joint venture.

51 Details of subsidiary and joint venture with ownership % and place of business :

**Subsidiary**

Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at December 31, 2021	99.99%
Proportion of Ownership as at March 31, 2021	99.99%
Proportion of Ownership as at March 31, 2020	99.99%
Proportion of Ownership as at March 31, 2019	99.99%
Method used to account for the investment	At cost

**Joint venture**

Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at December 31, 2021	50.00%
Proportion of Ownership as at March 31, 2021	50.00%
Proportion of Ownership as at March 31, 2020	50.00%
Proportion of Ownership as at March 31, 2019	-
Method used to account for the investment	At cost

## ETHOS LIMITED

### Annexure VII- Notes to Restated Consolidated Summary Statements

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

- 52 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.
- 53 During the financial year 20-21, the Parent Company had reported a cyber fraud wherein the e-mail account of one of the Vendor of the Parent Company was hacked and based on the communication received from the hacked account, the Parent Company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 lakhs on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank. Cyber criminals using the authentic e-mail addresses and back-up mails informed the Parent Company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the Parent Company had made payment of CHF 56,833.45 to such fraudulent account. Later on the Parent Company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The Parent Company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.
- The Parent Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Though the Parent Company put in its best efforts to recover the amount but could not recover the same; however, the management is under discussion with the Vendor to bear 50% of the total loss of Rs. 45.67 lakhs, and for the balance amount of Rs. 22.85 lakhs, the management has made provision.
- 54 During the year ended 31 March 2020, the store heads of two stores operated by the Parent Company have embezzled inventory of Rs. 60.79 lakhs by fictitiously billing watches under credit sale, reporting watches under layaway and pilfering physical inventory. The Parent Company has discovered the fraud when it has decided to close down one of the store and at the time of shifting the physical stock from the store due for closure to another store the stock as per books did not tally with the physical stock available for transfer. The Parent Company has lodged police complaint and initiated legal action to recover the loss, pending which, the Parent Company has written off an amount of Rs. 33.25 lakhs, net of insurance claim recoverable of Rs. 27.54 lakhs under fidelity insurance cover. Further, the Parent Company has recovered Rs. 11.35 lakhs and withheld an amount of Rs. 3.37 lakhs payable to these employees as on date.
- 55 The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 458,000 equity shares of face value Rs.10 each, to the existing shareholders of the Parent Company as on the record date i.e. October 31, 2021, at a premium of Rs. 540 per share, on Rights Issue basis, aggregating to upto an amount not exceeding Rs. 2550.00 lakhs for raising funds for the Parent Company in the ratio of 1 rights equity share of Rs. 10 each for every 40 equity shares of Rs. 10 each held by the eligible equity shareholder of the Parent Company as on the record date with the right to renounce.

Based on above, the Board of Directors, at its meeting held on December 01, 2021, approved the allotment of 457,938 equity shares of Rs. 10 each at a premium of Rs. 540 per share for an amount totalling to Rs. 2518.66 lakhs after taking into consideration the share subscriptions and renunciations received from the existing shareholders of the Parent Company upto November 24, 2021 (the date of close of offer), in pursuance to 'Ethos – Rights Issue 2021'.

**ETHOS LIMITED**

**Annexure VII- Notes to Restated Consolidated Summary Statements**

*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

- 56 The Parent Company is in the process of launching its initial public offer (IPO), accordingly the Parent Company had filed DRHP with Securities and Exchange Board of India (SEBI) on 21 January 2022. The Parent Company has incurred initial public offer related expenses of Rs. 21.69 lakhs in connection with proposed public offer of equity shares. The initial public offer related expenses shall be shared in proportion mutually agreed between the Parent Company and the Selling Shareholders in accordance with applicable law. The Parent Company' share of expenses will be adjusted against securities premium to the extent permissible under Section 52 of the Companies Act, 2013 on successful completion of initial public offer.
- 57 The Board of the Directors of the Parent Company, at its meeting held on March 28, 2022 has approved the allotment of 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,499.99 lakhs, towards Pre-IPO placement through Preferential allotment. The paid up equity share capital of the Parent Company, after such allotment, stands revised to Rs. 1,907.82 lakhs.

As per our report of even date

**For and on behalf of the Board of Directors of Ethos Limited**

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

**Y.Saboo**  
Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Anil Gupta**

Partner

Membership No. 87921

**Ritesh Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Dhiman**  
Company Secretary

Place: New Delhi  
Date: 07 April 2022

Place: Chandigarh  
Date: 07 April 2022

## OTHER FINANCIAL INFORMATION

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

(₹ in lakhs except unless otherwise stated)				
Particulars	Nine months period ended December 31, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Restated earnings/(loss) per Equity Share (in ₹) – Basic <sup>1</sup>	8.74*	3.18	(0.75)	5.22
Restated earnings/(loss) per Equity Share (in ₹) – Diluted <sup>2</sup>	8.74*	3.15	(0.75)	5.22
Return on net worth (%) <sup>3</sup>	8.07%	3.72%	(0.89)%	7.58%
Net asset value per Equity Share (in ₹) <sup>4</sup>	105.48	85.43	82.28	77.14
EBITDA <sup>5</sup>	5,628.91	5,643.85	5,440.36	5,825.95

*\*Not Annualised*

*The ratios have been computed as under:*

1. *Basic Earnings/(Loss) per share: Net profit/(loss) as restated, attributable to equity shareholders divided by weighted average number of equity shares*
2. *Diluted Earnings/(Loss) per share: Net profit/(loss) as restated, attributable to equity shareholders divided by weighted average number of dilutive equity*
3. *Return on net worth (%): Net profit/(loss) after tax, as restated divided by net worth at the end of the period*
4. *Net Asset Value (NAV) per equity share (INR): Net Worth as restated at the end of the period divided by number of equity shares outstanding at the end of the period.*

*Net Worth = Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account, Deemed capital contribution, compulsory convertible cumulative preference shares, share application money pending allotment, shares options outstanding and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Consolidated Summary Statements, but does not include reserves created out of revaluation of assets, foreign currency translation reserve, capital reserve, write-back of depreciation and amalgamation. Return to be considered as profit or loss attributable to 'owners of the parent' and net worth should be considered as attributable to 'owners of the parent'*

5. *EBITDA = Earnings before interest, taxes, depreciation and amortization.*

The audited standalone financial statements of our Company and our Subsidiary for the Fiscals 2019, 2020 and 2021, respectively and nine months period ended December 31, 2021 (“Audited Financial Statements”) are available at <https://www.ethoswatches.com/investors-information?dfsfdf>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The audited financial statements and reports thereon do not constitute, (i) a part of this Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an Offer Document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “Investors Group”) and should not be relied upon or used as a basis for any investment decision. None of the Investors Group or any of its advisors, nor any BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

### Non-Generally Accepted Accounting Principle Measures

Certain non-GAAP measures like net worth, return of net worth, net tangible assets, monetary assets, monetary assets as a % of net tangible assets, monetary assets, as a percentage of net tangible assets, net asset value per equity share, earnings before interest, taxes, depreciation and amortization (EBITDA) etc. presented in this Red Herring Prospectus

are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS or Indian GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ 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 or Indian GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. We have in this Red Herring Prospectus included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the fintech industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.

### Reconciliation of net worth

(₹ in lakhs, unless otherwise stated)

Particulars	For nine months period ended December 31, 2021	Year ended March 31,		
		Fiscal 2021	Fiscal 2020	Fiscal 2019
Equity share capital (I)	1,877.55	1,821.28	1,821.28	1,690.17
Other equity (II)	17,928.53	13,740.08	13,165.50	11,350.26
Capital reserve (III)	1.67	1.67	1.67	1.67
<b>Net worth (IV)= (I)+(II)-(III)</b>	<b>19,804.41</b>	<b>15,559.69</b>	<b>14,985.11</b>	<b>13,038.76</b>

### Reconciliation of return on net worth

(₹ in lakhs, unless otherwise stated)

Particulars	For nine months period ended at December 31, 2021	Year ended March 31,		
		Fiscal 2021	Fiscal 2020	Fiscal 2019
Equity share capital (I)	1,877.55	1,821.28	1,821.28	1,690.17
Other equity (II)	17,928.53	13,740.08	13,165.50	11,350.26
Capital reserve (III)	1.67	1.67	1.67	1.67
Net Worth (IV)=(I)+(II)-(III)	19,804.41	15,559.69	14,985.11	13,038.76
Restated profit/(loss) for the period/year (V)	1,598.78	578.53	(133.40)	988.88
<b>Return on net worth (VI) = (V)/ (IV)</b>	<b>8.07%</b>	<b>3.72%</b>	<b>(0.89)%</b>	<b>7.58%</b>

### Reconciliation of Net Asset Value (per Equity Share)

(₹ in lakhs, unless otherwise stated)

Particulars	For nine months period ended at December 31, 2021	Year ended March 31,		
		Fiscal 2021	Fiscal 2020	Fiscal 2019
Equity share capital (I)	1,877.55	1,821.28	1,821.28	1,690.17
Other equity (II)	17,928.53	13,740.08	13,165.50	11,350.26
Capital reserve (III)	1.67	1.67	1.67	1.67
Net Worth (IV) = (I) + (II) - (III)	19,804.41	15,559.69	14,985.11	13,038.76
Number of Equity Shares(V)	1,87,75,500	1,82,12,812	1,82,12,812	1,69,01,713
<b>Net asset value per Equity Share (VI) = (IV)/(V)</b>	<b>105.48</b>	<b>85.43</b>	<b>82.28</b>	<b>77.14</b>



**Reconciliation of Restated profit/(loss) for the period / year to earnings before interest, tax, depreciation and amortisations**

(₹ in lakhs)

Computation of EBITDA	For the nine months period ended December 31, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Restated profit/(loss) for the period / year (I)	1,598.78	578.53	(133.40)	988.88
Total tax expense (II)	562.82	231.20	331.97	658.91
Restated profit before tax (III)=(I)+(II)	2,161.60	809.73	198.57	1,647.79
Finance costs (IV)	1,192.22	1,698.21	1,962.89	1,611.95
Depreciation and amortization expenses (V)	2,275.09	3,135.91	3,278.90	2,566.21
<b>Earnings before interest, tax, depreciation and amortisations (EBITDA)(VI)=(III)+(IV)+(V)</b>	<b>5,628.91</b>	<b>5,643.85</b>	<b>5,440.36</b>	<b>5,825.95</b>

**Related Party Transactions**

For the details of related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 'Related Party Transactions' read with SEBI ICDR Regulations, for the nine months period ended December 31, 2021 and Financial Year ended March 31, 2021, 2020 and 2019, and as reported in Restated Consolidated Summary Statements, see 'Financial Statements' on page 292.

## CAPITALISATION STATEMENT

The following table sets forth our Company’s capitalization as at December 31, 2021, as derived from our Restated Consolidated Summary Statements. This table should be read in conjunction with the sections titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Financial Statements*” and “*Risk Factors*” beginning on pages 391, 292 and 39, respectively.

*(₹ In lakhs unless otherwise stated)*

	Pre-Issue as at December 31, 2021	As adjusted for the Offer <sup>#</sup>
<b>Total equity</b>		
Equity share capital*	1,877.55	[●]
Other equity*	17,928.53	[●]
<b>Total Equity (A)</b>	19,806.08	[●]
<b>Total borrowings</b>		
Current borrowings*	6,349.53	[●]
Non-current borrowings* (B)	2,326.43	[●]
<b>Total Borrowings (C)</b>	8,675.96	[●]
<b>Total Capitalisation (A+C)</b>	28,482.04	[●]
<b>Non-current borrowings /Total Equity (B/A)</b>	0.12	[●]
<b>Total borrowings/ Total Equity (C/A)</b>	0.44	[●]

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

<sup>#</sup>To be populated upon finalization of the Offer Price.

- Notes:
- 1) The above has been computed on the basis on amounts derived from the restated IndAS statement of assets and liabilities of our Company as on December 31, 2021.
  - 2) Our Company is proposing to have public issue of shares comprising of Offer for Sale by the Selling Shareholders and issue of new Equity Shares.
  - 3) The corresponding post-Offer capitalisation data for each of the above amounts given in the table is not determinable at this stage pending the completion of Book Building Process and hence, the same have not been provided in the above statement.
  - 4) Our Company has issued 3,02,663 Equity Shares through pre-IPO Placement aggregating to ₹ 2,500 lakhs on March 28, 2022 on private placement basis. For details of the same, please see “*Capital Structure*” on page 106. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

## FINANCIAL INDEBTEDNESS

Our Company avail credit facilities in their ordinary course of business for purposes such as meeting their working capital requirements, business requirements and other general corporate purposes.

As of the date of this Red Herring Prospectus, we have applied for, and obtained, consents from the requisite lenders of our Company to permit the Offer.

Pursuant to the provisions of the Companies Act, 2013 and the rules framed thereunder, our Board is authorised to borrow such monies which together with the money already borrowed does not exceed the paid-up share capital and free reserves of our Company. Pursuant to our Articles of Association and the special resolution passed by our shareholders on August 6, 2014, our Board has been authorised to borrow sums of money does not exceed the amount of ₹ 5,000.00 lakhs over and above the aggregate of the paid-up share capital, free reserves and securities premium of our Company.

The following table sets forth the details of the aggregate outstanding borrowings of our Company as of April 11, 2022:

*(in ₹ lakhs)*

Category of Borrowing	Sanctioned Amount (to the extent applicable)	Amount outstanding as on April 11, 2022*
<b>Working Capital Loan</b>		
Secured		
Fund based	5,100.00	1,729.84
Non-fund based	535.00	172.56
Unsecured	-	-
<b>Term Loans</b>		
Secured	895.00	885.83
Unsecured	-	-
Vehicle Loan	335.12	189.34
<b>Total</b>	6,865.12	2,977.56
<b>Unsecured</b>		
Inter Corporate Deposits	500.00	500.00
Public Deposit**	5,440.00	2,703.88
<b>Total borrowings</b>	12,805.26	6,181.44

\*As certified by B K S & Co. Chartered Accountants, by way of their certificate dated May 6, 2022.

\*\* Deposits from shareholders of Ethos Limited.

*(in ₹ lakhs)*

Amount of ICD	Name of the lender	Rate of interest	Maturity Date	Tenor	Amount of deposits taken	Outstanding as on 11 April 22	Accrued Interest (As shown under Other Financial Liability)	Amount of deposits pending
200.00	Dhansar Capital Limited	12.00%	15-09-2022	12	200.00	200.00	0.72	200.72
300.00	Dhansar Capital Limited	12.00%	17-09-2022	12	300.00	300.00	1.08	301.08
105.00	Sugam Precision Pvt. Ltd.	10.00%	28-03-2022	9	105.00	105.00	0.38	105.38
Public Deposits	Number of Public deposit	Rate of interest	Maturity Date	Tenor	Amount of	Amount of	Accrued	Amount of deposits

	Holders				deposits taken	deposits pending April 11, 2022	Interest (As shown under Other Financial Liability)	pending
107.96	11	9.50%	On different dates	12	107.96	107.96	4.11	112.07
122.34	15	10.25%	On different dates	24	122.34	122.34	14.17	136.51
2,473.58	149	10.75%	On different dates	36	2,473.58	2,473.58	278.37	2,751.95

The ICDs were raised to meet the working capital requirements of our Company.

For further details, see “*Risk Factors – Our Company has secured loans which are repayable on demand and have other restrictive conditions. Any demand from lenders for repayment of such secured loans or any breach in any restrictive conditions may adversely affect our cash flows.*” on page 63.

As of the date of this Red Herring Prospectus, we have applied for, and obtained, consents from the requisite lenders of our Company to permit the Offer.

**Key terms of our secured borrowings are disclosed below:**

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered by our Company.

- **Tenor:** The tenor of the working capital facilities availed by us is maximum up to 60 months.
- **Interest/Commission:** The interest rates for the facilities availed by our Company vary and are typically linked to: (a) the marginal cost of fund based lending rates (“**MCLR**”) of a specific lender and spread per annum or rates, subject to a minimum interest rate; (b) the base rate of a specified lender and spread per annum, which varies among different loans for different lenders; and (c) the base repo rate fixed by the RBI and spread per annum, which varies among different loans for different lenders.

The commission or interest for the working capital facilities availed by our Company is typically based on the applicable rate of commission at the time of issuance of such facility or the underlying rate of the fixed deposit against which the loan has been sanctioned.

- **Security:** In terms of our borrowings where security needs to be created, we are typically required to:
  - (a) create charge by way of hypothecation on entire current assets, both present and future;
  - (b) create charge by way of hypothecation over all moveable fixed assets, both present and future;
  - (c) create charge by way of lien on the fixed deposits of our Company; and
- **Penal Interest:** The terms of certain facilities availed by our Company prescribe penalties for non-payment of interest or repayment instalment, failure to create security within agreed timelines or any other breach of terms and conditions, which are as laid down in such facility documents or as may be stipulated by the

concerned lender, as the case may be. The default interest payable on such facilities availed typically is additional 2% per annum on the outstanding loan.

- **Prepayment:** The terms of certain facilities availed by our Company typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties and such other conditions as laid down in the facility agreements, on giving notice and/or obtaining prior written approval from the concerned lender, as the case may be.
- **Repayment:** The working capital facilities availed by us are either repayable on demand or on their respective due dates within the maximum tenor.
- **Restrictive covenants:** Our loan documentation entail various restrictive covenants and conditions restricting certain corporate actions, and we are required to take lender's prior written consent and/or intimate the respective lender before carrying out such actions, including for:
  - (a) entering into any scheme of merger, amalgamation, compromise or reconstruction, dissolution or permitting any change in capital structure, ownership, management or control of the borrower, including whereby the effective beneficial ownership, management or control of the borrower shall change;
  - (b) effect any change in the capital structure of the borrower;
  - (c) withdrawing profits or declaring dividend for any year, if any payment default has occurred;
  - (d) entering into any borrowing arrangement (secured or unsecured basis) with any other bank/financial institution;
  - (e) undertaking any new business, operations or projects or substantial expansion of any current business, operations or projects;
  - (f) permitting any transfer of the controlling interest or making any drastic change in the management set up;
  - (g) investing by way of share capital or lending or advancing funds to or placing deposits with any other concerns except in normal course of our business.
- **Events of default:** In terms of the borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:
  - (a) suspension or cessation or threat of suspension or cessation to carry on business or fails to conduct our business to the satisfaction of the lender or change in the general nature or scope of the business, operations, management or ownership, which could have a material adverse effect;
  - (b) failure or breach on borrower's part to perform any obligations or terms or conditions applicable under the loan documentation or any other agreement with any other bank, financial institution, creditor or any other person including non-payment in full of any part of the outstanding balance when due or demanded by the bank;
  - (c) failure to pay/repay any monies in respect of the facilities on the due dates, whether at stated maturity, by acceleration or otherwise;
  - (d) in case of any attachment or distress or restraint being levied against our assets or any order being passed for recovery of dues and such order is not vacated or discharged;
  - (e) failure to create and/or perfect security within such period as contemplated under the respective facility agreements;

- (f) any deterioration or impairment of the assets underlying the security or any part of such security which causes the security to become unsatisfactory as to character, including depreciation in the margin, value or market price of the assets;
  - (g) if on business is being carried on at loss, as certified by accountant appointed by the lender;
  - (h) if a receiver is appointed in respect of whole or any part of the property/assets;
  - (i) utilization of a loan for purposes other than the sanctioned purpose;
  - (j) creates any charge, mortgage, pledge, hypothecation, lien or other encumbrance over the secured properties, without prior written consent of the lenders;
  - (k) breach of any statement, representation, warranty, covenant or confirmation; and
  - (l) any other event or material change which may have a material adverse effect on the lenders.
- ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangement for the facilities availed by us, upon the occurrence of events of default, our lenders may:
    - (a) declare the facilities, together with accrued interest and other monies, to be immediately due and payable and upon such declaration, the same shall become immediately payable;
    - (b) declare that all undisbursed portion of the sanctioned amount shall stand cancelled, whereupon the same shall be cancelled;
    - (c) exercise any or all rights and recourses available to the lender including enforcement of security under the respective facility agreement;
    - (d) impose of penal interest over and above the contracted rate on the amount in default;
    - (e) initiate legal proceedings for recovery of their dues;
    - (f) have a right to appointment its nominee and/or receiver; and
    - (g) exercise all other remedies as available under applicable law.

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

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscals 2019, 2020, 2021, and nine months period ended December 31, 2021 and should be read in conjunction with our Restated Consolidated Summary Statements on page 292.*

*We have included in this section a discussion of our financial statements on a restated consolidated basis.*

*Unless stated or the context requires otherwise, the financial information in this Section is derived from our Restated Consolidated Summary Statements, i.e. the restated consolidated statement of assets and liabilities as at nine months period ended December 31, 2021 and Financial Years ended at March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated statement of profit and loss, the restated consolidated statement of changes in equity and the restated consolidated statement of cash flows for and nine months period ended December 31, 2021 and financial years ended for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the statement of significant accounting policies, and other explanatory information which is derived from audited financial statements at and the year ended March 31, 2021, 2020 and 2019, each, prepared in accordance with Ind AS and our audited financial statement for as at and the nine months period ended December 31, 2021 prepared in accordance with Ind AS 34 and restated in accordance with the SEBI ICDR Regulations and the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI. Further, our financials for Fiscal 2019 were audited by our Predecessor Auditor. Financial information for December 31, 2021, are not indicative of full year results and are not comparable with annual financial information.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Summary Statements included in this Red Herring Prospectus on page 292.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and US GAAP and other accounting principles with which prospective investors may be familiar. Please also see "Risk Factors — Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition" on page 80.*

*Some of the information contained in this section, including information with respect to our strategies, contain forward looking statements that involve risks and uncertainties. You should read the section titled "Forward Looking Statements" on page 21 of this Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements and also the section titled "Our Business" and "Risk Factors" on pages 213 and 39, respectively, of this Red Herring Prospectus for a discussion of certain factors that may affect our business, results of operations and financial condition. The actual results of our Company may differ materially from those expressed in or implied by these forward-looking statements.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Premium & Luxury Watch Retail in India" dated April 26, 2022 (the "Industry Report"), prepared and issued by Technopak Advisors Private Limited, available on the following link: <https://www.ethoswatches.com/investors-information>, exclusively commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, financial, operational, industry and other related information derived from the Industry Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, please see "Risk Factors – Industry information included in this Red Herring Prospectus has been derived from a third party industry report, exclusively commissioned and paid for by us. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate" on page 70. Please also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 17.*

## Overview

We are India's one of the largest luxury and premium watch retail player having 13% share of the total retail sales in premium and luxury segment and a share of 20% when seen in exclusively luxury segment in the financial year 2020, (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>) delivering a content-led luxury retail experience to our customers through our online and physical presence. In addition to our chain of 50 physical retail stores in 17 cities in India in a multi store format, we offer an Omnichannel experience to our customers through our website and social media platforms. We have the sizeable portfolio of premium and luxury watches in India enabling us to retail 50 premium and luxury watch brands like Omega, IWC Schaffhausen, Jaeger LeCoultre, Panerai, Bvlgari, H. Moser & Cie, Rado, Longines, Baume & Mercier, Oris SA, Corum, Carl F. Bucherer, Tissot, Raymond Weil, Louis Moinet and Balmain. We enjoy a healthy market share of 20% in the luxury watch retail segment and 13% in the premium and luxury watch retail segment in India (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>). 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](http://www.ethoswatches.com)" is India's largest website for premium and luxury watches in terms in number of brands and watches offered (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited' <https://www.ethoswatches.com/investors-information>). In our industry, watches are categorised on the basis of price segments ranging from the high luxury price point (₹ 10 lakhs and above per watch), luxury watch segment (₹ 2.5 lakhs - ₹10 lakhs per watch), bridge to luxury segment (₹1 lakh - ₹ 2.5 lakhs per watch), premium segment (₹ 0.25 lakhs - ₹ 1 lakh per watch) and fashion and mass segment (up to ₹ 0.25 lakhs per watch) (Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>). On our website visitors can research about the latest watch launches, reviews and choose from over 7,000 premium, bridge to luxury, luxury and high luxury watches across 50 brands and as of the month ending December 31, 2021, our website had 32,20,614 number of sessions. On our website, visitors are assigned highly trained watch consultants, who help the customers to choose from the 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 one of our 50 stores. As our offline and online channels are integrated, our customers can place orders for our products either offline or online and have the flexibility of buying products at one store and returning at another or browsing our product catalogues and placing orders online with doorstep delivery. Through our website, we are able to cater to our customers located in cities where we do not have any physical presence. We believe our Omnichannel model enables us in adding more customers, expanding our reach and providing better watch buying experience to our customers. We include research articles, independent reviews and guides on watch selection on our website to assist customers in making the right choice while purchasing luxury watches. We also have a luxury watch helpline for answering technical and other queries, along with live chat with luxury watch consultants on our website.

In addition to our premium and luxury watch retail, we also undertake retail of certified pre-owned luxury watches under 'Certified Pre-Owned' ("CPO") luxury watch lounge located at National Capital Territory of New Delhi. We started our pre-owned luxury watch retail business in Fiscal 2019. CPO is a destination for selling and buying pre-owned luxury watches under technical expert supervision providing a 360-degree physical inspection and verification of watches and certified with a two 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 store was opened in January 2003 at Chandigarh by our Promoter, KDDL Limited, a company listed on the BSE and the NSE, under the brand name "ETHOS". Subsequently, the retail business of our Promoter was hived off into our Company under the name and style of Kamla Retail Limited in 2008 and our Company was renamed as Ethos Limited in 2012, in order to consolidate the business of luxury watch retail under one umbrella for better management and focussed approach. Our Promoter's experience in the watch industry has assisted us in



establishing strong relationships with the global watch brands and further strengthening our business. For further details, please refer to “*History and Certain Corporate Matters*” on page 247 of this Red Herring Prospectus.

As of March 31, 2022, we have an extensive network of 50 (fifty) retail stores spread across 17 cities of National Capital Territory of Delhi; Mumbai, Maharashtra; Bengaluru, Karnataka; Hyderabad, Telangana; Chennai, Tamil Nadu; Kolkata, West Bengal; Union Territory of Chandigarh; Ahmedabad, Gujarat; Jaipur, Rajasthan; Lucknow, Uttar Pradesh; Gurgaon, Haryana; Guwahati, Assam; Ludhiana, Punjab; Nagpur, Maharashtra; Noida, Uttar Pradesh; Pune, Maharashtra and Thane, Maharashtra in India. Our 50 stores are categorised into 14 Ethos Summit Stores and one Airport store (that houses bridge to luxury, luxury and high luxury brands), 14 multi-brand outlets and 10 Ethos Boutiques both housing bridge to luxury and premium brands, 10 luxury segment mono-brand boutiques offering a single luxury watch brand, and 1 CPO luxury watch lounge for pre-owned watches. Our distinct retail formats address various market segments like luxury and high luxury, exclusive boutiques and airport boutique. Ethos Summit stores are our flagship and large stores, which gives a far superior experience to our customers on account of a wider range of products.

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

Our 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 had 3.2 million sessions in December 31, 2021. As of March 31, 2022, we had about 2.5 million website users, over 2,83,300 active email subscriptions, 1,68,000 Instagram followers, 1,57,000 Facebook followers, and 12,300 Youtube subscriptions. 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 them with a rewarding experience in luxury retail category. Club Echo operates as a dynamic incentive scheme which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated via Club Echo gives us access to important information on customers and their buying trends which further enables us to design appropriate reward and communication strategies leading to greater satisfaction and commitment. Our Club Echo outbound call centre stationed at marketing office at Mohali, Punjab, which helps us to establish direct contact with our customers and pitch occasion specific offers to them over the phone. As of March 31, 2022, we had over 2,83,300 registered members to our Club Echo. For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, we had new customer enrolment of 83.64%, 86.65%, 80.37% and 71.64% respectively in our loyalty programme Club Echo, of which repeat customers were responsible for 36.46%, 36.74%, 33.84% and 33.71% respectively of our revenue from operations for the corresponding periods.

Our business is supported by our state of the art service centre which is equipped with latest machinery imported from Switzerland. Our service centre has engaged horological engineers having experience at leading global watch brands. Our expert watchmakers at the service centre have certifications from brands like Omega, Tissot, Longines, Rado among other global brands with a minimum work experience of 10 years. Our service centre has received authorisations from several leading global watch brands.

For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, our revenue from operations was ₹ 41,859.31 lakhs, ₹ 38,657.07 lakhs, ₹ 45,784.91 lakhs and ₹ 44,352.90 lakhs, respectively. Our average selling prices per watch in our retail business have increased on a YoY basis. In Fiscals 2019, 2020, 2021 and the nine months period ended December 31, 2021 the average selling price of our watches moved up from ₹ 73,261 in Fiscal 2019 to ₹ 84,240 in Fiscal 2020, to ₹ 1,09,864 in Fiscal 2021 and ₹ 1,42,795 for the nine months period ended December 31, 2021. The luxury and high luxury watch sales constituted 46.06%, 48.09%, 58.00% and 64.41% during Fiscals 2019, 2020, 2021 and the nine months period ended December 31, 2021, respectively, of our sale of products. For the nine

months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, our online sales have gradually increased and comprised of 33.29% (₹ 13,934.75 lakhs), 37.64% (₹ 14,551.69 lakhs), 29.40% (₹ 13,462.54 lakhs) and 27.01% (₹ 11,980.34 lakhs), respectively of our revenue from operations. All our sales, which are initiated on our website, irrespective of whether the sale concludes on our website or retail store are categorised by us as 'online sales'.

### **Principal Factors affecting our Financial Condition and Results of Operations**

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

#### ***Watch industry***

India has seen very good growth and the demand for luxury watch segment in recent years. Watch Market in India was valued at ~₹ 13,500 crores in Fiscal 2020 and is expected to grow at a CAGR of 10.6% to reach ~ ₹ 22,300 crores by FY 2025, on back of factors like increased discretionary spend on watches category, opening of more organized channels of purchase like MBOs and online marketplaces & vertical specialists, increased penetration of smartwatches in mid to premium category and omnichannel market organization (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*). Any changes in demand for watches in India especially for the watches in premium and luxury segment could affect our results of operation. Significant majority of our revenues are derived from retailing of watch wherein we require an arrangement with the owner of the luxury watch brand to carry a particular product on a store-by-store basis, rather than being allowed to distribute products across an entire business. In the event of any slowdown in the watch industry or any other factors adversely affecting the sale of watches may adversely affect our business.

#### ***The impact of Covid-19 on our results of operations and financial condition***

The ongoing Covid-19 pandemic and efforts to mitigate its impact have significantly curtailed the movement of people, goods and services worldwide, including in the geographic areas in which we conduct our business operations and from which we generate our revenue. It has also caused societal and economic disruption and financial market volatility, resulting in business shutdowns and reduced business activity. We believe that the Covid-19 pandemic has had a negative impact on our business, financial condition, and results of operations. The Covid-19 pandemic may cause us to continue to experience the foregoing challenges in our business in the future and could have other effects on our business, including disrupting our ability to develop new offerings and enhance existing offerings, market and sell our products and conduct business activities generally. Covid-19 impacted the aspiration merchandise or luxury merchandise market severely across the globe, including India. Consumer confidence was hit owing to the loss of livelihood and life due to Covid-19. Lockdowns and restrictions in meeting people and travel meant significantly reduced occasions to wear and use luxury products. As the rate of vaccinations increased across nations, and countries saw a road to recovery, the demand for luxury products increased significantly, and reached to pre-Covid-19 levels for many categories. The urge to get back to 'normalcy', lifted restrictions, meeting friends & family, and holiday season led to increase in demand for aspiration merchandise. (*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited', available on the following link: <https://www.ethoswatches.com/investors-information>*)

Our Company has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, our Company expects to recover the carrying amount of these assets. Also, in the long term, we expect some positive impacts on our business as a result of the Covid-19 pandemic. We believe the Covid-19 pandemic has accelerated the trend of enterprises pursuing digital transformation initiatives in order to remain competitive, with identity being a key enabler of such transformation. Further, the Covid-19 pandemic has led to a rapid expansion of digital identities, as more customer transactions are being undertaken over the internet and more employees are working remotely. For the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, our online sales have gradually increased and comprised of 33.29% (₹ 13,934.75 lakhs), 37.64% (₹ 14,551.69 lakhs), 29.40% (₹ 13,462.54 lakhs) and 27.01% (₹ 11,980.34 lakhs) of our revenue from operations. We believe that these impacts of the Covid-19 pandemic will benefit our business in the future. The Covid-19 pandemic has also driven some temporary cost savings to our business. We do not yet have

visibility into the full impact that the Covid-19 pandemic will have on our future business or results of operations, particularly if the Covid-19 pandemic continues and persists for an extended period of time. Given the uncertainty, we cannot reasonably estimate the impact on our future financial condition, results of operations or cash flows. Please see the section titled “*Risk Factors - Pandemic like Covid-19 or any future pandemic or any widespread health or other emergency could adversely affect our business, results of operations, financial condition and cash flows*” on page 39 for more information regarding risks related to the Covid-19 pandemic.

#### ***Our Ability to attract New Customers, Retain Existing Customers and Increase Repeat Purchases***

Our success, and our revenue growth in particular, is significantly dependent on our ability to continually attract new customers, retain existing customers and cultivate loyalty, including through increasing repeat purchases. We observe a good degree of loyalty for our platform among customers, with our repeat customers being responsible for 36.46%, 36.74%, 33.84% and 33.71% of our revenue from operations for the nine months period ended December 31, 2021, Fiscals 2021, 2020 and 2019, respectively. Our high customer centricity is reflected in our strong customer retention and their contribution to our revenues. These indicators have led to an increase in our revenue from operations over the years, and their respective growth rates have primarily been driven by the growing popularity and recognition of brands at our stores online as well as offline, increasing assortment of products and stronger customer engagement. We expect continued growth in our customer base and purchasing activities, as well as increased overall customer engagement with our product offerings, which we expect will contribute to increase in our total income in absolute terms in the foreseeable future.

#### ***Renewal of Contractual Agreements***

As on December 31, 2021, we have 50 retail stores across geographies in India. All the property on which our stores and offices are situated are taken by us on lease / contractual arrangements basis either from third parties or from our Promoters. We may in future also enter into such transactions with third parties and / or our Promoters or our Group Companies for the proposed new stores or offices. Any adverse impact on the title / ownership rights / development rights of the owner of the properties where our stores are situated, may impede our Company’s effective operations.

#### ***Our Ability to Attract and Maintain Brand Relationships and Manage Our Mix of Product Offerings***

The number and diversity of our brand relationships whose products are sold at our store online as well as offline platform directly affects our revenue from operations. Our product positioning and merchandising strategy are guided by the brands, through our team of brand managers who work closely with the brands. We advise brands that sell their products on our managed marketplace on pricing and commercial strategies including discounting, sampling, gifting and couponing to meet customer demand while respecting each brand’s desired positioning in the market. We need to continue to maintain and expand our brand relationships base to maintain and grow our revenues. The combination of wide selection of products offered by us, competitive prices and convenient shopping experience, coupled with our strong brand awareness and commitment to authenticity, enables us to attract more customers, which, in turn, draws more brand relationships, resulting in an expansion of our product portfolio and increased customer retention. As a result, we have seen a consistent increase in the number of brand relationships and the number of product offerings at our stores in the Fiscals 2019, 2020, 2021 and during the nine months period ended December 31, 2021. As of December 31, 2021, we offered approximately 7,000 watches from international brands to our customers across premium and luxury segment. Our portfolio includes international brands, in Premium, bridge to luxury, luxury and high luxury. As of December 31, 2021, Ethos housed over 50 premium and luxury watch brands across customer divisions: women and men. Having an attractive and updated range of watches helps to maintain the popularity of our stores, increases customer loyalty and encourages customer purchases.

#### ***Competition and Pricing***

Our business is competitive, and our success is dependent upon our ability to compete against others, including some that have greater resources than we have. Our Company faces some competition from various domestic as well as international players that may have some effect on our competitive position and profitability. Some of our competitors may have longer operating histories, greater financial and technical support, product development and marketing resources and greater name recognition and hence they may be able to compete more effectively. As a result of increasing competition in the retail watch segment our pricing could be adversely impacted. Even though, we intend

to continue to distinguish our offerings by providing quality range of watches at competitive prices, we may face pressures to provide higher sales incentive to our channel partners or increase our advertising and sales promotion expenses significantly, which would adversely affect our profitability.

### ***Timely Execution of Projects***

The expansion of our retail store network is to be funded partly by way of internal accruals and partly from the Net Proceeds of the Offer. Hence any failure or delay on our part to mobilize the required resources or any shortfall in the Offer proceeds may delay the implementation schedule. We, therefore, cannot assure that, we would be able to execute the expansion of our retail store network within the given time frame, or within the costs as originally estimated by us. Further, the cost overruns may adversely affect our growth plans and profitability.

### **Our Significant Accounting Policies**

#### **Basis of preparation of Restated Consolidated Summary Statements**

The Restated Consolidated Summary Statement of Assets and Liabilities for period ended December 31, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statement of Cash flows, the Restated Consolidated Summary Statement of Changes in Equity for the nine months period ended December 31, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019, and the Summary of Significant Accounting Policies and Other Explanatory Information of the Group (collectively, the “Restated Consolidated Summary Statements” or “Statements”).

The Statements have been prepared by the Management specifically for the purpose of preparation of Restated Consolidated Summary Statements to be filed by our Company with the Securities and Exchange Board of India (“SEBI”) in connection with its proposed initial public offering of equity shares of face value of ₹ 10 each of our Company comprising a fresh issue of equity shares and an offer for sale of equity shares held by the selling shareholders (collectively, the “Offering”). The Restated Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of:

- (i) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
- (ii) Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“the SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (‘SEBI’) on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and
- (iii) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”)

The Restated Consolidated Summary Statements have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2021.

The Restated Consolidated Summary Statements have been compiled by the management from the audited Consolidated Ind AS Financial Statements of the Group for the period ended December 31, 2021 and year March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meetings held on April 7, , 2022, June 11, 2021, June 25, 2020 and May 4, 2019 respectively. The Restated Consolidated Summary Statements are based on the classification provisions contained in Ind AS 1, ‘Presentation of Financial Statements’ and division II of Schedule III of the Companies Act 2013.

The accounting policies have been consistently applied by the Group in preparation of Restated Consolidated Summary Statements and are consistent with those adopted in the preparation of audited consolidated Ind AS financial statements for the nine months period ended December 31, 2021.

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

### **Basis of measurement**

The Restated Consolidated Summary Statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

<b>Items</b>	<b>Measurement basis</b>
Certain financial assets and liabilities (including derivative instruments)	Fair value

*(Refer accounting policy regarding financial instruments)*

Our Company has prepared the Restated Consolidated Summary Statements on the basis that it will continue to operate as a going concern.

### **1. Basis of Consolidation**

The Restated Consolidated Summary Statements comprise the financial statement of the Group, and the entities controlled by the Group including its subsidiary and its joint venture for the nine months period ended December 31, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The size of the group's

- holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

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

The Restated Consolidated Summary Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the restated consolidated summary statements for like transactions and events in similar circumstances, appropriate

adjustments are made to that Group member's financial statements in preparing the restated consolidated summary statements to ensure conformity with the Group's accounting policies.

The restated consolidated summary statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. nine months period ended December 31, 2021 and year ended on March 31, 2021, March 31, 2020 and March 31, 2019

. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

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

Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

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

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

The details of the consolidated entities are as follows:

Name of the Entity	Relationship	Country of incorporation	% of holding (December 31, 2021)	% of holding (March 31, 2021)	% of holding (March 31, 2020)	% of holding (March 31, 2019)
Cognition Digital LLP*	Subsidiary	India	99.99%	99.99%	99.99%	99.99%
Pasadena Retail Private Limited**	Joint Venture	India	50.00%	50.00%	50.00%	Nil

\* The percentage of holding denotes the Share of Profits in LLP.

\*\* w.e.f. May 3, 2019

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

## **2. Summary of significant accounting policies**

### **a. Investment in Joint Venture**

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

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

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

The Restated Consolidated Summary Statement of Profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the Restated Consolidated Summary Statement of Changes in Equity.

Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Restated Consolidated Summary Statement of Profit and loss outside the operating profit.

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

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

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

## **b. Current versus non-current classification**

The Group presents assets and liabilities in the Restated Consolidated Summary Statement of Assets and Liabilities based on current/non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

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

## **c. Property, plant and equipment**

### *Recognition and measurement*

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any.

Property, plant and equipment is stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

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

### **Recognition criteria**

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

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



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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Restated Consolidated Summary Statement of Profit and Loss.

#### *Subsequent expenditure*

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

#### *Depreciation*

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the Restated Consolidated Summary Statement of Profit and Loss. Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at point 'p' below for period of leases.

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

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

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

#### *Derecognition*

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

### **d. Intangible assets**

#### *Acquired Intangible*

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

### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Restated Consolidated Summary Statement of Profit and Loss as incurred.

### *Amortisation*

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

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

### *Derecognition*

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

### **e. Inventories**

Inventories which comprise traded goods which are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

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

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

### **f. Retirement and other employee benefits**

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

##### Defined contribution plans

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

##### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future

benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

#### Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in Restated Consolidated Summary Statement of Profit and Loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **g. Shared-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 37(iv).

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

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

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

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

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

#### **h. Provisions**

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

#### **i. Financial guarantee contracts**

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

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

#### **j. Contingent liabilities and contingent assets**

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

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

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

#### **k. Commitments**

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

#### **l. Revenue from contract with customers**

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

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

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

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

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

#### *Sale of goods*

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

#### *Variable Consideration*

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

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

#### *Right of return assets*

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

#### *Refund liabilities*

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its

estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### Customer loyalty programmes

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

#### Cost to obtain a contract

The group pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sale incentives are immediately recognised as an expense and included as part of employee benefits.

#### Sale of services

Revenue from services rendered is recognised in Restated Consolidated Summary Statement of Profit and Loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes.

#### Contract balances

##### Trade Receivable

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

##### Contract liabilities

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

### **m. Recognition of interest income or expense**

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

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

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

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

### **n. Borrowing costs**

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

borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **o. Taxes**

Income tax comprises current and deferred tax. It is recognised in Restated Consolidated Summary Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

##### *Current tax*

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

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

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

##### *Deferred tax*

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

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

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

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

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

Deferred tax relating to items recognised outside Restated Consolidated Summary Statement of Profit and Loss is recognised outside Restated Consolidated Summary Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

#### *Sales tax/GST paid on acquisition of assets or on incurring expenses*

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

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

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

#### **p. Leases**

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

#### *Group as a lessee*

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

#### *Right-of-use assets*

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

- Buildings      2 to 10 years

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



The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

#### *Lease Liabilities*

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

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

#### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The Group applies the short-term lease recognition exemption to its short-term leases except in case of lease contracts with related parties since there exist economic incentive for the Group to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **q. Financial instruments**

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

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (l) Revenue from contracts with customers. In order for a financial asset to

be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

#### *Subsequent measurement*

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

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

#### *Debt instruments at amortised cost*

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

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

#### *Debt instrument at fair value through other comprehensive income*

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

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

#### *Debt instrument at fair value through profit or loss*

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

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

#### *Equity investments*

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

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

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

#### *Impairment of financial assets*

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

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

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

#### *Measurement of expected credit losses*

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

#### *Presentation of allowance for expected credit losses in the balance sheet*

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

#### *Write-off*

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

#### *Derecognition of financial assets*

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

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

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

### ***Financial liabilities***

#### *Initial recognition and measurement*

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

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

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

#### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

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

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

#### *Derecognition of financial liabilities*

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

#### *Derivative financial instruments*

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

#### *Offsetting*

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

#### **r. Impairment of non-financial assets**

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

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in Restated Consolidated Summary Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

#### **s. Foreign currency transactions**

### *Initial recognition*

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

### *Measurement at the reporting date*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Restated Consolidated Summary Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

### **t. Operating segments**

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

### **u. Cash and cash equivalents**

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

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

### **v. Cash flow statement**

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

### **w. Earnings per share**

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

### **x. Measurement of fair values**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values used in preparing these Restated Consolidated Summary Statements is included in the respective notes.

#### **y. Convertible preference shares**

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

### **2.1 Principal Components of Statement of Profit and Loss**

### ***Total Income***

Our total income comprises revenue from operations and other income.

*Revenue from operations:* Revenue from operations comprises income from the sale of products, sale of services and other operating revenues.

*Other income:* Other income primarily comprises Interest income under effective interest rate method on fixed deposits and Security deposits at amortised cost, provisions/liabilities no longer required written back, provision for doubtful debts written back, profit on sale of property, plant & equipment, rent waiver on lease liabilities and miscellaneous income.

### ***Total Expenses***

Expenses consist of purchase of stock-in-trade, changes in inventory of stock-in-trade, employee benefits expense, depreciation and amortization expense, finance costs and other expenses.

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

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

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

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

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

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

### ***Tax Expense***

Tax expense consists of current tax and deferred tax.



## Results of Operations

The following table sets forth selected financial data from our restated consolidated statement of profit and loss for Fiscal 2019, 2020 and 2021, and nine months period ended December 31, 2021, the components of which are also expressed as a percentage of total income for such period/years.

(₹ in lakhs except per share data and if otherwise stated)

Particulars	Nine months period ended December 31, 2021		Year ended March 31, 2021		Year ended March 31, 2020		Year ended March 31, 2019	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Revenue from operations	41,859.31	97.50%	38,657.07	95.89%	45,784.91	99.32%	44,352.90	99.65%
Other income	1,075.45	2.50%	1,657.16	4.11%	315.65	0.68%	156.73	0.35%
<b>Total Income (I)</b>	<b>42,934.76</b>	<b>100.00%</b>	<b>40,314.23</b>	<b>100.00%</b>	<b>46,100.56</b>	<b>100.00%</b>	<b>44,509.63</b>	<b>100.00%</b>
<b>Expenses</b>								
Purchase of stock-in-trade	34,222.01	79.71%	26,084.91	64.70%	34,205.38	74.20%	34,988.34	78.61%
Changes in inventory of stock-in-trade	(4,186.61)	(9.75)%	2,081.89	5.16%	(1,302.07)	(2.82)%	(3,453.65)	(7.76)%
Employee benefits expense	3,087.54	7.19%	2,920.31	7.24%	3,317.02	7.20%	3,312.52	7.44%
Finance costs	1,192.22	2.78%	1,698.21	4.21%	1,962.89	4.26%	1,611.95	3.62%
Depreciation and amortization expense	2,275.09	5.30%	3,135.91	7.78%	3,278.90	7.11%	2,566.21	5.77%
Other expenses	4,180.72	9.74%	3,596.77	8.92%	4,406.44	9.56%	3,836.47	8.62%
<b>Total expenses (II)</b>	<b>40,770.97</b>	<b>94.96%</b>	<b>39,518.00</b>	<b>98.02%</b>	<b>45,868.56</b>	<b>99.50%</b>	<b>42,861.84</b>	<b>96.30%</b>
<b>Restated profit before share of joint venture and tax (III= I-II)</b>	<b>2,163.79</b>	<b>5.04%</b>	<b>796.23</b>	<b>1.98%</b>	<b>232.00</b>	<b>0.50%</b>	<b>1,647.79</b>	<b>3.70%</b>
Share of Profit/(Loss) of joint venture (net of income tax) (IV)	(2.19)	(0.01)%	13.50	0.03%	(33.43)	(0.07)%	-	0.00%
<b>Restated Profit before tax (V= III-IV)</b>	<b>2,161.60</b>	<b>5.03%</b>	<b>809.73</b>	<b>2.01%</b>	<b>198.57</b>	<b>0.43%</b>	<b>1,647.79</b>	<b>3.70%</b>
<b>Tax expense, comprising:</b>								
- Current tax	634.52	1.48%	289.43	0.72%	319.41	0.69%	983.68	2.21%
- Deferred tax (credit)/charge	(71.70)	(0.17)%	(58.23)	(0.14)%	12.56	0.03%	(324.77)	(0.73)%
<b>Total tax expense (VI)</b>	<b>562.82</b>	<b>1.31%</b>	<b>231.20</b>	<b>0.57%</b>	<b>331.97</b>	<b>0.72%</b>	<b>658.91</b>	<b>1.48%</b>
<b>Restated Profit/(loss) for the period / year (VII = V-VI)</b>	<b>1,598.78</b>	<b>3.72%</b>	<b>578.53</b>	<b>1.44%</b>	<b>(133.40)</b>	<b>(0.29)%</b>	<b>988.88</b>	<b>2.22%</b>
<b>Other comprehensive income</b>								
<i>Items that will not be reclassified to profit or loss</i>								
- Re-measurement of loss on defined benefit plans	14.70	(0.03)%	(4.99)	(0.01)%	(2.85)	(0.01)%	(29.76)	(0.07)%

*(₹ in lakhs except per share data and if otherwise stated)*

Particulars	Nine months period ended December 31, 2021		Year ended March 31, 2021		Year ended March 31, 2020		Year ended March 31, 2019	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
- Income tax relating to items that will not be re-classified to profit and loss	(3.72)	(0.01)%	1.04	0.00%	0.72	0.00%	10.40	0.02%
<b>Restated other comprehensive income/(loss) for the period / year</b>	<b>10.98</b>	<b>(0.03)%</b>	<b>(3.95)</b>	<b>(0.01)%</b>	<b>(2.13)</b>	<b>0.00%</b>	<b>(19.36)</b>	<b>(0.04)%</b>
<b>Restated total comprehensive Income/(loss) for the period / year</b>	<b>1,609.76</b>	<b>3.75%</b>	<b>574.58</b>	<b>1.43%</b>	<b>(135.53)</b>	<b>(0.29)%</b>	<b>969.52</b>	<b>2.18%</b>
<b>Restated earnings/(loss) per equity share (nominal value of ₹ 10 )</b>								
Basic (₹)*	8.74		3.18		(0.75)		5.22	
Diluted (₹)*	8.74		3.15		(0.75)		5.22	

*\*not annualized for nine months period ended December 31, 2021.*

## **Nine months period ended December 31, 2021**

### ***Total Income***

Our total income was ₹ 42,934.76 lakhs for nine months period ended December 31, 2021, primarily driven by organic growth in business.

### ***Revenue from operations***

Our revenue from sale of products (net of applicable tax) stood at ₹ 41,662.49 lakhs for nine months period ended December 31, 2021 representing 97.04% of our Total Income for the nine months period ended December 31, 2021.

Our revenue from sale of services stood at ₹ 196.82 lakhs for nine months period ended December 31, 2021 representing 0.46% of our Total Income for the nine months period ended December 31, 2021.

### ***Other income***

Our other income stood at ₹ 1,075.45 lakhs for nine months period ended December 31, 2021 representing 2.50% of our Total Income for the nine months period ended December 31, 2021.

### ***Total Expenses***

Our total expenses stood at ₹ 40,770.97 lakhs for nine months period ended December 31, 2021, representing 94.96% of our Total Income for the nine months period ended December 31, 2021.

### ***Purchase of stock-in-trade***

Purchase of stock in trade for the nine-month period ended December 31, 2021 stood at ₹ 34,222.01 lakhs, representing 79.71% of our Total Income for the nine months period ended December 31, 2021.

### ***Changes in inventory of stock-in-trade***

Changes in inventory of stock-in-trade for the nine-month period ended December 31, 2021 stood at ₹ (4,186.61) lakhs, representing (9.75)% of our Total Income for the nine months period ended December 31, 2021. For the nine month period ended December 31, 2021, inventory at the beginning of the period ₹ 19,777.12 lakhs and inventory at the end of the period of ₹ 23,963.73 lakhs.

### ***Employee benefits expense***

Our employee benefit expense for the nine months period ended December 31, 2021 stood at ₹ 3,087.54 lakhs, representing 7.19% of our Total Income for the nine months period ended December 31, 2021 consisted primarily of expenses towards salaries, wages and bonus of ₹ 2,862.73 lakhs along with contribution to provident and other funds of ₹ 137.17 lakhs, share based payments of ₹ (9.41) lakhs and staff welfare expense of ₹ 97.05 lakhs. As on December 31, 2021, we had 410 employees on our rolls, which had increased from 372 employees on our rolls as of March 31, 2021.

### ***Finance costs***

Our finance costs for the nine months period ended December 31, 2021 stood at ₹ 1,192.22 lakhs representing 2.78% of our total Income for the period. This consisted primarily of interest expense on borrowings of ₹ 404.14 lakhs and ₹ 754.43 lakhs towards interest on lease liabilities and our other borrowing cost for the nine months period ended December 31, 2021 was ₹ 23.29 lakhs.

### *Depreciation and amortization expense*

Our depreciation and amortization expense for the nine-month period ended December 31, 2021 stood at ₹ 2,275.09 lakhs representing 5.30% of our Total Income for the period. These mainly consist of depreciation of property, plant and equipment of ₹471.90 lakhs and amortization of intangible assets of ₹12.90 lakhs and depreciation of right to use assets amounting to ₹ 1,790.29 lakhs.

### *Other expenses*

Our other expenses for the nine-month period ended December 31, 2021 were ₹ 4,180.72 lakhs. Representing 9.74% of our Total Income for the period These primarily comprise advertisement and sales promotion expense of ₹ 1,831.48 lakhs, repair and maintenance-other expense of ₹ 390.46 lakhs, bank charges of ₹ 354.50 lakhs, postage and telegram of ₹161.80 lakhs, legal and professional fees of ₹132.26 lakhs, travelling and conveyance of ₹144.06 lakhs and rent of ₹ 329.14 lakhs.

### *Profit before tax*

Primarily on account of the reasons described above, our restated profit before tax stood at ₹ 2,161.60 lakhs for the nine months period ended December 31, 2021, which was 5.03% of our Total Income for the nine-month period ended December 31, 2021.

### *Tax expense*

Our tax expense for the nine-month period ended December 31, 2021 was ₹ 562.82 lakhs which was 1.31% of our Total Income for the nine months period ended December 31, 2021. It comprised current tax of ₹ 634.52 lakhs and deferred tax credit of ₹ (71.70) lakhs. Deferred tax expense represents changes in deferred tax assets and deferred tax liabilities.

### *Profit for the period*

On account of the above, our restated profit for the period was ₹ 1,598.78 lakhs for the nine-month period ended December 31, 2021, which was 3.72% of our Total Income for the nine months period ended December 31, 2021.

### **Fiscal 2021 compared to Fiscal 2020**

Because of the disproportionate impact of Covid-19 on both Fiscals, the figures for Fiscal 2021 are not comparable to those for Fiscal 2020.

Our results of operations for the Fiscal 2021 were particularly affected by the following factors:

- We had experienced the loss of business days during the first two quarters of Fiscal 2021 due to lockdown restrictions imposed by the Government Agencies on account of the Covid-19 pandemic.
- Despite the adverse conditions on account of the Covid-19 pandemic, we continued to maintain the same level of ineluctable fixed overheads. Because of the budgetary constraints of our customers and imposition of lockdown, there were delays in decision making by several customers, thereby having an adverse effect on our business during the first two quarters of Fiscal 2021.

### *Total Income*

Our total income decreased by 12.55 % to ₹ 40,314.23 lakhs in Fiscal 2021 from ₹ 46,100.56 lakhs in Fiscal 2020. The decrease was primarily attributable to loss of revenue due to lockdown restrictions imposed by the Government Agencies on account of Covid-19 in the first two quarters of Fiscal 2021.

### *Revenue from Operations*

Our revenue from the sale of products (net of applicable tax) decreased by 14.97% to ₹ 38,184.91 lakhs in Fiscal 2021 from ₹ 44,905.72 lakhs in Fiscal 2020. This decrease was primarily attributable to loss of revenue due to lockdown restrictions imposed by the Government Agencies on account of the Covid-19 pandemic in the first two quarters of Fiscal 2021

Our revenue from the sale of services decreased by 46.30% to ₹ 472.16 lakhs in Fiscal 2021 from ₹ 879.19 lakhs in Fiscal 2020. This decrease was primarily attributable to a decrease in business promotion services to brands on account of the Covid-19 pandemic.

#### *Other Income*

- Our other income increased by 425.00% to ₹ 1,657.16 lakhs in Fiscal 2021 from ₹ 315.65 lakhs in Fiscal 2020. This increase was primarily attributable to rent waiver on lease liabilities on account of the Covid-19 pandemic.

#### **Total Expenses**

Our total expenses decreased by 13.85% to ₹ 39,518.00 lakhs for Fiscal 2021 from ₹ 45,868.56 lakhs for Fiscal 2020, primarily due to decrease in the purchase of stock-in-trade, changes in inventory of stock-in-trade corresponding to a decrease in sales, employee benefits expense and other expenses.

#### *Purchase of stock-in-trade and changes in inventory of stock-in-trade*

Our cost of goods sold comprises purchase of stock-in-trade and changes in inventory of stock-in-trade. The purchase of stock-in-trade decreased by 23.74% to ₹ 26,084.91 lakhs for Fiscal 2021 from ₹ 34,205.38 lakhs for Fiscal 2020 and changes in inventory of stock-in-trade increased to ₹ 2,081.89 lakhs for Fiscal 2021 from ₹ (1,302.07) lakhs for Fiscal 2020. Primarily due to corresponding decrease in sales on account of Covid-19 pandemic.

#### *Employee benefits expense*

Employee benefit expense decrease by 11.96% to ₹ 2,920.31 lakhs for the Fiscal 2021 from ₹ 3,317.02 lakhs for the Fiscal 2020, primarily due to decrease in sales on account of Covid-19 pandemic and a corresponding decrease/reduction in the remuneration paid to the employees.

#### *Finance costs*

Our finance costs decreased by 13.48% to ₹ 1,698.21 lakhs in Fiscal 2021 from ₹ 1,962.89 lakhs in Fiscal 2020. This decrease was primarily attributable to decrease in short-term borrowings.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense decreased by 4.36% to ₹ 3,135.91 lakhs in Fiscal 2021 from ₹ 3,278.90 lakhs in Fiscal 2020. This decrease was primarily attributable to depreciation of right-of-use of assets.

#### *Other expenses*

Our other expenses decreased by 18.37% to ₹ 3,596.77 lakhs in Fiscal 2021 from ₹ 4,406.44 lakhs in Fiscal 2020. This decrease was primarily on account of decrease in travelling and conveyance, bank charges, foreign exchange loss, legal and professional fees and others.

#### **Profit before tax**

Primarily on account of the reasons described above, our restated profit before tax increased by 307.78 % to ₹ 809.73 lakhs in Fiscal 2021 from ₹ 198.57 lakhs in Fiscal 2020.

### ***Tax expense***

Our total tax expenses decreased by 30.36% to ₹ 231.20 lakhs for the Fiscal 2021 from ₹ 331.97 lakhs for the Fiscal 2020 due to decrease in deferred tax expenses primarily on account of right-of-use assets.

### ***Profit/(loss) for the year***

Our restated profit/(loss) for the year increased to ₹ 578.53 lakhs in Fiscal 2021 from ₹ (133.40) lakhs in Fiscal 2020, as a result of the factors described above.

### **Fiscal 2020 compared to Fiscal 2019**

Our results of operations for the Fiscal 2020 were affected in the last quarter of the Fiscal 2020 due to the following factors:

- Due to the outbreak of Covid-19 pandemic in different countries during the last quarter of Fiscal 2020, the logistics were affected along with our ability to deliver to our customers and realize revenue.
- Due to imposition of a complete lockdown in the second half of March 2020 in India as well as in overseas locations, the business almost came to a standstill in the second fortnight of March 2020.

### ***Total Income***

Our total income increased by 3.57% to ₹ 46,100.56 lakhs in Fiscal 2020 from ₹ 44,509.63 lakhs in Fiscal 2019. This increase was primarily due to increase in sale of services, new store openings and addition of few new brands in Fiscal 2020.

### ***Revenue from Operations***

Our revenue from sale of products (net of applicable tax) increased by 2.66% to ₹ 44,905.72 lakhs in Fiscal 2020 from ₹ 43,744.10 lakhs in Fiscal 2019. This increase was primarily attributable to increase in sales on account of new store openings and addition of few new brands in Fiscal 2020.

Our revenue from sale of services increased by 60.68% to ₹ 879.19 lakhs in Fiscal 2020 from ₹ 547.16 lakhs in Fiscal 2019. This increase was primarily attributable to increase in sale of services.

### ***Other Income***

Our other income increased by 101.40% to ₹ 315.65 lakhs in Fiscal 2020 from ₹ 156.73 lakhs in Fiscal 2019. This increase was primarily attributable to miscellaneous Income and provisions/liabilities no longer required written back.

### ***Total Expenses***

Our total expenses increased by 7.01% to ₹ 45,868.56 lakhs for the Fiscal 2020 from ₹ 42,861.84 lakhs for the Fiscal 2019, primarily due to increase in finance costs, depreciation and amortization expense and other expenses.

### ***Purchase of stock-in-trade and changes in inventories of stock-in-trade***

Our purchase of stock-in-trade decreased by 2.24% to ₹ 34,205.38 lakhs for the Fiscal 2020 from ₹ 34,988.34 lakhs for the Fiscal 2019 and changes in inventory of stock-in-trade increased by 62.30% to ₹ (1,302.07) lakhs for the Fiscal 2020 from ₹ (3,453.65) lakhs for the Fiscal 2019 primarily due to increase in the revenue from operations

### *Employee benefits expense*

Our employee benefits expense marginally increased by 0.14% to ₹ 3,317.02 lakhs in Fiscal 2020 from ₹ 3,312.52 lakhs in Fiscal 2019 due to certain new hirings.

### *Finance costs*

Our finance costs increased by 21.77% to ₹ 1,962.89 lakhs in Fiscal 2020 from ₹ 1,611.95 lakhs in Fiscal 2019. This increase was primarily attributable to interest on lease liabilities and interest expense on financial liabilities.

### *Depreciation and amortization expense*

Our depreciation and amortization expense increased by 27.77% to ₹ 3,278.90 lakhs in Fiscal 2020 from ₹ 2,566.21 lakhs in Fiscal 2019. This increase was primarily attributable to depreciation of right-of-use of assets and depreciation of property, plant and equipment.

### *Other expenses*

Our other expenses increased by 14.86% to ₹ 4,406.44 lakhs in Fiscal 2020 from ₹ 3,836.47 lakhs in Fiscal 2019. This increase was primarily attributable to increase in running expenses of the stores and advertisement and sales promotion and service tax expenses.

### **Profit before tax**

Primarily on account of the reasons described above, our restated profit before tax decreased by 87.95% to ₹ 198.57 lakhs in Fiscal 2020 from ₹ 1,647.79 lakhs in Fiscal 2019.

### **Tax expense**

Our total tax expenses decreased by 49.62% to ₹ 331.97 lakhs for Fiscal 2020 from ₹ 658.91 lakhs for Fiscal 2019 due to decreased taxable income and cascading impact of the reduction in the corporate tax rate. Our effective tax rate was 34.94% and 25.17% for Fiscal 2020 and 2019, respectively.

### **Profit/(loss) for the year**

Our Restated Profit/(loss) for the year, decreased to ₹ (133.40) lakhs in Fiscal 2020 from ₹ 988.88 lakhs in Fiscal 2019, as a result of increase in new store opened during the year which takes some time to mature.

### **Balance Sheet**

The following table sets forth selected financial data from our restated consolidated balance sheet for Fiscal 2019, 2020 and 2021, and as at December 31, 2021:

Particulars	(₹ in lakhs)			
	As at December 31, 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3,508.90	3,068.32	3,059.35	2,121.77
Capital work-in-progress	27.36	375.73	69.88	440.02
Intangible assets	62.76	64.48	80.94	57.45
Right-of-use assets	8,168.66	7,928.32	9,340.92	6,790.50
Intangible assets under development	-	5.61	5.61	38.21
Investment in joint venture	152.88	80.07	66.57	-
Financial assets				
- Loans	9.36	9.79	4.80	7.23
- Other financial assets	1,172.64	889.10	836.04	1,017.04
Non-current tax assets (net)	150.75	147.43	144.63	123.24

(₹ in lakhs)

Particulars	As at December 31, 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Deferred tax assets (net)	934.23	866.25	806.98	818.82
Other non-current assets	197.37	116.49	214.72	298.13
<b>Total non-current assets</b>	<b>14,384.91</b>	<b>13,551.59</b>	<b>14,630.44</b>	<b>11,712.41</b>
<b>Current assets</b>				
Inventories	23,963.73	19,777.12	21,859.01	20,556.94
Financial assets				
- Trade receivables	985.30	1,218.04	938.32	891.61
- Cash and cash equivalents	6,141.59	1,830.83	983.60	756.76
- Other bank balances	1,221.20	220.47	109.99	120.97
- Loans	29.25	18.13	14.19	11.61
- Other financial assets	746.88	1,011.70	1,278.58	680.81
Other current assets	1,926.45	1,576.50	2,381.52	2,161.45
<b>Total current assets</b>	<b>35,014.40</b>	<b>25,652.79</b>	<b>27,565.21</b>	<b>25,180.15</b>
<b>Total assets</b>	<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	1,877.55	1,821.28	1,821.28	1,690.17
Other equity	17,928.53	13,740.08	13,165.50	11,350.26
<b>Equity attributable to owners of the Company</b>	<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>
Non-controlling interest	0.00	0.00	0.00	0.00
<b>Total equity</b>	<b>19,806.08</b>	<b>15,561.36</b>	<b>14,986.78</b>	<b>13,040.43</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	2,326.43	1,708.22	1,575.94	1,620.46
- Lease liabilities	7,125.87	6,888.66	7,963.38	5,295.40
- Other financial liabilities	49.23	90.00	94.52	48.86
Provisions	132.09	157.09	130.04	110.23
<b>Total non-current liabilities</b>	<b>9,633.62</b>	<b>8,843.97</b>	<b>9,763.88</b>	<b>7,074.95</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	6,349.53	3,490.61	5,998.75	6086.06
- Lease liabilities	2,162.11	1,913.60	1,890.74	1903.13
-Trade payables				
-total outstanding dues of micro enterprises and small enterprises	77.30	0.72	1.93	-
-total outstanding dues of creditors other than micro enterprises and small enterprises	8,310.05	7,198.63	7,241.34	6761.05
- Other financial liabilities	1,054.41	971.03	979.03	929.69
Other current liabilities	1,505.86	916.91	1,057.84	654.29
Provisions	288.59	249.45	237.36	135.53
Current tax liabilities (net)	211.76	58.10	38.00	307.43
<b>Total current liabilities</b>	<b>19,959.61</b>	<b>14,799.05</b>	<b>17,444.99</b>	<b>16,777.18</b>
<b>Total liabilities</b>	<b>29,593.23</b>	<b>23,643.02</b>	<b>27,208.87</b>	<b>23,852.13</b>
<b>Total equity and liabilities</b>	<b>49,399.31</b>	<b>39,204.38</b>	<b>42,195.65</b>	<b>36,892.56</b>

**Variations in financials of more than 20%****As at December 31, 2021 compared to Fiscal 2021****Assets*****Non-current assets***



### *Capital work in progress*

Our capital work in progress decreased by 92.72% to ₹ 27.36 lakhs in December 31, 2021 from ₹ 375.73 lakhs in Fiscal 2021 primarily on account of Capitalisation of new stores.

### *Intangible assets under development*

Our intangible assets under development decreased by 100.00% to Nil as on nine months period ended December 31, 2021 from ₹ 5.61 lakhs in Fiscal 2021 due to a decrease in balance on account of capitalisation of software.

### *Investment in joint venture*

Our investment in joint venture increased by 90.93% to ₹ 152.48 lakhs as on December 31, 2021 from ₹ 80.07 lakhs in Fiscal 2021 due to an increase in balance on account of further investment placed in Joint Venture during the period.

### *Financial assets*

#### (i) Other financial assets

Our other financial assets increased by 31.89% to ₹ 1,172.64 lakhs as on December 31, 2021 from ₹ 889.10 lakhs in Fiscal 2021 due to an increase in balance on account of security deposit reclassified from current to non-current on account of renewal of agreements of existing stores and for new stores against letter of intents executed during the period.

#### (ii) Other non-current assets

Our other non-current assets increased by 69.43% to ₹ 197.37 lakhs as on December 31, 2021 from ₹ 116.49 lakhs in Fiscal 2021 due to an increase in balance on account of Capital advances placed for new stores.

### *Current assets*

#### (i) Inventory

Our inventory increased by 21.17 % to ₹ 23,963.73 lakhs as on December 31, 2021 from ₹ 19,777.12 lakhs in Fiscal 2021 on account of purchase of stock for business growth.

### *Financial assets*

#### (ii) Cash and cash equivalents

Our cash and cash equivalents increased by 235.45 % to ₹ 6,141.59 lakhs as on December 31, 2021 from ₹ 1,830.83 lakhs in Fiscal 2021 due to collection from debtors, proceed from right issue and also increase in accounts payable as on date as the due dates for payment were in Quarter 4 financial year 2022.

#### (iii) Other bank balances

Our other bank balances increased by 453.91 % to ₹ 1,221.20 lakhs as on December 31, 2021 from ₹ 220.47 lakhs in Fiscal 2021 as the available cash was parked in short term fixed deposit with original maturity of 3 months.

Internal accrual, in this context means the balance cash available from the business operations. As these funds were earmarked for working capital and were not utilized due to delay in incoming stock from Switzerland, owing to the restrictions imposed during the second wave of COVID-19, our Company decided to park these funds into fixed deposits for a period of 3 months.

#### (iv) Loans

Our loans increased by 61.33% to ₹ 29.25 lakhs as on December 31, 2021 from ₹ 18.13 lakhs in Fiscal 2021 primarily on account of financial assistance given to few employee on their needs.

(v) Other financial assets

Our other financial assets decreased by 26.18% to ₹ 746.88 lakhs as on December 31, 2021 from ₹ 1,011.70 lakhs in Fiscal 2021 due to a decrease in balance on account of security deposit reclassified on account of renewal of agreements of existing stores during the period. Also, there is decrease in balances of interest is accrued but not due in fixed deposit.

(vi) Other current assets

Our other current assets increased by 22.20% to ₹ 1,926.45 lakhs as on December 31, 2021 from ₹ 1,576.50 lakhs in Fiscal 2021 due to an increase in input credit in GST in line with increase in stock.

**Liabilities**

***Non-current liabilities***

*Borrowings*

Our borrowings increased by 36.19% to ₹ 2,326.43 lakhs as on December 31, 2021 from ₹ 1,708.22 lakhs in Fiscal 2021 primarily on account of loans taken for working capital usage.

*Other financial liabilities*

Our other financial liabilities decreased by 45.30% to ₹ 49.23 lakhs as on December 31, 2021 from ₹ 90.00 lakhs in Fiscal 2021 primarily on account of decrease in value of interest accrued but not due on public deposit.

***Current liabilities***

*Borrowings*

Our borrowings increased by 81.90% to ₹ 6,349.53 lakhs as on December 31, 2021 from ₹ 3,490.61 lakhs in Fiscal 2021 primarily on account of loans taken for working capital usage.

*Trade payables*

- (i) total outstanding dues of micro enterprises and small enterprises – the balances increased by 10,636.11% to ₹ 77.30 lakhs as on December 31, 2021 from ₹ 0.72 lakhs in Fiscal 2021 primarily due to increase in total outstanding dues of micro enterprises and small enterprises by ₹ 76.58 lakhs on account of addition of few MSME vendors for supply of goods and services.
- (ii) total outstanding dues of creditors other than micro enterprises and small enterprises- the balances increased by 15.44% to ₹8,310.05 lakhs as on December 31, 2021 from ₹ 7,198.63 lakhs in Fiscal 2021 primarily due to the amount becoming due in upcoming quarter.

*Other current liabilities*

Our *other current liabilities* increased by 64.23% to ₹ 1,505.86 lakhs as on December 31, 2021 from ₹ 916.91 lakhs in Fiscal 2021 primarily on account of advance received from customer for sale of goods.

**Fiscal 2021 compared to Fiscal 2020**

**Assets**

***Non-current assets***

*Capital work in progress*

Our capital work in progress increased by 437.68% to ₹ 375.73 lakhs in Fiscal 2021 from ₹ 69.88 lakhs in Fiscal 2020 primarily on account of new stores were under fitment.

*Intangible assets*

Our intangible assets decreased by 20.34% to ₹ 64.48 lakhs in Fiscal 2021 from ₹ 80.94 lakhs in Fiscal 2020 primarily on account of amortisation during the year.

### *Investment in joint venture*

Our investment in joint venture increased by 20.28% to ₹ 80.07 lakhs in Fiscal 2021 from ₹ 66.57 lakhs in Fiscal 2020 primarily on account of addition of profit sharing value in joint venture in the financial year ending March 2021.

### *Loans*

Our loans increased by 103.96% to ₹ 9.79 lakhs in Fiscal 2021 from ₹ 4.80 lakhs in Fiscal 2020 primarily on account of financial assistance given to few employee on their needs.

### *Other non-current assets*

Our other non-current assets decreased by 45.75% to ₹ 116.49 lakhs in Fiscal 2021 from ₹ 214.72 lakhs in Fiscal 2020 primarily on account of decrease in capital advance for opening of stores and decrease in Cenvat Credit receivable (Service Tax credit).

### ***Current assets***

#### *Financial assets*

- (i) **Trade receivables**  
Our trade receivables increased by 29.81 % to ₹ 1,218.04 lakhs in Fiscal 2021 from ₹ 938.32 lakhs in Fiscal 2020 primarily due to an increase in business from e-commerce platforms such as Amazon, Tata Cliq, Myntra, etc.
- (ii) **Cash and cash equivalents**  
Our cash and cash equivalents increased by 86.14 % to ₹ 1,830.83 lakhs in Fiscal 2021 from ₹ 983.60 lakhs in Fiscal 2020 due to an increase in cash during the yearend, as the stock inflow was delayed due to Covid-19 pandemic.
- (iii) **Other bank balances**  
Our other bank balances increased by 100.45 % to ₹ 220.47 lakhs in Fiscal 2021 from ₹ 109.99 lakhs in Fiscal 2020 as the available cash was parked in short term fixed deposit with original maturity of 3 months.
- (iv) **Loans**  
Our loans increased by 27.77% to ₹ 18.13 lakhs in Fiscal 2021 from ₹ 14.19 lakhs in Fiscal 2020 due to financial assistance given to few employee on their needs.
- (v) **Other financial assets**  
Our other financial assets decreased by 20.87 % to ₹ 1,011.70 lakhs in Fiscal 2021 from ₹ 1,278.58 lakhs in Fiscal 2020 primarily due to:
  - a. decrease in advances recoverable by ₹ 271.78 lakhs;
  - b. decrease in security deposits by ₹ 67.51 lakhs; and
  - c. offsetted by increase in right of return assets by ₹ 69.02 lakhs.
- (vi) **Other current assets**  
Our other current assets decreased by 33.80 % to ₹ 1,576.50 lakhs in Fiscal 2021 from ₹ 2,381.52 lakhs in Fiscal 2020 primarily due to
  - a. decrease in GST Credit receivable as it is utilised by ₹ 616.05 lakhs; and
  - b. decrease in advance for supply of goods by ₹ 172.74 lakhs.

### **Liabilities**

#### ***Non-current liabilities***

#### ***Provisions***

Our provisions increased by 20.80% to ₹ 157.09 lakhs in Fiscal 2021 from ₹ 130.04 lakhs in Fiscal 2020 primarily on account of increase in employee benefit liability (gratuity).

### ***Current liabilities***

#### ***Borrowings***

Our borrowings decreased by 41.81% to ₹ 3,490.61 lakhs in Fiscal 2021 from ₹ 5,998.75 lakhs in Fiscal 2020 primarily due to

- a. decrease in current loan (loan repayable on demand – from bank (secured)) by ₹ 1,778.72 lakhs;
- b. decrease in inter corporate deposits from others (unsecured) ₹ 500.00 lakhs;
- c. decrease in Deposits from shareholders (unsecured) by ₹ 394.28 lakhs; and
- d. increase in current maturities of non-current borrowings by ₹ 164.86 lakhs.

#### ***Trade payables***

- (i) total outstanding dues of micro enterprises and small enterprises: Our trade payables decreased by 62.29% to ₹ 0.72 lakhs in Fiscal 2021 from ₹ 1.93 lakhs in Fiscal 2020 primarily due to increase in total outstanding dues of micro and small enterprises.
- (ii) total outstanding dues of creditors other than micro enterprises and small enterprises: the balance of trade payable are similar in both Fiscal 2021 and Fiscal 2020.

#### ***Current tax liabilities (net)***

Our net current tax liabilities increased by 52.89% to ₹ 58.10 lakhs in Fiscal 2021 from ₹ 38.00 lakhs in Fiscal 2020 primarily on account of provision for current tax for Fiscal 2021.

### **Fiscal 2020 compared to Fiscal 2019**

#### **Assets**

##### ***Non-current assets***

###### ***Property, plant and equipment***

Our property, plant and equipment increased by 44.19% to ₹ 3,059.35 lakhs in Fiscal 2020 from ₹ 2,121.77 lakhs in Fiscal 2019 primarily on account of opening of 9 new stores and relocation of 4 stores during the year.

###### ***Capital work in progress***

Our capital work in progress decreased by 84.12% to ₹ 69.88 lakhs in Fiscal 2020 from ₹ 440.02 lakhs in Fiscal 2019 primarily on account of 13 stores which were capitalised including 4 stores relocated resulting in decrease in balance.

###### ***Intangible assets***

Our intangible assets increased by 40.89% to ₹ 80.94 lakhs in Fiscal 2020 from ₹ 57.45 lakhs in Fiscal 2019 primarily on account of capitalisation of Business Intelligence Software offsetted by amortisation expenses during the year.

###### ***Right of use assets***

Our right of use assets increased by 37.56% to ₹ 9,340.92 lakhs in Fiscal 2020 from ₹ 6,790.50 lakhs in Fiscal 2019 primarily on account of 15 leases including renewal of agreements for existing stores.

###### ***Intangible assets under development***

Our intangible assets under development decreased by 85.32% to ₹ 5.61 lakhs in Fiscal 2020 from ₹ 38.21 lakhs in Fiscal 2019 primarily on account of capitalisation of Business Intelligence Software.

###### ***Investment in joint venture***

Our investment in joint venture increased by 100.00% to ₹ 66.57 lakhs in Fiscal 2020 from Nil in Fiscal 2019 primarily on account of investment in joint venture in the financial year ending March 2020.

#### *Loans*

Our loans decreased by 33.61% to ₹ 4.80 lakhs in Fiscal 2020 from ₹ 7.23 lakhs in Fiscal 2019 primarily on account of financial assistance given to employees.

#### *Other non-current assets*

Our other non-current assets decreased by 27.98% to ₹ 214.72 lakhs in Fiscal 2020 from ₹ 298.13 lakhs in Fiscal 2019 primarily on account of decrease in Cenvat Credit Receivable due to reversal of service tax credit.

#### **Current assets**

##### *Financial assets*

- (i) Cash and cash equivalents  
Our cash and cash equivalents increased by 29.98 % to ₹ 983.60 lakhs in Fiscal 2020 from ₹ 756.76 lakhs in Fiscal 2019 due to also increase in accounts payable as on date as the due dates for payment were in subsequent months.
- (ii) Loans  
Our loans increased by 22.22% to ₹ 14.19 lakhs in Fiscal 2020 from ₹ 11.61 lakhs in Fiscal 2019 due to an increase in loan/advances given to employees.
- (iii) Other financial assets  
Our other financial assets increased by 87.80 % to ₹ 1,278.58 lakhs in Fiscal 2020 from ₹ 680.81 lakhs in Fiscal 2019 primarily due to
  - a. increase in security deposits due to opening of new stores and reclassification from non-current to current on account of lease coming to maturity; and
  - b. increase in advances recoverable by ₹284.19 lakhs.

#### **Liabilities**

##### ***Non-current liabilities***

##### *Lease liabilities*

Our lease liabilities increased by 50.38% to ₹ 7,693.38 lakhs in Fiscal 2020 from ₹ 5,295.40 lakhs in Fiscal 2019 primarily on account of opening of 15 new stores (including renewal of agreements for existing stores) offsetted by repayment of lease liability.

##### *Other financial liabilities*

Our other financial liabilities increased by 93.45% to ₹ 94.52 lakhs in Fiscal 2020 from ₹ 48.86 lakhs in Fiscal 2019 primarily on account of interest accrued but not due on public deposits by shareholders by ₹ 45.66 lakhs.

##### ***Current liabilities***

##### *Other current liabilities*

Our other current liabilities increased by 61.68% to ₹ 1,057.84 lakhs in Fiscal 2020 from ₹ 654.29 lakhs in Fiscal 2019 primarily due to increase in contract liability such as:

- a. increase in advance from customers by ₹ 365.98 lakhs; and
- b. increase in deferred revenue (Club Echo loyalty points) by ₹ 23.52 lakhs.

##### *Provisions*

Our provisions increased by 75.13% to ₹ 237.36 lakhs in Fiscal 2020 from ₹ 135.53 lakhs in Fiscal 2019 primarily on account of increase in provision for compensated absence by ₹ 101.62 lakhs.

### *Current tax liabilities (net)*

Our net current tax liabilities decreased by 87.64% to ₹ 38 lakhs in Fiscal 2020 from ₹ 307.43 lakhs in Fiscal 2019 primarily on account of decrease in provision for income tax.

### **Other variations**

#### **Decrease in revenue since 2019**

Revenue of our Company decreased since Fiscal 2019 to Fiscal 2021 on account of inoperability of the stores of the Company due to restriction imposed by the Government authorities in light of Covid-19.

#### **Increase in Capital Work in Progress since 2019**

Our Company has been working on setting up new stores. Our Company has opened 17 new stores over the period of 2 years and 6 months which is reflected in the increase in CWIP.

#### **Reason for decrease inventories**

Due to uncertainties arising from Covid-19, and subsequent lockdowns imposed by Government of India and other authorities, Company was unable to procure the products and stocked less inventories in the books of accounts during Fiscal 2021.

#### **Reason for increase in loans**

The loan as represented in our financial statements during Fiscal 2021 are employee advances. Due to ongoing pandemic, the Company has also given advances to few of the employees to support their financial needs which lead to increase in loans.

#### **Other Financial Assets**

Other financial assets are assets / contractual agreements which are realizable in cash at the end of its maturity. Other financial assets includes security deposits given to lessor and advance recoverable from vendor where our Company is to receive the amount from its vendor on account of reimbursement of expenses.

#### **Other Current Liabilities**

Other Current Liabilities are short term liabilities which are to be settled within one operating cycle i.e. in next Fiscal. Other current liabilities includes contract liabilities i.e. advance received from customers for goods, and liabilities for loyalty (Club Echo) points.

#### **Reason for Decrease in Other Financial Liabilities**

The status of other financial liabilities during last three Fiscals and nine months period ended December 31, 2021 is follows:

*(₹ in Lakhs)*

<b>Other financial Liabilities</b>	<b>As at December 31, 2021</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Non-Current	49.23	90.00	94.52	48.86
Current	1,054.41	971.03	979.03	929.69
	<b>1,103.64</b>	<b>1,061.03</b>	<b>1,073.55</b>	<b>978.55</b>

‘The ‘Other Financial Liabilities’ as at December 31, 2021, increased primarily on account of increase in salaries, wages and bonus and other employee payable, and as at March 31, 2021 is similar to of March 31, 2020. Further, during Fiscal 2020, the balance increased by ₹ 95.00 lakhs on account of increase in accrued interest on public deposit (not due), and salary and wages payable.’

### Reason for Decrease in Other Current Liabilities

The status of other current liabilities during last three Fiscals and nine months period ended December 31, 2021 is follows:

Details	(₹ in Lakhs)			
	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Other current Liabilities	1,505.86	916.91	1,057.84	654.29

The increase in other current liabilities as at December 31, 2021 is primarily on account of increase in advance from customer, the decrease in other current liabilities as at March 31, 2021 was due to amount received from the vendors against the advances against the reimbursement and decrease in contract liabilities in loyalty points (Club Echo). Balance as at December 31, 2021 is increased from March 31, 2020 primarily on account of increase in advance from customer, and increased from March 31, 2019 on account of increase in advance from customer and statutory dues.

### Liquidity and Capital Resources

Historically, our primary liquidity and capital requirements have been to finance our capital expenditure and working capital needs for our operations. We have met these requirements through cash flows from operations, equity infusions from shareholders and borrowings. As of December 31, 2021, we had ₹ 6,141.59 lakhs in cash and cash equivalents, ₹ 1,221.20 lakhs in other bank balances (other than cash and cash equivalents) and ₹ 985.30 lakhs in trade receivables.

We believe that after considering the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for the next 12 months.

In the Fiscals 2019, 2020 and 2021, and for the nine months period ended December 31, 2021, our total liabilities based on our Restated Consolidated Summary Statements amounted to ₹ 23,852.13 lakhs, ₹ 27,208.87 lakhs, ₹23,643.02 lakhs, and ₹ 29,593.23 lakhs, respectively.

There has been no incident of default of loans by our Company in the Fiscals 2019, 2020 and 2021, and during the nine months period ended December 31, 2021. We have availed the permitted moratorium for some of our borrowings pursuant to the Reserve Bank of India circular dated March 27, 2020 which permitted the lenders to allow a moratorium for three months of equated monthly instalments, falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020).

Our Company has been rated by ICRA Limited for its banking facilities. Set out below are the details of our current ratings:

Instrument	Rating Agency	Rating	Outlook	Date of Rating Letter	Remarks
Short-Term Bank Facilities	ICRA Limited	ICRA BBB+ (Positive)	Positive	December 8, 2021	It includes Working Capital (Fund Based and Non-Fund Based)

In order to mitigate the impact of the Covid-19 pandemic on our operations, we have proactively taken various steps such as reducing some of our administrative and other fixed expenses and arranging for additional liquidity through working capital loans to manage our expenses and liquidity.

### Cash Flows

The following table sets forth selected information from our statement of cash flows for the period/years indicated:

(₹ in lakhs)

Particulars	Nine months period ended December 31, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Net cash flow from/(used in) operating activities	1,855.07	6,346.82	3,698.32	(115.64)
Net cash (used in) investing activities	(1,756.21)	(1,003.68)	(1,456.10)	(1,190.24)
Net cash flow from / (used in) financing activities	4,211.90	(4,495.91)	(2,015.38)	1,333.73
Net increase in cash and cash equivalents	4,310.76	847.23	226.84	27.85

### *Cash flow from operating activities*

Net cash flow from operating activities for the nine months period ended December 31, 2021, was ₹ 1,855.07 lakhs. Though our restated profit before tax was ₹ 2,161.60 lakhs, we had cash generated from operations before working capital changes of ₹ 4,646.03 lakhs, primarily due to adjustments for depreciation and amortization expense of ₹ 2,275.09 lakhs and interest expense of ₹ 1,168.93 lakhs, which was partially offset by rent waiver on lease liabilities of ₹ (748.65) lakhs and interest income of ₹ (156.51) lakhs. Net cash generated from working capital changes are mainly attributable to increase in trade payable by ₹ 1,249.90 lakhs, Increase in other current liabilities by ₹ 587.10 lakhs, decrease in trade receivables by ₹ 230.38 lakhs, and decrease in other financial assets by ₹ 79.74 lakhs, which was partially offset by increase in inventories by ₹ (4,186.61) lakhs, increase in other assets by ₹ (378.16) lakhs and income tax paid (net) ₹ (484.18) lakhs.

Net cash flow from operating activities for Fiscal 2021, was ₹ 6,346.82 lakhs. Though our restated profit before tax was ₹ 809.73 lakhs, we had cash generated from operations before working capital changes of ₹ 4,019.10 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹ 3,135.91 lakhs and interest expenses of ₹ 1,689.95 lakhs, which was partially offset by rent waiver on lease liabilities of ₹ (1,402.22) lakhs and interest income of ₹ (110.34) lakhs. Net cash generated from working capital changes are mainly attributable to decrease in inventories by ₹ 2,081.89 lakhs, decrease in other assets by ₹ 808.79 lakhs, and decrease in other financial assets by ₹ 190.49 lakhs which was partially offset by increase in trade receivables by ₹ (315.19) lakhs, decrease in other financial liabilities by ₹ (125.14) lakhs and income tax paid (net) of ₹ (272.13) lakhs

Net cash flow from operating activities for Fiscal 2020, was ₹ 3,698.32 lakhs. Though our restated profit before tax was ₹ 198.57 lakhs, we had cash generated from operations before working capital changes of ₹ 5,476.21 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹ 3,278.90 lakhs and interest expenses of ₹ 1,962.89 lakhs, which was partially offset by provisions/liabilities no longer required written back of ₹ (110.59) lakhs and interest income of ₹ (113.93) lakhs. Net cash used in working capital changes are mainly attributable to increase in inventories by ₹ (1,302.07) lakhs, increase in trade receivables by ₹ (152.10) lakhs, increase in other financial assets by ₹ (347.07) lakhs, and increase in other assets by ₹ (477.07) lakhs, which was partially offset by increase in trade payable by ₹ 426.32 lakhs, increase in other current liabilities by ₹ 501.35 lakhs and income tax paid (net) ₹ (610.23) lakhs.

Net cash used in operating activities for Fiscal 2019, was ₹ (115.64) lakhs. Though our restated profit before tax was ₹ 1,647.79 lakhs, we had cash generated from operations before working capital changes of ₹ 5,678.08 lakhs, primarily due to adjustments for depreciation and amortization expenses of ₹ 2,566.21 lakhs and finance costs of ₹ 1,611.95 lakhs, which was partially offset by provisions/liabilities no longer required written back of ₹ (58.87) lakhs and interest income of ₹ (96.84) lakhs. Net cash used in working capital changes are mainly attributable to increase in inventories by ₹ (3,453.65) lakhs, increase in trade receivables by ₹ (245.99) lakhs, increase in other financial assets by ₹ (511.21) lakhs, decrease in trade payable by ₹ (880.71) lakhs, decrease in other current liabilities by ₹ (348.90) lakhs, and Income tax paid (net) of ₹ (739.72) lakhs which was partially offset by increase in other financial liabilities by ₹ 409.89 lakhs.



### ***Cash flow from investing activities***

Our net cash used in investing activities for the nine months period ended December 31, 2021, were ₹ (1,756.21) lakhs, which was primarily due to acquisition of property, plant and equipment (including intangible assets, capital work-in-progress, intangible assets under development and capital advances) of ₹ (724.72) lakhs, investment in bank deposits (having original maturity of more than three months) of ₹ (1,008.01) lakhs, payment towards purchase of investments of ₹ (75.00) lakhs which was partially offset by proceeds from sale of property, plant and equipment ₹ 19.74 lakhs and Interest received of ₹ 31.78 lakhs.

Our net cash used in investing activities for Fiscal 2021, were ₹ (1,003.68) lakhs, which was primarily due to acquisition of property, plant and equipment (including intangible assets, capital work-in-progress, intangible assets under development and capital advances) of ₹ (959.51) lakhs, investment in bank deposits (having original maturity of more than three months) of ₹ (74.70) lakhs which was partially offset by proceeds from sale of property, plant and equipment ₹ 15.00 lakhs and Interest received of ₹ 15.53 lakhs.

Our net cash used in investing activities for Fiscal 2020, were ₹ (1,456.10) lakhs, which was primarily due to acquisition of property, plant and equipment (including intangible assets, capital work-in-progress, intangible assets under development and capital advances) of ₹ (1,426.43) lakhs, payment towards purchase of investment of ₹ (100.00) lakhs which was partially offset by proceeds from sale of property, plant and equipment ₹ 78.61 lakhs and Interest received of ₹ 16.52 lakhs.

Our net cash used in investing activities for Fiscal 2019, were ₹ (1,190.24) lakhs, which was primarily due to acquisition of property, plant and equipment (including other intangible assets, capital work-in-progress, intangible assets under development and capital advances) of ₹ (1,298.09) lakhs, which is partially set off by release of bank deposits (having original maturity of more than three months) of ₹ 94.06 lakhs and Interest received of ₹ 13.14 lakhs.

### ***Cash flow from financing activities***

Net cash flow from financing activities for the nine months period ended December 31, 2021, were ₹ 4,211.90 lakhs, which was primarily due, proceeds from non-current borrowings of ₹ 1,665.79 lakhs, proceeds from current borrowings having maturity period more than 3 months ₹ 676.82 lakhs, proceeds from/repayments of current borrowing (net) of ₹ 2,131.88 lakhs and proceeds from issue of equity share capital (including premium) of ₹ 2,644.36 lakhs which was partially offset by repayment of current borrowing having maturity period more than 3 months ₹ (300.29) lakhs, repayment of non-current borrowings ₹ (697.07) lakhs, interest paid on lease liabilities of ₹ (754.43) lakhs, interest expense paid of ₹ (390.27) lakhs and payment of principal portion of lease liabilities of ₹ (764.89) lakhs.

Net cash used in financing activities for Fiscal 2021, were ₹ (4,495.91) lakhs, which was primarily due to repayments of current borrowing having maturity period more than 3 months ₹ (212.60) lakhs, proceeds from/repayments of current borrowing (net) of ₹ (2,678.70) lakhs, repayment of non-current borrowings ₹ (848.75) lakhs, interest paid on lease liabilities of ₹ (1,056.90) lakhs, interest expense paid of ₹ (588.63) lakhs and payment of principal portion of lease liabilities of ₹ (474.52) lakhs, which was partially offset by proceeds from non-current borrowings of ₹ 1,145.89 lakhs and proceeds from current borrowings having maturity period more than 3 months ₹ 218.30 lakhs.

Net cash used in financing activities for Fiscal 2020, were ₹ (2,015.38) lakhs, which was primarily due to repayment of current borrowing having maturity period more than 3 months ₹ (97.40) lakhs, proceeds from/repayments of current borrowing (net) of ₹ (88.86) lakhs, repayment of non-current borrowings ₹ (784.85) lakhs, interest paid on lease liabilities of ₹ (1,072.25) lakhs, interest expense paid of ₹ (816.48) lakhs, and payment of principal portion of lease liabilities of ₹ (2,094.82) lakhs, which was partially offset by proceeds from non-current borrowings of ₹ 602.17 lakhs, proceeds from current borrowings having maturity period more than 3 months ₹ 237.11 lakhs and proceeds from issue of equity share capital (including premium) of ₹ 2,100.00 lakhs.

Net cash flow from financing activities for Fiscal 2019, were ₹ 1,333.73 lakhs, which was primarily due to, proceeds from non-current borrowings of ₹ 384.10 lakhs, proceeds from current borrowings having maturity

period more than 3 months ₹ 73.99 lakhs, proceeds from/ repayments of current borrowing (net) of ₹ 1,195.73 lakhs and proceeds from issue of equity share capital (including premium) of ₹ 2,917.98 lakhs which was partially offset by repayments of current borrowing having maturity period more than 3 months ₹ (64.26) lakhs, repayment of non-current borrowings ₹ (213.32) lakhs, interest paid on lease liabilities of ₹ (846.56) lakhs interest expense paid of ₹ (754.08) lakhs, and payment of principal portion of lease liabilities of ₹ (1,359.85) lakhs.

### Indebtedness

As on April 11, 2022, our total borrowings were ₹ 6,008.88 lakhs for details of the same please refer to 'Financial Indebtedness' on page 387.

### Contractual Obligations and Commitments

As on December 31, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) was ₹ 121.34 lakhs.

The following table summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments as of December 31, 2021:

(₹ in lakhs)				
Particulars	Total	Less than 1 year	1 year to 5 years	More than 5 years
Non-current borrowings	2,489.1	64.50	2,424.57	-
Current borrowings	6,349.53	6,349.53	-	-
Trade payables	8,387.35	8,387.35	-	-
Other financial liabilities	1,103.64	1,054.41	49.23	-
Lease liabilities	12,012.68	2,809.05	7,185.76	2,017.87
Total	30,342.27	18,664.84	9,659.56	2,017.87

### Capital Expenditure

Our capital expenditures primarily relate to the purchase of furniture and fittings, office equipment, leasehold improvements, plant and equipment, vehicles, computer software, business Intelligence and website. Our acquisition of property, plant and equipment (including intangible assets, capital work in progress, intangible assets under development and capital advances) net of Proceeds from sale of property, plant and equipment were ₹ 1,297.44 lakhs, ₹ 1,347.82 lakhs, ₹ 944.51 lakhs and ₹ 704.98 lakhs for the Fiscals 2019, 2020, 2021 and nine months period ended December 31, 2021, respectively.

### Contingent Liabilities

As of December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, we did not have any material contingent liabilities as per Ind AS 37 other than those disclosed below, which are also disclosed in our Restated Consolidated Summary Statements:

(₹ in lakhs)					
S. No.	Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
A	Claims against the Group not acknowledged as debts, under dispute				
	Income Tax matters	318.77	310.30	314.05	106.03
	Value Added Tax matters	3,330.03	3,331.35	1.32	1,000.71
	Customs duty matters	12.90	12.90	17.85	-
	Excise Duty matters	47.08	-	-	-
B	Arrears of fixed cumulative dividend on 12% cumulative compulsory convertible preference	-	-	-	553.12

(₹ in lakhs)					
S. No.	Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	shares, 14% cumulative compulsory convertible preference shares including dividend distribution taxes				

In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on our Company's results of operations or financial condition.

Pursuant to the judgement by the Supreme Court dated February 28, 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognized any provision for the periods prior to February 28, 2019. Further, management also believes that the impact of the same on the Group will not be material.

#### **Off-Balance Sheet Commitments and Arrangements**

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or other relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements

#### **Related Party Transactions**

We have engaged in the past, and may engage in the future, in transactions with related parties. All the transactions with related parties are in compliance with the Companies Act, 2013, SEBI Listing Regulations, relevant accounting standards and other statutory compliances. For details of our related party transactions, please see "Offer Document Summary – Summary of Related Party Transactions" on page 29.

#### **Quantitative and Qualitative Analysis of Market, Credit and Liquidity Risks**

Our Board has overall responsibility for the establishment and oversight of our risk management framework. We are exposed to the following risks:

##### *Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

### *Liquidity Risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary.

### *Market risk*

It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other risks, such as price risk, commodity risk, etc. Financial instruments affected by market risk include loans and borrowings, deposits, foreign currency hedging instruments such as forward contracts and options. We have put in place appropriate risk management policies to limit the impact of these risks on its financial performance. Our Company ensures optimization of cash through fund planning and robust cash management practices.

### *Interest Rate Risk*

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

### *Price risk*

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavourably from the markets, the Group negotiates with its principals for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

### *Foreign Currency Risk*

It is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our Company's operating activities (when revenue or expense is denominated in a foreign currency). We procure our products from global watch companies and a large portion of the business is transacted mainly in CHF (Swiss frank) and Euros (€) and consequently we are exposed to foreign exchange risk through purchases from overseas suppliers in various foreign currencies. Our exposure to other foreign currencies is not material.

### **Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in "*Principal Factors Affecting our Financial Condition and Results of Operations*" and the uncertainties described in "*Risk Factors*" on page 394 and 39, respectively.

## Unusual or Infrequent Events of Transactions

Except as described in this Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

## Known Trends or Uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled “*Principal Factors Affecting our Financial Condition and Results of Operations*” on page 394 and the uncertainties described in the section titled “*Risk Factors*” beginning on page 39. To our knowledge, except as described or anticipated in this Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

## Future Relationship Between Cost and Income

Other than as described in this Red Herring Prospectus, including disclosure regarding the impact of Covid-19 on our operations, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues. Please see “*Risk Factor – Pandemic like Covid-19 or any future pandemic or any widespread health or other emergency could adversely affect our business, results of operations, financial condition and cash flows.*” on page 39 for risks of the Covid-19 outbreak on our operations and financial condition.

## New Products or Business Segments

Other than as described in “*Our Business*” on page 230 of this Red Herring Prospectus, there are no new products or business segments in which we operate.

## Seasonality of Business

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business before Diwali and during festive season sales. Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable and any such comparisons may not be meaningful, or may not be indicative of our annual financial results or our results in any future quarters or periods

## Suppliers or Customer Concentration

Our sales for the nine months period ended December 31, 2021 are concentrated in certain Tier I cities in India in a relatively small number of stores. Our top three stores are located at National Capital Territory of New Delhi and Bengaluru. Stores at Chankyapuri, The contribution of stores at Chanakyapuri, Select City Walk in Delhi and UB City, Bengaluru, Karnataka are as mentioned in table below.

(₹ in lakhs)

Financial Year	2018-19		2019-20		2020-21		Nine months period ended December 31, 2021	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
Select City - National Capital Territory of New Delhi	5,673.77	12.97%	4,081.53	9.09%	3,807.13	9.97%	5,354.64	12.79%
Chanakyapuri - National Capital Territory of New Delhi	4,450.09	10.17%	4,916.05	10.95%	4,346.36	11.38%	5,593.05	13.36%
UB City – Bengaluru, Karnataka	3,834.18	8.77%	2,961.81	6.60%	2,962.43	7.76%	2,691.36	6.43%

Purchases from our top 5 (five) suppliers represented 66.87% (₹ 23,743.65 lakhs) , 69.71%(₹ 8,464.29 lakhs), 72.19% (₹ 25,784.62 lakhs), 73.25% (₹ 27,410.46 lakhs) of our revenue from operations in the nine months period

ended December 31, 2021, Fiscals 2021, 2020 and 2019 respectively. If sales in these stores or supplies from these suppliers are affected, or if any of these locations are affected it may impact result of our operations.

### **Competitive Conditions**

We operate in a competitive environment. Please refer to “*Our Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 236, 154 and 63, respectively for further information on our industry and competition.

### **Recent Accounting Pronouncements**

As of the date of this Red Herring Prospectus, there are no recent accounting pronouncements which would have a material effect on our financial condition or results of operations.

### **Summary of reservations or qualifications or adverse remarks or matters of emphasis by the auditors**

There are no auditors qualifications which have not been given effect to in the Restated Consolidated Summary Statements. Other than as specified below, there are no reservations, qualifications, adverse remarks or matters of emphasis highlighted by the statutory auditors in their reports to our audited consolidated financial statements for Fiscals 2019, 2020 and 2021, and nine months period ended December 31, 2021:

#### Emphasis of Matter

- 1) The auditors have drawn attention to a note in the interim consolidated Ind AS financial statements for the nine months period ended December 31, 2021, which describes the uncertainties and impact of Covid-19 pandemic on the Group’s operations and results as assessed by the management
- 2) The auditors have drawn attention to a note in the consolidated Ind AS financial statements for the year ended March 31, 2020, which describes the uncertainties and impact of Covid-19 pandemic on the Group’s operations and results as assessed by the management.
- 3) The auditors have drawn attention to a note in the consolidated Ind AS financial statements for the year ended March 31, 2020, which describes the uncertainties and impact of Covid-19 pandemic on the Group’s operations and results as assessed by the management

### **Significant Developments after December 31, 2021 that may affect our results of operations**

Except as discussed above and mentioned below, and as otherwise stated in this Red Herring Prospectus, to our knowledge, no circumstances have arisen after December 31, 2021 which materially and adversely affects or is likely to affect, our profitability, or the value of our assets or our ability to pay our liabilities.

Our Company made Pre-IPO Placement and entered into an agreement for sale for transfer of ‘Ethos and Summit’ trademarks with KDDL Limited. For details of the same please refer to ‘*Outstanding Litigation and Material Developments*’ on page 443.

**SECTION VI : LEGAL AND OTHER INFORMATION**  
**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as stated in this section, there are no outstanding (i) criminal proceedings (ii) actions taken by regulatory or statutory authorities; (iii) claims related to any direct or indirect taxes; (iv) other pending litigation as determined to be material by our Board as per the materiality policy, in each case involving our Company, our Subsidiary, Promoters or Directors (collectively, “**Relevant Parties**”); or (v) litigation involving each of our Group Companies which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions or penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years including any outstanding action.*

*For the purposes of (iv) above, in terms of the for the purposes of disclosing in the Offer Document, our Board has passed the following resolution on December 30, 2021:*

- A. *Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) above) involving the Relevant Parties shall be considered “material” for the purposes of disclosure in this Red Herring Prospectus, if:*
- a) *the aggregate monetary claim made by or against the Relevant Party, in any such pending litigation / arbitration proceeding is equal to or in excess of 5% of profit after tax, as per the Restated Consolidated Summary Statements of our Company as on March 31, 2021, being ₹ 28.93 lakhs; or*
  - b) *any such litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (a) above, but the outcome of which could, nonetheless, directly or indirectly, or together with other similar proceedings, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company.*
- B. *Any pending litigation / arbitration proceedings (other than litigations mentioned in points (i) to (iii) above) involving any person other than the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, if, the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company.*

*It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (other than notices issued by statutory / regulatory / tax authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by our Board, be considered as material litigation until such time that a Relevant Party is impleaded as a defendant in proceedings before any judicial / arbitral forum.*

*Further, creditors of our Company to whom amount due by our Company is equal to or in excess of ₹ 419.37 lakhs, which is 5% of the trade payable of our Company as of the end of the most recent period covered in the Restated Consolidated Summary Statements,*

*Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.*

**Litigation involving our Company**

**Litigation filed against our Company**

A. *Outstanding criminal proceedings*

Nil

B. *Actions initiated by regulatory or statutory authorities*

Nil

### C. *Outstanding civil proceedings*

1. Matrix Distributor Private Limited (“**Plaintiff Company**”), one of the distributors of Vertu phones and accessories and Montegrappa pens in India supplied phones to our Company for our business. In the course of business, certain disputes arose regarding payment of dues by our Company. The Plaintiff Company stated that our Company has from time to time made on account payments towards part payment of various dues and ₹ 64.43 lakhs are pending from our Company. The Parties tried to solve the matter amicably however the parties failed to reach any negotiation. The Plaintiff Company issued a legal notice dated December 26, 2017, to our Company directing our Company to pay an amount of ₹ 70.95 lakhs together with interest @ 2% per annum. Our Company through its lawyer’s replied to the said legal notice of the Plaintiff Company vide letter dated January 9, 2018. The Plaintiff Company through its lawyer issued a rejoinder dated February 10, 2018. Thereafter, the Plaintiff Company filed a commercial suit bearing number 317 of 2020, against our Company and all its Directors and KMP namely at the relevant time, Yashovardhan Saboo, Anil Khanna, Rajat Kakar, Nagarajan Subramanian, Sundeep Kumar, Neelima Tripathi, C Raja Sekhar, and Anil Kumar, before the High Court of Judicature at Bombay, claiming an amount of ₹ 110.22 lakhs towards its dues together with interest @ 21% per annum on ₹ 64.43 lakhs from the date of filing the suit till passing of the decree and thereafter interest @ 21% per annum on ₹ 64.43 lakhs till payment or realization. Our Company has filed a written statement in the said matter. This matter is currently pending before the High Court of Judicature at Bombay.

#### *Litigation by our Company*

### A. *Outstanding criminal proceedings*

1. Our Company received an email on September 18, 2020, from the official email ID of one of our vendors i.e. Oris (“**Vendor**”) to make payment of pending invoices amounting to CHF 56,833.45 equivalent to ₹ 45.66 lakhs/-. Our Company sought the pdf copy of the invoices on same date. Thereafter, on September 21, 2020, the Vendor supplied the copies of relevant invoices. Our Company received another email from our Vendor, sharing the details of their new bank account and requested our Company to remit the funds to the new bank account. Our Company paid the amount to the new account as informed by the Vendor. Thereafter, our Company asked the Vendor to dispatch the spares, as ordered by our Company. However, the Vendor replied that they cannot dispatch the spares as the payment is still pending. On further discussion, it was informed by the Vendor that a spam mail has been circulated from its email ID stating that a new bank account has been created to receive funds. On this our Company, filed an online complaint with the Cyber Crime Cell of Delhi Police on October 15, 2020. However, the Delhi Police failed to take any action in respect of the said matter. Our Company thereafter filed a Criminal Complaint number 6384 of 2020 under Section 156(3) of the Criminal Procedure Code, 1973, before the Chief Metropolitan Magistrate, Saket Court, New Delhi, praying for direction to Delhi Police for registration of F.I.R. under Section 415 and 420 of the Indian Penal Code and Section 66 (a) & (d) of the Information Technology Act, 2000. The matter is currently pending.
2. Our Company has filed an FIR against Leonard Thomas (“**Accused**”), manager of Infinity Mall store in Mumbai for duping 97 watches amounting to ₹ 60.79 lakhs. Our Company decided to close the stores as there were not expected sales. Our management directed the Accused to transfer all watches to Inorbit Mall, Mumbai, Maharashtra. He informed on the email that he has lost some of watches during transit in rikshaw. Police arrested the accused, during investigation the accused submitted that he has given watches to regular customers of without bill. The charge sheet has been filed against the Accused. The matter is currently pending.

### B. *Outstanding civil proceedings*

1. Our Company availed financial facilities from Federal Bank (“**Appellant Bank**”) in form of maintaining current accounts with the Appellant Bank. Appellant Bank vide its letter dated July 13, 2010, sanctioned the use of point of sale (“**POS**”) machines at various locations for receiving payments. At the time of sanctioning the said facilities no monthly rent was envisaged by the Appellant Bank. Our Company was



availing the cash credit limits renewed every year from Financial Year 2013-14 regularly till Financial Year 2015-16. The Appellant Bank was deducting various charges from the current accounts of our Company on cash transactions, POS rent, anywhere banking charges, charges for making demand drafts and other miscellaneous charges since 2011 till 2015-16. On representations made by our Company, the Appellant Bank kept on reversing the said charges. Dissatisfied with the services of the Appellant Bank, our Company started to avail facilities from Bank of Maharashtra. When our Company sought a no objection certificate (“NOC”) in respect of the same, the Appellant Bank raised a demand of ₹ 21.08 lakhs for issuance of NOC. Against the said demand, our Company paid an amount of ₹ 21.08 lakhs under protest. Dissatisfied with the services of the Bank, our Company filed a consumer complaint before the State Consumer Dispute Redressal Forum, Union Territory of Chandigarh (“SCDRC”) praying for refund of the said amount along with compensation. SCDRC on March 3, 2020, decided the matter in favor of our Company by ordering the refund of ₹ 21.08 lakhs along with compensation amounting to ₹ 2.50 lakhs for deficiency in service and unfair trade practice. Additionally, the SCDRC awarded compensation for cost of litigation amounting to ₹ 0.25 lakhs. Against the said order of the SCDRC, the Appellant has filed an appeal no. 566/2020 before the National Consumer Disputes Redressal Forum. This matter is currently pending.

### **Litigation involving our Subsidiary**

#### ***Litigation against our Subsidiary***

##### *A. Outstanding criminal proceedings*

Nil

##### *B. Actions initiated by regulatory or statutory authorities*

Nil

##### *C. Outstanding civil proceedings*

Nil

#### ***Litigation by our Subsidiary***

##### *A. Outstanding criminal proceedings*

Nil

##### *B. Outstanding civil proceedings*

Nil

### **Litigation involving our Promoters**

#### ***Litigation against our Promoters***

##### *A. Outstanding criminal proceedings*

Nil

##### *B. Actions initiated by regulatory or statutory authorities*

The executive engineer (enforcement) of the Punjab State Electricity Board (“PSEB”) visited the premises of our Promoter, KDDL Limited at Dera Bassi and alleged to have detected connected load of 1271.42 KW as against the sanctioned load of 598.830 KW. Accordingly, PSEB issued a demand notice to KDDL Limited for depositing a load surcharge of ₹ 5.04 lakhs. KDDL Limited made representation before the Zonal Dispute

Settlement Committee (“**ZDSC**”). The ZDSC decided the matter against KDDL Limited. Aggrieved by the decision of the ZDSC, KDDL Limited filed an appeal before the Electricity Grievances Redressal Forum, Patiala (“**EGRF**”). The EGRF dismissed the appeal filed by KDDL. Aggrieved by the decision passed by EGRF, KDDL Limited filed an appeal before the Ld. Ombudsman (Electricity) Punjab, Chandigarh, which granted relief to the extent of 175.50 KW amounting to ₹ 1.32 lakhs, however declined to grant entire relief. KDDL. Thereafter, KDDL Limited filed an appeal before High Court of Punjab and Haryana for quashing the order by PSEB, ZDSC, and EGRF. The presently disputed amount to an extent of ₹ 3.72 lakhs is involved in the matter. The matter is currently pending.

*C. Outstanding civil proceedings*

1. The workers union (“**Claimant**”) of KDDL Limited filed a claim petition dated September 11, 2011, before the Labour Court cum Industrial Tribunal, Shimla, stating that the workers of KDDL Limited have been illegally transferred from Parwanoo to Baddi without any reason. The Claimant claimed that the workers were transferred with an intention to deprive them from taking benefits of the settlement arrived between the Claimant and management of KDDL Limited at Parwanoo and that due to the transfer, the workers have been harassed mentally as well as financially. KDDL Limited in its written reply to the claim petition stated that the said claim petition is neither competent nor maintainable since transfer is an incidence of service and that there was no change in service condition of workers when transferred. KDDL Limited prayed for the dismissal of the petition.
2. The workers union (“**Claimant**”) of KDDL Limited filed a claim petition dated September 11, 2011, before the Labour Court cum Industrial Tribunal, Shimla, stating that the Workers Union had approached the management of KDDL Limited for settlement of their demands including demand for increase in salary in the last week of October, 2009, as the settlement entered earlier between the Claimant and the management of Promoter was about to expire in October 31, 2009. The Claimant has stated that the management of KDDL Limited intentionally did not accept their demands to increase salary and transferred some of the workers to Baddi with an intention to deprive them from taking benefits of settlement arrived. KDDL Limited in its written reply to the claim petition stated that after expiry of the settlement, a fresh settlement was entered into considering the financial health of the workers. KDDL Limited prayed for the dismissal of the claim petition. The matter is currently pending.

**Litigation by our Promoters**

*A. Outstanding criminal proceedings*

Nil

*B. Outstanding civil proceedings*

Nil

**Outstanding litigation involving our Group Company which has a material impact on our Company**

As on the date of this Red Herring Prospectus, our Group Company is not party to any pending litigation which will have a material impact on our Company.

**Litigation involving our Directors (other than our Promoters)**

Except as disclosed in ‘*Litigation filed against our Company-Outstanding civil proceedings*’ above there are no other outstanding no other outstanding civil, criminal or tax litigations involving our Directors.

Further, no actions have been initiated against our Directors by any regulatory / statutory authorities.

**Tax Proceedings**

<i>(in ₹ lakhs)</i>		
Nature of cases	Number of cases	Amount involved
<i>Company</i>		
Direct Tax	7	318.77

Nature of cases	Number of cases	Amount involved
<b>Company</b>		
Indirect Tax	6	3,390.01
<b>Subsidiary</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Directors (other than our Promoters)</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Promoter</b>		
Direct Tax	8	46.97
Indirect Tax	Nil	Nil
<b>Total</b>	<b>21</b>	<b>3,765.17</b>

Material tax proceedings

### Outstanding dues to Creditors

As per the Materiality Policy, creditors to whom an amount exceeding ₹ 419.37 lakhs, which is 5% of the trade payable of our Company as of the end of the most recent period covered in the Restated Consolidated Summary Financial Statements, i.e. as of December 31, 2021, were considered ‘material’ creditors. Based on the above, there are 3 material creditors of our Company as on December 31, 2021, to whom an aggregate amount of ₹ 4,099.61 lakhs were outstanding. Based on this criterion, details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at December 31, 2021, by our Company, are set out below:

Type of creditors	Number of creditors	Amount involved (in ₹ lakhs)
Micro, small and medium enterprises	2	77.30
Material creditors	3	4,099.61
Other creditors	290	4,210.45
<b>Total</b>	<b>295</b>	<b>8,387.35</b>

The details pertaining to net outstanding dues and overdues towards our material creditors are available on the website of our Company at <https://www.ethoswatches.com/investors-information?dfsf>.

It is clarified that such details available on our Company’s website do not form a part of this Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company’s website would be doing so at their own risk.

### Material Developments

Other than as stated below, there have not arisen, since the date of the last financial information disclosed in this Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

### Brand purchase:

Our Company is in the process of purchasing its brand-name “ETHOS” and “SUMMIT” from its parent company i.e. KDDL Limited. Our Company has entered into an agreement dated January 1, 2022 with KDDL Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of ₹ 3,900 lakhs. Out of ₹ 3,900 lakhs, one third amount need to be paid by our Company by March 31, 2021, one third of the payment will be made by our Company when trademark “Ethos” is transferred and remaining amount is to be paid when trade mark “Summit” is transferred and registered in the name of our Company.

Our Company has availed the services of V Nova Business Growth Services Limited Private Limited (“Valuer”). The Valuer has submitted its valuation report dated December 17, 2021. The Valuer’s methodology for brand valuation combines a consumer-focused approach with financial measures. The Valuer uses an income approach using the royalty relief method for estimation of the cash flows or income streams due to the brand. Royalty rate is expressed as a percentage of net sales and represents what our Company would have to pay if it did not own

the brand and licensed only the brand from a third party. Royalty rates are determined using internal and external marketing information for the brand being valued and for competitor brands. Based on the estimated parameters and the financial model, the valuation of the ‘Ethos’ brand under market based projection and our Company’s projections, has been calculated as follows:

Scenario	Market based Projections (Conservative) (Value CAGR 9.5%, 2026 share 17%)	Company Projections (Aggressive) (Value CAGR 12.8%, 2026 share 22%)
Royalty Rate	0.75%	0.75%
Brand Value	₹ 3,500 lakh	₹ 4,600 lakh

The Valuer has decided that the brand value ranges between ₹ 3,500 lakhs to ₹ 4,600 lakhs. The valuation arrived at takes into account current and future market situations, the brand’s relative competitive position, and the financial health of the business. It is also in line with Indian and international trends for royalty-based valuation of intangible brand assets. The Valuer in its report has stated that while the final valuation is subject to mutual discussion, considering the fact our Company has invested in adding value to an asset that it does not own, the Valuer believes the final fair value of the brand should lie at the mid-range of the acceptable range, i.e. about ₹ 3,900 lakhs. Thereafter, our Company obtained an offer for ₹ 3,900 lakhs from KDDL Limited and agreement was entered into for transfer of the brand names for an amount of ₹ 3,900 lakhs.

### **New Brand Agreement**

Our Company has entered into a contract with Messika group to be the exclusive partner and reseller for Messika Jewellery in India. Founded in 2005, the Messika Maison is engaged in the business of French jewellery. The Maison is recognised for its diamond expertise and unique craftsmanship expressed through modern jewellery designs and exceptional high jewellery creations.

### **Pre-IPO Placement**

Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company on March 28, 2022 has allotted 302,663 Equity Shares of ₹ 10 each for a price of ₹ 826 per share (including at a premium of ₹ 816 per share) aggregating to ₹ 2,500.00 lakhs, towards Pre-IPO placement to Abakkus Growth Fund – 2, a SEBI registered Category III Alternative Investment Fund. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.

## GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Company can undertake this Offer, and our Company can undertake their respective business activities. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. Unless otherwise stated, these approvals or licenses are valid as of date of this Red Herring Prospectus. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business, from time to time and our Company has either already made an application to the appropriate authorities for renewal of such key approvals or is in the process of making such renewal applications. In relation to the business activities and operations of our Company, we have disclosed below (i) approvals applied for but not received; (ii) approvals that have expired and renewal to be applied for; (iii) approvals required but not obtained or applied for; (iv) approvals applied for and rejected by the relevant authorities. For details in connection with the applicable regulatory and legal framework, see “Risk Factors” and “Key Regulations and Policies” on page 39 and 237, respectively.

### I. Incorporation details of our Company

1. Certificate of incorporation dated November 5, 2007, issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh, to our Company, under the name Kamla Retail Limited.
2. Certificate for Commencement of Business dated November 16, 2007, issued by the Assistant Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh, to our Company, under the name Kamla Retail Limited.
3. Fresh certificate of incorporation dated March 5, 2012, issued by the RoC, consequent upon change in our name from Kamla Retail Limited to Ethos Limited.
4. The CIN of our Company is U52300HP2007PLC030800.

### II. Approvals in relation to the Offer

For details regarding the approvals and authorizations obtained by our Company in relation to the Offer, see “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 453.

### III. Approvals in relation to operations of our Company

#### A. Tax related approvals

1. The permanent account number of our Company is AADCK2345N.
2. The tax deduction account number of our Company is PTLK11757E.
3. The GST registrations obtained by our Company, Ethos Limited as per the states where our business operations are conducted are as follows:

State	Registration Number
Assam	18AADCK2345N1Z9
Chandigarh	04AADCK2345N1ZI
Delhi	07AADCK2345N1ZC
Gujarat	24AADCK2345N1ZG
Haryana	06AADCK2345N1ZE
Karnataka	29AADCK2345N1Z6
Maharashtra	27AADCK2345N1ZA
Madhya Pradesh	23AADCK2345N1ZI
Punjab	03AADCK2345N1ZK
Rajasthan	08AADCK2345N1ZA
Telangana	36AADCK2345N1ZB
Tamil Nadu	33AADCK2345N1ZH
Uttar Pradesh	09AADCK2345N1Z8

State	Registration Number
West Bengal	19AADCK2345N1Z7

**B. Labour related approvals**

1. Certificate of registration for employees' provident fund issued by the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Our Company has been allotted EPF code number PB / CHD – 21485.
2. Registration for employees' insurance issued by the Regional Office, Employees State Insurance Corporation, Chandigarh under the Employees' State Insurance Act, 1948. Our Company has been allotted the Employees' State Insurance code number 17/41999/101/527.

**C. Key approvals obtained for business operations**

1. In order to operate as commercial establishments, our Company has obtained the necessary registrations under the respective shops and commercial establishment acts of those states, wherever enacted or in force which is as follows:

S. No.	State	Location	Registration Number
1.	Assam	Ethos Limited, GF 32, City Center Mall, G.S. Road, Guwahati – 781 005	SEA/S105/1603
2.	Chandigarh	Kamla Centre, S.C.O. 88-89, Sector 8-C, Madhya Marg, Union Territory of Chandigarh – 160 009	CH/SECTOR-8/2019-20/51
3.	National Capital Territory of New Delhi	Ethos Limited, Unit No. 18, Ground Floor, Square One Mall, Saket, New Delhi – 110 017	2021172876
		Ethos Limited, Girard Perregaux Boutique, Shop G-4, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	2021172981
		Ethos Limited, Rolex Boutique, Shop G-12, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	2017099021
		Ethos Limited, Jaeger LeCoultre & Panerai Boutiques, Shop G-11, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	2018025240
		Ethos Limited, Jaeger LeCoultre & Panerai Boutiques, Shop G-11, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi –	2018019218

S. No.	State	Location	Registration Number
		110 021	
		Ethos Limited, Shop 111, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	2019090462
		Ethos Summit, Unit G-14, Select City Walk, A-3, Distt Centre, Saket, New Delhi – 110 017	2013027601
		Ethos Limited, Rado Boutique, Unit G-15, Select City Walk, A-3, Distt Centre, Saket, New Delhi – 110 017	2013000853
		Ethos Limited, Tissot Boutique, Unit F-73, Select City Walk, A-3, Distt Centre, Saket, New Delhi – 110 017	2015035526
		Ethos Limited, G-52 (Ground Floor), Vegas Mall, Plot No. 06, Sector 14, Dwarka, New Delhi – 110 078	2021172347
		First Floor, 202 A UG Floor DLF Emporio Mall Nelson Mandela Marg Vasant Kunj ( Vasant Kunj) National Capital Territory of Delhi 110070	2022079792
4.	Gujarat	Ethos Limited, Unit G-8/9, Ahmedabad One Mall, TP No. 1, FP 216, Near Vastrapur Lake, Ahmedabad – 380 054	PII/VST/22/0000282
		Ethos Limited, Rado Boutique, Unit G-30, Ahmedabad One Mall, TP No. 1, FP 216, Near Vastrapur Lake, Ahmedabad – 380 054	PEC010673001574
5.	Haryana	Ethos Limited, Unit G-21, Ambience Mall, NH-8, Gurgaon – 122 002	PSA/REGIGI GN/LI-GGN-3/0095172
6.	Karnataka	Ethos Limited, Unit 35, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bangalore – 560 095	14/152/CE/1798/2008
		Ethos Limited, Seiko Boutique, Unit F-106, UB City, Vittal Mallya Road, Bangalore – 560 001	41/111/CE/6889/2011
		Ethos Limited, Unit 8-A, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bangalore – 560 095	21/151/S/2755/2014
		Ethos Limited, Shop G37-A, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore – 560 055	1/43/CE/0588/2012
		Ethos Limited, Hugo Boss Boutique, Shop # 1, UG, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore – 560 055	1/43/CE/0589/2012
		Ethos Summit, Touchstone Annexe, Next to Safina Plaza,	9/110/S/0107/2012

S. No.	State	Location	Registration Number
		Hospital Road, Bangalore – 560 001	
		Ethos Limited – Rolex Boutique, Unit G-4, UB City, Vittal Mallya Road, Bangalore – 560 001	41/111/S/6888/2011
		Ethos Limited, Unit G-02/03, UB City, Vittal Mallya Road, Bangalore – 560 001	41/111/CE/0419 /2012
7.	Maharashtra	Ethos Limited, Unit G-28 (Ground Floor), Inorbit Mall, Link Road, Malad (West), Mumbai, Maharashtra – 400 064	890074917 / PS Ward / Shop I
		Ethos Summit, Unit G-9A, Palladium Mall, High Street Phoenix, 462 S.B. Marg, Lower Parel, Mumbai, Maharashtra – 400 013	890088488 / GS Ward / Shop I
		Ethos Summit, Hublot Boutique, Unit G-5B, Palladium Mall, High Street Phoenix, 462 S.B. Marg, Lower Parel, Mumbai, Maharashtra – 400 013	890270137 / GS Ward / Shop I
		Ethos Limited, Unit No. UGF-09, Trilium Mall, Rambagh Layout, Untkhana, Nagpur – 440 003	1952300313585470
		Ethos Limited, UG-32, Phoenix Market City, 207, Viman Nagar Road, Pune – 411 014	107562102003
		Ethos Limited, Shop 73, GF, Viviana Mall, Next to Jupiter Hospital, Near Eastern Express Highway, Thane – 400 610	107267742003
		Ethos Limited, Rado Boutique, GF-60A, Viviana Mall, Next to Jupiter Hospital, Near Eastern Express Highway, Thane – 400 610	101101811903
8.	Rajasthan	Ethos Limited, Omega Boutique, Unit 34 (W1-W2), Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur – 302 017	SCA/2019/14/144529
		Ethos Limited, Rado Boutique, Unit 34 (W1-W2), Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur – 302 017	SCA/2019/14/144525
		Ethos Limited, Unit No. 12, Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur – 302 017	SCA/2017/14/144270
9.	Telangana	Ethos Limited, Unit G-03 & 103, Roxana Fortune, Road No. 12, Banjara Hills,	SEA/HYD/ALO/03/0156018/2019



S. No.	State	Location	Registration Number
		Hyderabad – 500 034	
10.	Uttar Pradesh	Ethos Summit, Unit No. G-78 & 79, Palassio Mall, Sector 7, Gomti Nagar Extension, Shaheed Path, Lucknow – 226 010	UPSA28739595
		Ethos Limited – Rado Boutique, Unit No. G-7, Palassio Mall, Sector 7, Gomti Nagar Extension, Shaheed Path, Lucknow – 226 010	UPSA28739596
		Ethos Limited, E-152, GF, Mall of India, Plot M-03, Sector 18, Noida – 201 301	UPSA10000753
11.	West Bengal	Ethos Limited, Orbit Victoria, No. 30, Shakespeare Sarani, P.S. Shakespeare Sarani, Kolkata – 700 017	KL04181N0219000015
12.	Punjab	Ethos Limited, Unit G-4, MBD Mall, Rajguru Nagar, Ludhiana – 141 012	LUD05/202201/008

2. Trade licenses issued under various state municipal corporations under applicable state specific laws as follows:

S. No.	State	Location	Registration Number
1.	Assam	Ethos Limited, GF 32, City Center Mall, G.S. Road, Guwahati – 781 005	GMC/EZ/19/GTL/202122/12172414
2.	National Capital Territory of New Delhi	Ethos Limited, Unit No. 18, Ground Floor, Square One Mall, Saket, New Delhi – 110 017	SGTL0422205995
		Ethos Limited, Girard Perregaux Boutique, Shop G-4, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	SGTL0422230399
		Ethos Limited, Rolex Boutique, Shop G-12, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	SGTL0422111262
		Ethos Limited, Jaeger LeCoultre & Panerai Boutiques, Shop G-11, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	SGTL0422187147
		Ethos Limited, Shop 111, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, New Delhi – 110 021	SGTL0422255784
		Ethos Summit, Unit G-14, Select City Walk, A-3, Distt Centre, Saket, New Delhi – 110 017	SGTL0422172953
		Ethos Limited, Rado Boutique, Unit G-15, Select City Walk, A-3, Distt Centre, Saket, New Delhi – 110 017	SGTL0422234281
		Ethos Limited, Tissot Boutique,	SGTL0422235585

S. No.	State	Location	Registration Number
		Unit F-73, Select City Walk, A-3, Distt Centre, Saket, New Delhi – 110 017	
		Ethos Limited, G-52 (Ground Floor), Vegas Mall, Plot No. 06, Sector 14, Dwarka, New Delhi – 110 078	SGTL0422167411
		First Floor, 202 A UG Floor DLF Emporio Mall Nelson Mandela Marg Vasant Kunj ( Vasant Kunj) National Capital Territory of Delhi 110070	SGTL0422296175
3.	Tamil Nadu	Ethos Limited, Unit UG-011, The Forum Mall, 183, NSK Salai, Vdopalani, Chennai – 600 026	10-130-001409/2022-23
		Ethos Limited, G-27, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu – 600 042	13-174-004432/2022-23
		Ethos Limited, Oris Boutique, UG-8, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai – 600 042	13-174-006552/2022-23
		Ethos Limited, UG-16, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai – 600 042	13-174-004792/2022-23
		Ethos Limited, Omega Boutique, UG-12A, Upper Ground Floor, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, -600042	131-174-007812/2022-23
4.	West Bengal	Ethos Limited, Orbit Victoria, No. 30, Shakespeare Sarani, P.S. Shakespeare Sarani, Kolkata – 700 017	0268 3104 6835
5.	Karnataka	Ethos Limited, Unit 8-A, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bangalore – 560 095	SO23146645148928028
		Ethos Limited, Unit 35, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bangalore – 560 095	SO23151645147923677
		Ethos Limited, Hugo Boss Boutique, Shop # 1, UG, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore – 560 055	WE08066645148413769
		Ethos Limited, Shop G37-A, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore – 560 055	WE08066645148413768
		Ethos Limited, Seiko Boutique, Unit F-106, UB City, Vittal Mallya Road, Bangalore – 560 001	EA14111645148930775
		Ethos Limited, Unit G-02/03, UB City, Vittal Mallya Road, Bangalore – 560 001	EA14111645147934748
		Ethos Limited – Rolex Boutique, Unit G-4, UB City, Vittal Mallya Road, Bangalore – 560 001	EA14111645148928080

3. Certificate of Importer-Exporter Code dated February 22, 2008, granting the IEC number 2207005267 issued by the Office of the Joint Director General of Foreign Trade, Ministry of

Commerce and Industry, Government of India, under the Foreign Trade (Development and Regulation) Act, 1992, to enable our Company to carry out its export and import operations.

#### IV. Approvals expired and applied for renewal

1. Registrations under the respective shops and commercial establishment acts of those states, which have expired however the same has been applied for wherever enacted or in force which is as follows:

S. No.	State	Location	Registration Number
1.	Chandigarh	Ethos Summit, Unit G-10, Elante Mall, Indl & Business Park, Phase 1, Chandigarh – 160 002	Shops & Establishment CH/I.A.PHASE-I(ID-1)/2021-22/459 expired on March 31, 2022. Applied for renewal vide application number REGEMPSHP1/2022/2407 dated March 31, 2022.
		Ethos Limited, Rado Boutique, Unit G-16, Elante Mall, Indl & Business Park, Phase 1, Chandigarh – 160 002	Shops & Establishment CH/I.A.PHASE-I(ID-1)/2021-22/473 expired on March 31, 2022. Applied for renewal vide application number REGEMPSHP1/2022/2406 dated March 31, 2022.

2. Trade licenses issued under various state municipal corporations under applicable state specific laws which have expired and have been applied for renewal by our Company:

S. No.	State	Location	Registration Number
1.	Karnataka	Ethos Summit, Touchstone Annexe, Next to Safina Plaza, Hospital Road, Bangalore – 560 001	N21222910992137 expired on March 31, 2022. Applied for new license vide application no. T29F2EB36.
2.	Telangana	Ethos Limited, Unit G-03 & 103, Roxana Fortune, Road No. 12, Banjara Hills, Hyderabad – 500 034	Trade License 171823182022 expired on March 31, 2022. Applied for renewal vide application no. 185548182022
3.	Punjab	Ethos Limited, Unit G-4, MBD Mall, Rajguru Nagar, Ludhiana – 141 012	PB-TL-2021-10-06-072234 expired on March 31, 2022. Applied for renewal vide application no. PB-TL-2022-04-04-091026.

#### V. Approvals applied but not received

Nil

#### VI. Approvals expired and renewal to be applied for

As on the date of this Red Herring Prospectus, there are no approvals that have expired but have not been renewed by our Company except as disclosed herein:

Nil

#### VII. Approvals required but not obtained or applied for

As on the date of this Red Herring Prospectus, there are no approvals which our Company was required to obtain or applied for but have not been obtained or been applied for.

#### VIII. Approvals applied for and rejected by the relevant authorities

As on the date of this Red Herring Prospectus, there are no approvals which our Company has applied for and the same have been rejected by the relevant authorities.

**IX. Intellectual property**

We are in the process of buying brand-name “ETHOS” and “SUMMIT” from our promoter, KDDL Limited. We have entered into an agreement to sell dated January 1, 2022, with KDDL Limited, for the transfer of brand names, trademarks, trade names logos and all related rights to “ETHOS” and “SUMMIT” in our name for an amount of ₹ 3,900.00 lakhs. Out of ₹ 3,900.00 lakhs, one third need to be paid by us by March 31, 2021, one third of the payment will be made by us to KDDL Limited when trademark “Ethos” is transferred and remaining amount is to be paid when trade mark “Summit” is transferred and registered in our favor.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### Corporate Approvals

- Our Board of Directors has authorized the Offer pursuant to resolution passed at its meetings held on December 1, 2021.
- Our shareholders have approved and authorized the Fresh Issue by way of a special resolution passed at their extraordinary general meeting held on January 18, 2022.
- IPO Committee has approved this Red Herring Prospectus for filing with SEBI and the Stock Exchanges by way of resolutions passed dated January 21, 2022.
- The shareholders of KDDL Limited, pursuant shareholders resolution dated January 18, 2022, approved the alteration in capital structure of our Company, a material subsidiary of KDDL Limited.

#### Authorization by the Selling Shareholders

The Selling Shareholders have, severally and not jointly, confirmed and approved their participation in the Offer for Sale in relation to their respective portion of Offered Shares as follows:

S. no.	Name of the Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of the consent letter to participate in the Offer for Sale	Date of corporate action / board resolution / power of attorney
1	Yashovardhan Saboo* (“Selling Shareholder”)	Up to 2,75,000	December 22, 2021	-
2	KDDL Limited (“Selling Shareholder”)	Up to 5,00,000	December 22, 2021	December 21, 2021
3	Mahen Distribution Limited (“Selling Shareholder”)	Up to 50,000	December 22, 2021	December 22, 2021
4	Saboo Ventures LLP (“Selling Shareholder”)	Up to 1,50,000	December 22, 2021	December 22, 2021
5	Anuradha Saboo* (“Selling Shareholder”)	Up to 60,000	December 22, 2021	-
6	Jai Vardhan Saboo (“Selling Shareholder”)	Up to 15,000	December 22, 2021	December 31, 2021
7	VBL Innovations Private Limited (“Selling Shareholder”)	Up to 10,500	December 22, 2021	December 29, 2021
8	Anil Khanna (“Selling Shareholder”)	Up to 6,250	December 7, 2021	January 07, 2022
9	Nagarajan Subramanian (“Selling Shareholder”)	Up to 19,231	December 22, 2021	January 06, 2022
10	C. Raja Sekhar^ (“Selling Shareholder”)	Up to 10,556	December 18, 2021	January 06, 2022
11	Karan Singh Bhandari (“Selling Shareholder”)	Up to 3,000	December 22, 2021	January 07, 2022
12	Harsh Vardhan Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 07, 2022
13	Anand Vardhan Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 07, 2022
14	Shalini Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 07, 2022
15	Manju Bhuwalka (“Selling Shareholder”)	Up to 2,125	December 22, 2021	January 07, 2022

S. no.	Name of the Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of the consent letter to participate in the Offer for Sale	Date of corporate action / board resolution / power of attorney
	<b>Total</b>	Up to <b>11,08,037</b>		

\* As Yashovardhan Saboo and Anuradha Saboo, are individuals, therefore, date of corporate action is not applicable to them, further, unlike other selling shareholders they have not executed power of attorney in favour of someone else and have signed Selling Shareholders documents including consent letters dated December 22, 2021 themselves.

^ C Raja Sekhar, on March 23, 2022, has resigned as a director from the board of directors of Mahen Distribution Limited and his resignation has been approved by the board of directors of Mahen Distribution Limited.

Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to a resolution passed at its meeting held on December 30, 2021.

### ***In – principle Listing Approvals***

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated February 21, 2022 and February 21, 2022, respectively.

### **Prohibition by Securities and Exchange Board of India or other Governmental Authorities**

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

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoters or Directors have not been declared as wilful defaulters or fraudulent borrower by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters and wilful defaulter issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

The Equity Shares of our Company held by our Promoters and Selling Shareholders are in dematerialised form.

The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Red Herring Prospectus.

Each Selling Shareholder, severally and not jointly, confirms that it has not been prohibited from accessing the capital market or debarred 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.

### **Compliance with the Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, our Promoters and the members of the Promoter Group and the Selling Shareholders (to the extent applicable), severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable.

### **Directors associated with the Securities Market in any manner**

None of our Directors or entities with which our Directors are associated, are associated with the securities market in any manner including securities market related business. There have been no actions initiated by SEBI against any of our Directors in the five years preceding the date of this Red Herring Prospectus.

## Eligibility for the Offer

Our Company confirms that it is eligible to make the Offer in terms of the SEBI ICDR Regulations, to the extent applicable. Our Company is eligible for undertaking the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, which states the following:

*“An issuer shall be eligible to make an initial public offer only if:*

- a) *it has net tangible assets of at least three crore rupees, calculated on a restated and consolidated basis, in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. Are held in monetary assets:*

*Provided that if more than fifty per cent. Of the net tangible assets are held in monetary assets, the issuer has utilised or made firm commitments to utilise such excess monetary assets in its business or project;*

*Provided further that the limit of fifty per cent. On monetary assets shall not be applicable in case the initial public offer is made entirely through an offer for sale.*

- b) *it has an average operating profit of at least fifteen crore rupees, calculated on a restated and consolidated basis, during the preceding three years (of twelve months each), with operating profit in each of these preceding three years;*
- c) *it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each), calculated on a restated and consolidated basis;*
- d) *if it has changed its name within the last one year, at least fifty per cent. Of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has been earned by it from the activity indicated by its new name.”.*

We are an unlisted company, satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations in the following manner:

- (a) Our Company has had net tangible assets of at least ₹3 crores, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- (b) Our Company has an average operating profit of at least ₹ 15 crores, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- (c) Our Company has a net worth of at least ₹ 1 crore in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- (d) Our Company has not changed its name in the last one year.

Our Company’s net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Consolidated Summary Statements included in this Red Herring Prospectus as at, and for the last three Financial Years ended March 31, 2019, 2020 and 2021 and nine months period ended December 31, 2021, are set forth below:

Particulars	(₹ in lakhs)		
	Financial Year 2019	Financial Year 2020	Financial Year 2021
Net tangible assets, as restated <sup>(1)</sup>	12,944.77	14,900.23	15,491.27
Monetary assets, as restated <sup>(2)</sup>	3,486.03	4,165.52	5,198.06

(₹ in lakhs)

Particulars	Financial Year 2019	Financial Year 2020	Financial Year 2021
Monetary assets, as a percentage of net tangible assets, as restated	26.93%	27.96%	33.55%
Pre-tax operating profits (excluding other income and finance costs) <sup>(3)</sup>	3,103.01	1,845.81	850.78
Net worth, as restated <sup>(4)</sup>	13,038.76	14,985.11	15,559.69

Notes:

- (1) Net tangible assets have been computed as sum of total assets less total current liabilities less total non-current liabilities and less Intangible Assets (Including intangible assets under development) as defined in Indian Accounting Standard (Ind AS) 38 'Intangible Assets', issued by the Institute of Chartered Accountants of India.
- (2) Monetary Assets have been computed as all items of assets, which are receivable in cash, as defined in 'Ind AS 21- effects of changes in foreign exchange rates'.
- (3) Operating Profit has been computed as restated profit before tax after excluding finance cost and other income.
- (4) Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account, Deemed capital contribution, compulsory convertible cumulative preference shares, share application money pending allotment, shares options outstanding and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Consolidated Summary Statements, but does not include reserves created out of revaluation of assets, foreign currency translation reserve, capital reserve, write-back of depreciation and amalgamation. Return to be considered as profit or loss attributable to 'owners of the parent' and net worth should be considered as attributable to 'owners of the parent'.

We are eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulation 6(1) of the SEBI ICDR Regulations. Accordingly, in accordance with Regulation 32(1) of the SEBI ICDR Regulations we are required to allocate not more than 50% of the Offer to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders .

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be allotted will be not less than 1,000.

Further, our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company nor the Promoters, members of the Promoter Group, the Directors or the Selling Shareholders are debarred from accessing the capital markets by the SEBI.
- (b) None of the Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.



- (c) Neither our Company nor the Promoters or Directors is a wilful defaulter or fraudulent borrower.
- (d) None of our Promoters or Directors is a fugitive economic offender, under Section 12 of the Fugitive Economic Offenders Act, 2018.
- (e) There are no outstanding warrants, options, or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Red Herring Prospectus.

Each of the Selling Shareholders confirm that they are in compliance with Regulation 8 of the SEBI ICDR Regulations.

Further, none of our Group Companies have any securities listed on stock exchanges.

#### **DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EMKAY GLOBAL FINANCIAL SERVICES LIMITED AND INCRED CAPITAL WEALTH PORTFOLIO MANAGERS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS RESPECTIVE PORTION OF OFFERED SHARES. THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 21, 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS AND THIS RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS AND THIS RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Offer will be complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

**Disclaimer from our Company, our Directors, the Selling Shareholders and the Book Running Lead Managers**

Our Company, our Directors, the Selling Shareholders and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.ethoswatches.com](http://www.ethoswatches.com) or the respective website of our Subsidiary or Group Companies or members of the Promoter Group and affiliates (each as applicable) would be doing so at his or her own risk. The Selling Shareholders, their respective directors, affiliates, associates, and officers, as applicable, accept no responsibility for any statements made in this Red Herring Prospectus other than those statements or undertakings specifically made or confirmed by such Selling Shareholders in relation to themselves and their respective proportion of the Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company, Selling Shareholders and the Book Running Lead Managers to the Bidders and the public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centers or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders and the Underwriters and each of their respective directors, partners, designated partners, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders and the Underwriters and each of their respective directors, partners, designated partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, its Subsidiary, the Selling Shareholders and its respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiary, the Selling Shareholders, their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-Sis and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs (under Schedule I of the FEMA Non-debt Rules, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to subscribe or purchase the Equity Shares.

This Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. Any person who possesses this Red Herring Prospectus is required to keep themselves informed and observe and comply with to the extent applicable, any restrictions under the applicable legal requirements of any jurisdiction. **No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for**

**the Offer, which contains the selling restrictions for the Offer outside India.**

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Eligibility and Transfer Restrictions**

Invitations to subscribe to or purchase the Equity Shares in the Offer shall be made only pursuant to this Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises this Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States and may not be offered or sold in the United States (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in “offshore transactions” as defined in and in reliance on Regulation S.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of the Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act, unless made pursuant to available exemptions from the registration requirements of the U.S. Securities Act and in accordance with applicable securities laws of any state of the United States.

**Each purchaser of the Equity Shares in the Offer who does not receive a copy of the preliminary offering memorandum for the Offer shall be deemed to:**

- Represent and warrant to our Company, the Selling Shareholders and the Members of Syndicate that its Bid did not exceed investment limits or the maximum number of Equity Shares that can be held by it under applicable law.
- Acknowledge that the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.
- Represent and warrant to our Company, the Selling Shareholders and the Members of Syndicate that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares offered in the Offer was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares offered in the Offer was originated.
- Represent and warrant to our Company, the Selling Shareholders and the Members of Syndicate that it did not purchase the Equity Shares offered in the Offer as result of any “directed selling efforts” (as defined in Regulation S).
- Represent and warrant to our Company, the Selling Shareholders and the Members of Syndicate that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Offer, it agrees that it will not offer, sell, pledge or otherwise transfer any of the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available

exemption from registration requirements under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Agree to indemnify and hold our Company, the Selling Shareholders and the Members of Syndicate harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Offer.
- Represent and warrant to our Company, the Selling Shareholders and the Members of Syndicate that if it acquired any of the Equity Shares offered in the Offer as fiduciary or agent for one or more investor account(s), it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- Represents and warrant to our Company, the Selling Shareholders and the Members of Syndicate that if it acquired any of the Equity Shares offered in the Offer for one or more managed account(s), that it was authorized in writing by each such managed account to subscribe to the Equity Shares offered in the Offer for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.
- Acknowledge that our Company, the Selling Shareholders and the Members of Syndicate and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

#### **Disclaimer Clause of BSE Limited**

As required, a copy of the Draft Red Herring Prospectus was submitted to BSE. The disclaimer clause as intimated by BSE to our Company, vide letter of in-principal approval dated February 21, 2022, post scrutiny of the Draft Red Herring Prospectus, is set forth below:

BSE Limited (“**the Designated Stock Exchange**”) has given vide its letter dated February 21, 2022 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of National Stock Exchange of India Limited**

As required, a copy of the Draft Red Herring Prospectus was submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, vide letter of in-principal approval dated February 21, 2022, is set forth below:

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/1504 dated February 21, 2022,

permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever".

### **Listing**

Applications will be made to the Stock Exchanges for permission to deal in and for listing and trading of the Equity Shares. BSE Limited will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law for the delayed period.

Other than the listing fees for the Offer, which will be borne by our Company, and the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, which will be borne by the Selling Shareholders, all cost, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale whether the Offer is successful or not and Equity Shares of our Company are listed on the Stock Exchanges or not. Irrespective of whether the Offer is completed successfully or not, any payments by our Company in relation to the Offer expenses on behalf of any of the Selling Shareholders shall be reimbursed by such Selling Shareholder to our Company inclusive of taxes.

### **Consents**

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to Offer, Legal Counsel to Selling Shareholder, Bankers to our Company, the Book Running Lead Managers, the Registrar to the Offer, and consents in writing of the Syndicate Members, Monitoring Agency, Special International Legal Counsel to Book Running Lead Managers, the Banker(s) to the Offer, Sponsor Banks, Escrow Collection Bank, have been obtained to act in their respective capacities and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and all such consents, as applicable, shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

### **Expert to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated May 6, 2022 from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated April 7, 2022, on our Restated Consolidated Summary Statements; and (ii) their report dated April 26, 2022 on the Statement of Special Tax Benefits in this Red Herring Prospectus and such consent has not been

withdrawn as on the date of this Red Herring Prospectus.

However, the term ‘expert’ shall not be construed to mean an ‘expert’ as defined under the U.S. Securities Act

Our Company has received written consent dated May 6, 2022 from Predecessor Auditor, i.e., B S R & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Predecessor Auditor, and in respect of their examination report, dated April 7, 2022 on our Restated Consolidated Summary Statements for Financial Year,2018-19; and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has received written consent dated January 15, 2022 from B K S & Co., Chartered Accountant, to include its name as an expert.

However, the term ‘expert’ shall not be construed to mean an ‘expert’ as defined under the U.S. Securities Act.

#### Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issue during the five years preceding the date of this Red Herring Prospectus, except as provided below:

S. No.	Closing date	Date of allotment	Date of refunds	Date of listing on stock exchanges	If issue was at premium or discount, the amount thereof
1	November 24, 2021	December 1, 2021	December 9, 2021	Not Applicable	₹ 2,472.86 lakhs

#### Commission or brokerage on previous issues in the last five years

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for the Equity Shares since our Company’s incorporation.

#### Capital issue during the previous three years by our Company, the listed Group Companies, subsidiaries and associates of our Company

Except as disclosed in “Share Capital History of our Company” on page 100, our Company has not made any capital issues during the previous three years.

Further, except as disclosed below, our listed Group Companies / Subsidiaries / Associates have not made any capital issues during the previous three years.

Name of the Company	Year of Issue	Types of Issue(public / right composite)	Amount of issue	Date of closure of issue	Date of allotment and date of credit of securities to demat account.	Date of completion of the project, where objects of the issue was financing the project	Rate of dividend paid
KDDL Limited	2021	Rights Issue	₹ 2,500.00 lakhs	May 7, 2021	May 17, 2021	As per terms of issue	NA
KDDL Limited	2018	Preferential Issue	₹ 2,000.00 lakhs	N.A.	October 8, 2018	As per terms of issue	15% (as on March 31, 2021)
KDDL	2018	Conversion of	₹ 700.00	N.A.	June 15,	As per terms	15% (as on

Name of the Company	Year of Issue	Types of Issue(public / right composite)	Amount of issue	Date of closure of issue	Date of allotment and date of credit of securities to demat account.	Date of completion of the project, where objects of the issue was financing the project	Rate of dividend paid
Limited		warrants	lakhs		2018	of issue	March 31, 2021)
KDDL Limited	2018	Conversion of warrants	₹ 300.00 lakhs	N.A.	March 15, 2018	As per terms of issue	15% (as on March 31, 2021)

#### Performance vis-à-vis objects – Public/ rights issue of our Company

Except as disclosed below, our Company has not undertaken any public issue or rights issue in the five years preceding the date of this Red Herring Prospectus.

Year of Issue	Types of Issue (public/right composite)	Amount of issue	Date of closure of issue	Date of allotment and date of credit of securities to demat account.	Date of completion of the project, where objects of the issue was financing the project	Rate of dividend paid
2021	Rights Issue	₹ 2,518.65 lakhs	November 24, 2021	December 1, 2021	As per terms of issue	Nil

Our Company has not done public issue of Equity Shares in past. Our Company has not done any right issues except as disclosed under “*Capital Structure-History of Equity Share Capital of our Company*” on page 100. Our Company has allotted the Equity Shares through right issue on December 1, 2021. The funds raised from the said issue are pending utilisation and will be utilised towards our business.

#### Performance vis-à-vis objects – last one Public/ rights issue of the listed Subsidiaries/Promoters of our Company

Except as disclosed below, our listed Subsidiaries / Promoters have not undertaken any public issue or rights issue in the last five years, preceding the date of this Red Herring Prospectus.

Name of the Company	Year of Issue	Types of Issue (public/right composite)	Amount of issue (₹ in lakhs)	Date of closure of issue	Date of allotment and date of credit of securities to demat account.	Date of completion of the project, where objects of the issue was financing the project	Rate of dividend paid
<b>KDDL Limited</b>	2021	Right Issue	2,500.00	May 7, 2021	May 17, 2021	As per terms of issue	NA

The funds raised from the said issue have been utilised towards the relevant purpose and there has been no delay in the utilisation of the same.

## Price information of past issues handled by the Book Running Lead Managers

### A. Emkay Global Financial Services Limited

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Emkay Global Financial Services Limited

S. No.	Issue Name	Issue Size (₹ in Cr.)	Designated Stock Exchange	Issue Price (₹)	Listing date	Opening price on listing date	+/-% change in closing price, [+/-% change in closing benchmark]-30 <sup>th</sup> calendar days from listing	+/-% change in closing price, [+/-% change in closing benchmark]-90 <sup>th</sup> calendar days from listing	+/-% change in closing price, [+/-% change in closing benchmark]-180 <sup>th</sup> calendar days from listing
1.	Heranba Industries Limited	625.24	BSE	627	5 <sup>th</sup> March, 2021	900	-0.38%, [-2.01%]	20.89%, [5.04%]	27.03%, [14.31%]

#### Summary statements of price information of past issues handled by Emkay Global Financial Services Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Cr.)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount – 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020-21	1	625.24	-	-	1	-	-	-	-	-	-	-	1	-

### B. InCred Capital Wealth Portfolio Managers Private Limited

2. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by InCred Capital Wealth Portfolio Managers Private Limited

S. No.	Issue Name	Issue Size (₹)	Designated Stock Exchange	Issue Price (₹)	Listing date	Opening price on listing date	+/-% change in closing price, [+/-% change in closing benchmark]-30 <sup>th</sup> calendar days from listing	+/-% change in closing price, [+/-% change in closing benchmark]-90 <sup>th</sup> calendar days from listing	+/-% change in closing price, [+/-% change in closing benchmark]-180 <sup>th</sup> calendar days from listing
Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil	Nil

#### Summary statement of price information of past issues handled by InCred Capital Wealth Portfolio Managers Private Limited

Financ	Tot	Total	No. of IPOs trading	No. of IPOs trading	No. of IPOs trading	No. of IPOs trading
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ial Year	al no. of IPO s	amou nt of funds raise d (₹ Cr.)	at discount – 30 <sup>th</sup> calendar days from listing			at premium – 30 <sup>th</sup> calendar days from listing			at discount – 180 <sup>th</sup> calendar days from listing			at premium – 180 <sup>th</sup> calendar days from listing		
			Ov er 50 %	Betwe en 25- 50%	Les s tha n 25 %	Ov er 50 %	Betwe en 25- 50%	Les s tha n 25 %	Ov er 50 %	Betwe en 25- 50%	Les s tha n 25 %	Ov er 50 %	Betwe en 25- 50%	Les s tha n 25 %
Nil	Nil	Nil	Nil			Nil			Nil			Nil		

### Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012, issued by SEBI, please see the websites of the Book Running Lead Managers as set forth in the table below:

S. No.	Name of the BRLMs	Website
1.	Emkay Global Financial Services Limited	www.emkayglobal.com
2.	InCred Capital Wealth Portfolio Managers Private Limited	www.incredsecurities.com

### Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

### Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least 8 years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances. Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs. Further, the Bidder was required to enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, UPI ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Bidders can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode and ASBA Account number (for Bidders other than RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using the UPI Mechanism. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, the Refund Circulars and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure

on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLMs shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount/extra amount blocked, for the period of such delay .

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see, “*General Information – Details of the Book Running Lead Managers*” on page 90.

The Registrar to the Offer is required to obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Company, the Selling Shareholders, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any act of the SCSBs, including any default in complying with their obligations under the applicable SEBI ICDR Regulations.

Anchor Investors are required to address all grievances in relation to the Offer to the Book Running Lead Managers.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Our Company has not received investor complaints during the period of three years preceding the date of this Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of this Red Herring Prospectus.

#### **Disposal of Investor Grievances by our Company**

Our Company has obtained the authentication on the SCORES and will comply with the SEBI circular no. CIR/OIAE/1/2013 dated April 17, 2013, SEBI Circular number no. CIR/OIAE/1/2014 dated December 18, 2014, and SEBI Circular no. SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021, in relation to redressal of investor grievances through SCORES.

Our Company has also constituted a Stakeholder’s Relationship Committee to review and redress the Shareholders and investor grievances such as transfer of Equity Shares declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details on the Stakeholders’ Relationship Committee, see “*Our Management – Committees of the Board – Stakeholders’ Relationship Committee*” on page 270.

Our Company has also appointed Anil Kumar, our Company Secretary, as the Compliance Officer for the Offer. For details, see “*General Information*” on page 90.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 (ten) Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

#### **Exemption from complying with any provisions of securities laws, if any,**

Nil

#### **Other confirmations**

No person connected with the Offer, except for fees or commission for services rendered in relation to the Offer, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

## **SECTION VII OFFER RELATED INFORMATION**

### **TERMS OF THE OFFER**

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of voting and the right to receive dividend. In addition, the Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 502.

#### **Ranking of the Equity Shares**

The Equity Shares being Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, our Memorandum of Association and our Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividend and voting. The Allottees, upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “*Description of Equity Shares and Terms of the Articles of Association*” beginning on page 502.

#### **Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For details, in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of Articles of Association*” beginning on pages 291 and 502, respectively.

#### **Face Value, Offer Price, Floor Price and Price Band**

The face value of each Equity Share is ₹ 10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share. Cap Price shall be minimum 105% of the Floor Price and shall not exceed 120% of the Floor Price.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, as per applicable law and advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi daily newspaper, and Shimla Edition of Himachal Times, a local Hindi Newspaper of Himachal Pradesh (Hindi being the regional language of Himachal Pradesh, where our Registered Office is located) each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Equity Shares issued and offered by way of Book Building Process.

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

## **The Offer**

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in “*Objects of the Offer – Offer Expenses*” on page 140.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 502.

## **Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite Agreement dated March 18, 2019, among CDSL, our Company and the Registrar to the Offer
- Tripartite Agreement dated January 12, 2019, among NSDL, our Company and the Registrar to the Offer

## **Market Lot and Trading Lot**

Since trading of the Equity Shares on the Stock Exchanges shall only be in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in dematerialised form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

## **Compliance with disclosure and accounting norms**

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

## **Joint Holders**

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

## **Jurisdiction**

The courts of Mumbai, Maharashtra India will have exclusive jurisdiction in relation to this Offer.

## **Period of operation of subscription list**

See “*Bid/Offer Programme*” on page 470.

## **Nomination facility to Investors**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## **Withdrawal of the Offer**

Our Company and Selling Shareholders, in consultation with the BRLMs, reserve the right to not proceed with the Offer, in whole or part thereof, after the Bid/Offer Opening Date but before the Allotment. In the event that our Company and Selling Shareholder, in consultation with the BRLMs, decide not to proceed with the Offer, our Company shall issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer. In such event, the BRLMs through the Registrar to the Offer shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and Selling Shareholders, in consultation with the Book Running Lead Managers withdraw the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with a public offering of Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI.

### **Bid/Offer Programme**

BID/OFFER OPENS ON	Wednesday, May 18, 2022 <sup>(1)</sup>
BID/OFFER CLOSSES ON	Friday, May 20, 2022 <sup>(2)</sup>

- (1) *Our Company and Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations, that is on Tuesday, May 17, 2022.*
- (2) *Our Company and Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

**An indicative timetable in respect of the Offer is set out below:**

<b>Event</b>	<b>Indicative Date</b>
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Wednesday, May 25, 2022
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about Thursday, May 26, 2022
Credit of Equity Shares to demat accounts of Allottees	On or about Friday, May 27, 2022
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Monday, May 30, 2022

\* In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable.

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.**

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and Selling Shareholders, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021,**

and SEBI Notification No. SEBI/LAD-NRO/GN/ 2022/ 63 dated January 14, 2022, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription. In case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares it shall refund the entire money received on application within 4 days of receipt of intimation of such rejection. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the Book Running Lead Managers will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
<b>Bid/Offer Closing Date*</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

*\*UPI mandate end time and date shall be at 12.00 pm on Monday, May 23, 2022.*

**On the Bid/ Offer Closing Date, Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB’s on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB’s shall unblock such applications by the closing hours of the Working Day.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days during the Bid / Offer Period.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids and revisions by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system or in respect of

which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected. Our Company and Selling Shareholders, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. Provided that Cap Price shall remain minimum 105% of the Floor Price and shall not exceed 120% of the Floor Price.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and Selling Shareholders, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.**

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

### **Minimum Subscription**

If our Company does not receive the minimum subscription in the Offer equivalent to at least 10% post Offer paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b) of the SCRR), including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/Offer Closing Date on the date of closure of the Offer or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the Offer Document, our Company shall forthwith refund the entire subscription amount received. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, and SEBI notification No. SEBI/LAD-NRO/GN/ 2022/ 63 dated January 14, 2022, our Company shall within four days from the closure of the Offer or within 4 days of receipt of intimation of rejection of listing by the stock exchange and refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares, as may be applicable. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

In the event of undersubscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, Equity Shares will be Allotted first towards the Fresh Issue from the valid bid followed by Allotment of Equity Shares offered by Selling Shareholders proportion of Equity Shares offered by them in the Offer for Sale. The Selling Shareholders shall reimburse, in proportion to the portion of its Offered Shares, any expenses and interest incurred by our Company on behalf of such Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that such Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholders.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

In the event of undersubscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, Equity Shares will be Allotted first towards the Fresh Issue from the valid bid followed by Allotment of Equity Shares offered by Selling Shareholders proportion of Equity Shares offered by them in the Offer for Sale.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.



### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 119 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares.

Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association*" beginning on page 502.

### **Allotment only in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be Allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

## OFFER STRUCTURE

Initial public Offer of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹ [●] comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 37,500\* lakhs and an Offer for Sale of up to 11,08,037 Equity Shares aggregating up to ₹ [●] by the Selling Shareholders, comprising of up to 2,75,000 Equity Shares aggregating up to ₹ [●] lakhs by Yashovardhan Saboo (“Selling Shareholder”), up to 5,00,000 Equity Shares aggregating up to ₹ [●] lakhs by KDDL Limited (“Selling Shareholder”), up to 50,000 Equity Shares aggregating up to ₹ [●] lakhs by Mahen Distribution Limited (“Selling Shareholder”), up to 1,50,000 Equity Shares aggregating up to ₹ [●] lakhs by Saboo Ventures LLP (“Selling Shareholder”), up to 60,000 Equity Shares aggregating up to ₹ [●] lakhs by Anuradha Saboo (“Selling Shareholder”), up to 15,000 Equity Shares aggregating up to ₹ [●] lakhs by Jai Vardhan Saboo (“Selling Shareholder”), up to 10,500 Equity Shares aggregating up to ₹ [●] lakhs by VBL Innovations Private Limited (“Selling Shareholder”), up to 6,250 Equity Shares aggregating up to ₹ [●] lakhs by Anil Khanna (“Selling Shareholder”), up to 19,231 Equity Shares aggregating up to ₹ [●] lakhs by Nagarajan Subramanian (“Selling Shareholder”), up to 10,556 Equity Shares aggregating up to ₹ [●] lakhs by C. Raja Shekhar (“Selling Shareholder”), up to 3,000 Equity Shares aggregating up to ₹ [●] lakhs by Karan Singh Bhandari (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Harsh Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Anand Vardhan Bhuwalka (“Selling Shareholder”), up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Shalini Bhuwalka (“Selling Shareholder”) and up to 2,125 Equity Shares aggregating up to ₹ [●] lakhs by Manju Bhuwalka (“Selling Shareholder”). The Offer shall constitute [●] % of the post-Offer paid-up Equity Share capital of our Company.

*\*Our Company, in consultation with the BRLMs, has undertaken a Pre-IPO placement of 3,02,663 Equity Shares aggregating to ₹ 2,500 lakhs. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, aggregating up to ₹ 40,000 lakhs, has been reduced by ₹ 2,500 lakhs pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue is of up to ₹ 37,500 lakhs. Our Company has informed all the Pre-IPO investors/buyers that the Offer may or may not be successful and the Equity Shares of our Company may or may not get listed.*

The face value of the Equity Shares is ₹ 10 each.

The Offer is being made through the Book Building Process:

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation <sup>(2)</sup>	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion	Not less than 15% of the Offer less allocation to QIB Bidders and RIBs shall be available for allocation out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹ 2.00 lakhs and up to ₹ 10.00 lakhs and (b) two third of such portion shall be reserved for applicants with application size of more than ₹ 10.00 lakhs provided that the unsubscribed portion in either of such sub-	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	in the Mutual Fund Portion will be available for allocation to other QIBs	categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders <sup>^</sup>	
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	<p>The allocation to each Non-Institutional Bidders shall not be less than minimum application size i.e., [●] Equity Shares, in Non-Institutional Bidders for one third portion and [●] Equity Shares in Non-Institutional Bidders for two third portion in accordance with the SEBI ICDR Regulations, subject to the availability of Equity Shares in Non-Institutional Bidders' category, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis, subject to valid Bids being received at or above the Offer Price.</p> <p>One third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 2.00 lakhs and up to ₹ 10.00 lakhs, and two third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 10 lakhs.</p> <p>Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 2.00 lakhs and up to ₹ 10.00 lakhs, and two third of the portion available to Non-Institutional Bidders be reserved for applicants with application size of more than ₹ 10 lakhs.</p>	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, "Offer Procedure" on page 479.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	For Non-Institutional Bidders with Application amount of more than ₹ 2.00 lakhs and up to ₹ 10 lakhs such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 2.00 lakhs but does not exceeds ₹ 10.00 lakhs  For Non Institutional Bidders with Application amount of more than ₹ 10.00 lakhs such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid amount exceeds ₹ 10.00 lakhs	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits	For Non-Institutional Bidders with Application amount of more than ₹ 2.00 lakhs and up to ₹ 10.00 lakhs such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceeds ₹ 10.00 lakhs  For Non-Institutional Bidders with Application amount of more than ₹ 10.00 lakhs Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the QIB Portion), subject to limits prescribed under applicable law	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply <sup>(3) (4)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial	Resident Indian individuals, Eligible NRIs on a non-repatriable basis, HUFs (in the name of Karta),	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 2,500 lakhs, pension fund with minimum corpus of ₹ 2,500 lakhs National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs	companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices which are recategorized as category II FPIs and registered with SEBI	
Terms of Payment	In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids <sup>(4)</sup> In case of all other Bidders: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form.		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors). In case of RIBs and individual investors with Application size of up to ₹ 5.00 lakhs, ASBA process will also include the UPI mechanism.		

\*Assuming full subscription in the Offer

- (1) *Our Company and Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Structure" on page 474.*
- (2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(1) of the SEBI ICDR Regulations.*
- (3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.*
- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price*

*and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

*Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “Terms of the Offer” on page 467.*

## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. The investors should note that the details and process provided in the General Information Document should be read along with this section.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) interest in case of delay in allotment or refund; and (xiii) disposal of applications.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“**UPI Phase I**”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“**UPI Phase III**”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular is effective for initial public offers opening on or after May 1, 2021, and the provisions of this circular are deemed to form part of this Red Herring Prospectus. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, as amended, are deemed to form part of this Red Herring Prospectus. In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

The processing fees for applications made by Retail Individual Bidders and individual Bidders with application size of up to ₹5 lakhs using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and made an application to Book Running lead managers with a copy to Registrar to the Offer as per the Annexure I of SEBI Circular no SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, provided that such an application shall be made no

later than 30 days from the finalisation of basis of allotment. The application as mentioned above shall be made only after (i) unblocking of application amounts for each application received by such SCSB has been fully completed; (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, has directed that all the individual investors applying in public issues where the application amount is up to ₹ 5 lakhs shall use UPI (in addition to ASBA) and also provide their UPI ID in the bid-cum-application form submitted with any of the entities mentioned herein below:

- i. a syndicate member
- ii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)
- iii. a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- iv. a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity)

*Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.*

*Further, our Company and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

#### **SMS by SCSB/UPI Apps.**

SCSBs/ UPI Apps, eligible for public issues shall send SMS alerts, in accordance with SEBI circulars no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. SCSBs/UPI Apps shall include the details as prescribed in Annexure II of the SEBI circular no SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. Such SCSBs/ UPI Apps, may also include the invoice in the SMS as an additional feature to verify the UPI mandate details.

#### **Book Building Procedure**

The Offer is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and Selling Shareholders, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non- Institutional Bidders, and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.



Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and Selling Shareholders, in consultation with the BRLMs the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Undersubscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, in compliance with applicable laws.**

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020, and press release dated June 25, 2021

### **Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019, until March 31, 2019, or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019, and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company has appointed four SCSBs as a sponsor banks to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIBs using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available with the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process.

Anchor Investors are not permitted to participate in the Offer through the ASBA process. The RIBs and individual Bidders applying up to ₹ 5 lakhs for the Offer can additionally bid in the Offer through UPI and they must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. RIBs and individual investors Bidding up to ₹ 5 lakhs using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI. ASBA Bidders (other than Retail Individual Investors using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs and individual investors with Application size of up to ₹ 5.00 lakhs authorising an SCSB to block the Bid Amount in the ASBA Account. RIBs and individual investors with Application size of up to ₹ 5.00 lakhs may also submit their ASBA Forms with the SCSBs (except RIBs using the UPI Mechanism). ASBA bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to Bidders, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process. The prescribed colour of the Bid cum Application Form for the various categories is as follows:

<b>Category</b>	<b>Colour of Bid cum Application Form*</b>
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a non-repatriation basis	Blue
Anchor Investors	White

*\*Excluding electronic Bid cum Application Forms*

*Notes:*

(1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the*

(2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs*

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs and individual investors with Application size of up to ₹ 5.00 lakhs for blocking of funds. For ASBA Forms (other than RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs and individual investors with Application size of up to ₹ 5.00 lakhs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs and individual investors with Application size of up to ₹ 5.00 lakhs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Offer Closing Date (“**Cut-Off Time**”). Accordingly, RIBs and individual investors with Application size of up to ₹ 5.00 lakhs Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

#### **ELECTRONIC REGISTRATION OF BIDS**

- a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.
- b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Red Herring Prospectus.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales occurs.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Participation by Promoters and members of the Promoter Group of our Company, the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any “person related to the Promoters/ Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoters/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and members of the Promoter Group will not participate in the Offer, except to the extent of participation by our Promoters and members of the Promoter Group in the Offer for Sale.

#### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV 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 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.

#### **Bids by Eligible Non Resident Indians**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Individual Eligible NRI Bidders applying up to ₹ 5.00 lakhs may also apply through UPI and should authorize their respective SCSB or accept the UPI mandate request for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary (“**NRO**”) accounts or accept the UPI mandate request (in case of RIBs and individual investor with application amount of up to ₹ 5.00 lakhs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs intending to apply in the Offer on a repatriation basis cannot apply in the Offer.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

For details of investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 500. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Rules.

### **Bids by Hindu Undivided Families**

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

### **Bids by Foreign Portfolio Investors**

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e. up to 51%). In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

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 a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time. In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, 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 issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

- a) each offshore derivative instruments are transferred to persons subject to fulfilment of 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.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category I FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

#### **Bids by Securities and Exchange Board of India registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The SEBI FVCI Regulations and the SEBI AIF Regulations, inter-alia, prescribe the respective investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI. Accordingly, the holding by any individual VCF or FVCI registered with SEBI, in any company should not exceed 25% of the corpus of the VCF.

In case of Bids made by venture capital funds, alternative investment funds and foreign venture capital investors, a certified copy of the certificate of registration issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

Accordingly, the holding in any company by any individual VCF or FVCIs (under Schedule I of the FEMA Non-Debt Rules) registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category

III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

**There is no reservation for Eligible NRI Bidders, AIFs and FPIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, (the "**Banking Regulation Act**"), and the Master Directions – RBI (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on investment made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the RBI (Financial Services provided by Banks) Directions, 2016, as amended.

#### **Bids by Self-Certified Syndicate Bank(s) or SCSB(s)**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account

for such applications.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended, are broadly set forth below:

- a) equity shares of a company: the lower of 10%\* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer or health insurer;
- b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or health insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- c) the industry sector in which the investee company operates not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or health insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

*\*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,50,000 crore or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 50,000 crore or more but less than ₹ 2,50,000 crore.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 25 crore, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 crore, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company in consultation with the BRLMs may deem fit.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and



a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below:

- a) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- b) The Bid was required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹10 crores. A Bid could not be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund were aggregated to determine the minimum application size of ₹10 crores.
- c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- d) Bidding for Anchor Investors opened one Working Day before the Bid/Offer Opening Date and will be completed on the same day.
- e) Our Company, in consultation with the BRLMs, finalised allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion was not less than:
  - maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 10 crore;
  - minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 10 crore but up to ₹ 250 crore, subject to a minimum Allotment of ₹ 5 crore per Anchor Investor; and
  - in case of allocation above ₹ 250 crore under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 250 crore, and an additional 10 Anchor Investors for every additional ₹250 crore, subject to minimum Allotment of ₹ 5 crore per Anchor Investor.
- f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made, is required to be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- g) Anchor Investors could not withdraw or lower the size of their Bids at any stage after submission of the Bid.
- h) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- i) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) could apply in the Offer under the Anchor Investor Portion.

- j) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion were not considered multiple Bids

**In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus and this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus**

### **General Instructions**

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle) in the Bid cum Application Form;
6. RIBs and individual investor applying for application size of up to ₹ 5 lakh using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
9. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
10. Ensure that the signature of the first Bidder in case of joint Bids, is included in the Bid cum Application Forms;
11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
13. RIBs and individuals (with Application size of up to ₹ 5.00 lakhs) Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs and individual investors (with Application size of up to ₹ 5.00 lakhs) using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
15. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
17. Ensure that the Demographic Details are updated, true and correct in all respects;
18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
19. Ensure that the category and the investor status is indicated in the Bid cum Application Form;
20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
21. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
22. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
23. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs

displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

24. RIBs and Individuals (with Application size of up to ₹ 5.00 lakhs) who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
25. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
26. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;
27. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
28. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
29. RIBs and Individuals (with Application size of up to ₹ 5.00 lakhs) shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and
30. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.
31. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs and Individuals (with Application size of up to ₹ 5.00 lakhs) bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)).
32. RIBs and Individuals (with Application size of up to ₹ 5.00 lakhs) using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs and Individuals (with Application size of up to ₹ 5.00 lakhs) shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019; and
33. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs. Bids by Eligible NRIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non- Institutional Category for allocation in the Offer.
34. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
4. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
7. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
8. Do not submit the Bid for an amount more than funds available in your ASBA account.
9. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
10. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;
11. If you are a RIB and Individuals (with Application size of up to ₹ 5 lakhs) and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
12. Anchor Investors should not Bid through the ASBA process;
13. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
14. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
19. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

20. Do not submit a Bid using UPI ID, if you are not a RIB or an Individuals (with Application size of up to ₹ 5 lakhs);
21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not Bid for Equity Shares in excess of what is specified for each category;
23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
26. If you are an RIB or individual Bidder (with Application amount of up to ₹ 5.00 lakhs) which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
27. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
28. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs and Individuals (with Application size of up to ₹ 5 lakhs) Bidding using the UPI Mechanism;
29. Do not submit a Bid cum Application Form with a third-party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism);
30. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid / Offer Closing Date;
31. RIBs and Individuals (with Application size of up to ₹ 5 lakhs) Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned in the list provided on the SEBI website is liable to be rejected; and
32. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **Grounds for Technical Rejection**

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders were requested to note that Bids could be rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by RIBs and individual investors with Application size of up to ₹ 5.00 lakhs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the first Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. ASBA Form by the RIBs and Individuals (with Application size of up to ₹ 5 lakhs) by using third party bank accounts or using third party bank accounts or using third party linked bank account UPI IDs;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by RIBs with Bid Amount of a value of more than ₹ 200,000 (net of retail discount);
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
14. Bids accompanied by stock invest, money order, postal order or cash; and
15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs and individuals (with Application size of up to ₹ 5.00 lakhs) uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see “*General Information*” on page 90.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs to the extent applicable.

For helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, please see “*General Information – Book Running Lead Managers*” on page 90.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Method of allotment as may be prescribed by Securities and Exchange Board of India from time to time**

Our Company will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs, Non-Institutional Bidders\* and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed. The allotment of Equity Shares to each RIB and NIB shall not be less than the minimum bid lot as mentioned in the Chapter “Offer Structure” on page 475, subject to the availability of shares in RIB and NIB’s Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

*\*The allocation to each Non-Institutional Investor shall not be less than minimum application size i.e., [●] Equity Shares, in Non-Institutional Bidders for one third portion and [●] Equity Shares in Non-Institutional Bidders for two third portion, in accordance with the SEBI ICDR Regulations, subject to the availability of Equity Shares in Non-Institutional Investors’ category, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis, subject to valid Bids being received at or above the Offer Price. One third of the portion available to on-Institutional Investors shall be reserved for applicants with application size of more than ₹ 2.00 lakhs and up to ₹ 10.00 lakhs, and two third of the portion available to Non-Institutional investors shall be reserved for applicants with application size of more than ₹ 10.00 lakhs.*

#### **Payment into Escrow Account(s) for Anchor Investors**

Our Company and Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- (a) In case of resident Anchor Investors: “**ETHOS LIMITED IPO ANCHOR INVESTOR R**”
- (b) In case of Non-Resident Anchor Investors: “**ETHOS LIMITED IPO ANCHOR INVESTOR NR**”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of Financial Express, an English national daily newspaper; and (ii) all editions of Jansatta, a Hindi daily newspaper and Shimla edition of Himachal Times, a local Hindi newspaper of Himachal Pradesh) (Hindi being the regional language of Himachal Pradesh, where our Registered Office is located.) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Further, all the Offer-related advertisements shall be placed on the website of our Company.

**The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

#### **Signing of the Underwriting Agreement and the Registrar of Companies Filing**



- a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.
- b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- No further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc
- Promoter's contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees.

Our Company and Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed.

- that, except for the Pre-IPO Placement, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, undersubscription etc.
- that if the Offer is withdrawn after the Bid/Offer Closing Date, our Company shall be required to file a fresh Offer Document with SEBI, in the event a decision is taken to proceed with the Offer subsequently.
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

- It shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer.

### **Undertakings by the Selling Shareholders**

The Selling Shareholders undertakes in respect of itself as a 'selling shareholder' and its portion of the Equity Shares offered by it in the Offer for Sale that:

- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares which are offered by it pursuant to the Offer for Sale;
- the Offered Shares have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI
- the Equity Shares offered for sale by the Selling Shareholders in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- the Equity Shares being offered for sale by the Selling Shareholders pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;
- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;
- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
- it shall provide such reasonable cooperation to our Company in relation to the Equity Shares offered by it in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and
- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company and Selling Shareholders in consultation with the BRLMs, in accordance with applicable law.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated March 18, 2019, among CDSL, our Company and the Registrar to the Offer
- Tripartite Agreement dated January 12, 2019, among NSDL, our Company and the Registrar to the Offer

## **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 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*  
  
*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, for fraud involving an amount of at least ₹ 0.1 crore 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 10 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 ₹ 0.1 crore 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 ₹0.5 crore or with both.

## **Utilisation of Offer Proceeds**

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Our Company and the Selling Shareholders, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section 3 of Section 40 of the Companies Act, 2013.

## 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 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. Under the Industrial Policy, 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. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“**FDI**”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), issued the FDI Policy, which, with effect from October 15, 2020 consolidated, subsumed and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. In terms of FDI Policy, FDI to an extent of 51% is allowed in multi brand retail trading with government approval. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

Under the current FDI Policy and the FEMA Non-debt Rules, foreign direct investment is not permitted in companies engaged in (a) multi-brand retail trading, undertaking retail trading by means of e-commerce, and (b) inventory based model of e-commerce.

In accordance with the FEMA Non-debt Rules, participation by non-residents in the Offer is restricted to participation by (i) FPIs under Schedule II of the FEMA Non-debt Rules, subject to limit of the individual holding of an FPI below 10% of the post-Offer paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding the sectoral cap i.e. 51% of the post issue paid up share capital; and (ii) Eligible NRIs applying only on a non-repatriation basis under Schedule IV of the FEMA Non-debt Rules.

Further, other non-residents applying on a repatriation basis, FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. See “*Offer Procedure*” beginning on page 479.

### Foreign Exchange Laws

The foreign investment in our Company is governed by, *inter-alia*, the FEMA, the FEMA Non-debt Rules, the FDI Policy issued and amended by way of press notes.

Further, in terms of the FEMA Non-debt Rules, the aggregate FPI investment limit is the sectoral cap applicable to Indian company as prescribed in the FEMA Non-Debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis. See “*Offer Procedure*” beginning on page 479.

Further, in accordance with the FDI Policy, the Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-debt Rules, 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 Non-debt 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 Non-Debt Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Offer Period.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent

investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## **SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

The regulations contained in Table “F” in Schedule I to the Companies Act, 2013 shall apply to ETHOS LIMITED (the “**Company**”) only to the extent that the same are not specifically provided for in these Articles of Association and are not inconsistent with these Articles of Association. In case of any inconsistency of provisions contained in Table “F” in Schedule I to the Companies Act, 2013 and these Articles of Association, the provisions of these Articles of Association will prevail, subject to provisions of the Companies Act, 2013, read with the rules framed thereunder or other applicable laws, if any.

### **I. DEFINITIONS AND INTERPRETATION**

1. In these Articles:

(i) *Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modifications thereof in force at the date on which the Articles become binding on the Company. In these Articles:*

“**Act**” means Companies Act, 2013 and all rules, regulations, notifications, circulars and clarifications issued thereunder, along with any amendments, re-enactments or other statutory modifications thereof for the time being in force.

“**Annual General Meeting**” means the Annual General Meeting held in accordance with the provisions of Section 96 of the Act.

“**Articles**” means these Articles of Association of the Company as amended or altered from time to time in accordance with the Act.

“**Auditors**” shall mean and include those persons appointed under the provisions of the ‘Act’ or any other applicable provisions for the time being in force, as such for the time being by the Company.

“**Authorised Share Capital**” shall mean such capital as is authorised by the memorandum of the Company to be the maximum amount of share capital of the Company.

“**Beneficial Owner**” means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996, as amended.

“**Board**” or “**Board of Directors**” means the board of Directors or collective body of the Directors of the Company as duly constituted from time to time in accordance with applicable provisions of Law, including the Act and SEBI Regulations and the terms of these Articles.

“**Board Meeting**” means a meeting of the Board duly called, constituted and held or as the case may be, the Directors assembled at a Board, or the requisite number of Directors entitled to pass a resolution in accordance with these Articles and the Act.

“**Company**” – means Ethos Limited.

“**Chairman**” or “**Chairperson**” means the chairperson of the Board of Directors for the time being of the Company or the person elected or appointed to preside over the Board or/and general meetings of the Company.

“**Debenture(s)**” means Debenture(s) as defined in sub-section 30 of Section 2 of the Act.

“**Depositories Act**” means the Depositories Act, 1996, as amended or any statutory modification or re-enactment thereof for the time being in force.

“**Depository**” means a depository as defined under clause I of sub-Section (1) of Section 2 of the Depositories Act.

“**Director**” means a director of the Board appointed or nominated from time to time in accordance with the terms of these Articles and the provisions of the Act.

“**Documents**” includes summons, notices, requisition, order, declaration, form and register, other legal process and registers, whether issued, sent or kept in pursuance of the Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

“**Equity Share Capital**” means in relation to the Company, its equity Share capital within the meaning of Section 43 of the Act, as amended from time to time.

“**Financial Year**” shall have the meaning assigned thereto by Section 2(41) of the Companies Act, 2013.

“**General Meeting**” means any duly convened meeting of the Shareholders of the Company and includes an extra-ordinary general meeting.

“**Independent Director**” shall have the meaning assigned to the said term under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (as applicable).

“**INR**” or “**₹**” means the Indian Rupee, the currency and legal tender of the Republic of India.

“**In writing**” or “**written**” means and includes words printed, lithographed, represented or reproduced in any other modes in a visible form, including electronic mode as provided in the Information Technology Act, 2000 as amended from time to time.

“**Key Managerial Personnel**”, in relation to a company, means (i) the Chief Executive Officer or the managing director or the manager;(ii) the company secretary;(iii) *the whole-time director*; (iv) the Chief Financial Officer; (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and (vi) such other officer as may be prescribed under applicable law.

“**Law**” includes all Indian statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, circulars, notifications, guidelines, policies, directions, determinations, directives, writs, decrees, injunctions, judgments, rulings, awards, clarifications and other delegated legislations and orders of any governmental authority, statutory authority, tribunal, board, court, stock exchange or other judicial or quasi-judicial adjudicating authority and, if applicable, foreign law, international treaties, protocols and regulations.

“**Managing Director**” means a director who, by virtue of these Articles or an agreement with the Company or a resolution passed in the General Meeting, or by the Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

“**Members**” means members of the Company within the meaning of sub-Section 55 of Section 2 of the Act and the Beneficial Owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

“**Memorandum**” means the memorandum of association of the Company, as amended or altered from time to time in accordance with the provisions of the Act.

“**Month**” means calendar month.

“**Office**” means the registered office of the Company for the time being.

“**Ordinary Resolution**” shall have the meaning assigned to it in Section 114 of the Act.

“**Person**” means any individual, sole proprietorship, unincorporated association, unincorporated organization, association of persons, body corporate, corporation, partnership, unlimited or limited liability company, joint venture, governmental authority, Hindu undivided family, trust, union, organization or any other entity that may be treated as a person under applicable Law (whether registered or not and whether or not having separate legal personality).

**“Preference Share Capital”** means in relation to the Company, its preference Share capital within the meaning of Section 43 of the Act, as amended from time to time.

**“Proxy”** includes Attorney duly constituted under a power of Attorney.

**“Register of Members”** shall mean the register of Shareholders to be kept pursuant to Section 88 of the Act and includes the register of Beneficial Owners maintained by a Depository.

**“Registrar”** or **“ROC”** or **“Registrar of Companies”** means Registrar of Companies, under whose jurisdiction the registered office of the Company is situated.

**“Seal”** means the common seal, if any, of the Company.

**“SEBI”** means the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 and amendment made thereof.

**“SEBI Regulations”** means all the regulations, rules, circulars, notifications, orders, advisory including all forms of communication and amendments, modification or re-enactment to any thereof as applicable to the Company and issued by SEBI.

**“Secretary”** or **“Company Secretary”** shall have the meaning assigned to it in Section 2(24) of the Act.

**“Securities”** have the meaning assigned to the term in clause (h) of section 2 of the Securities Contract (Regulation) Act, 1956, as may be amended from time to time.

**“Shares”** means a share in the Share Capital of the Company and includes stock.

**“Share Capital”** means the Equity Share Capital and Preference Share Capital of any face value together with all rights, differential rights, obligations, title, interest and claim in such Shares and includes all subsequent issue of such Shares of whatever face value or description, bonus Shares, conversion Shares and Shares issued pursuant to a stock split or the exercise of any warrant, option or other convertible security of the Company.

**“Shareholder”** shall mean a Member of the Company.

**“Special Resolution”** shall have the meaning assigned to it in Section 114 of the Act.

**“Tribunal”** means the National Company Law Tribunal constituted under Section 408 of the Companies Act, 2013.

- (ii) *The headings hereto shall not affect the construction hereof.*
- (iii) *Any reference to a particular statute or provisions of the statute shall be construed to include reference to any rules, regulations or other subordinate legislation made under the statute and shall, unless the context otherwise requires, include any statutory amendment, modification or re-enactment thereof.*
- (iv) *Any reference to an agreement or other document shall be construed to mean a reference to the agreement or other document, as amended or novated from time to time.*
- (v) *Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.*
- (vi) *In these Articles, words that are gender neutral or gender specific include each gender, as the context may require.*
- (vii) *Words importing the singular number includes where the context admits or requires, the plural number and vice versa.*
- (viii) *References to a person shall, where the context permits, include such person’s respective successors, legal heirs and permitted assigns.*
- (ix) *Wherever the words “include,” “includes,” or “including” are used in these Articles, such words shall be deemed to be followed by the words “without limitation”.*
- (x) *The terms “herein”, “hereby”, “hereof” and derivative or similar words refer to these entire Articles and not to any particular clause, article or section of these Articles.*
- (xi) *In the event any of the provisions of the Articles are contrary to the provisions of the Act and the rules,*



- the provisions of the Act and rules will prevail.*
- (xii) *Save as aforesaid, any words or expressions defined in the Act or the Depositories Act or the SEBI Regulations, shall, as the case may be, if not inconsistent with the subject or context, bear the same meaning in these Articles.*

## **II. PUBLIC COMPANY**

2. The Company is a public company as defined under Section 2 (71) of the Act, limited by Shares.

## **III. SHARE CAPITAL AND VARIATION OF RIGHTS**

3. The authorized Share Capital of the Company shall be as set out in Clause V of the Memorandum of Association with the power to increase or reduce or re-classify such capital from time to time in accordance with the Articles and the legislative provisions for the time being in force in this regard and with the power also to divide the Shares in the Share Capital for the time being into Equity Share Capital and Preference Share Capital, and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles.
4. Subject to the provisions of the Act, these Articles and other applicable Law, the Shares for the time being shall be under the control of the Board, which may issue, allot or otherwise dispose off the Shares or any of them to such Persons, in such proportion, on such terms and conditions, either at a premium or at par or at a discount (subject to compliance with Sections 52 and 53 and other provisions of the Act), at such time as it may from time to time deem fit, and with the sanction of the Company in a General Meeting, to give to any Person or Persons the option or right to call for any Shares, either at par or premium during such time and for such consideration as the Board deems fit, and may issue and allot Shares on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business. Any Shares so allotted may be issued as fully paid-up Shares and if so issued, shall be deemed to be fully paid-up Shares. *Provided that, the option or right to call for Shares shall not be given to any Person or Persons without the sanction of the Company in a General Meeting.* As regards all allotments, from time to time made, the Board shall duly comply with Sections 23 and 39 of the Act, as the case may be.
5. Subject to these Articles and the provisions of the Act, the Company may, from time to time, by Ordinary Resolution, increase the Share Capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.
6. Subject to the provisions of the Act, the Company may from time to time by Ordinary Resolution, undertake any of the following:
- (i) consolidate and divide all or any of its Share Capital into Shares of larger denomination than its existing Shares;
  - (ii) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
  - (iii) sub-divide its Shares, or any of them, into Shares of smaller denomination, such that the proportion between the amount paid and the unpaid amount, if any, on each smaller denomination Share shall be the same as it was in case of the Share from which the smaller denomination Share is derived from; or
  - (iv) cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person, and diminish the amount of its Share Capital by the amount of Shares so cancelled. A cancellation of Shares pursuant to this Article shall not be deemed to be a reduction of the Share Capital within the meaning of the Act.
7. Subject to the provisions of these Articles, the Act, other applicable Law and subject to such other approvals, permissions or sanctions as may be necessary, the Company may issue any Shares with or without differential rights upon such terms and conditions and with such rights and privileges (including with regard to voting rights and dividend) as may be permitted by the Act or the applicable Law or

guidelines issued by the statutory authorities and/or listing requirements and the provisions of these Articles

8. Subject to the provisions of these Articles, the Act, other applicable Law and subject to such other approvals, permissions or sanctions as may be necessary, the Company may issue Securities or Shares as the case may be, on rights basis, preferential basis, private placement basis, under a scheme of employees' stock option and sweat equity shares, or in any other manner as may permitted under the Act and SEBI Regulations.
9. Subject to the provisions of the Act, any preference Shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company may decide before the issue of the Shares by Special Resolution.
10. The period of redemption of such preference Shares shall not exceed the maximum period for redemption provided under the Act.
11. Subject to the provisions of the Act, preference Shareholders shall have a right to vote only on resolutions placed before the Company which directly affect the rights attached to such preference Shares and any resolution for winding up of the Company or for the repayment or reduction of Share Capital. The voting right of a preference Shareholder on a poll shall be in proportion to his share in the paid-up preference Share Capital of the Company. Further, where Dividend in respect of a class of preference Shares has not been paid for a period of two years or more, such class of preference Shareholders shall have a right to vote on all the resolutions placed before the Company.
12. Where at any time, it is proposed to increase its subscribed Share Capital by the issuance/allotment of further Shares either out of the unissued Share Capital or increased Authorised Share Capital:
  - (a) Such further Shares shall be offered to the Persons who, at the date of the offer, are holders of the Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date, in accordance with applicable Law;
  - (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than such time, as required by applicable Law, from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
  - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

Notwithstanding anything contained in Clause 11 (a) to (d), such further Shares may be offered to any Persons (whether or not those Persons include the Persons referred to in clause (a) of sub-clause (11) hereof) in any manner whatsoever, if so, authorized by way of a Special Resolution.

Nothing in sub-clause © of (11) hereof shall be deemed:

- a) To extend the time within which the offer should be accepted; or
- b) To authorize any Person to exercise the right of renunciation for a second time, on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

Such further Shares, as referred to in Article 12, may be offered to the Persons who are:

- (i) employees under a scheme of employees' stock option, subject to Special Resolution

passed by the Company and subject to such conditions as may be prescribed under the Act and other applicable Laws; or

- (ii) any Persons, whether or not those Persons include the Persons referred to in (i) or (ii) above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer if required under applicable Law or determined in terms of applicable SEBI Regulations, subject to compliance with the applicable provisions of Chapter III of the Act and any other conditions as may be prescribed, if a Special Resolution to this effect is passed by the Company in a General Meeting.
  - (iii) The notice referred to in Article above shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery or through any other mode permitted under applicable Law to all the existing Shareholders at least three days before the opening of the issue.
13. Nothing in Article 12 above shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company or to subscribe for Shares in the Company; *provided that* the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution adopted by the Company in a General Meeting.
14. Save as otherwise provided in the Articles, the Company shall be entitled to treat the registered holder of the Shares in records of the depository as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction, or as by Law required, be bound to recognize any equitable or other claim to or interest in such Shares on the part of any other Person.
15. Any Debentures, debenture-stock or other Securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of Shares shall not be issued except with the sanction of the Company in General Meeting by a Special Resolution and subject to the provisions of the Act.
16. The Company shall, subject to the applicable provisions of the Act, compliance with all the Laws, consent of the Board, and consent of its Shareholders' by way of Special Resolution, have the power to issue American Depository Receipts or Global Depository Receipts on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of American Depository Receipts or Global Depository Receipts, including without limitation, exercise of voting rights in accordance with the directions of the Board.
17. If at any time the Share Capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate General Meeting of the holders of the Shares of that class, the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply.
18. The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.
19. Subject to the provisions of the Act, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account, in any

manner as the Board may deem fit.

20. Subject to the provisions of Sections 68 to 70 and other applicable provisions of the Act or any other Law for the time being in force, the Company shall have the power to buy-back its own Shares or other Securities, as it may consider necessary.
21. The Board of the Company may recommend an employee shares or security option scheme or plan from time to time.
22. Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and Members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable Laws.
23. The Company may from time to time by Special Resolution, subject to confirmation by the Tribunal and subject to the provisions of Sections 52 and 66 of the Companies Act, 2013 and other applicable provisions including applicable rules and SEBI Regulations, if any, reduce its Share Capital in any manner and in particular may –
  - (a) Extinguish or reduce the liability on any of its Shares in respect of the Share Capital not paid-up; or
  - (b) either with or without extinguishing or reducing the liability on any of its Shares, -
    - (i) cancel any paid-up Share Capital which is lost or is unrepresented by available assets;
    - (ii) Pay off any paid-up Share Capital which is in excess of the wants of the Company.

Further, subject to the provisions of the Act, the Company may, from time to time, by Special Resolution and subject to confirmation by the Tribunal and subject to the provisions of Sections 52, 55 and 66 of the Companies Act, 2013 and other applicable provisions including applicable rules and SEBI Regulations, if any reduce in any manner and with, and subject to, any incident authorised and consent required under applicable Law:

- (i) *the Share Capital;*
- (ii) *any capital redemption reserve account; or*
- (iii) *any securities premium account.*

#### **IV. NOMINATION BY SECURITIES HOLDERS**

24. Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.
25. Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities of the Company shall vest in the event of death of all the joint holders.
26. Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

27. Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

28. The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

#### **V. BUY BACK OF SHARES**

29. Subject to the provisions of the Act and rules made thereunder, the Company may purchase its own Shares or other Securities, and the Board of Directors may, when and if thought fit, buy back such of the Company's own Shares or Securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals as required under the Act, SEBI Regulations or any other competent authority, as may be permitted by Law.

#### **VI. CAPITALISATION OF PROFITS**

30. The Company in General Meeting may, upon the recommendation of the Board, resolve –

- (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account or otherwise available for distribution; and
- (ii) that such sum be accordingly set free for distribution in the manner specified in Article 31 below amongst the Members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

31. The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provision contained in Article 32 below and provisions of Act, either in or towards:

- (i) paying of any amounts for the time being unpaid on any Shares held by such Members respectively; or
- (ii) paying up in full, un-issued Shares of the company to be allotted and distributed, credited as fully paid, to and amongst such Members in the proportions aforesaid; or
- (iii) partly in the way specified in Article 31(i) and partly in that specified in Article 31(ii);
- (iv) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, only be applied in the paying up of un-issued Shares to be issued to Members of the Company as fully paid bonus Shares.
- (v) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

32. Whenever such a resolution as aforesaid shall have been passed, the Board shall:

- (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares, if any; and
- (ii) Generally do all acts and things required to give effect thereto.

33. The Board shall have power to:

- (i) make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares or Debentures becoming distributable in fractions; and
- (ii) authorise any Person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any

further Shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares.

- (iii) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity Shares and fractional certificates as they think fit.

34. Any agreement made under such authority shall be effective and binding on such Members.

## **VII. COMMISSION AND BROKERAGE**

35. The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 or any other provision of the Act or other applicable Law, provided that the rate per cent or amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

36. The rate or amount of the commission shall not exceed the rate or amount prescribed under the applicable rules.

37. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or other Securities or partly in the one way and partly in the other.

38. The Company may also, on any issue of Shares, Debentures or other Securities, pay such brokerage as may be lawful.

## **VIII. LIEN**

39. The Company shall have a first and paramount lien upon all the Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) to the extent of monies called and payable in respect thereof, and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares/ Debentures. *Fully paid-up Shares shall be free from all liens.* Unless otherwise agreed, the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/ Debentures. *In case of partly-paid Shares, Company's lien shall be restricted to the monies called or payable at a fixed time in respect of such Shares.* Provided that the Board may at any time declare any Shares/ Debentures wholly or in part to be exempt from the provisions of this Article.

40. Subject to the provisions of the Act, the Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien. *Provided that* no sale shall be made –

- (i) unless a sum in respect of which the lien exists is presently payable; or
- (ii) until the expiration of 14 (fourteen) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the Person entitled thereto by reason of his death or insolvency.

41. A Member shall not exercise any voting rights in respect of the Shares in regard to which the Company has exercised the right of lien.

42. (i) To give effect to any such sale, the Board may authorise some Person to transfer the Shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the Shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
43. (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the Person entitled to the Shares at the date of the sale.

## **IX. CALLS ON SHARES**

44. Subject to the provisions of the Act and other applicable Law, the Board may, from time to time, make calls upon the Members in respect of any money unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Provided that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one Month from the date fixed for the payment of the last preceding call subject to applicable Law.

45. Each Member shall, subject to receiving at least 14 (fourteen) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.
46. A call may be revoked or postponed at the discretion of the Board.
47. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
48. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
49. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereof from the day appointed for payment thereof to the time of actual payment at 10% (ten per cent) per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.
50. Any sum which by the terms of the issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue, such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
51. The Board may, if it thinks fit, subject to the provisions of the Section 50 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at twelve per cent per annum. *Provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.*

The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to any calls on Debentures of the Company.

## **X. DEMATERIALIZATION OF SECURITIES**

52. The Company shall be entitled to treat the Person whose name appears on the Register of Members as the holder of any Share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof.

Provided however that provisions of the Act or these Articles relating to distinctive numbering shall not apply to the Shares of the Company, which have been dematerialized.

53. Notwithstanding anything contained herein but subject to the provisions of Law, the Company shall be entitled to dematerialize its Shares, Debentures and other Securities pursuant to the Depositories Act and offer its Shares, Debentures and other Securities for subscription in a dematerialized form. The Company shall be further entitled to maintain a Register of Members with the details of Members holding Shares both in material and dematerialized form in any medium as permitted by Law including any form of electronic medium.

54. If a Person opts to hold his Securities in dematerialised form through a Depository, then notwithstanding anything to the contrary contained in these Articles the Company shall intimate such Depository the details of allotment of the Securities, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

55. All Securities held by a Depository shall be dematerialized and shall be in a fungible form.

(i) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting any transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Securities as the registered owner of the Securities shall not have any voting rights or any other rights in respect of Securities held by it.

56. Every Person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be the owner of such Shares and shall also be deemed to be a Shareholder of the Company. The Beneficial Owner of the Shares shall, in accordance with the provisions of these Articles and the Act, be entitled to all the liabilities in respect of his Shares which are held by a Depository.

57. Notwithstanding anything in the Act or the Articles to the contrary, where Shares are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of disks, drives or any other mode as prescribed by Law from time to time.

58. In the case of transfer of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

## **XI. TRANSFER OF SECURITIES**

59. Subject to the provisions of the applicable Law, the Securities or other interest of any Member shall be freely transferable, *provided that* any contract or arrangement between 2 (two) or more Persons in respect of transfer of Securities shall be enforceable as a contract. The instrument of transfer of any Share in the Company shall be duly executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof. *A common form of transfer shall be used in case of transfer of Securities.* The instrument of transfer shall be in writing and shall be executed by or on behalf of both the transferor and transferee and shall be in conformity with all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being and the applicable SEBI Regulations shall be duly complied with in respect of all transfers of Shares and the registration thereof.



60. Where Shares are converted into stock:
- (i) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; *Provided that* the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.
  - (iii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.
61. Save as otherwise provided in the Act or any applicable Law, no transfer of a Share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or certificates of Shares, and if no such certificate is in existence, then the letter of allotment of the Shares. Application for the registration of the transfer of a Share may be made either by the transferor or by the transferee *provided that* where such application is made by the transferor, no registration shall, in the case of a partly paid Share be affected unless the Company gives notice of the application to the transferee in the manner prescribed under the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee, within 2 (two) weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee. On giving not less than 7 (seven) days previous notice in accordance with the Act or any other time period as may be specified by Law, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, *provided that* such registration shall not be suspended for more than 30 (thirty) days at any one time or for more than 45 (forty five) days in the aggregate in any year.
62. Subject to the provisions of the Act, these Articles, the Securities Contracts (Regulation) Act, 1956, as amended, any listing agreement entered into with any recognized stock exchange and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. *Provided that* the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares or other Securities.
63. Only fully paid Shares or Debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, Shares or Debentures be transferred to any insolvent or a Person of unsound mind.
64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the Persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.
65. The Board may, subject to the right of appeal conferred by Section 58 of the Act decline to register—
- (i) the transfer of a Share, not being a fully paid Share, to a person of whom they do not approve; or
  - (ii) any transfer of Shares on which the Company has a lien.

66. The Board may decline to recognize any instrument of transfer unless—
- (i) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56 of the Act;
  - (ii) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (iii) the instrument of transfer is in respect of only one class of Shares.
67. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.
68. The Company may close the Register of Members or the register of debenture-holders or the register of other Security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time, subject to giving of previous notice of at least 7 (seven days) or such lesser period as may be specified by SEBI.

## **XII. TRANSMISSION OF SHARES**

69. Subject to the provisions of the applicable Law, on the death of a Member, the survivor or survivors where the Member was a joint holder of the Shares, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Person(s) recognised by the Company as having any title to his interest in the Shares. Nothing in this Article shall release the estate of the deceased joint holder from any liability in respect of any Share which had been jointly held by him with other Persons.
70. Any Person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as the Board may from time to time require, and subject as hereinafter provided, elect, either:
- (i) to be registered as holder of the Share; or
  - (ii) to make such transfer of the Share as the deceased or insolvent Member could have made.
- All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.
71. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.
72. If the Person so becoming entitled shall elect to be registered as holder of the Shares, such person shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
73. If the Person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer in accordance with the provisions of these Articles relating to transfer of Shares.
74. A Person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to the General Meetings of the Company, provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.

The provisions as mentioned above, to the extent relevant, shall be also applicable on Debentures and other securities of the Company, *mutatis mutandis*.

75. **Share Warrant**

- (i) Share warrants may be issued as per the provisions of Applicable Law.
- (ii) Power to issue share warrants

The Company may issue share warrants subject to, and in accordance with the provisions of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid-up on application in writing signed by the persons registered as holder of the share, and authenticated, by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

(iii) **Deposit of share warrant**

(a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.

(b) Not more than one person shall be recognised as depositor of the share warrant.

I The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

(iv). **Privileges and disabilities of the holders of share warrant**

(a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the Register of Members as the holder of the share included in the warrant and shall be a Member of the Company.

(v). **Issue of new Share Warrant or Coupon**

The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction

**XIII. FORFEITURE OF SHARES**

76. If a Member fails to pay any call, or instalment of a call or any part thereof, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

77. The notice issued under Article 76 shall:

- (i) *name a further day (not being earlier than the expiry of 14 (fourteen) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and*

(ii) *state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made will be liable to be forfeited.*

78. If the requirements of any such notice as aforesaid is not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
79. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
80. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
81. A Person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by the Person to the Company in respect of the Shares.
82. The liability of such Person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.
83. A duly verified declaration in writing that the declarant is a Director, the manager or the Secretary of the Company, and that a Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Person claiming to be entitled to the Share.
84. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the Person to whom the Share is sold or otherwise disposed of.
85. The transferee shall there upon be registered as the holder of the Share.
86. The transferee shall not be bound to ascertain or confirm the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity to invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
87. The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, become payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as the same had been payable by virtue of a call duly made and notified.

#### **XIV SHARES AND SHARE CERTIFICATES**

88. The Company shall cause to be kept a Register of Members in accordance with Section 88 of the Act. The Company shall be entitled to maintain in any country outside India a “foreign register” of Members or Debenture holders resident in that country
89. Subject to provision of applicable Law, a Person subscribing to Shares of the Company shall have the option either to receive certificates for such Shares or hold the Shares with a Depository in electronic form. Where Person opts to hold any Share with the Depository, the Company shall intimate such Depository of details of allotment of the Shares to enable the Depository to enter in its records the name of such Person as the Beneficial Owner of such Shares. Where a Person opts to hold any Share with the Depository, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereto or re-enactment thereof. Such a Person who is the Beneficial Owner of the Shares can at any time opt-out of a Depository, if permitted by the Law, in respect of any Shares in the manner provided by the Depositories Act and the regulations made thereunder and the Company shall in the manner and within the time prescribed, issue to the Beneficial Owner the required certificate of Shares.
90. Unless the Shares have been issued in dematerialized form, every person whose name is entered as a

Member in the Register of Members shall be entitled to receive within two Months after incorporation, in case of subscribers to the Memorandum or after allotment or within one Month after the application for the registration of transfer or transmission or sub-division or consolidation or renewal of any of its Shares as the case may be or within a period of six months from the date of allotment in the case of any allotment of Debenture or within such other period as the conditions of issue shall be provided –

- (i) one certificate for all his Shares without payment of any charges; or
- (ii) several certificates, each for one or more of his Shares, upon payment of twenty rupees for each certificate after the first.

91. Every certificate of Shares shall be under the Seal of the Company, if any, and shall specify the number and distinctive numbers of Shares to which it relates and amount paid-up thereon and shall be signed by two Directors or by a Director and the Company Secretary. The common Seal shall be affixed in the presence of the Persons required to sign the certificate. Further, out of the two Directors there shall be at least one Director other than managing or whole-time Director, where the composition of the Board so permits. *Provided that* in respect of a Share or Shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for a Share to one of several joint-holders shall be sufficient delivery to all such holders.

92. If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members of the Company shall as regards voting at General Meetings, service of notice and all or any matters connected with the Company, except the transfer of Shares and any other matters herein otherwise provided, be deemed to be sole holder thereof but joint holders of the Shares shall be severally as well as jointly liable for the payment of all deposits, instalments and calls due in respect of such Shares and for all incidents thereof according to these Articles.

93. The Board may subject to the provisions of the Act, accept from any member on such terms and conditions as they think fit, a surrender of his Shares or stock or any part thereof.

94. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fee if the Board so decides, or on payment of such fee (not exceeding ₹ 20 for each certificate) as the Directors shall prescribe. *Provided that* no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is not further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares.

*Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulations and requirements of any stock exchange including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other act or rules applicable in this behalf.*

The provisions of this Article shall *mutatis mutandis* apply to issue of certificates for any other Securities, including Debentures, of the Company.

95. Subject to the provisions of Section 89 of the Act, a Person whose name is entered in the Register of Members of the Company as the holder of the Shares but who does not hold the beneficial interest in such Shares shall file with the Company, a declaration to that effect in the form prescribed under the Act and the Company shall make necessary filings with the Registrar as may be required, within a prescribed period as set out in the Act and the rules framed thereunder.

96. Subject to provisions of Section 90 of the Act, every individual, who acting alone or together, or through one or more persons or trust, including a trust and Persons resident outside India, holds beneficial interests, of not less than twenty-five per cent. Or such other percentage as may be prescribed under the

Act, in Shares of the Company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of Section 2 of the Act, over the Company shall make a declaration to the Company, specifying the nature of his interest and other particulars, in such manner and within such period of acquisition of the beneficial interest or rights and any change thereof. The Company shall maintain a register of the interest declared by such individuals and changes therein which shall include the name of individual, his date of birth, address, details of ownership in the Company and such other details as may be prescribed under the Act.

97. Notwithstanding anything contained hereinabove, a Member has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law of such member in the event of death of the said member/s subject to the provisions of the Companies Act, 2013, and other applicable Laws.

## **XV. SHAREHOLDERS' MEETINGS**

98. An Annual General Meeting shall be held each year within the period specified by the Law. Not more than 15 (fifteen) Months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96 of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called during business hours on a day that is not a national holiday (**declared as such by the Central Government**) and shall be held either at the registered Office or at some other place within the city in which the registered Office of the Company is situate, as the Board may determine. Every Member of the Company shall be entitled to attend every General Meeting either in person or by Proxy.

99. All notices of, and other communications relating to, any General Meeting shall be forwarded to the Auditor of the Company, and the Auditor shall, unless otherwise exempted by the Company, attend either by himself or through his authorised representative, who shall also be qualified to be an Auditor, any General meeting and shall have right to be heard at such meeting on any part of the business which concerns him as the Auditor.

100. All General Meetings other than the Annual General Meeting shall be called extraordinary General Meetings.

101. Subject to the provisions of the Act, the business of an Annual General Meeting shall be the consideration of financial statements and the reports of the Board of Directors and auditors; the declaration of any Dividend; the appointment of Directors in place of those retiring; the appointment of, and the fixing of the remuneration of, the Auditors; in the case of any other meeting, all business shall be deemed to be special.

102. No business shall be discussed at any General Meeting except election of a Chairperson while the chair is vacant.

103. (i) The Board may, whenever it thinks fit, call an extraordinary General Meeting.
- (ii) The Board shall on the requisition of such number of Member or Members of the Company as is specified in Section 100 of the Act, forthwith proceed to call an extra-ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all other provisions of Section 100 of the Act shall for the time being apply.
- (iii) A General Meeting of the Company may be convened by giving not less than clear 21 (twenty-one) days' notice either in writing or through electronic mode in such manner as prescribed under the Act, *provided that* a General Meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode (a) in the case of an Annual General Meeting, by not less than 95% (ninety-five percent) of the members entitled to vote thereat; and (b) in the case of any other General Meeting, by majority in number of members entitled to vote and who represent not less than 95% (ninety-five percent) of such part of the paid-up Share Capital of the Company as gives a right to vote at such General Meeting. Provided that where any Member of the Company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those Members shall be taken into account for the purposes of

this Article in respect of the former resolution or resolutions and not in respect of the latter.

- (iv) Notice of every General Meeting shall be given to the Members and to such other Person or Persons as required by and in accordance with Sections 101 and 102 of the Act and it shall be served in the manner authorized by Section 20 of the Act.
- (v) Any accidental omission to give notice to, or the non-receipt of such notice by, any Member or other Person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.
- (vi) Subject to the provisions contained under Section 115 of the Act, where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the Company by such number of Members holding not less than one per cent of total voting power or holding Shares on which such aggregate sum not exceeding five lakh rupees, has been paid-up and the Company shall immediately after receipt of the notice, give its members notice of the resolution at least 7 (seven) days before the meeting, exclusive of the day of dispatch of notice and day of the meeting, in the same manner as it gives notice of any General Meetings.

## **XVI. PROCEEDINGS AT SHAREHOLDERS' MEETINGS**

- 104. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or shall decline to take the chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the chair, then the Members present shall elect one of their Members to be a Chairman. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected as a result of the poll he shall be the Chairman for the rest of the meeting.
- 105. No business shall be discussed at any General Meeting except the election of a Chairman whilst the chair is vacant.
- 106. No business shall be transacted at any General Meeting, unless a quorum of Members is present at the time when the meeting proceeds to transact business.
- 107. Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.
- 108. In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of Section 103 of the Act, the General Meeting shall stand adjourned to the same place and time 7 (seven) days later or to such other date and such other time and place as the Board may determine, *provided that* the agenda for such adjourned General Meeting shall remain the same. The said General Meeting if called by requisitionists under Section 100 of the Act shall stand cancelled.
- 109. In case of an adjourned meeting or of a change of day, time or place of meeting, the Company shall give not less than 3 (three) days' notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered Office of the Company is situated.
- 110. The required quorum at any adjourned General Meeting shall be the same as that required at the original General Meeting.
- 111. If at the adjourned meeting also a quorum is not present within 30 (thirty) minutes from the time appointed for holding such meeting, the Members present shall be the quorum and may transact the business for which the meeting was called.
- 112. The Chairperson may, with the consent of Members at any meeting at which a quorum is present, and shall, if so directed at the meeting, adjourn the meeting, from time to time and from place to place.

113. No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the meeting from which the adjournment took place.
114. When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
115. Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
116. Before or on the declaration of the results of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairperson of the meeting on his/her own motion and shall be ordered to be taken by him/her on a demand made in accordance with Section 109 of the Act.
117. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
118. Notwithstanding anything contained elsewhere in these Articles, the Company:
- (i) *shall, in respect of such items of business as the Central Government may, by notification, declare or which are under any other applicable Law required to be transacted only by means of postal ballot; and*
  - (ii) *may, in respect of any item of business, other than ordinary business and any business in respect of which Directors or auditors have a right to be heard at any meeting, transact by means of postal ballot,*

in such manner as may be prescribed, instead of transacting such business at a General Meeting and any resolution approved by the requisite majority of the Members by means of such postal ballot, shall be deemed to have been duly passed at a General Meeting convened in that behalf and shall have effect accordingly.

119. Directors may attend and speak at General Meetings, whether or not they are Shareholders.
120. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act and the Articles.
121. The Chairperson of the Board of Directors or in his absence the vice-Chairperson of the Board shall, preside as chairperson at every General Meeting, annual or extraordinary.

## **XVII. VOTES OF MEMBERS**

122. Subject to any rights or restrictions for the time being attached to any class or classes of Shares:
- (i) *on a show of hands, every Member present in person shall have one vote; and*
  - (ii) *on a poll, the voting rights of Members shall be in proportion to their Share in the paid-up Share Capital.*
123. In the case of an equality of votes, the Chairman shall, on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.
124. A Member paying the whole or a part of the amount remaining unpaid on any share held by them although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment become presently payable.
125. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien or which have been transferred to IEPF.
126. At any General Meeting, a resolution put to vote of the meeting shall be decided as per the provisions of the Act and applicable SEBI Regulations, unless a poll is (before or on the declaration of the result of the



voting on any resolution on show of hands) demanded by any Member or Members present in Person or by Proxy, and having not less than one-tenth of the total voting power or holding Shares on which an aggregate sum of not less than ₹ 5,00,000 (Rupees five lakh) or such higher amount as may be prescribed has been paid up.

127. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
128. A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.
129. In case of joint holders, the vote of the senior who tenders a vote, whether in Person or Proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names are stated in the Register of Members of the Company.
130. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by Proxy.
131. No Member shall be entitled to exercise any voting rights either personally or by Proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his/her name on which any calls or other sums presently payable by him in respect of Shares in the Company have not been paid.
132. No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such General Meeting and whether given personally or by Proxy or otherwise shall be deemed valid for all purpose. Any such objection made in due time shall be referred to the Chairperson of the General Meeting whose decision shall be final and conclusive.
133. A declaration by the Chairperson of the meeting of the passing of a resolution or otherwise by show of hands and an entry to that effect in the books containing the minutes of the meeting of the Company shall be conclusive evidence of the fact of passing of such resolution or otherwise.
134. Any poll duly demanded on the question of adjournment shall be taken forthwith. A poll demanded on any other question (not being a question relating to the election of a Chairperson or adjournment of the meeting) shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the Chairperson may direct.
135. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question of which a poll has been demanded.
136. Where a poll is to be taken, the Chairperson of the meeting shall appoint two scrutinisers to scrutinise the votes given on the poll and to report thereon to him/her in accordance with Section 109 of the Act.
137. The Chairperson shall have power, at any time before the result of the poll is declared to remove a scrutiniser from office and to fill vacancies in the office of scrutiniser arising from such removal or from any other cause.
138. The Chairperson of the meeting shall have power to regulate the manner in which a poll shall be taken.
139. The result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was taken.
140. The Chairperson of any meeting shall be the sole judge of the validity of every vote tendered at such meeting.
141. On a poll taken at meeting of the Company, a Member entitled to more than one vote, or his Proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

142. Where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
143. At every Annual General Meeting of the Company, there shall be laid on the table the Directors' report, audited statements of accounts, auditor's report (if not already, incorporated in the audited statements of accounts), the Proxy register with proxies and the register of Directors' holdings.
144. A body corporate (whether a company within the meaning of the Act or not) may,
- (a) if it is member of the Company by a resolution of its board of directors or other governing body, authorize such Person as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of Members of the Company;
  - (b) if it is a creditor, (including a holder of Debentures of the Company) by a resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of the Act or of any rules made thereunder, or in pursuance of the provisions contained in any Debenture or trust deed, as the case may be.

A Person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by Proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of Debentures of the Company.

#### **XVIII. PROXY**

145. Subject to the provisions of the Act and these Articles, any Member of the Company entitled to attend and vote at a General Meeting of the Company shall be entitled to appoint a Proxy to attend and vote instead of himself and the Proxy so appointed shall have no right to speak at the meeting.
146. The Proxy shall not be entitled to vote except on a poll.
147. The instrument appointing a Proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered Office not less than 48 (forty eight) hours before the time for holding the meeting or adjourned meeting at which the Person named in the instrument proposes to vote; or in the case of a poll, not less than 24 (twenty four) hours before the time appointed for the taking of the poll; and in default the instrument of Proxy shall not be treated as valid.
148. An instrument appointing a Proxy shall be in the form as prescribed under the Act and the rules framed thereunder.
149. A vote given in accordance with the terms of an instrument of Proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the Proxy or of the authority under which the Proxy was executed, or the transfer of the Shares in respect of which the Proxy is given; *provided that* no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Office before the commencement of the meeting or the adjourned meeting at which the Proxy is used.

#### **XIX. DIRECTORS**

150. The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not restricted by the Act or by these Articles.
151. Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen) *provided that* the Company may appoint more than 15 (fifteen) directors after passing a Special Resolution. At least one Director shall reside in India for a total period of not less than 182 (one hundred and eighty-two) days or for such number of days as may be notified by the Government from time to time in each Financial Year.

152. The Directors need not hold any qualification Shares in the Company.
153. Subject to the provisions of the Act, each Director shall be paid sitting fees for each meeting of the Board or a Committee thereof attended by him, subject to the ceiling prescribed under the Act and other applicable Law.
154. The Directors shall also be paid travelling and other expenses for attending and returning from meeting of the Board of Directors (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company, in accordance with the provisions of the Act.
155. Subject to the applicable provisions of the Act and Law, if any Director, being willing shall be called upon to perform extra services for the purposes of the Company, the Company shall remunerate such Director by such fixed sum or percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration provided above.
156. Subject to the provisions of Section 197 and the other applicable provisions of the Act, the remuneration of Directors may be fixed at a particular sum or a percentage of the net profits or partly by one way and partly by the other.
157. In the event that a Director is absent for a continuous period of not less than 3 (three) Months from India (an “**Original Director**”), subject to these Articles, the Board may appoint another person (an “**Alternate Director**”), not being a person holding any alternate directorship for any other Director or holding directorship in the Company, for and in place of the Original Director. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the Original Director’s absence. No Person shall be appointed as an Alternate Director to an Independent Director unless such Person is qualified to be appointed as an Independent Director of the Company. Any Person so appointed as Alternate Director shall not hold office for a period longer than that permissible to the Original Director and shall vacate the office if and when the Original Director returns to India. If the term of the office of the Original Director is determined before he so returns to India, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.
158. The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act. Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing to the Company and the Board shall on receipt of such notice take note of the same and the Company shall intimate the Registrar and also place the fact of such resignation in the report of Directors laid in the immediately following General Meeting. Such Director may also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar within 30 (thirty) days of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.
159. Not less than two-thirds of the total number of Directors shall (a) be persons whose period of the office is liable to determination by retirement of Directors by rotation and (b) save as otherwise expressly provided in the Articles or the Act, be appointed by the Company in General Meeting.
160. Subject to the provisions Section 169(5) and 169(6) of the Act, at every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three the number nearest to one-third, shall retire from office. The Independent Directors and Managing Director (till such person’s term ends as per applicable law or term of appointment) shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a “**Retiring Director**” means a Director retiring by rotation.
161. The Directors who retire by rotation under Article 160 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between those who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

162. At any Annual General Meeting at which a Director retires, the Company may fill up the vacancy by appointing the Retiring Director who is eligible for re-election or some other Person if a notice for the said purpose has been left at the office of the Company in accordance with the provisions of the Act.
163. No Person shall be appointed as a Director unless he furnishes to the Company his Director Identification Number under Section 154 of the Act or any other number as may be prescribed under Section 153 of the Act and a declaration that he is not disqualified to become a Director under the Act.
164. No Person appointed as a Director shall act as a Director unless he gives his consent to hold the office as a Director and such consent has been filed with the Registrar within 30 (thirty) days of his appointment in the manner prescribed in the Act.
165. Subject to the provisions of the Act, the Directors shall have the power, at any time and from time to time to appoint any Persons as additional Director in addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed for Directors in these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier, but shall be eligible for re-appointment as Director.
166. The Company, may by Ordinary Resolution, of which special notice has been given in accordance with the Section 169 of the Act, remove any Director including the Managing Director, if any, before the expiration of the period of his office. Notwithstanding anything contained in these Articles or in any agreement between the Company and such Director, such removal shall be without prejudice to any contract of service between him and the Company.
167. If the office of any Director appointed by the Company in General Meeting, is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any Person so appointed shall retain his office so long only as the vacating Director would have retained the same if such vacancy had not occurred.
168. In the event of the Company borrowing any money from any financial corporation or institution or government or any government body or a collaborator, bank, Person or Persons or from any other source, while any money remains due to them or any of them the lender concerned may have and may exercise the right and power to appoint, from time to time, any Person or Persons to be a Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act and as permitted under applicable Law. Any Person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of Person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointee and served on the Company. Such Director need not hold any qualification Shares.
169. The Company may, subject to the provisions of the Act and Law, take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly or reasonably.

**XX. MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND KEY MANAGERIAL PERSONNEL**

170. The Board may, from time to time, subject to Section 196 and other applicable provisions of the Act, appoint one or more of their Directors to the office of the managing director or whole time Director for such period not exceeding five years at time as they may think fit to manage the affairs and business of the Company and on such remuneration and other terms, as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment.
171. The Managing Director or Managing Directors or wholetime Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

172. Subject to the provisions of the Act, the Directors, may from time to time entrust and confer upon a Managing Director, whole time director(s), executive director(s) or managers for the time being such of the powers exercisable upon such terms and conditions and with such restrictions as they may think fit either collaterally with or to the exclusion of and in substitution for all or any of their own powers and from time to time revoke, withdraw, alter or vary all or any of such powers
173. Subject to the provisions of any contract between him and the Company, the managing director/ whole-time director, shall be subject to the same provisions as to resignation and removal as the other Directors and his appointment shall automatically terminate if he ceases to be a Director.
174. Subject to the provisions of the Act, a Managing Director or whole time Director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the Board may determine subject to the approval of the Shareholders at the next General Meeting and as per the applicable provisions of the Act and SEBI Regulations.
175. The Board, subject to Section 179 and any other applicable provisions of the Act, may entrust to and confer upon a Managing Director or whole time Director any of the powers exercisable by them upon such terms and conditions and with such transfers, as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.
176. Subject to the provisions of the Act, the Board and/or any committee, duly constituted by the Board and/or any director, duly empowered by the Board of Directors in this regard, shall be eligible to appoint such Key Managerial Personnel other than the Managing Director and whole time Director already specified in Articles 170 to 175, on such terms and conditions including the remuneration as may be appropriate and required for the proper functioning of the business of the Company. Such Key Managerial Personnel shall be governed by the terms of engagement and shall be responsible for all such things as may be required by the terms of engagement or the Act or any other Law time being in force.

## **XXI. MEETINGS OF THE BOARD**

177. The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit, subject to the provisions of the Act and applicable SEBI Regulations.
178. A Director may, and the manager or the Secretary of the Company upon the requisition of a Director shall, at any time convene a meeting of the Board, subject to the provisions of the Act.
179. Subject to the provisions the Act, the Board shall meet at least 4 (four) times in a year in such a manner that not more than 120 (one hundred and twenty) days shall intervene between 2 (two) consecutive meetings of the Board.
180. The quorum for the meeting of the Board shall be one third of its total strength or 2 (two) Directors, whichever is higher, and the participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purpose of quorum. *Provided that* where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength of the Board, the number of remaining Directors, that is to say the number of Directors who are not interested and present at the meeting being not less than 2 (two), shall be the quorum during such time.
181. The continuing Directors may act notwithstanding any vacancy in the Board; but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose.
182. If quorum is found to be not present within 30 (thirty) minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall be reconvened at the same time and at the same place 7 (seven) days later. At the reconvened meeting, the Directors present and not being less than 2 (two) Persons shall constitute the quorum and may transact the business for which the meeting was called and any resolution duly passed at such meeting shall be valid and binding on the Company.

183. Subject to the provisions of the Act allowing for shorter notice periods, a meeting of the Board shall be convened by giving not less than 7 (seven) days' notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means.
184. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
185. The Board may elect a Chairperson for its meetings and determine the period for which he is to hold office. The Board may likewise appoint a vice-chairman of the Board of Directors to preside over the meeting at which the chairman shall not be present. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of their member to be Chairperson of the meeting.
186. In case of equality of votes, the Chairperson of the Board shall have the casting vote to decide the matter.
187. The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such Member or Members of its body as it thinks fit.
188. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board and applicable under Law.
189. A committee may elect a chairperson of its meetings and may also determine the period for which he is to hold office. If no such chairperson is elected, or if at any meeting the chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the members present may choose one of their members to be chairperson of the meeting.
190. A committee may meet and adjourn as it thinks fit.
191. Questions arising at any meeting of a committee shall be determined by a majority of votes of the Directors present. The Chairperson of the committee, if any, shall not have any second or casting vote.
192. Subject to these Articles and Sections 175, 179 and other applicable provisions of the Act, a circular resolution in writing, executed by or on behalf of a majority of the Directors or members of the Committee, shall constitute a valid decision of the Board or committee thereof, as the case may be, *provided that* a draft of such resolution together with the information required to make a fully-informed good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, was sent to all of the Directors or members of the committee (as the case may be) at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed under the Act, and has been approved by a majority of the Directors or members who are entitled to vote on the resolution.
193. All acts done in any meeting of the Board or of a committee thereof or by any Person acting as a Director shall, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect for disqualification or had terminated by virtue of any provisions contained in the Act, or in these Articles, be as valid as if every such Director or such Person had been duly appointed and was qualified to be a Director.
194. Subject to the provisions of the Act, no Director shall be disqualified from his office for contracting with the Company, nor shall any such contract entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding that office or of the fiduciary relations thereby established; *provided that* every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement, entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board and shall not participate in such meeting as required under Section 184 and other applicable provisions of the Act, and his presence shall not be counted for the purposes of forming a quorum at the time of such discussion or vote.

195. Subject to the provisions of the Act, the Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board:
- a. to make calls on Shareholders in respect of money unpaid on their shares;
  - b. to authorise buy-back of securities under Section 68 of the Act;
  - c. to issue securities, including debentures, whether in or outside India;
  - d. to borrow money(ies);
  - e. to invest the funds of the Company;
  - f. to grant loans or give guarantee or provide security in respect of loans; and
  - g. any other matter which may be prescribed under the Act, Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI Listing Regulations to be exercised by the Board only by resolutions passed at the meeting of the Board.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above. In respect of dealings between the company and its bankers the exercise by the company of the powers specified in clause (d) shall mean the arrangement made by the company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day to day operation on overdraft, cash credit or other accounts by means of which the arrangement so made is actually availed of.

196. The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the restrictions on the powers of the Board under section 180 of the Act.

## **XXII. POWERS OF THE DIRECTORS**

197. The Directors shall have powers for the engagement and dismissal of managers, engineers, clerks and assistants and shall have power of general directions, management and superintendence of the business of the Company with full power or do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company and to make and sign all such contracts, and other government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act or by these Articles are expressly directed to be exercised by the Members in the General Meeting.
198. Subject to Section 179 of the Act, the Directors shall have the right to delegate any of their powers covered under Section 179(3)(d) to Section 179(3)(f) to any committee of the Board, managers, or any other principal officer of the Company as they may deem fit and may at their own discretion revoke such powers.
199. The Board of Directors shall, or shall authorize Persons in their behalf, to make necessary filings with governmental authorities in accordance with the Act and other applicable Law, as may be required from time to time.
200. Subject to the provisions of the Act, these Articles and other applicable provisions of Law, the Board shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do; *provided that* the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or any other statute or by the Memorandum of Association or by these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
201. Subject to the provisions of the Act and any other applicable Law for the time being in force, the Directors shall have the power, from time to time and at their discretion, to borrow, raise or secure the payment of any sum of money for and on behalf of the Company in such manner and upon such terms and conditions

in all respects as they think fit and through the issue of Debentures or bonds of the Company or by mortgage or charge upon all or any of the properties of the Company both present and future including its uncalled capital then available.

202. The Directors shall have the power to open bank accounts, to sign cheques on behalf of the Company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, *hundies* and bills or may authorise any other Person or Persons to exercise such powers.
203. All acts done by any meeting of the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

### **XXIII. SPECIAL NOTICE**

204. Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company by such number of members holding not less than one percent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up and the Company shall give its members notice of the resolution in such manner as may be prescribed.

### **XIV. BORROWING POWERS**

205. Subject to the provisions of the Act and these Articles the Board may from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for and on behalf of the Company. Any such money may be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable Debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and Securities of the Company or by other means as the Board deems expedient.
206. The Board of Directors shall not except with the consent of the Company by way of a Special Resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid-up Share Capital, free reserves and securities premium of the Company.

### **XV. DIVIDEND AND RESERVES**

207. The Company in a General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 123-126 of the Act, but no Dividend shall exceed the amount recommended by the Board. However, the Company may declare a smaller dividend in General Meeting
208. Subject to the provisions of the Act, the Board may from time to time pay to the Members such interim Dividends as appear to it to be justified by the profits of the Company.
209. The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising Dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other



than Shares of the Company) as the Board may, from time to time, think fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

210. No Member shall be entitled to receive payment of any interest or Dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however, either alone or jointly with any other Person or Persons) and the Board of Directors may deduct from the interest or Dividend payable to any Member all such sums of money so due from him to the Company.
211. A transfer of Shares does not pass the right to any Dividend declared thereon before the registration of the transfer.
212. Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividends, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the Dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, Dividends may be declared and paid according to the amounts of the Shares.
213. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of these Articles as paid on the Share.
214. All Dividends shall be apportioned and paid proportionately to the amounts, paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such Share shall rank for Dividend accordingly.
215. The Board may deduct from any Dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares.
216. Any Dividend, interest or other monies payable in cash in respect of Shares may be paid by electronic mode or by cheque, demand draft or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members of the Company, or to such Person and to such address as the holder or joint holders may in writing direct.
217. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent.
218. Any one of two or more joint holders of a Share may give effectual receipts for any Dividends, bonuses or other payments in respect of such Share.
219. Notice of any Dividend, whether interim or otherwise, that may have been declared shall be given to the Persons entitled to Share therein in the manner mentioned in the Act.
220. No Dividend shall bear interest against the Company.
221. A Shareholder can waive/forgo the right to receive the Dividend (either final and/or interim) to which he is entitled, on some or all the Shares held by him in the Company. However, the Shareholder cannot waive/forgo the right to receive the Dividend (either final and/or interim) for a part of percentage of Dividend on Share(s).
222. Where a Dividend has been declared by the Company but has not been paid or claimed within thirty days from the date of the declaration to any Shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of Dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the 'Unpaid Dividend Account'.
223. Any money transferred to the 'Unpaid Dividend Account' of a company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under Section 125 of the Act. *There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by law.*

224. All Shares in respect of which the Dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred by the Company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed. Provided that any claimant of Shares so transferred shall be entitled to claim the transfer of Shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.

The Company shall comply with the provisions of the Act in respect of any Dividend remaining unpaid or unclaimed with the Company.

## **XVI. INSPECTION OF ACCOUNTS**

225. (i) The Board shall cause proper books of account to be maintained under Section 128 and other applicable provisions of the Act.
- (ii) The Board shall, from time to time, in accordance with the Act, determine whether and to what extent and at what times and places and under what conditions or regulations all books of the Company or any of them, shall be open to the inspection of Members not being Directors.
- (iii) No Member (not being a Director) or other Person shall have any right of inspecting any account book or document of the Company except as conferred by Law or authorised by the Board or by the Company in General Meetings.
- (iv) Each Director shall be entitled to examine the books, accounts and records of the Company, and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company.
- (v) The books containing the minutes of the proceedings of any General Meeting of the Company, or a resolution passed by postal ballot shall:
- (a) be kept at the registered/corporate Office of the Company; and
  - (b) be open to inspection of any Member without charge, during business hours on all working days other than Saturdays and Sundays or public holiday between 11:00 a.m. to 5:00 p.m.

## **XVII. DOCUMENTS AND NOTICES**

226. Service of documents or notices on Members by the Company
1. A document or notice may be served by the Company on any Member thereof either personally or by sending it by registered post or by speed post or by courier service or by leaving it at his registered address or if he has no registered address in India, to the address if any, within India supplied by him to the Company for serving documents or notice on him or by means of such electronic or other mode as may be prescribed under the Act.
  2. A document or notice advertised in a newspaper circulating in the neighbourhood of the registered Office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every Member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him.
  3. A document or notice may be served by the Company on the joint holders of a Share by serving it on the joint holder named first in the Register in respect of the Share.
  4. The signature to any document or notice to be given by the Company may be written or printed or lithographed, facsimile or through digital means.
  5. Document or notice of every General Meeting shall be served or given in the same manner hereinbefore authorised on or to (a) every Member, (b) every Person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company d) any other Person or authority as may be applicable under the Act or SEBI Regulations.

6. A document may be served on the Company or an officer thereof by sending it to the Company or officer at the registered Office of the Company by registered post or by speed post or by courier service or by leaving it at its registered Office or by means of such electronic or other mode as may be prescribed. Provided that where Securities are held with a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic or other mode.
7. Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a Director, the Manager, or Secretary or any other authorised Officer of the Company and need not be under the common Seal of the Company.

#### **XVIII. REGISTERS AND DOCUMENTS TO BE MAINTAINED BY THE COMPANY**

227. The Company shall keep and maintain registers, books and Documents as required by the Act or these Articles, including the following:
- (1) Register of Investments made by the Company but not held in its own name, as required by Section 187(3) of the Act, and shall keep it open for inspection by any Member or Debenture Holder of the Company without charge.
  - (2) Register of Charges and copies of instrument creating any charge requiring registration according to Section 85 of the Act, and shall keep them open for inspection by any creditor or Member of the Company without fee and for inspection by any person on payment of a fee of rupee ten for each inspection.
  - (3) Register and Index of Members as required by Section 88 of the Act, and shall keep the same open for inspection during business hours, at such reasonable time on every working day as the Board may decide by any member, Debenture Holder, other security holder or Beneficial Owner without payment of fee and by any other person on payment of a fee of rupees fifty for each inspection.
  - (4) Register and Index of Debenture Holders or Security Holders under Section 88 of the Act, and keep it open for inspection during business hours, at such reasonable time on every working day as the Board may decide by any Member, Debenture Holder, other security holder or Beneficial Owner without payment of fee and by any other person on payment of rupees fifty for each inspection.
  - (5) Foreign Register, if so thought fit, as required by Section 88 of the Act, and it shall be open for inspection and may be closed and extracts may be taken therefrom and copies thereof as maybe required in the manner, mutatis mutandis, as is applicable to the Principal Register.
  - (6) Register of Contracts with related parties and companies and firms etc. in which Directors are interested as required by Section 189 of the Act, and shall keep it open for inspection at the registered Office of the Company during business hours by any Member of the Company. The Company shall provide extracts from such register to a Member of the Company on his request, within seven days from the date on which such request is made upon the payment of fee of ten rupees per page.
  - (7) Register of Directors and Key Managerial Personnel etc., as required by Section 170 of the Act and shall keep it open for inspection during business hours and the Members of the Company shall have a right to take extracts therefrom and copies thereof, on a request by the Members, be provided to them free of cost within thirty days. Such register shall also be kept open for inspection at every Annual General Meeting of the Company and shall be made accessible to any person attending the meeting.

- (8) Register of loans, guarantee, security and acquisition made by the Company as required by Section 186 (9) of the Act. The extracts from such register may be furnished to any member of the Company on payment of fees of ten rupees for each page.
- (9) Books recording minutes of all proceedings of meetings in accordance with the provisions of Section 118 of the Act.
- (10) Copies of Annual Returns prepared under Section 92 of the Act, together with the copies of certificates and documents required to be annexed thereto.

Provided that any Member, Debenture Holder, security holder or Beneficial Owner or any other Person may require a copy of any such register referred to sub-clause (3), (4) or (5), or the entries therein or the copies of annual returns referred to in this sub-clause (10) on payment of a fee of ten rupees for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.

#### **XXIX. COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT TO MEMBERS**

- 228. The Company shall subject to the payment of the fee prescribed under Section 17 of the Act, or its statutory modification for the time being in force, on being so required by a member, send to him with seven days of the requirement, a copy of each of the following documents as in force for the time being.
  - (a) The Memorandum,
  - (b) The Articles, and
 Every agreement and every resolution referred to in sub-section (1) of Section 117 of the Act, if and in so far as they have not been embodied in the Memorandum of the Company or these Articles.

#### **XXX. SECRECY**

- 229. Every manager, Auditor, trustee, Member of a committee, officer, servant, agent, accountant or other Persons employed in the business of the Company shall, if so required by the Board, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bona fide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any General Meeting or by the Law of the country and except so far as may be necessary in order to comply with any of the provisions in these Articles, the provisions of the Act and the Law.
- 230. No Member or other Person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

#### **XXXI DIRECTOR, OFFICER NOT RESPONSIBLE FOR ACTS OF OTHERS**

- 231. Subject to the provisions of Section 197 of the Act, no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damages arising from insolvency or tortuous act of any person, firm or company to or with whom any monies, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgement, omission, default or oversight on his part or for any

other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

#### **XXXII. WINDING UP**

232. Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
  - (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.
  - (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other Securities whereon there is any liability.
233. The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016, as amended (to the extent applicable).

#### **XXXIII. THE SEAL**

234. (i) The Board shall provide for the safe custody of the Seal, if any, of the Company.
- (ii) *The Seal shall not be affixed to any instrument except by the authority of resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of at least 1 (one) Director or Company Secretary or any other official of the Company as the Board may decide and that 1 (one) Director or Company Secretary or such official shall sign every instrument to which the Seal of the Company is so affixed in their presence. The Share certificates will, however, be signed and sealed in accordance with Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014, as amended.*
- (iii) *The Board shall provide a common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a committee of the Board previously given.*
- (iv) *The Company shall also be at liberty to have an official Seal in accordance with of the Act, for use in any territory, district or place outside India.*

#### **XXXIV. AUDIT**

235. Subject to the provisions of the Act, the Company shall appoint an Auditor at an Annual General Meeting to hold office from the conclusion of that Annual General Meeting until a continuous period of five years or such time as permitted under the Act and Law, and every Auditor so appointed shall be informed of his appointment.
236. The Directors may fill up any casual vacancy in the office of the Auditors within 30 (thirty) days subject to the provisions of Sections 139 and 140 of the Act and the rules framed thereunder.
237. The remuneration of the Auditors shall be fixed by the Company in the Annual General Meeting or in such manner as the Company may in the General Meeting determine.

#### **XXXV. UNDERWRITING**

238. Subject to the provisions of Section 40 of the Companies Act, 2013, the Company may at any time pay

commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares or Debentures or Debenture stock in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any Shares, Debentures or Debenture-stock of the Company, but so that the commission shall not exceed in the case of Shares five per cent of the price at which the Shares are issued and in the case of Debentures two and a half percent of the price at which the Debentures are issued. Such commission shall be paid either out of the proceeds of the issue or the profit of the Company or both. Subject to the provisions of the Act, any commission payable as aforesaid may be satisfied by payment of cash or by allotment of fully or partly paid Shares or Debentures as the case may be or partly in one way and partly in the other.

#### **XXXVI. GENERAL AUTHORITY**

239. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, these Articles hereby authorize and empower the Company to have such rights, privilege or authority and to carry out such transaction as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

#### **XXXVII. INDEMNITY**

240. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the court or the National Company Law Tribunal.
241. Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

**SECTION IX: OTHER INFORMATION**  
**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

*The copies of the following documents and 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 and includes contracts entered into until the date of this Red Herring Prospectus) which are or may be deemed material, will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for filing and are also available at the following weblink <https://www.ethoswatches.com/investors-information>. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office between 10:00 a.m. to 05:00 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid / Offer Closing Date (except for such agreements executed after the Bid / Offer Closing Date).*

**A. Material Contracts for the Offer**

1. Offer Agreement dated January 21, 2022, among our Company, the Selling Shareholders and the Book Running Lead Managers and amendment to Offer Agreement dated April 26, 2022.
2. Registrar Agreement dated January 21, 2022, among our Company, the Selling Shareholders, and the Registrar to the Offer.
3. Service Provider cum Ad Agency Agreement dated January 21, 2022, among Company, the Selling Shareholders and ad agency
4. Escrow and Sponsor Bank Agreement dated April 26, 2022 among our Company, Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, the Syndicate Members, and the Banker(s) to the Offer.
4. Share Escrow Agreement dated April 26, 2022 among our Company, Selling Shareholders, and the Share Escrow Agent.
5. Syndicate Agreement dated April 26, 2022 among our Company, the Selling Shareholders, the Book Running Lead Managers, the Syndicate Members, and the Registrar to the Offer.
6. Underwriting Agreement dated [●] among our Company, the Selling Shareholders and the Underwriters.
7. Monitoring Agency Agreement dated April 26, 2022 between our Company and Monitoring Agency.

**B. Material Documents**

1. Certified copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
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 of commencement of business dated November 16, 2007.
5. Annual report for the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019 and audit report for nine months period ended December 31, 2021.
6. Resolution of meeting of our Board of Directors dated December 1, 2021 authorising the Offer and other related matters.
7. Consent letters as specified in Annexure A provided by Selling Shareholders, consenting to

participate in the Offer for Sale.

8. Resolution of the shareholders of KDDL Limited dated January 18, 2022, approving the alteration in capital structure of our Company
9. Resolution of our IPO Committee dated January 21, 2022, approving the Draft Red Herring Prospectus.
10. Resolution of our IPO Committee dated May 6, 2022, approving this Red Herring Prospectus.
11. Shareholders resolution dated January 18, 2022 pursuant to which the shareholders of our Company resolved to purchase the 'Ethos' and 'Summit' trademarks.
12. Board resolution dated December 30, 2021, approving policy of materiality of litigation and materiality of creditors
13. Board resolution dated December 1, 2021, approving the Offer
14. Board resolution dated December 30, 2021, taking on record the consent of Selling Shareholders
15. Board resolution dated February 6, 2014, approving Ethos-ESOP Scheme 2013
16. Board resolution dated November 8, 2021, approving reappointment of Yashovardhan Saboo
17. Board resolution dated August 4, 2014, approving sitting fees for attending board meeting and committee meeting.
18. Board resolution dated February 12, 2020, approving appointment of Manoj Gupta as Executive Director
19. Board resolution dated August 4, 2014, approving payment of 1% profit-sharing plan commission to the Non-Executive Directors sharing plan of our Company
20. Board resolutions dated December 9, 2008, October 31, 2018 and December 30, 2021 regarding constitution and reconstitution of Audit Committee
21. Board resolutions dated August 4, 2014 and December 30, 2021 regarding constitution and reconstitution of Nomination and Remuneration Committee
22. Board resolutions dated October 7, 2015 and December 30, 2021 regarding constitution and reconstitution of Stakeholders Relationship Committee
23. Board resolutions dated December 30, 2021 regarding constitution of Risk Management Committee
24. Board resolutions dated February 4, 2019 and December 30, 2021 regarding constitution and reconstitution of Corporate Social Responsibility Committee
25. Board resolutions dated December 1, 2021 regarding constitution of IPO Committee
26. Board resolutions dated December 30, 2021 approving the appointment of compliance officer
27. Board resolutions dated December 30, 2021 approving the dividend policy of our Company
28. Board resolutions dated April 7, 2022 approving and adopting Restated Consolidated Summary Statements for nine month period ended December 31, , 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019
29. Shareholders' resolution dated July 31, 2021 approving appointment of Patrik Paul Hoffman as Director, liable to retire by rotation.



30. Board resolution dated June 11, 2021 approving appointment of Patrik Paul Hoffman as Additional Director
31. Shareholders' resolution dated April 8, 2020 approving appointment of Manoj Gupta as Executive Director
32. Board resolution dated February 12, 2020 approving appointment of Manoj Gupta as an Additional Director
33. Board resolution dated March 29, 2018 approving cessation of Rajat Kakar as Independent Director w.e.f. February 25, 2018.
34. Board resolution dated April 9, 2018 approving appointment of Dilpreet Singh as an additional Director.
35. Shareholders' resolution dated July 14, 2018 approving regularisation of Dilpreet Singh as an Independent Director.
36. Board resolution dated April 9, 2018 approving appointment of Mohaimin Altaf as an Additional Director.
37. Shareholders' resolution dated July 14, 2018 approving regularisation of Mohaimin Altaf as an Independent Director.
38. Agreement to sell dated January 1, 2022, to transfer brand names by KDDL Limited in favour of our Company.
39. The examination report dated April 7, 2022, of our Statutory Auditor on the Restated Consolidated Summary Statement.
40. The report dated April 26, 2022 on the statement of possible special tax benefits issued by our statutory auditors
41. Consents in writing of Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to the Offer, Legal Counsel to Selling Shareholder, Bankers to our Company, the Book Running Lead Managers, independent chartered accountant, the Syndicate Member(s), and the Registrar to the Offer, Sponsor Banks, Escrow Bank, Refund Bank, Public Offer Account Bank, Monitoring Agency, Special International Legal Counsel to Book Running Lead Managers to act in their respective capacities.
42. Written consent dated May 6, 2022 from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated April 7, 2022 on our Restated Consolidated Summary Statements; and (ii) their report dated April 26, 2022 on the Statement of Special Tax Benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.  
  
However, the term 'expert' shall not be construed to mean an 'expert' as defined under the U.S. Securities Act.
43. Written consent dated May 6, 2022 from B S R & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Predecessor Auditor and such consent has not been withdrawn as on the date of this Red Herring Prospectus.  
  
However, the term 'expert' shall not be construed to mean an 'expert' as defined under the U.S. Securities Act.
44. Consent dated January 15, 2022, B K S & Co., Chartered Accountants to include their name

this Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act to the extent and in their capacity as independent chartered accountant and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

45. Report titled “Industry Report on Premium and Luxury Watch Retail in India” dated April 26, 2022 issued by Technopak Advisors Private Limited;
46. Consent letter from Technopak Advisors Private Limited dated April 26, 2022, to rely on and reproduce part or whole of the ‘Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited’, available on the following link: <https://www.ethoswatches.com/investors-information> and include their name in this Red Herring Prospectus.
47. Shareholders' resolution dated January 18, 2022 and Board resolution dated December 1, 2022, pursuant to which our Company modified its Memorandum of Association to include carrying on the business of luxury cars including pre-owned luxury cars.
48. Shareholders' resolution dated March 5, 2016, pursuant to which our Company modified its Memorandum of Association to include carrying on the business of pre-owned watches.
49. Investor presentation of KDDL Limited & Ethos Limited for November 2021 and February 2020 and May 2019.
50. Disclosures made by KDDL Limited on the Stock Exchanges for all the new brand associations (e.g. Rimowa for luxury luggage on November 16, 2021 and Messika for luxury jewellery on February 18, 2022).
51. Board resolution dated December 1, 2021 authorizing the officers of our Company to sign and execute agreements with new brands.
52. Board Resolution dated April 7, 2022, approving the working capital requirement of our Company.
53. Due diligence certificate dated January 21, 2021, addressed to SEBI.
54. In-principle listing approvals dated February 21, 2022 and February 21, 2022 issued by BSE and NSE, respectively.
55. Tripartite agreement dated March 18, 2019 among our Company, CDSL and the Registrar to the Offer.
56. Tripartite agreement dated January 22, 2019 among our Company, NSDL and the Registrar to the Offer.
57. SEBI observation letter bearing reference number SEBI/NRO/NRO/NRO/P/OW/2022/16901/1, 2 and dated April 25, 2022.

**ANNEXURE A**

<b>S. no.</b>	<b>Name of the Shareholder</b>	<b>Number of Equity Shares offered in the Offer for Sale</b>	<b>Date of the consent letter to participate in the Offer for Sale</b>	<b>Date of corporate action / board resolution / power of attorney</b>
1	Yashovardhan Saboo* ("Selling Shareholder")	Up to 2,75,000	December 22, 2021	-
2	KDDL Limited ("Selling Shareholder")	Up to 5,00,000	December 22, 2021	December 21, 2021
3	Mahen Distribution Limited ("Selling Shareholder")	Up to 50,000	December 22, 2021	December 22, 2021
4	Saboo Ventures LLP ("Selling Shareholder")	Up to 1,50,000	December 22, 2021	December 22, 2021
5	Anuradha Saboo* ("Selling Shareholder")	Up to 60,000	December 22, 2021	-
6	Jai Vardhan Saboo ("Selling Shareholder")	Up to 15,000	December 22, 2021	December 31, 2021
7	VBL Innovations Private Limited ("Selling Shareholder")	Up to 10,500	December 22, 2021	December 29, 2021
8	Anil Khanna ("Selling Shareholder")	Up to 6,250	December 7, 2021	January 7, 2022
9	Nagarajan Subramanian ("Selling Shareholder")	Up to 19,231	December 22, 2021	January 6, 2022
10	C. Raja Sekhar ("Selling Shareholder")	Up to 10,556	December 18, 2021	January 6, 2022
11	Karan Singh Bhandari ("Selling Shareholder")	Up to 3,000	December 22, 2021	January 7, 2022
12	Harsh Vardhan Bhuwarka ("Selling Shareholder")	Up to 2,125	December 22, 2021	January 7, 2022
13	Anand Vardhan Bhuwarka ("Selling Shareholder")	Up to 2,125	December 22, 2021	January 7, 2022
14	Shalini Bhuwarka ("Selling Shareholder")	Up to 2,125	December 22, 2021	January 7, 2022
15	Manju Bhuwarka ("Selling Shareholder")	Up to 2,125	December 22, 2021	January 7, 2022
	<b>Total</b>	<b>Up to 11,08,037</b>		

\* As Yashovardhan Saboo and Anuradha Saboo, are individuals, therefore, date of corporate action is not applicable to them, further, unlike other selling shareholders they have not executed power of attorney in favour of someone else and have signed Selling Shareholders documents including consent letters dated December 22, 2021 themselves.

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Yashovardhan Saboo**  
**(Managing Director)**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY**

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**Anil Khanna**  
**(Independent Director)**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Nagarajan Subramanian**  
**(Independent Director)**

**Place: Mumbai, Maharashtra**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Neelima Tripathi**  
**(Independent Director)**

**Place: National Capital Territory of Delhi**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“SEBI”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Sundeep Kumar**  
**(Independent Director)**

**Place: Gurgaon, Haryana**

**Date: May 6, 2022**



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Dilpreet Singh**  
**(Independent Director)**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Mohaimin Altaf**  
**(Independent Director)**

**Place: National Capital Territory of Delhi**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Manoj Gupta**  
**(Whole time Director)**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Patrik Paul Hoffman**  
(Non-Independent Director)

**Place: La Chaux-de-Fonds, Switzerland**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India (“**SEBI**”), established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

## **SIGNED BY**

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**Chitranjan Agarwal**  
**Additional Director (Non-Independent)**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines, regulations or rules issued by the Government of India or the guidelines, or regulations issued by the Securities and Exchange Board of India ("**SEBI**"), established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Contracts (Regulation) Act, 1956, as amended, the Securities and Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Ritesh Kumar Agrawal**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Yashovardhan Saboo, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Yashovardhan Saboo, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**Signed by Yashovardhan Saboo**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

We, KDDL Limited, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. We KDDL Limited assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF KDDL LIMITED**

**Signed by Sanjeev Kumar Masown**  
**Designation: Whole Time Director cum Chief Financial Officer**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**



## **DECLARATION BY THE SELLING SHAREHOLDERS**

We, Mahen Distribution Limited, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. We Mahen Distribution Limited assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF MAHEN DISTRIBUTION LIMITED**

**Signed by Sanjeev Kumar Masown  
Authorised Signatory**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Jai Vardhan Saboo, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Jai Vardhan Saboo, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY JAI VARDHAN SABOO**

**Place: Mclean, VA, USA**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Anuradha Saboo, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Anuradha Saboo, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY ANURADHA SABOO**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

We, Saboo Ventures LLP, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. We, Saboo Ventures LLP, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY AND ON BEHALF OF SABOO VENTURES LLP**

**Name: Pawan Kumar Goyal**  
**Designation: Authorised Signatory**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Anil Khanna, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Anil Khanna, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY ANIL KHANNA**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Nagarajan Subramanian, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Nagarajan Subramanian, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY NAGARAJAN SUBRAMANIAN**

**Place: Mumbai, Maharashtra**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, C. Raja Sekhar, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, C. Raja Sekhar, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY C RAJA SEKHAR**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Karan Singh Bhandari, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Karan Singh Bhandari, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY KARAN SINGH BHANDARI**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**



## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Harsh Vardhan Bhuwalka, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Harsh Vardhan Bhuwalka, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY HARSH VARDHAN BHUWALKA**

**Place: Bangalore, Karnataka**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Anand Vardhan Bhuwalka, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Anand Vardhan Bhuwalka, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY ANAND VARDHAN BHUWALKA**

**Place: Kolkata, West Bengal**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Shalini Bhuwalka, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Shalini Bhuwalka, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY SHALINI BHUWALKA**

**Place: Kolkata, West Bengal**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

I, Manju Bhuwalka, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. I, Manju Bhuwalka, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY MANJU BHUWALKA**

**Place: Bangalore, Karnataka**

**Date: May 6, 2022**

## **DECLARATION BY THE SELLING SHAREHOLDERS**

We, VBL Innovations Private Limited, hereby confirm and certify that all statements, disclosures, and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. We, VBL Innovations Private Limited, assume no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

**SIGNED BY AND ON BEHALF OF VBL INNOVATIONS PRIVATE LIMITED**

**Name: Yashovardhan Saboo**  
**Designation: Director**

**Place: Union Territory of Chandigarh**

**Date: May 6, 2022**