

# ETHOS LIMITED

KAMLA CENTRE, SCO 88-89, SECTOR 8-C  
Chandigarh-160 009 INDIA  
Phone : +91 172 2548223/24/27, 2544378/79  
Fax : +91 172 2548302  
CIN – L52300HP2007PLC030800  
PAN – AADCK2345N

Ref. no.: Ethos/Secretarial/2022-23/30

Dated: September 1, 2022

**BSE Limited**  
**Phiroze Jeejeebhoy Towers,**  
**Dalal Street, Mumbai - 400001**

**National Stock Exchange of India Limited**  
**Exchange Plaza, C-1, Block G,**  
**Bandra Kurla Complex, Bandra,**  
**Mumbai - 400 051**

**Scrip Code: 543532**

**Trading symbol: ETHOSLTD**

**Subject : Intimation under Regulation 34 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 pertaining to Annual Report for the financial year 2021-22 along with the Notice of 15<sup>th</sup> Annual General Meeting of the Company**

Dear Sir/Ma'am,

Greetings from Ethos.

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that **15<sup>th</sup> (Fifteenth) Annual General Meeting (AGM)** of the Company will be held on **Tuesday, September 27, 2022, at 10:00 a.m. (IST)** through **Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")**.

In compliance with Section 108 of the Companies Act, 2013 read with rules made thereunder, Regulation 44 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by National Securities Depository Limited (NSDL). Those members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM on all the resolutions set forth in the Notice of the 15<sup>th</sup> AGM.

The Notice of AGM and the Annual Report for the Financial year 2021-2022 have been sent to all the Members on Thursday, September 1, 2022 whose email addresses are registered with the Company/Depository Participants/KFin Technologies Limited (formerly known as KFin Technologies Private Limited), the Registrar and Share Transfer Agents of the Company.

We are giving hereinbelow the details relating to the AGM of the Company for the information of our valued investors:-

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**Day, date, time and venue of 15<sup>th</sup> Annual General Meeting : Tuesday, September 27, 2022 at 10.00 a.m. IST**  
**Deemed venue : Registered Office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh**

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**Registered Office:**  
Plot 3, Sector III, Parwanoo-173 220 INDIA

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<b>Mode of AGM</b>	<b>: Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”)</b>
<b>Cut off/Record date for determination of shareholders for voting on resolutions</b>	<b>: Monday, September 19, 2022</b>
<b>Closure of Register of Members and Share Transfer Books</b>	<b>: Tuesday, September 20, 2022, to Tuesday, September 27, 2022 (both days inclusive)</b>
<b>Commencement of Remote e-voting</b>	<b>: 9.00 a.m. (IST) on Saturday, September 24, 2022</b>
<b>End of Remote e-voting</b>	<b>: 5.00 p.m. (IST) on Monday, September 26, 2022</b>

We are enclosing herewith the following for the information of our valued investors:-

- Annual Report for the financial year 2021-22
- Notice of 15<sup>th</sup> Annual General Meeting of the Company

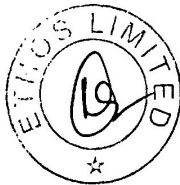
The Notice of 15<sup>th</sup> AGM and Annual Report for the financial year 2021-22 will also be made available on the Company's website i.e. <https://www.ethoswatches.com/investors-information/>

We would request you to please take the aforesaid information in your record and oblige.

Thanking you

Yours truly

For **Ethos Limited**



**Anil Kumar**  
**Company Secretary and Compliance Officer**  
**Membership no. F8023**

Encl.: as above

# LUXURY OF TIME



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For more information,  
please, visit our website



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## Financial highlights

**Rs. 577.3** Crore  
Revenue from operations

↑ **49%**  
YoY growth

**Rs. 23.4** Crore  
Profit after Tax

↑ **4x**  
YoY growth

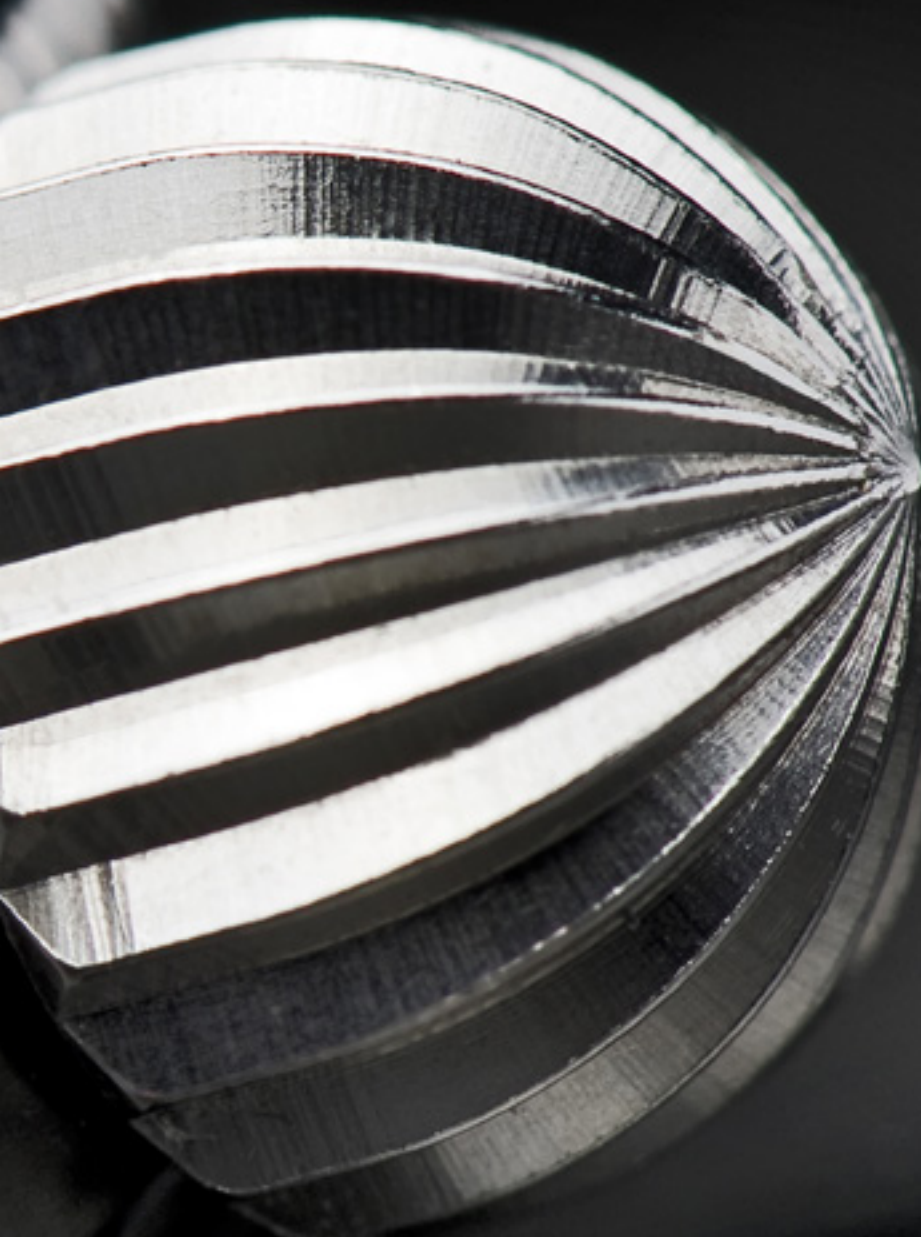
**Rs. 79.4** Crore  
EBITDA

↑ **42%**  
YoY growth

**1,64,000**+ followers  
on Instagram

**22.7** Million  
Website user in FY22





**Resilience, courage, ethics and the desire to create exceptional value have always been the cornerstones of our success.** We thank our esteemed customers, brand owners, location partners, marketing partners, investors and all our stakeholders for supporting us over the years. We have grown, served new markets, increased our stores and established ourselves as a prominent luxury retailer in the Indian market.

**We have crossed many milestones since inception. However, a more exciting journey awaits us.**

To showcase our offerings to more connoisseurs, we are aggressively enhancing our omnichannel presence - a strategy that has resulted in strong online as well as offline growth.

**Our social media presence is ranked second globally, among all major watch retailers.** We are also the only Indian Luxury watch retailer offering loyalty programmes to strengthen our relationship with customers.

Taking into consideration the increasing high net worth individuals and ultra high net worth individuals in India, we now stand to benefit from the opportunities arising for luxury brands such as ours.

## About Ethos

# Step into the amazing world of Ethos

We are India's largest luxury and premium watch retailer with leadership in an attractive luxury watch market. Leveraging our robust retail presence and industry domain, we have secured our market leadership in the certified pre-owned watch sector as well.

India's largest chain of luxury watch boutiques.

Venturing into other retail segments as well

Forging customer relationships with our Club ECHO Loyalty Programme

Dedicated staff that provides an unforgettable experience

Specialised and expert team of luxury watch consultants

Certified pre-owned luxury watch business

Presence across metros, Tier I and Tier II cities





**50 +**  
Premium and Luxury  
watch brands

Service centres with Swiss  
machinery and experienced  
horological watch technicians

50 stores in India  
across 17 cities

Watches with  
brand warranty and  
the Ethos stamp of  
assurance.

Associated with over  
50 premium luxury  
watch brands

Expertise in offline and  
Omnichannel Commerce

## OUR VISION

To be the biggest and finest  
retailer of premium & luxury  
watches in India, with  
exemplary customer service  
& ethical standards.

## OUR VALUES

Respect  
for People

Integrity &  
Transparency

Customer  
First

Passion  
& Intensity

Excellence

Commitment &  
Ownership

## Our organisational structure

**KDDL Ltd**  
Listed on BSE & NSE

Holds 61.07% along with its wholly  
owned subsidiary

**Ethos Ltd.**  
Premium & Luxury Watch  
Retailer

**100%**  
Cognition Digital LLP  
(Subsidiary)  
IT & IT based business for  
retail & distribution

**50%**  
Pasadena Retail Pvt  
Ltd (JV)  
Watch Retailer

# About Ethos

## Journey so far.....



**2003**

Opened our first store in Chandigarh (under the umbrella of KDDL)



**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



**2019**

Opened the flagship store at Hyderabad and Kolkata



**2018**

Club Echo reached 2 lakhs members



**2012**

Kamla Retail Limited was renamed as Ethos Limited



**2011**

Entered into the Digital world with [www.ethoswatches.com](http://www.ethoswatches.com)



**2020**

Reached the landmark of 50 stores across India



**2021**

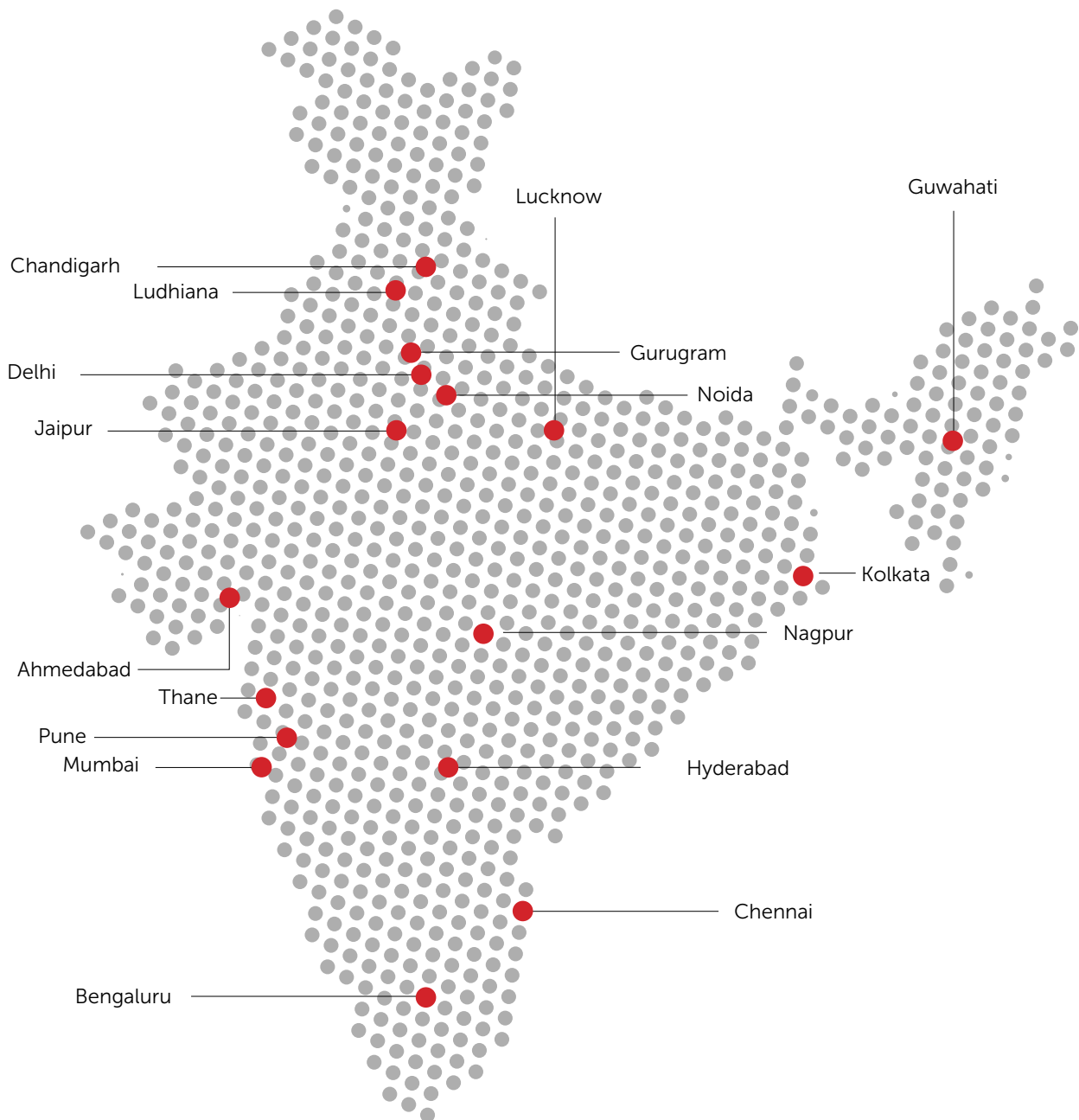
- Introduction of Certified Pre-Owned Watches Lounge in New Delhi
- Launched new website: [www.secondmovement.com](http://www.secondmovement.com)



**2022**

Listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022

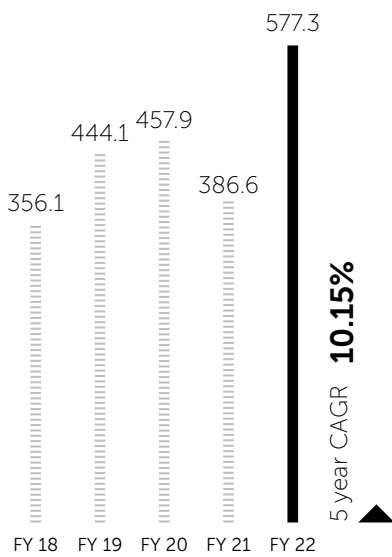
# Geographic presence



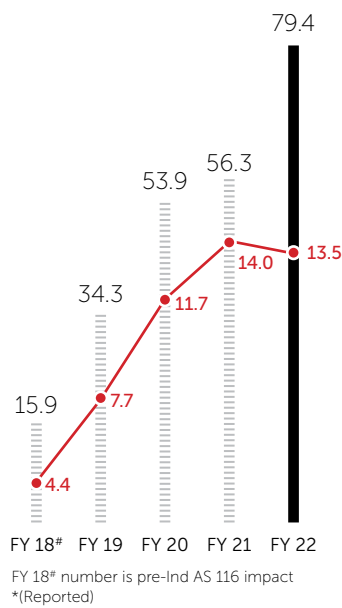
## Financial highlights

# Growing with a robust financial backbone

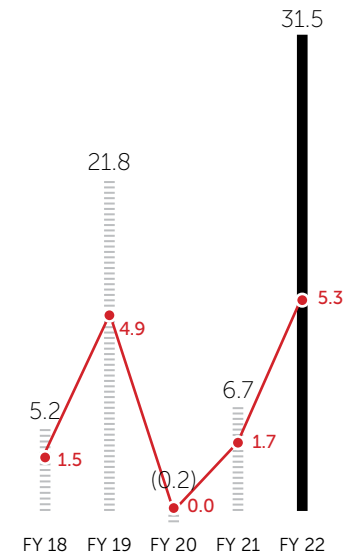
**Revenue**  
(Rs. Crore)



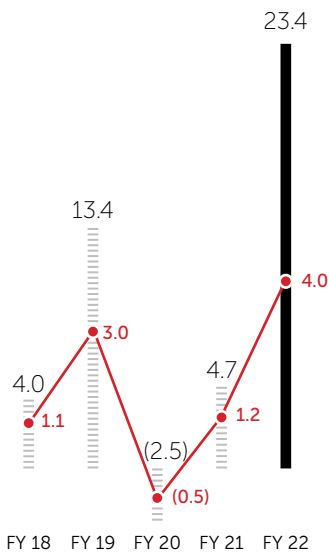
**EBITDA\*** (Rs. Crore)  
**EBITDA margin (%)** ---



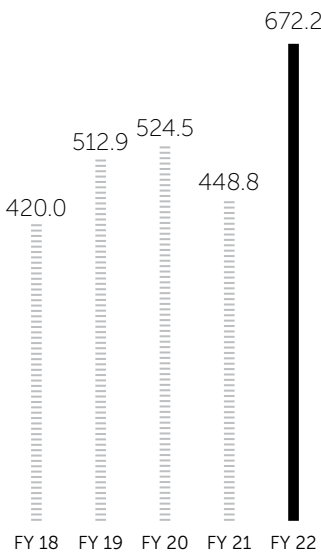
**PBT** (Rs. Crore)  
**PBT margin (%)** ---



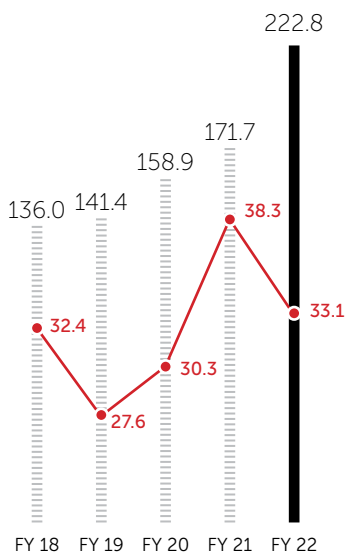
**PAT** (Rs. Crore)  
**PAT margin (%)** ---



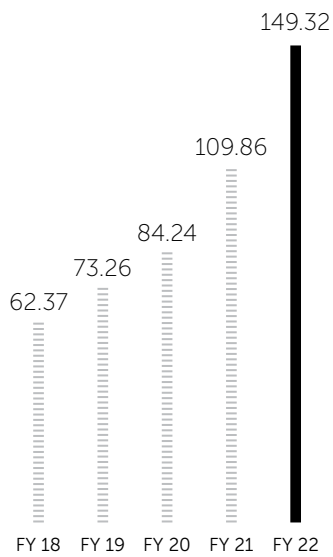
**Total billing**  
(Rs. Crore)



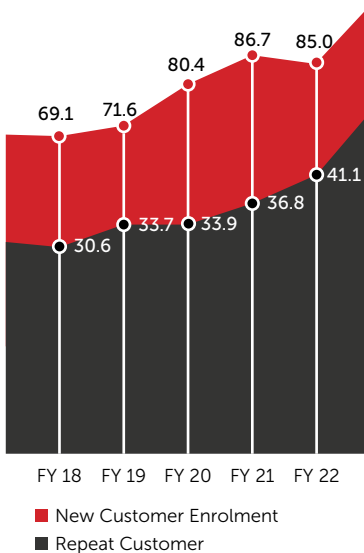
**Online Billing** (Rs. Crore)  
**Total Billing** (%)



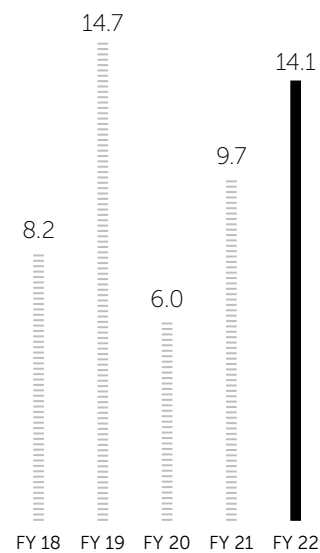
**Average Selling Price**  
(Rs. in '000)



**Club ECHO**  
(%)



**ROCE**  
(%)



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Chairman's message

# Our resilience and courage are time tested



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**Yashovardhan Saboo**  
Managing Director

## Dear Shareholders,

I am pleased to present our first annual report post listing after a successful IPO. On behalf of the Board and the entire leadership team, I thank all our esteemed investors and shareholders for reposing their invaluable faith in our vision and capabilities. We are confident that we will continue to receive your encouragement and support in the coming years.

At the outset, I would like to convey my sincere thanks to all our talented and dedicated colleagues across the Company who have continued to work tirelessly this year and delivered excellent performances all around. Without the hard work and continued passion of our team, we would not have achieved such a memorable year of success.

India's watch market is likely to grow at 10.6% CAGR to reach Rs. 22,300 crore by 2025. On the other hand, premium segments are growing at a CAGR of 12.9%. The luxury segments are growing faster than other segments at a CAGR of 12.9%, driven by faster urbanisation, aspirational lifestyles and growing disposable incomes. These are long-term tailwinds, which will continue to strengthen our business.

Our experience shows that the luxury customer base is rapidly evolving. Our strategy is to achieve profitable growth by leveraging our advantageous scale and best-in-class operations, including marketing, merchandising and IT capabilities, combined with strong customer relationship management.

### Performance for the year

You may recall that FY22 began on a sombre note, with the deadly Delta wave of COVID sweeping across India in the first quarter April to June, 2021. It deeply impacted every business, especially retail businesses with malls remaining closed extensively. Notwithstanding the

impacted Q1, we have recorded the highest ever yearly Revenue, EBITDA and PAT in FY22.

Our growth is galvanised by our portfolio of 50+ premium and luxury watch brands, of which 33 brands are available exclusively at Ethos. Relationships with luxury brands and their owners typically take many years to develop and are difficult to replicate. We have worked hard to nurture these relationships, which provide a wide moat for our business.

We are focusing on fast-growing watch segments and expanding our market share continuously. In addition, our pre-owned business will further increase the overall industry size. According to industry experts, Certified Pre-owned watch segment will become half the size of the global watch industry by 2025.

The luxury segments are growing faster than other segments at a CAGR of **12.9%**.

India's watch market is likely to grow at 10.6% CAGR to reach **Rs. 22,300** crore by 2025.

Our growth is galvanised by our portfolio of 50+ premium and luxury watch brands, of which 33 brands are exclusively available at Ethos. Relationships with luxury brands and their owners typically take many years to develop and are difficult to replicate.

Ethos has achieved significant growth over last year and we hope that it will continue to grow in future also achieving new heights.

We aspire to foray into more luxury items by leveraging our insight into the luxury market and relationships with premium brands. These new segments will become the growth drivers for the Company in future years.

We continue to foster the growth and development of our employees by organising various training programmes and through an all-round career progression plan. During the pandemic, we prioritised our employees' safety and ensured that all our employees were vaccinated. We followed strict safety protocols in line with the Government's regulations and

also ensured usage of sanitisers, maintaining social distancing norms & other safety measures. At the end of the financial year strength of our permanent employees stood at 424, which includes people in stores, warehouse, and at our Corporate Offices.

### Future priorities

Allow me to share our priorities in near future:

- i. Expansion through network of new physical company branded

or mono brand boutiques, at attractive locations;

- ii. Scaling up of certified pre-owned watches vertical.

We are committed to expand the business from existing and new stores, using our robust omnichannel platform and digital reach. Our objective is to capture a higher market share and improve margins in our existing stores through growing sales and cost optimisation initiatives.

As a part of our relentless efforts to offer the widest assortment of brands to our customer base, we will continue to foster new brand relationships, including some exciting new exclusive relationships, while continuing to nurture our existing brand partnerships.

Last but not the least, we are passionately committed to the principles of sustainability and to pursuing our growth ambition while mitigating our environmental footprint.





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We are committed to expand the business from existing and new stores, using our robust omnichannel platform and digital reach. Our objective is to capture a higher market share and improve margins in our existing stores through growing sales and cost optimisation initiatives.

We have taken a pledge to plant one million trees over the next 10 years. Starting this year, a tree is being planted for every watch sold at Ethos. With your patronage and continued support, we plan to help in turning back time, by re-growing forests to help protect our planet for future generations.

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We have taken a pledge to plant one million trees over the next 10 years.

At the end, I join our Board and Management to convey our deep gratitude to our Brands, Employees, Shareholders/Investors and other Stakeholders for being a part of this journey.

Regards,

**Yashovardhan Saboo**

Managing Director



# Our business model

## How we craft and enhance value at Ethos

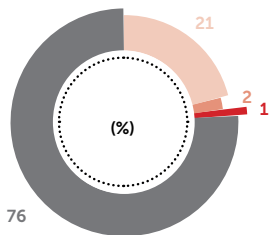
### BUSINESS DRIVERS

Indian watch market is expected to reach Rs. 22,300 crore by FY 2025 from Rs. 13,500 crore in FY 2020, growing at a CAGR of 10.6%.\*

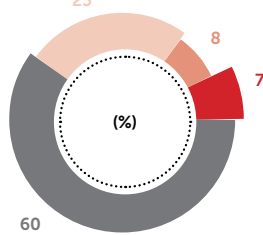
Indian premium and luxury watch market is expected to reach Rs. 11,890 crore by FY 2025 from Rs. 6,610 crore in FY 2020, growing at a CAGR of 12.5%.\*

Within the premium and luxury watch market, globally and in India, Vertical Specialist MBO-led retailing is the dominant route to market (RTM) for luxury and premium watches. It is cost effective for the brand owner for market expansion as it provides wider market access.

**Channel Share in Luxury Segment (%)**



**Channel Share in Premium & Luxury Segments (%)**

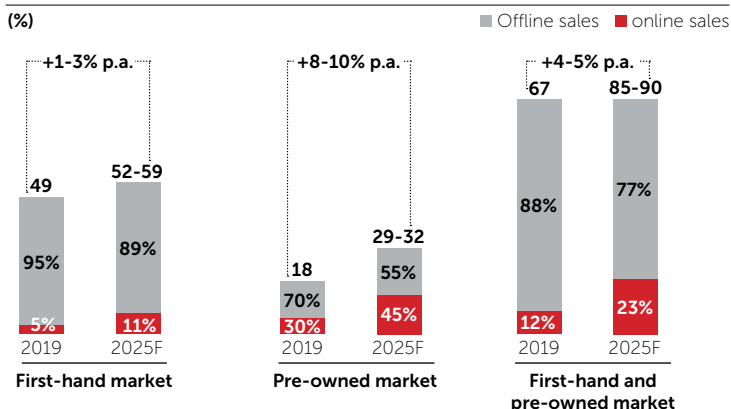


■ Vertical Specialist MBOs ■ EBOs ■ E-commerce Marketplaces ■ General MBOs/ LFS

Rise in the number of HNI's in fast growing economies, such as China and India has led to increase in the wealth of people leading to surge in demand for luxury goods

Growth of pre-owned market is expected to outpace the first-hand market, with online sales leading the way

**USD Billion; Share of Sales by Channel**



### CORE COMPETENCIES



**Access to a large luxury customer base**

Over the years, we have grown our customer base, and we continue to work on expanding it by offering a delightful shopping experience to new users at our platform.



**Omnichannel presence**

We strive to stay relevant at all the touchpoints of a customer's journey by providing our customers with both physical and digital purchasing experiences through our Omnichannel approach.



**After sales service**

State-of-the-art service centres allow us to service all watches and provide greater customer experience.



**Strategic store location**

Our retail locations, which include shopping centres, airport terminals, and other high-traffic areas, ensure that, the luxury watch brands we promote are effectively penetrated.



**Strong relationship with luxury watch brands**

We have a long-standing relationship with luxury watch brands and luxury group.

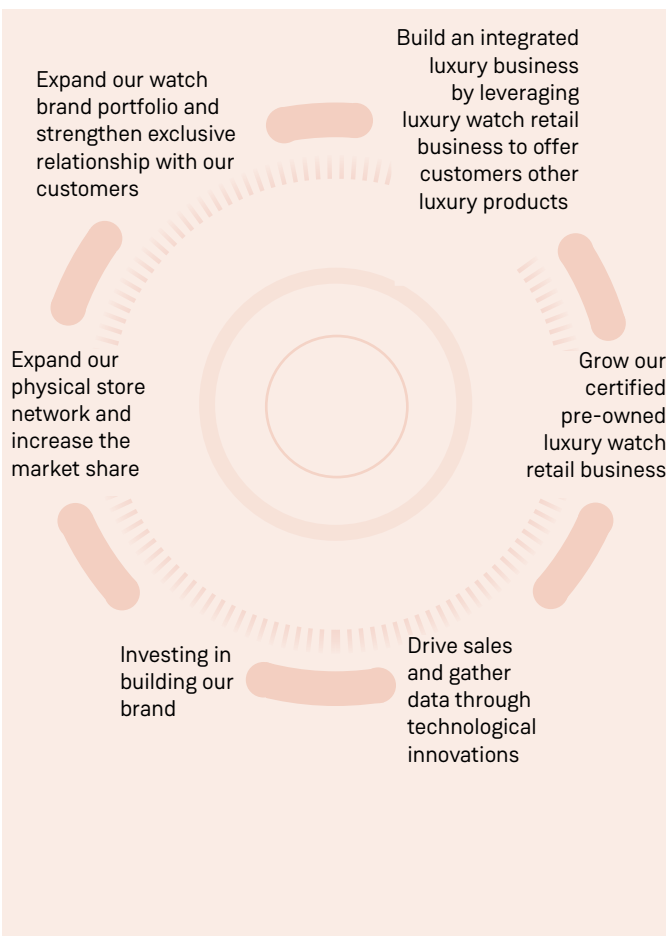


**First mover advantage in Certified pre-owned business**

We are the the only organised player and MBO-led luxury watch player in India with the capability of certifying, buying and restoring pre-owned watches.

\*Source: 'Industry Report on Premium and Luxury Watch Retail in India dated April 26, 2022, prepared by Technopak Advisors Private Limited

**OUR STRATEGY**



**Numbers that will put strategy in action:**

**Rs. 1.49 lakhs**

Average selling price in FY22  
(up from Rs. 73,000 in FY19)

**17**

Watchmakers trained

**158 days**

Inventory cycle in FY22

**OUTPUT**

- Preferred partner:** The 2022 GPHG (Grand Prix d’Horlogerie de Genève) New Delhi event series will be held in October 2022 with ETHOS as the sole watch retail partner
- Expert and talented workforce:** Employing 424 permanent employees, our workforce consists of people with expertise and knowhow on our luxury products
- Co-creating value:** We have strong and long-standing relationships with luxury watch brands and other luxury products group. More than 50+ Premium watch brands, with 33 Exclusive Brands are on-boarded with us
- Brand that evokes trust:** Ethos is the only Indian Luxury watch retailer offering loyalty program for its customers. ‘Club ECHO’ is today amongst the most trusted, rewarding and fastest growing loyalty programs in India
- Second movement:** Launched in February 2022, Second Movement, by Ethos, is home to India’s greatest collection of certified pre-owned luxury watches and accessories

[\(https://www.secondmovement.com/\)](https://www.secondmovement.com/)
- One-stop luxury shop:** Expand into adjacent luxury offerings like hard luxury in new product categories e.g. International branded jewellery and premium travel accessories. We have already ventured into luxury jewellery with Messika, Paris and premium travel accessories brand RIMOWA

## Our offerings

# Discover timeless luxury with Ethos

### Products

Our products are directly sourced from brand owners, their Indian subsidiaries, or their authorised dealers. Category of watches is derived basis its Price points e.g. Premium, Bridge to Luxury, Luxury and High Luxury. With the broadest selection of premium and luxury watch brands in our portfolio, we strive to provide our consumers with a consistent luxury watch experience. We have a variety of brands that are only available through our channel in the organised Indian watch market.



**High luxury price point**

(Rs. 10 lakhs and above per watch)



**Luxury watch segment**

(Rs.2.5 lakhs - Rs.10 lakhs per watch)



**Bridge to luxury segment**

(Rs.1 lakh - Rs.2.5 lakhs per watch)



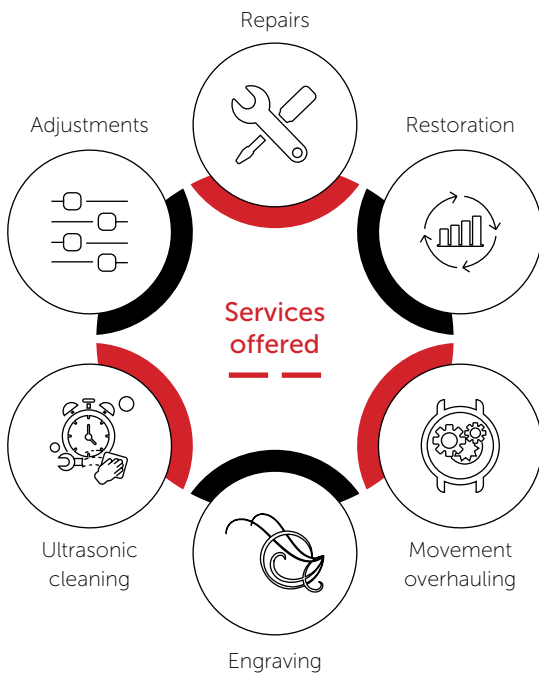
**Premium segment**

(Rs.0.25 lakhs - Rs.1 lakh per watch)

## Services

Our state-of-the-art service and collection centre, "Ethos Watch Care", is situated in New Delhi for repair of various of prominent global watch brands. Our service centre is equipped with cutting-edge Swiss machinery to ensure that a service concierge is always available to assist customers with any repair or service-related issues.

Our service centres enlist the help of experienced horological watch technicians who have worked for some of the world's most prestigious watch brands. Our service centre's skilled watch technicians have certificates from brands such as Omega, Tissot, Longines, Rado, and other global names, with a minimum 10 years of experience.



**13**  
Watch technicians

**10** years  
Minimum expertise of watch technicians

**23** After-sales team



One Stop Solution for watch care



## Our business enablers

# Progressing with optimism

### Accelerating digital transformation

Our digital platforms are key to our long-term business growth and we use a combination of licensed and open-source technologies for seamless operations.

We use the Navision ERP system for financial reporting, inventory management, merchandising and order fulfilment. Our IT system enables us to manage every facet of our operations including retail space planning, master data management, inventory, omnichannel retail, warehouse management, CRM, financial, accounting, insurance, repair systems and business intelligence.

### Synergising click and brick

Our digital platforms facilitate a seamless and unique online shopping experience where the customers can access a wide variety of luxury and premium watches to be purchased at the physical point of sale. This, not only, helps elevate the customer experience but also enhances the overall conversion rate at retail stores.

The digital platform aids customers to choose from a wide assortment of watches from different categories. The platform also provides in-depth information and knowledge pertaining to products, enable informed buying decisions. With growing internet penetration in the Indian Tier-II and Tier-III cities, we believe our online retail business will assist us in diversifying and expanding our customer base.

---

**22.7** Million  
Website users in FY22

### Building an inclusive watch experience

We launched India's first luxury watch digital magazine, providing readers with current and exclusive content curated for watch enthusiasts. Through our highly specialised watch experts, who assist our customers in selecting the perfect watch, we have built a unique online luxury platform.

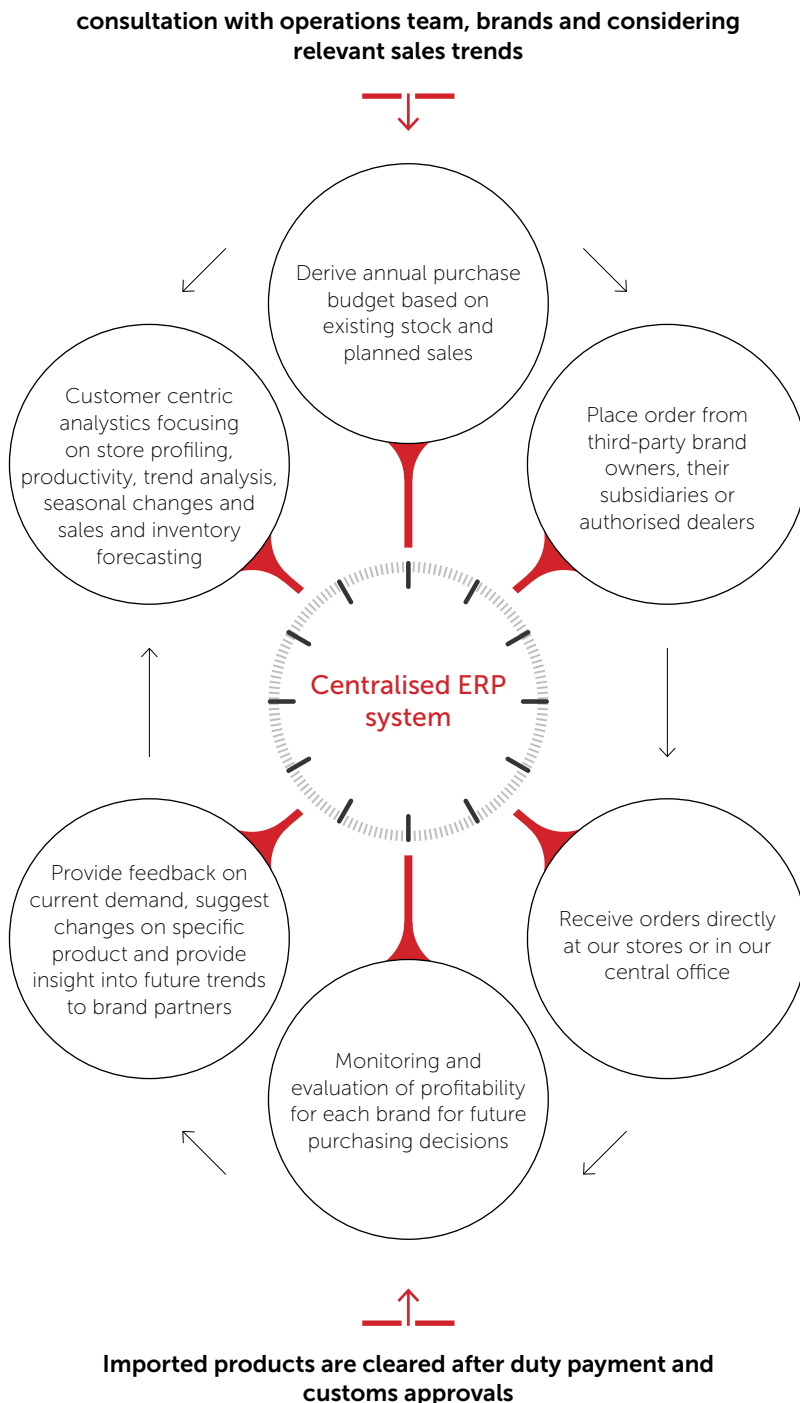
Our digital platform offers our consumers a variety of value-added services such as watch insurance, easy instalments, and professional after-sales care. Exclusive perks and building an inclusive product portfolio, has helped us to increase our market presence and customer loyalty.



## Merchandising

Our merchandising capabilities are supported by a customer-centric analytical strategy that focuses on store profiling, productivity, trend analysis, seasonal variations, and sales and inventory forecasting using our ERP's comprehensive market trend analysis. Our product range structure is determined by nature of store and product category, and it is updated on a regular basis to align with our strategy and market conditions.

We also manage our inventory on the basis of stores and brands, with a focus on tracking weekly sales and inventory using our ERP based planning and forecasting tool, as well as analysing demographics, product attributes, trends, and seasonal changes to allow for better inventory planning and forecasting, space allocation in-store based on profits per metre, and more informed decisions based on current trends.



### Effective supplier communication

Our merchandising function enables us to provide input on existing inventory and forecasts to our suppliers prior to ordering additional inventory, allowing us to achieve higher inventory turns and customer satisfaction through product availability. We are constantly working to enhance inventory turnover, limit ageing inventory, and align our product variety to match customers' tastes after so many months of stock.

## Certified Pre-Owned (CPO) watch business

CPO is a place where you can sell and purchase pre-owned luxury timepieces under the supervision of a technical expert who does a thorough physical inspection and verification of the watches.



### Owning pre-owned watches

With the luxury watchmakers embracing the trend of pre-owned watches, a plethora of opportunities opened in the pre-owned luxury product market. We not only offer reputed international branded watches but also ensure to adhere to the best quality standards before the watch is on sale. Our extremely skilled personnel at Ethos are seasoned in working with luxury watches and meticulously

check minute details to identify the genuine components from counterfeits and other technical details.

### Selling a pre-owned watch for best value

The new-age luxury watches enthusiasts seek a swap for the latest watches, but a lack of auction houses selling luxury watches in the Indian market has been a major roadblock in the process. Through

our CPO business, we provide a platform for selling pre-owned watches. We provide utmost importance to the quality of every timepiece that is purchased by us for resale.

We adhere to international standards during the buying process.



## Widening our luxury portfolio offerings

We are broadening the scope of our product category and introducing new luxury offerings in areas like hard luxury. New product categories like international branded jewellery and premium travel accessories.

We have entered into a contract with Messika, Paris to be the exclusive partner and reseller for Messika Jewellery in India.



The Messika Maison, which was established in 2005, is renowned for its diamond knowledge and distinctive craftsmanship, which are reflected in its extraordinary high jewellery masterpieces and contemporary jewellery designs.



For the debut of the first RIMOWA store in Mumbai's Jio World Plaza, we have signed a franchise agreement with the Company. Founded in Cologne, Germany, in 1898, RIMOWA has been a part of the LVMH brands portfolio since 2017. Since then RIMOWA has been the global leader in premium luggage and essential travel accessories.

# Marketing excellence

## Our sales channel

We can reach clients across all channels simultaneously as an Omnichannel retailer with both in-store and online offerings that are fully integrated on a single digital platform.

### Retail store



**50**  
Retail stores

**17**  
Cities

We have 50 retail locations, over 7,000 different premium and luxury watches in stock, and ~30,000 watches in stock at any given time. Our retail shop networks enable us to serve a wide range of customers and ensure efficient penetration of the luxury watch brands we sell. Our educated and qualified employees,

as well as our committed after-sales service team, assist our customers not only throughout the watch selection process but also in keeping their watches running for a long time.

With strategically positioned retail outlets enabling us to offer a

diverse choice of luxury and high-luxury timepieces, we assure good inventory management and bring benefits of scale to our customers. Our stores are categorized into Ethos Summit Stores, Ethos Multi Brand Outlets (MBOs), Ethos Exclusive Brand Outlets (EBOs) and Second Movement Lounge.

Ethos Summit Stores



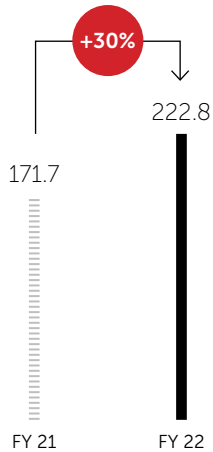
Our Ethos Summit stores, which are our experiential flagship boutiques, provide a considerably superior experience to our clients with a larger product selection.

Online sales

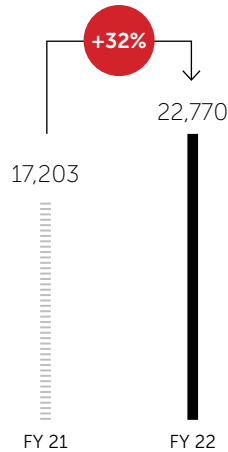


Our website provides our clients with information about international brands through advanced search functions based on gender, price, features, as well as essential customer education touch points. An in-house robust digital team including certified watch specialists and skilled online luxury watch consultants, supports our digital presence by responding to consumer enquiries received through the online portal and assisting them in researching and selecting the watch they want. We are able to serve customers in cities where our stores are not situated by using our website. We feel that our omni-channel business approach assists us in attracting new customers, expanding our reach, and offering a better watch-buying experience for our customers.

Online billings\*



Online visitors



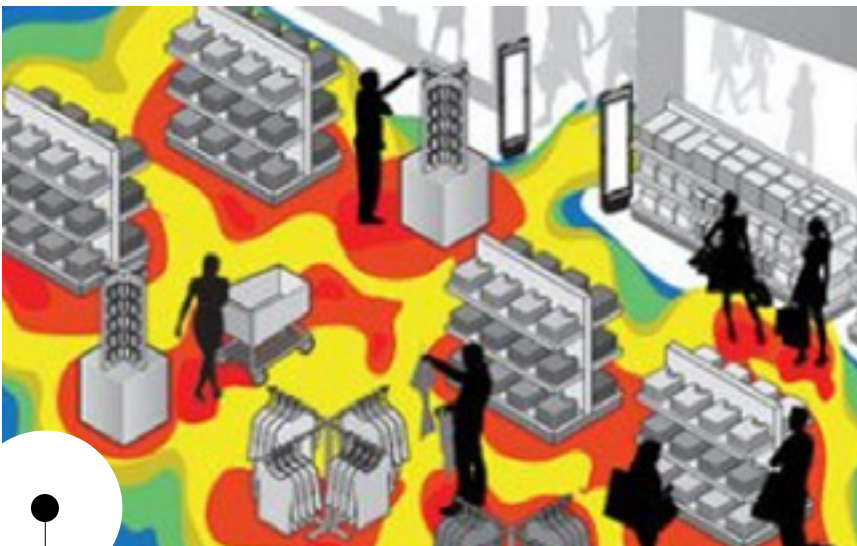
\*Figures in Rs. crores

**Robust**  
Digital team

**Skilled**

Team of luxury watch consultants

Driving sales through innovation



We recognise the value of assisted buying in raising awareness and increasing sales. We are in the process of implementing several innovative steps and products, including the introduction of **Heat Maps** for measuring store performance, dwell time, unique visitors, and tracking purchaser behaviour and **Smart Trays**, whose sensor will scan the watch and display the features of each watch. This would drastically eliminate human errors when informing customers about the benefits and educate them about the brand's history and lineage.

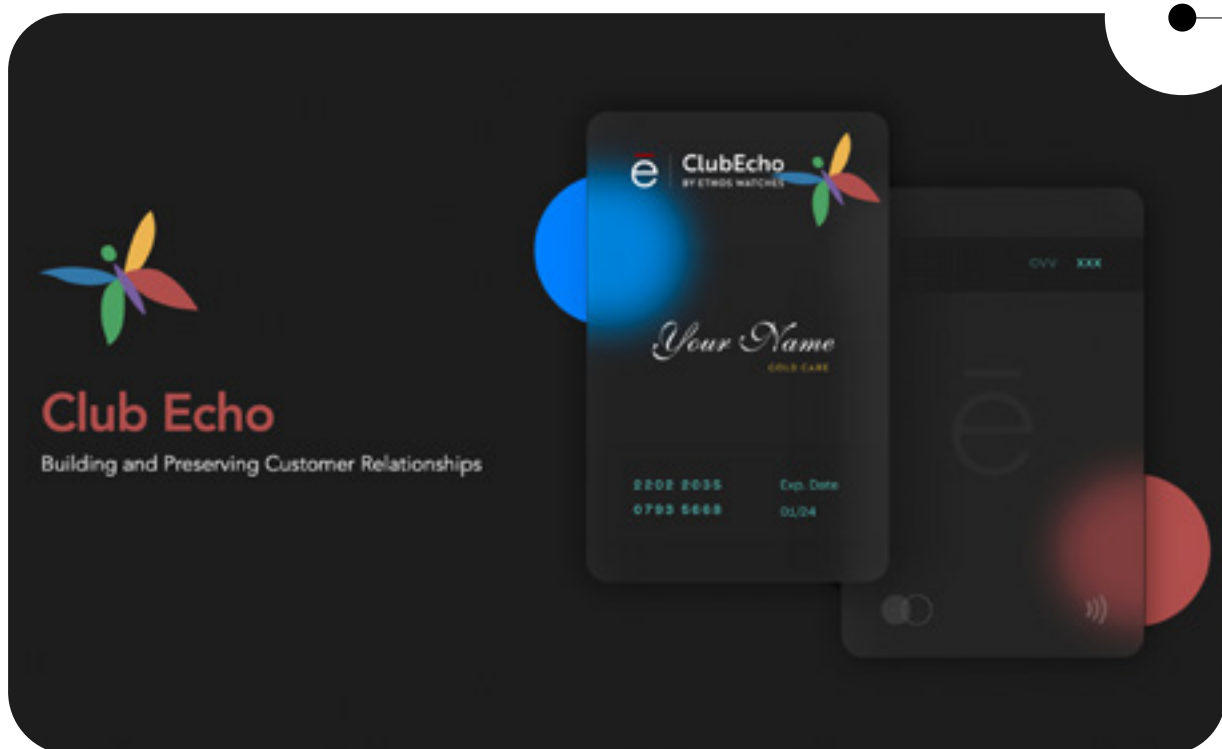
## Club ECHO

Our customer engagement and loyalty programme aims to provide an enjoyable purchasing experience for our consumers and to foster a long-term, mutually beneficial connection while consistently delivering value. Our 'Club ECHO' reward programme is meant to foster long-term relationships with our consumers. It is one-of-a-kind consumer relationship management effort that we launched 15 years ago with the goal

of providing a satisfying premium retail experience. It is a dynamic incentive programme that rewards returning consumers based on their accumulated purchases over time. The database created by our loyalty program, provides us with valuable information about our clients and their purchasing habits, allowing us to develop appropriate reward and communication tactics that lead to increased happiness and loyalty.

**~2,85,000**

Registered members  
of Club ECHO as of  
March 31, 2022



## Marketing initiatives

Traditional marketing initiatives, as well as promotional activities, such as watch fairs, exhibitions, and flagship store openings help us as a luxury watch retailer. We frequently partner with luxury watch brands, hosting joint events and launching joint marketing campaigns wherein our brand is coupled with the name

of the relevant third-party brand. With several watch brands in our portfolio, it is critical to implement a set of activities that target the correct audience. As a result, we take a 360° approach to our clients, giving them a consistent horological experience.

### In-house marketing team

We work on a robust marketing plan that aims to increase shop visitors and web traffic. We have an in-house marketing team comprised of writers, editors, photographers, and graphic designers that are solely responsible for developing and implementing our marketing plan.



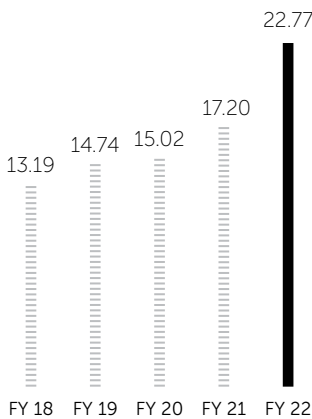
### Digital marketing

Email marketing, search engine marketing, social media marketing, display marketing, and blogs are all part of the digital marketing strategy. We invest in content-based campaigns in the digital marketing area. We have created a following of watch enthusiasts across all social media channels, and they are always engaging with our posts. When compared to other multi-brand luxury watch dealers, our website generates millions of visitors, making it one of the most popular in the world.

**8th**

Website ranking in India\*

#### Website visit details in Million



#### Did you know



ETHOS SOCIAL MEDIA PRESENCE IS RANKED **SECOND GLOBALLY** AMONGST ALL MAJOR WATCH RETAILERS IN INDIA. WE ARE THE ONLY INDIAN LUXURY WATCH RETAILER OFFERING LOYALTY PROGRAM FOR ITS CUSTOMERS. WE HAVE THE **HIGHEST REACH ON LEADING SOCIAL MEDIA PLATFORMS.**

\*includes all Jewellery and Luxury product websites

**22.7**

Million in financial year ending March 31, 2022

**1,57,655**

Facebook Likes on Page as of March 31, 2022

**1,64,000+**

Followers on Instagram as of March 31, 2022

We have also launched a new website in February 2022 called [secondmovement.com](https://www.secondmovement.com/) powered by Ethos, has the largest selection of certified pre-owned luxury watches and accessories in India.

→ <https://www.secondmovement.com/>

**4,300**  
Daily Average Visitors

## Human resources

# Upskilling our teams

We can reach clients across all channels simultaneously as an Omnichannel retailer with both in-store and online offerings that are fully integrated on a single digital platform.

### Talent management

Our human resource policies are centred on attracting talented and qualified employees who will integrate well with our current workforce. Our on-boarding procedures place a strong emphasis on receiving regular feedback and facilitating interaction between new employees and senior management.

The company follows a performance driven culture. Employees' performance gets evaluated during the year and regular discussion happens on employees' potential based on our core values and competencies. Employees were also transferred internally between functions for cross-functional exposure. Internal employees are identified and prepared for future roles.

### Growing employee base

### Performance Driven employee culture

The company has a rigorous onboarding process which starts from the time offer is released to 30 days post joining. This includes signing off on the Code of Conduct and a pre-induction module is sent where an employee gets exposed to the intricacies of different brands and kinds of watches.



424

Permanent employees

79

Women employees

### Training and development

In order to facilitate the advancement of our operations, we strive to develop and train our employees. We hold training workshops and conduct performance reviews on a regular basis. Additionally, we encourage our employees to participate in teamwork initiatives.

### Regular

Training to strengthen skillset

The company conducts induction workshops which consists of company induction, soft skills training and product training including advance watch training. The total duration of the workshop lasts 5 days, followed by refresher training.





## Rewards and Recognition

We have a rewards and recognition programme in place and we hold regular events to recognise and reward employees based on their performance and impact, regardless of seniority, department, or location.

The Company has put in place an incentive plan which is based on team performance and individual performance. The sales employees are suitably rewarded based on the strategic direction the Company intends to achieve.

In addition to salesman incentives, the Company promotes and encourages 1-on-1 feedback and encourages managers to recognize individuals who have done an outstanding job. This is also aligned with the Company's core value of 'Excellence'.

In the year 2021, Digital Awards were celebrated and employees who went above and beyond were recognized.

## Employee Wellbeing

In addition to traditional medical and accident insurance, we provide a variety of unique benefits to our employees. We have also implemented several wellness and physical health program to ensure employee well-being.

COVID 19 Pandemic created an opportunity to enhance the well-being of our employees and their families. The Company offered free vaccination for self, spouse, two children and dependent parents. Additionally, vaccination drives were held at important locations like Delhi, Mumbai, Bangalore, and Chandigarh in the year 2021 when vaccines were not readily available.

A dedicated "COVID Care Cell" was constituted to take care of the mental, social, and financial needs of the employees who got affected by COVID. At key places, COVID essentials like Oxygen concentrators and important medicines were

kept so that these could be used in case of an emergency. COVID essentials like sanitisers and sprays were centrally procured and were distributed / replenished regularly. A core team consisting of the Head of HR, Chief Operating Officer and Chief Executive Officer was created whose aim was to fully focus on employees' well-being during the pandemic.

Employees were regularly informed and updated on various aspects of COVID through the 'Vaccine Ambassadors Group'. Regular skip level meets were held to keep employees aware and updated about the pandemic. Additionally, two doctors were onboarded to take care of online consultations whenever needed by employees.

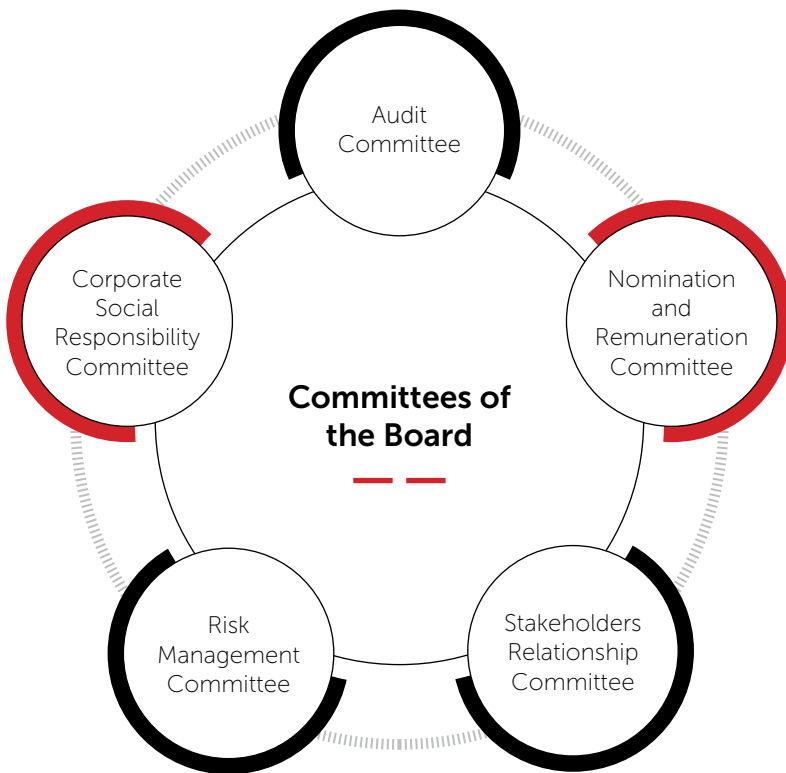


# Governance

## Upholding high ethical standards

We are dedicated to upholding high ethical standards, corporate governance practises, and accountability that are consistent with our values and contribute to long-term value creation for all of our stakeholders. This commitment extends from our Board of Directors and executive leadership to all of our employees and we believe it is critical to our growth and performance.

All of our stakeholders, including our shareholders, customers, employees, communities and suppliers, benefit from our sound corporate governance.



All statutory codes and policies are in place and implemented by the Board to ensure better corporate governance in all the spheres of the organisation. With our Company having listed on the stock exchanges with effect from May 30, 2022, there is a huge responsibility on account of interests of all stakeholders. The Company endeavours to protect the interest of all its stakeholders by implementing and complying with best corporate governance practices directed by the laws of land in the country.

### Data Privacy

We place a high priority on information security and data privacy in our systems. Our information security policies serve as the cornerstone of our information security programme. These policies lay out the groundwork for safeguarding the integrity of our information systems against security threats.

The policies are implemented by using security solutions to set controls across all platforms and infrastructure. To ensure that our employees follow the policies for the protection of information and assets, a dedicated team focuses on application, network, and system security, as well as security compliance and awareness. To protect customer data, we have also implemented appropriate privacy policies.

**Regular checks and trials to curb the unauthorised use of our data and to ensure that the data is protected at all levels across the organisation.**



## Our CSR Initiatives

# Committed to support community aspirations

We believe in corporate social responsibility and are dedicated to giving back and making a positive societal effect. As part of our CSR initiatives, we launched several initiatives to improve the environmental and societal aspect of the society.

### The Million-Tree Project

We have collaborated with the Isha Foundation on their initiative 'Cauvery Calling' as part of our Million-Tree Project, a partnership that will endure at least the first two years. We will also gather information on other similar projects that we can help with during this time.

**42,500**

Trees planted so far

**50,000+**

Trees planned for FY23

### Makanpur Pond Project

We undertook the pond restoration project in collaboration with the Bharatiyam foundation. A site visit was conducted for the baseline study and the jal chaupal was formed for discussion. The pond was cleaned

up using manual and mechanical de-weeding and mechanical waste removal. Community engagement was also conducted with the GMC Commissioner and the site was visited by the Ministry of Jal Shakti officials.

Before



After



# Major events





## 2022 GPHG New Delhi event series

Ethos has been selected as the partner for the pre-award exhibition in New Delhi in 2022 by GPHG, the world's leading Luxury award platform with headquarters in Geneva. The GPHG, frequently referred to as the "Oscars" of the watch business, is a must-attend occasion on the watchmaking calendar and one of the most well-known media events in the industry.

The Foundation of the GPHG's principal goal is to promote watchmaking art all over the world by showcasing and annually honouring the most extraordinary contemporary works. The GPHG organises a travelling exhibition to showcase the nominated watches in the major cities across the world before to the annual awards ceremony. With ETHOS serving as the sole watch retail partner, the 2022 GPHG New Delhi event series will take place in October 2022.



## Board of directors

# Providing visionary guidance and insight



**Yashovardhan Saboo**  
Managing Director



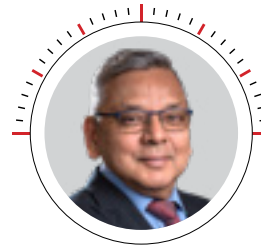
**Anil Khanna**  
Independent Director



**Nagarajan Subramanian**  
Independent Director



**Neelima Tripathi**  
Independent Director (Woman)



**Sundeep Kumar**  
Independent Director



**Dilpreet Singh**  
Independent Director



**Mohaimin Altaf**  
Independent Director



**Manoj Gupta**  
Executive Director



**Patrik Paul Hoffmann**  
Non-Independent Director



**Chitranjan Agarwal**  
Additional Director (Non-Independent  
Non-Executive)

## Leadership team

# Steering teams towards better outcomes



**Pranav Shankar Saboo**  
Chief Executive Officer



**Ritesh Kumar Agrawal**  
Chief Financial Officer



**Anil Kumar**  
Company Secretary &  
Compliance Officer



**Manoj Subramanian**  
Chief Operating Officer



**Juhi Chaturvedi**  
Head Merchandising



**Gurshaan Singh**  
VP Marketing



**Rajesh Pandey**  
National Sales Head



**Sparsh Arun**  
Head - VIP Sales



**Sandeep Dutta**  
Head - Training



**Abhishek Kumar**  
VP - Human Resource

# Corporate information

## Board of Directors

**Mr. Yashovardhan Saboo**  
Managing Director

**Mr. Anil Khanna**  
Independent Director

**Mr. Nagarajan Subramanian**  
Independent Director

**Mrs. Neelima Tripathi**  
Independent Director

**Mr. Sundeep Kumar**  
Independent Director

**Mr. Dilpreet Singh**  
Independent Director

**Mr. Mohaimin Altaf**  
Independent Director

**Mr. Manoj Gupta**  
Executive Director

**Mr. Patrik Paul Hoffmann**  
Non-Independent Director

**Mr. Chitranjan Agarwal**  
Additional Director (Non-Independent Non-Executive)

## Chief Executive Officer

**Mr. Pranav Shankar Saboo**

## Chief Financial Officer

**Mr. Ritesh Kumar Agrawal**

## Company Secretary & Compliance Officer

**Mr. Anil Kumar**

## Committees of Board

### Audit Committee

Mr. Anil Khanna (Chairman)  
Mr. Yashovardhan Saboo  
Mr. Nagarajan Subramanian  
Mr. Mohaimin Altaf

### Nomination & Remuneration Committee

Mr. Dilpreet Singh (Chairman)  
Mr. Yashovardhan Saboo  
Mr. Anil Khanna  
Mr. Sundeep Kumar  
Mr. Nagarajan Subramanian

### Stakeholder's Relationship Committee

Mr. Anil Khanna (Chairman)  
Mr. Yashovardhan Saboo  
Mr. Manoj Gupta

### Corporate Social Responsibility Committee

Mr. Yashovardhan Saboo (Chairman)  
Mr. Pranav Shankar Saboo  
Mrs. Neelima Tripathi  
Mr. Mohaimin Altaf  
Mrs. Malvika Saboo

## Bankers

IDBI Bank Limited  
Bank of Maharashtra  
Jammu and Kashmir Bank Limited  
HDFC Bank Limited

## Auditors

**S.R. Batliboi & Co. LLP**  
Chartered Accountants  
4th Floor, Office 405, World Mark-2,  
Asset No. 8, IGI Airport Hospitality  
District Aerocity, New Delhi- 110 037

Email: [sbrc@srbi.in](mailto:sbrc@srbi.in)

Tel: 011-46819500

## Registered Office

Plot No. 3, Sector-III, Parwanoo,  
Himachal Pradesh- 173220  
Tel: +91 1792 232 462/233 402

E-mail : [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com)

Website: [www.ethoswatches.com](http://www.ethoswatches.com)

**CIN-L52300HP2007PLC030800**

## Corporate Office

S.C.O. 88-89, Kamla Centre  
Sector 8-C, Madhya Marg  
Chandigarh (UT)- 160009  
Tel: +91 172 2548 223/24

E-mail : [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com)

Website: [www.ethoswatches.com](http://www.ethoswatches.com)

## Registrar & Share Transfer Agent

### KFIN Technologies Limited

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

Tel: + 91 40 6716 2222/ 180034  
54001

Email: [ethosltd@kfintech.com](mailto:ethosltd@kfintech.com)

## Wholly Owned Subsidiary Body Corporate

Cognition Digital LLP

## Joint Venture

Pasadena Retail Private Limited



# Notice to Members

Notice is hereby given that the **15th (Fifteenth) Annual General Meeting** of Members of **Ethos Limited** will be held as per the schedule given below, to transact the following business -

<b>Day and date of the meeting</b>	<b>:</b>	<b>Tuesday, September 27, 2022</b>
<b>Time of the meeting</b>	<b>:</b>	<b>10.00 a.m. IST</b>
<b>Mode of the meeting</b>	<b>:</b>	<b>Through Video Conferencing ('VC')/ Other Audio Video Means (OAVM)</b>

## Ordinary Business:

- To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution:**

***To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 together with the Report of the Board of Directors and the Statutory Auditors thereon***

**"RESOLVED THAT** the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 (including the Balance Sheet as at March 31, 2022; Statement of Profit and Loss; Cash Flow Statement for the year ended March 31, 2022; Statement of changes in Equity for the year ended March 31, 2022 along with summary of significant accounting policies and the accompanying notes forming an integral part of the financial statements) alongwith the Report of the Board of Directors and the Statutory Auditors' Report thereon, as circulated to the Members and placed before the meeting, be and are hereby, received, considered and adopted."

- To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution:**

***To appoint a Director in place of Mr. Patrik Paul Hoffmann (DIN - 09208027), who retires by rotation in terms of provisions of section 152 of the Companies Act, 2013 or other applicable provisions, if any, and being eligible, offers himself for re-appointment***

**"RESOLVED THAT** Mr. Patrik Paul Hoffmann (DIN - 09208027) of the Company, who retires by rotation in terms of provisions of section 152 of the Companies Act, 2013 or other applicable provisions, if any, read with Articles of Association of the Company and being eligible for re-appointment, be and is hereby, re-appointed as Director of the Company, liable to retire by rotation."

## Special Business:

- To consider and if thought fit, to pass, with or without modification(s),if any, the following resolution as an **Ordinary Resolution:**

***To appoint Mr. Chitranjan Agarwal (DIN - 00095715), as a director liable to retire by rotation***

**"RESOLVED THAT** Mr. Chitranjan Agarwal (DIN - 00095715) who was appointed as an Additional Director by the Board to hold office up to the date of this Annual General Meeting, and in respect of whom a notice under section 160 or other applicable provisions, if any, of the Companies Act, 2013 has been received from a member signifying his intention to propose, Mr. Chitranjan Agarwal as candidate for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

- To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution:**

***To re-appoint along with revision in payment of remuneration of Mr. Manoj Gupta (DIN - 08700786) as Whole time Director designated as Executive Director of the Company with effect from April 1, 2022***

**"RESOLVED THAT** pursuant to the provisions of section 196, 197, 198, 203, Schedule V of the Companies Act, 2013, Memorandum of Association and Articles of Association of the Company, on recommendations of the Nomination and Remuneration Committee and Audit Committee; all other applicable provisions of Companies Act, 2013 as amended from time to time read with rules made thereunder and other required approval(s), if any, Mr. Manoj Gupta (having DIN - 08700786), be and is hereby re-appointed as Whole time Director designated as Executive Director of the Company, for a further period of 2 (two) years with effect from April 1, 2022 on the terms and conditions as stated in the explanatory statement as annexed with this notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

5. To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as a **Special Resolution:**

**To consider and re-appoint Mr. Anil Khanna (DIN – 00012232) as an Independent Director**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions as amended from time to time, Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s), amendment(s), clarification(s), re-enactment(s) or substitution(s) thereof for the time being in force) and any other applicable law(s), regulation(s), guideline(s), the Articles of Association of the Company and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Anil Khanna (DIN - 00012232), who was holding office for a period of 5 (five) years as an Independent Director till the conclusion of this Annual General Meeting and being eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member signifying intention to propose his candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director for a second term of 5 (five) consecutive years commencing from this Annual General Meeting, on the Board of the Company, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and/or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable

or expedient (including filing of necessary forms and submitting intimation with all concerned regulatory authorities) to give effect to this resolution.”

6. To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as a **Special Resolution:**

**To consider and re-appoint Mr. Sundeep Kumar (DIN – 02750717) as an Independent Director**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions as amended from time to time, Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s), amendment(s), clarification(s), re-enactment(s) or substitution(s) thereof for the time being in force) and any other applicable law(s), regulation(s), guideline(s), the Articles of Association of the Company and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Sundeep Kumar (DIN – 02750717), who was holding office for a period of 5 (five) years as an Independent Director till the conclusion of this Annual General Meeting and being eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member signifying intention to propose his candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director for a second term of 5 (five) consecutive years commencing from this Annual General Meeting, on the Board of the Company, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient (including filing of necessary

forms and submitting intimation with all concerned regulatory authorities) to give effect to this resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an **Ordinary Resolution:**

**To accept/renew unsecured deposits from shareholders under section 73(2) of the Companies Act, 2013**

“**RESOLVED THAT** in accordance with the provisions of section 73 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the rules prescribed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Company, be and is hereby, accorded to the Board of Directors of the Company to borrow money(s) from its shareholders by

way of Unsecured Deposits subject to compliance of all the conditions stated under section 73(2) of the Act or any other applicable provisions of the Act, if any, subject to maximum limits provided under the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

**RESOLVED FURTHER THAT** the Deposits accepted by the Company may carry rates of interest for periods varying from 1 (one) year to 3 (three) years specified in the Circular for inviting/renewing deposits to be approved by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors, be and are hereby, authorised to do all such acts, deeds and things as may be necessary to give effect to the above said resolution and to settle any question, difficulty or doubt that may arise in this regard.”

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**By order of the Board of Directors of Ethos Limited**

-----  
**Anil Kumar**

Company Secretary  
Membership no. : F8023

July 26, 2022

**Ethos Limited**

CIN – L52300HP2007PLC030800  
Registered office- Plot no. 3, Sector III  
Parwanoo 173 220, Himachal Pradesh  
Corporate office – S.C.O. 88-89, Sector 8 C  
Madhya Marg, Chandigarh 160 007  
[www.ethoswatches.com](http://www.ethoswatches.com)  
[investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com)

**Notes:**

1. The statement pursuant to section 102 of the Companies Act, 2013 ('Act') setting out material facts relating to the special business under item nos. 3 to 7 of the Notice is annexed hereto. Further, the relevant details with respect to item nos. 2 to 6 pursuant to regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this Annual General Meeting are also annexed.
2. A) Pursuant to the General Circulars no. 2/2022 and 19/2021, other circulars issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the Annual General Meeting ('AGM') of the Company is being held through Video Conference (VC) / Other Audio Video Means (OAVM) during the calendar year 2022.  
B) AGM through VC/OAVM:-
  - a. Members are requested to join the AGM on Tuesday, September 27, 2022, through VC/OAVM mode latest by 9.45 a.m. IST by clicking on the link <https://emeetings.kfintech.com> under members login, where the E-voting Event Number (EVEN) of the Company will be displayed, by using the remote evoting credentials and following the procedures mentioned later in these Notes. The said process of joining the AGM will commence from 9.45 a.m. IST and may be closed at 10.00 a.m. IST, or, soon thereafter.
  - b. The facility of attending the AGM will be made available upto 1000 members on a first-cum-first served basis.
  - c. Members who would like to express any views or ask questions during the AGM may do so in advance by sending in writing their views or questions, as may be, along with their name, DP ID and Client ID number / folio number, email id and mobile number to the Company's email address at [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com) with a copy marked to [anil.dhiman@ethoswatches.com](mailto:anil.dhiman@ethoswatches.com) latest by September 22, 2022, by 5:00 p.m. IST.
  - d. When a pre-registered speaker is invited to raise at the AGM his/her questions, already emailed in advance as requested in para (c) above, but he/she does not respond, the turn will go to the next pre-registered speaker to raise his/her questions. Accordingly, all speakers are requested to get connected to a device with a video/camera along with stable internet speed.
- e. The Company reserves the right to restrict the number of questions/speakers, as appropriate, for smooth conduct of the AGM.
3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC / OAVM, the facility for the appointment of proxies by the members will not be available.
4. Participation of members through VC / OAVM will be reckoned for the purpose of quorum for the Annual General meeting as per section 103 of the Companies Act, 2013 read with rules made thereunder.
5. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC / OAVM. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/ authorization letter to the Scrutinizer by email to [jaspreetsdhawan1@gmail.com](mailto:jaspreetsdhawan1@gmail.com) with a copy marked to [anil.dhiman@ethoswatches.com](mailto:anil.dhiman@ethoswatches.com).
6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 27, 2022. Members seeking to inspect such documents can send an email to [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com) with a copy marked to [anil.dhiman@ethoswatches.com](mailto:anil.dhiman@ethoswatches.com)
7. Members whose shareholding is in electronic mode, are requested to notify any change in address or bank account details to their respective depository participant(s) (DP). Members whose shareholding is in physical mode, are requested to opt for the Electronic Clearing System (ECS) mode to receive dividend on time in line with the Circulars. We urge members to utilize the ECS for receiving dividends.
8. Members are requested to address all correspondence, including dividend-related matters, to Registrar and Share Transfer Agent, KFin Technologies Limited

(formerly known as KFin Technologies Private Limited), Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareedi 500 032, Telangana.

9. In compliance with Section 108 of the Act, read with the rules made thereunder, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by the National Securities Depository Limited (NSDL). Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the 'Instructions for e-voting' section which forms part of this Notice. The Board has appointed CS Jaspreet Singh Dhawan, Practicing Company Secretary (Membership no. FCS 9372 and Certificate of Practice no. 8545), as Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
10. Members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on September 19, 2022, may cast their votes electronically. The e-voting period commences on Saturday, September 24, 2022 (9:00 a.m. IST) and ends on Monday, September 26, 2022 (5:00 p.m. IST). The e-voting module will be disabled by NSDL thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on September 19, 2022. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.
11. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
12. Any person holding shares in physical form, and non-individual shareholders who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date, i.e. September 19, 2022, may obtain the login ID and password by sending a request at [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com) with a copy marked to [anil.dhiman@ethoswatches.com](mailto:anil.dhiman@ethoswatches.com). However, if he / she is already registered with NSDL for remote e-voting, then he / she can use his / her existing user ID and password for casting the vote. In case of individual shareholders holding securities in demat mode, who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date i.e. September 19, 2022, may follow steps mentioned in the Notice under 'Instructions for e-voting'.
13. In compliance with the Circulars, the Annual Report 2021-22, the Notice of the 15th (Fifteenth) AGM, and instructions for e-voting are being sent through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
14. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's Registrar and Share Transfer Agent, KFin Technologies Limited at [evoting@kfintech.com](mailto:evoting@kfintech.com) to receive copies of the Annual Report 2021-22 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update of bank account details for the receipt of dividend, if applicable.
15. Members may also note that the Notice of the 15th (Fifteenth) AGM and the Annual Report 2021-22 will also be available on the Company's website, [www.ethoswatches.com](http://www.ethoswatches.com), websites of the stock exchanges, i.e. BSE and NSE, at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of Company's Registrar and Transfer Agent, KFin Technologies Limited at <https://evoting.kfintech.com/>.
16. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.
17. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by March 31, 2023, and linking PAN with Aadhaar by March 31, 2022 vide its circular dated November 3, 2021 and December 15, 2021. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's registrars KFin Technologies Limited at [evoting@kfintech.com](mailto:evoting@kfintech.com). Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). In case a

holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, our Registrars are obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the Registrar / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

18. The Scrutinizer will submit his report to the Chairman of the Company ("the Chairman") or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, NSDL and RTA, and will also be displayed on the Company's website, [www.ethoswatches.com](http://www.ethoswatches.com)
19. Since the AGM will be held through VC / OAVM in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

#### **Instructions for E-voting**

The instructions for e-Voting are as under:

- (i) Launch internet browser by typing the following URL: <https://evoting.kfintech.com>.
  - (ii) User ID and Password for e-voting shall be provided separately.
  - (iii) Click on Shareholder – Login.
  - (iv) Enter user ID and password as initial password /PIN. Click login.
  - (v) The Password Change Menu will appear on your screen. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
  - (vii) Select the "EVENT" (e-voting Event Number) of Ethos Limited.
  - (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting an appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Corporate/ Institutional shareholders (i.e. other than individuals, HUFs, NRIs etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(is) who are authorized to vote, to the Scrutinizer through e-mail to [jaspreetsdhawan1@gmail.com](mailto:jaspreetsdhawan1@gmail.com) and [anil.dhiman@ethoswatches.com](mailto:anil.dhiman@ethoswatches.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com).
  - (xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of <https://evoting.kfintech.com>. Alternatively you can also contact [evoting@kfintech.com](mailto:evoting@kfintech.com) for any queries or grievances connected with remote e-voting service.

#### **Other Instructions:**

- (i) If you are already registered with Company's Registrar and Share Transfer Agent, KFin Technologies Limited, (KFINTECH) for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.  
  
If you have forgotten your password, you can reset your password by using "Forgot User Details/ Password" option available on <https://evoting.kfintech.com> or contact KFINTECH at (040) 6716 1606 or at toll free number 1800 3454 001. Alternatively, you can also contact on [evoting@kfintech.com](mailto:evoting@kfintech.com) for any queries or grievances connected with remote e-voting service.
- (ii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- (iii) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. September 19, 2022 only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through poll paper.
- (iv) The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of poll paper for all those Members who are present at the AGM but have not cast their votes by availing remote e-voting facility.

- (v) Members who have acquired shares after the dispatch of Notice of AGM and holding shares as on cut-off date i.e. September 19, 2022 may obtain the user ID and Password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- (vi) The remote e-voting period shall commence on Saturday, September 24, 2022 at 9.00 a.m. IST and ends on Monday, September 26, 2022 at 5.00 p.m. IST. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of September 19, 2022 may cast their vote by remote e-voting.
- The remote e-voting module shall be disabled by, KFin Technologies Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, Member shall not be allowed to change it subsequently. Electronic voting shall not be allowed beyond the said date and time.
- (vii) The voting rights of the Members (for voting through remote e-voting or by Poll Paper at the Meeting) shall be in proportion to their shares of the paid up Equity Shares capital of the Company as on the cut-off date September 19, 2022.
- (viii) Mr. Jaspreet Singh Dhawan, Practising Company Secretary (Membership No. FCS 9372 and Certificate of Practice no. 8545) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process is conducted in a fair and transparent manner.
- (ix) The scrutinizer shall, immediately after the conclusion of remote e-voting at the AGM, first count the votes casted at the meeting and thereafter unblock the votes cast through remote e-voting in presence of at least two (2) witnesses not in the employment of the Company and make within a period not exceeding two (2) days from conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman & Managing Director of the Company or person authorized by him of the Company.
- (x) The results shall be declared after receiving consolidated Scrutinizer's Report from the Scrutinizer. The results declared along with the Scrutinizer's Report shall be placed on the websites of Company's Registrar and Share Transfer Agent, KFin Technologies Limited <https://evoting.kfintech.com> immediately after the declaration of the results by the Chairman & Managing Director or person authorized by him.
- (xi) The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of voting results (i.e. remote evoting along with the voting held at the AGM).

**Explanatory Statement in pursuance to the provisions of section 102 of the Companies Act, 2013 in respect of Special Business as provided in the Notice of Annual General Meeting dated July 26, 2022**

**Item no. 3**

Pursuant to the provisions of section 149 and 161 of the Companies Act, 2013 read with Article 101 of Articles of Association of the Company, in accordance with the recommendations of the members of Nomination & Remuneration Committee at its meeting held on March 25, 2022 and the Board of Directors in its meeting held on March 28, 2022, Mr. Chitranjan Agarwal (DIN - 00095715) was appointed as an Additional Director, being a Non Independent Director liable to retire by rotation, of the Company to hold office until the date of this Annual General Meeting of the Company.

A notice under section 160 of the Companies Act, 2013 read with rules made thereunder has been received from a member signifying his intention to propose, Mr. Chitranjan Agarwal as a candidate for the office of the Director, liable to retire by rotation.

A brief profile and additional information as required to be provided pursuant to the requirements of Regulation 36 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of the appointee, is provided in Annexure – I to this Notice and forms part of the Statement.

None of the Directors of the Company, except for appointee himself and /or Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item no. 3.

The Board now recommends and proposes to pass the resolution as set out in Item No. 3 of the Notice as an Ordinary Resolution.

**Item no. 4**

Based on the information received to the fact that the term of appointment of Mr. Manoj Gupta (DIN – 08700786), as Whole time Director of the Company designated as Executive Director of the Company with effect from April 1, 2020, expired on March 31, 2022 and in accordance with the recommendations of the members of Nomination & Remuneration Committee at its meeting held on March 25, 2022, the Board of Directors in its meeting held on March 28, 2022 proposed and recommended the re-appointment along with revision in payment of remuneration of Mr. Manoj Gupta (DIN – 08700786) as Whole time Director of the Company designated as Executive Director of the Company with effect from April 1, 2022 for a further term of 2 (two) years as per the terms and conditions set out in the resolution aforementioned as item no. 4 of the Notice, which are given hereunder -

Amount in Rs. Lakhs

Particulars	Existing		Proposed			
	upto 31.03.2022		w.e.f. 01.04.2022		w.e.f. 01.04.2023	
	Per month	Annual	Per month	Annual	Per month	Annual
Basic salary	2.27	27.19	2.47	29.64	2.69	32.31
House Rent Allowance (60% of Basic salary)	1.36	16.32	1.48	17.78	1.62	19.38
Other Allowances and benefits	1.57	24.73	1.75	27.01	1.94	29.50
PF contribution		3.26		3.56		3.88
Maximum yearly variable*		8.00		8.72		9.50
<b>TOTAL</b>	<b>5.20</b>	<b>79.50</b>	<b>5.70</b>	<b>86.71</b>	<b>6.25</b>	<b>94.57</b>

\*as may be approved by the Nomination and Remuneration Committee and Board of Directors.

**Perquisites/allowances not considered in the computation of ceilings of the remuneration as specified in Section IV of Part II of Schedule V of Companies Act, 2013:-**

- (i) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service i.e. upto Rs. 20,00,000/-.
- (ii) Encashment of leave at the end of the tenure i.e. at actuals.

**Other terms and conditions are as under:-**

- a. The appointment of Executive Director is for a term of 2 (two) years commencing from April 1, 2022 and ending on March 31, 2024.
- b. The Executive Director shall not be entitled to sitting fee for attending Board/Committee meetings of the Company.
- c. The Executive Director shall be liable to retire by rotation as per provisions of the Companies Act, 2013.
- d. The Executive Director shall exercise such powers and functions on such terms as the Board of Directors of the Company may prescribe from time to time.
- e. The Board of Directors shall have the power to alter, modify, revoke, or withdraw all or any of the powers so conferred on Executive Director at any time during his tenure.
- f. The office of the Executive Director may be terminated by the Company or by giving him 2 (two) months' prior notice in writing. The Executive Director will continue in this position only if he continues to be engaged with the Company.

The aforesaid remuneration may be paid to him as minimum remuneration in case of no profits or inadequate profits, as the case may be.

The Company has received Notice in writing from a member signifying his intention to propose Mr. Manoj Gupta as a candidate for the office of Director of the Company.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Manoj Gupta under Section 190 of the Act.

A brief profile and additional information as required to be provided pursuant to the requirements of Regulation 36 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings ("SS-2"), in respect of the appointee, is provided in Annexure – I to this Notice and forms part of the Statement.

None of the Directors of the Company, except for appointee himself and /or Key Managerial Personnel of the Company and their relatives, except to the extent of their shareholdings, are concerned or interested in the resolution set out at Item no. 4.

The Board now recommends and proposes to pass the resolution as set out in Item No. 4 of the Notice as an Ordinary Resolution.

**Item nos. 5 and 6**

Pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in accordance with the recommendations of the members of Nomination & Remuneration Committee at its meeting held on July 26, 2022 and the Board of Directors at its meeting held on July 26, 2022, the Board proposed the re-appointments of Mr. Anil Khanna (DIN – 00012232) and Mr. Sundeep Kumar (DIN – 02750717), being the proposed appointees, as their term of initial appointment shall expire at this Annual General Meeting.

In terms of Section 149 read with Schedule IV to the Act and relevant provisions of the SEBI (Listing Regulation and Disclosure Requirements) Regulations, 2015, an Independent Director shall be eligible to be re-appointed for second term of 5 (Five) consecutive years, on the basis of report of performance evaluation done by the Board and approval of Members.

The aforesaid proposed appointees have provided a confirmation that they were not disqualified from being re-appointed as a Director in terms of Section 164 of the Act and have given consents to act as Directors of the Company for a further term of 5 (Five) years. They have also given a



declaration that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board is also of the opinion that the proposed appointees are independent of the Management of the Company.

A brief profile and additional information as required to be provided pursuant to the requirements of Regulation 36 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of the proposed appointees, is provided in Annexure – I to this Notice and forms part of the Statement.

The Board considers that the re-appointments of the aforesaid appointees would be of immense benefit to the Company and it is desirable to avail their services as Independent Directors of the Company. In terms of the provisions of Section 149 (13) of the Act, the proposed appointees shall not be liable to retire by rotation.

None of the Directors of the Company, except for proposed appointees themselves and /or Key Managerial Personnel of the Company and their relatives, except to the extent of their shareholdings, are concerned or interested in the resolutions set out at Item nos. 5 and 6.

The Board now recommends and proposes to pass the resolutions as set out in Item Nos. 5 and 6 of the Notice as Special Resolutions.

**Item no. 7**

Section 73(2) of the Companies Act, 2013 makes it mandatory for the Company to obtain approval of General Meeting before accepting any borrowing from the shareholders by way of Deposits.

As the conditions and maximum limits for accepting deposits from the shareholders has been laid down in the Companies (Acceptance of Deposits) Rules, 2014, so approval of the shareholders is required for accepting deposits after complying with all the conditions stated in Section 73(2) of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

The Deposits accepted by the Company may carry rates of interest for periods varying from 1 (one) year to 3 (three) years specified in the Circular to be approved by the Board of Directors of the Company subsequent to the approval of the shareholders.

In view of the foregoing, it is therefore necessary for the shareholders to pass an ordinary resolution required under section 73(2) and other applicable provisions of the Companies Act, 2013 as set out at Item No. 7 of the Notice.

None of the Directors of the Company and /or Key Managerial Personnel of the Company and their relatives, except to the extent of their shareholdings, concerned or interested in the resolution set out at Item no. 7.

The Board now recommends and proposes to pass the resolution as set out in Item No. 7 of the Notice as an Ordinary Resolution.

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**By order of the Board of Directors of Ethos Limited**

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**Anil Kumar**

Company Secretary  
Membership no. : F8023

July 26, 2022

**Ethos Limited**

CIN – L52300HP2007PLC030800

Registered office- Plot no. 3, Sector III

Parwanoo 173 220, Himachal Pradesh

Corporate office – S.C.O. 88-89, Sector 8 C

Madhya Marg, Chandigarh 160 007

[www.ethoswatches.com](http://www.ethoswatches.com)

[investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com)

## Annexure - I to the Notice dated July 26, 2022

Information as required pursuant to Regulation 36 (3) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings in respect of Directors seeking appointment/re-appointment at the Annual General Meeting

Name of Director	Mr. Patrik Paul Hoffmann	Mr. Chitranjan Agarwal	Mr. Manoj Gupta	Mr. Anil Khanna	Mr. Sundeep Kumar
DIN	09208027	00095715	08700786	00012232	02750717
Date of Birth	November 30, 1964	January 28, 1967	March 22, 1969	March 20, 1959	January 5, 1958
Age (in years)	57	55	53	63	64
Date of first Appointment on the Board	June 11, 2021	March 28, 2022	February 12, 2020	November 5, 2007	October 6, 2016
Qualifications	Business School of the Association of Commerce, Switzerland (Accountant with Federal Diploma, CPA, Certified Public Accountant). Marketing Management, International Management, Sales Management, Marketing Research and Marketing Decision Making from Andrews University, USA	Holds a degree in Bachelor of Commerce and L.L.B. and is also a qualified Chartered Accountant from Institute of Chartered Accountants of India	Holds a degree in Bachelor of Arts from University of Punjab and has done advanced diploma in tool and die making from Central Scientific Instrumental Organization, Indo-Swift Training Centre.	Holds a degree in Bachelor of Arts (Economics, Mathematics) and is also a qualified Chartered Accountant from Institute of Chartered Accountants of India. Also holds Diploma in Information system audit.	Holds a Bachelor's degree in Economics and Master of Business Administration from IIM Ahmedabad, Gujarat.
Experience and Expertise in Specific Functional Area	More than 38 years of experience	More than 30 years of experience in the field of Accountancy, Finance and Audits.	More than 35 years of experience in luxury retail and watch industry	More than 35 years of experience in the field of Accountancy, Finance and Audits.	More than 35 years of experience in communication and general management, Corporate Affairs etc.

<b>Name of Director</b>	<b>Mr. Patrik Paul Hoffmann</b>	<b>Mr. Chitranjan Agarwal</b>	<b>Mr. Manoj Gupta</b>	<b>Mr. Anil Khanna</b>	<b>Mr. Sundeep Kumar</b>
Terms and conditions of appointment	As per resolution no. 2	As per resolution no. 3	As per resolution no. 4	As per resolution no. 5	As per resolution no. 6
Remuneration last drawn in Financial year 2021-22 (in lakhs)	20.93	Nil	70.42	12.67	5.18
Number of Board Meetings attended during the year 2021-22	7	Appointed with effect from April 1, 2022	11	11	8
Directorship held in other Listed companies (As on March 31, 2022)	Nil	Nil	Nil	1	Nil
Directorship in other Companies (excluding foreign companies & Section 8 companies) (As on March 31, 2022)	Nil	3	Nil	1	Nil
Chairmanship / Membership of Committees of the Board of Directors of other Companies (As on March 31, 2022)	Nil	Nil	Nil	2	Nil
Shareholding as on March 31, 2022	Nil	Nil	10,250 Equity shares	12,822 Equity shares	Nil
Relationship with other Directors / Key Managerial Personnel(s)	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel

# Board's Report

To the Members of  
Ethos Limited

Your Directors present this **15th (Fifteenth) Annual Report** of the Company together with the Audited Financial Statements for the financial year ended on March 31, 2022.

## 1. Financial Results (Standalone and Consolidated)

The Company's financial performance for the year under review, along with the previous year's figures are given hereunder:-

Particulars	Standalone		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue from operations and other Income	59,076.24	40,354.10	59,006.20	40,299.69
Total expenditure	(51,149.91)	(34,777.19)	(51,037.87)	(34,685.48)
Earnings before finance cost, tax, depreciation and amortization (EBITDA)	7,926.33	5,576.91	7,968.33	5,614.21
Finance costs	(1,664.56)	(1,699.57)	(1,667.28)	(1,703.43)
Depreciation	(3,141.18)	(3,247.35)	(3,150.86)	(3,251.95)
Profit before share of joint venture and tax	3,120.59	629.99	3,150.19	658.83
Share of Profit of joint venture (net of income tax)	-	-	2.40	13.50
Profit before tax	3,120.59	629.99	3,152.59	672.33
Tax expenses	(784.29)	(166.32)	(813.79)	(196.61)
Profit for the year	2,336.30	463.67	2,338.80	475.72
Other comprehensive income/(loss)	1.34	(5.38)	1.24	(3.95)
<b>Total comprehensive income for the year</b>	<b>2,337.64</b>	<b>458.29</b>	<b>2,340.04</b>	<b>471.77</b>

## 2. Review of Business Operations and Future prospects

During the financial year 2021-22, notwithstanding the impact of the second wave of COVID during Q1 and the third wave in Q4, your Company has shown strong growth in terms of both revenue and profitability. Recovery after the greatly impacted FY2020-21 was led by the strong digital initiative and a general improvement in consumer confidence and spending.

During the year, the Company opened 6 stores (including one lounge for Certified Pre-owned watches) and closed 2 underperforming stores. The total count of stores increased to 50 from 46.

On a standalone basis, the total income for FY 2022 grew by 46% to Rs. 59,076 lakhs and on a consolidated basis grew by 46% to Rs. 59,006 lakhs.

On a standalone basis, the net profit after tax (PAT) for FY 2021-22 stood at Rs. 2,336 lakhs as against previous year's net profit of Rs. 464 lakhs, thus recording a strong four-fold growth. Our net profit after tax (PAT) on a consolidated basis for FY 2022 grew to Rs. 2,339 lakhs as compared with Rs. 476 lakhs in the previous year.

The Company continued to use its digital communication capabilities to leverage our strong network of physical stores, to address consumer

demand for premium and luxury watches across the country. The Company is cognisant of the fact that going forward the omni-channel platform of sales is going to play a crucial role as most customers now seamlessly move between online and offline spaces even for the purchase of luxury watches. Internet-led billings contributed ~33% of the Company's billings. The Company will continue to innovate and invest on marketing through digital mediums to keep the overall engagement high.

**Brands at ETHOS:** Your Company continues to enjoy very positive and strong relationships with over 50 global watch brands which allows us to offer the widest and deepest selection of premium and luxury watches in the Indian market. Many of these brands are available only at Ethos stores and these exclusive brands play a pivotal role in the consumer strategy and growth of the Company.

**Certified Pre-Owned Business:** This segment is a great growth vector for the watch industry as it adds to the overall industry size by promoting multiple ownership of watches and allowing a large population of first-time watch enthusiasts to buy into the luxury segment at a lower investment. According to industry experts, the business of pre-owned luxury watches is already 33 percent of the new watch business at a global level and is expected to become about half the size of the new

watch industry in 3-4 years. In India your Company has the first mover advantage in this fast-growing segment and the unique benefit of an all-India sourcing platform together with state-of-the-art watch restoration and warranting facilities. The Company's new website <https://www.secondmovement.com> already has 100,000 visitors on board. This has helped to grow the pre-owned watch business by ~3 times against the previous year. Over the next two years we will rapidly increase our client base and also expand the physical footprint to continue driving strong growth in the pre-owned business.

**Loyalty Program:** The Company's loyalty program called Club ECHO is a customer relationship management initiative, which provides benefits to repeat customers based on their cumulative purchasing over time. The database generated via Club ECHO gives us access to important buying trends, which further enables us to design appropriate communication strategies, leading to greater satisfaction and commitment. As of March 31, 2022, the Company had over ~285,000 registered members in Club ECHO.

### 3. Dividend

In view of conservation of profits of the current year, the Board of Directors do not propose dividend for current financial year.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dividend Policy of the Company has been uploaded on the website of the Company and can be accessed at <https://www.ethoswatches.com/investors-information>

### 4. Share Capital

During the year under review, there was no change in the authorised share capital of the Company.

During the year under review, there were following changes in the issued, subscribed and paid up share capital of the Company:-

- a) Allotment of 36,250 equity shares of Rs. 10 each at a securities premium of Rs. 110 per share at the Board meeting held on July 31, 2021 pursuant to exercise of employee stock options under 'Ethos – Employee Stock Option Scheme 2013'.
- b) Allotment of 32,250 equity shares of Rs. 10 each at a securities premium of Rs. 110 per share at the Board meeting held on August 10, 2021 pursuant to exercise of employee stock options under 'Ethos – Employee Stock Option Scheme 2013'.
- c) Allotment of 36,250 equity shares of Rs. 10 each at a securities premium of Rs. 110 per share at the Board meeting held on August 17, 2021 pursuant to exercise of employee stock options under 'Ethos – Employee Stock Option Scheme 2013'.
- d) Allotment of 457,938 equity shares of Rs. 10 each at a securities premium of Rs. 540 per share at the Board meeting held on December 1, 2021 to the existing shareholders of the Company pursuant to 'Ethos Rights Issue 2021'.

- e) Allotment of 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share at the Board meeting held on March 28, 2022 on preferential allotment basis i.e. Pre IPO placement.
- f) Allotment of 4,271,070 equity shares of Rs. 10 each at a securities premium of Rs. 868 per share and offer for sale of 3,10,430 equity shares of Rs. 10 each under the Initial Public Offering ('IPO') of the Company at the IPO Committee meeting held on May 26, 2022.

The Paid up share capital of the Company as at date of this report is Rs. 2,334.92 lakhs (Rupees Twenty three crores thirty four lakhs ninety two thousand only) divided into 23,349,233 equity shares of Rs. 10 each.

### 5. Initial Public Offer and Listing of Shares at Stock Exchanges

The Board of your Company, at its meeting held on December 1, 2021 approved the Initial Public Offering ('IPO') up to an aggregate of Rs. 50,000 lakhs comprising of fresh issue of Equity Shares, Pre-IPO placement and an Offer for Sale by certain existing shareholders of your Company through Book Building Process, subject to approval of members of the Company. The members of the Company vide a special resolution passed at the Extraordinary General meeting held on January 18, 2022, approved the aforesaid offer and issuance of equity shares through the Initial Public Offering.

Pursuant to the resolution passed by the IPO Committee meeting of the Company held on January 21, 2022, the Draft Red Herring Prospectus dated January 21, 2022 in terms of provisions of Companies Act, 2013 read with SEBI regulations was filed with SEBI on January 22, 2022. Simultaneously, your Company had filed the applications for obtaining in-principle approvals from BSE Limited and National Stock Exchange of India Limited, the approval for which was obtained on February 21, 2022 from both the exchanges.

Pursuant to Pre-IPO placement approved by the shareholders of the Company, your Company approved and allotted 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share at the Board meeting held on March 28, 2022 to Abakkus Growth Fund – 2.

Your Company received the in-principle approval from SEBI via letter dated April 25, 2022 and Company filed the Red Herring Prospectus on May 6, 2022 to SEBI and Registrar of Companies, Himachal Pradesh at Chandigarh. Registrar of Companies, Himachal Pradesh at Chandigarh approved the Red Herring Prospectus on May 9, 2022.

With all the approvals in place, your Company opened the Issue on May 18, 2022 (for Anchor Investors on May 17, 2022) and closed on May 20, 2022. After completion of all the reconciliations and other formalities after the issue closure, your Company filed the Prospectus with the Stock Exchanges and Registrar of Companies, Himachal Pradesh at Chandigarh on May 25, 2022 which was approved by the Registrar of Companies on May 25, 2022.

Your Company filed and completed all the necessary documentation with the stock exchanges and SEBI during the process for obtaining listing and trading approval from the stock exchanges. The IPO Committee, at its meeting held on May 26, 2022 considered and approved allotment of 42,71,070 Equity Shares of Rs. 10 each at a securities premium of Rs. 868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs. 878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited (the "Designated Stock Exchange"). The equity shares of your Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022.

## **6. Directors and Key Managerial Personnel**

### **(a) Directors:-**

During the year under review, following changes took place in the composition of the Board of Directors of the Company -

Mr. Yashovardhan Saboo (DIN – 00012158) was re-appointed as Managing Director of the Company w.e.f. December 1, 2021 for a term of one year i.e. up to November 30, 2022 at the meeting of Board of Directors of the Company held on November 8, 2021 as per the recommendations of the Nomination and Remuneration Committee. The aforesaid re-appointment was approved by the shareholders at the Extraordinary General Meeting of the Company held on January 18, 2022.

Based on the recommendation of Nomination and Remuneration Committee, performance evaluation was carried out and subject to the approval of the Shareholders of the Company the Board of Directors recommended the reappointments of Mr. Anil Khanna (DIN – 00012232) and Mr. Sundeep Kumar (DIN – 02750717) as Independent Directors of the Company for a second term of 5 (five) years. The Board recommends their re-appointments for the approval of the members.

Mr. Nagarajan Subramanian (DIN - 02406548) and Mrs. Neelima Tripathi (DIN - 07588695) have conveyed their intention to retire at the conclusion of 15th (Fifteenth) Annual General Meeting of the Company and accordingly have not sought re-appointment as Independent Directors of the Company. Therefore, Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi shall cease to be the Directors of the Company from the date of conclusion of the 15th (Fifteenth) Annual General Meeting of the Company.

Mr. Manoj Gupta (DIN – 08700786) was re-appointed as a Whole time Director with functional designation of Executive Director of the Company with effect from April 1, 2022 for a period of 2 (two) years subject to approval of the shareholders at the General Meeting of the Company. The Board recommends his re-appointment for the approval of the members.

Mr. Chitranjan Agarwal (DIN – 00095715) was appointed as an Additional Director with effect from April 1, 2022 at the meeting of the Board of Directors held on March 28, 2022 to strengthen the Board Management of the Company. The Company has received a notice in writing from a member signifying his candidature for the office of the director of the Company. The Board recommends his appointment for the approval of the members.

In accordance with the provisions of Companies Act, 2013, Mr. Patrik Paul Hoffmann (DIN - 09208027) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his re-appointment for the approval of the members.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have registered their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

The list of key skills, expertise and core competencies of the Board of Directors, is provided in the Report on Corporate Governance forming part of this report. Details, such as brief resumes, nature of expertise in specific functional areas, names of companies in which the above-named Directors hold Directorships, committee memberships / chairpersonships, shareholding in your Company etc. are furnished in the Notice of the 15th (Fifteenth) Annual General Meeting (AGM).

Necessary resolutions for re-appointment of the aforesaid directors' forms part of the Notice convening the 15th (Fifteenth) AGM.

The details on Directors' re-appointment / appointment and remuneration including criteria for determining qualifications, positive attributes, forms part of the Notice convening the 15th (Fifteenth) AGM.

In the opinion of the Board, all the Directors, as well as the Directors proposed to be appointed / re-appointed, possess the requisite qualifications, experience and expertise and hold high standards of integrity.

None of the Directors have received any remuneration or commission from any of the Company's subsidiaries or joint ventures. During the year under review, the Non-Executive Directors (NEDs) of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and agreed commission, received by them.

**(b) Key Managerial Personnel :-**

During the year under review, following changes took place in the composition of Key Managerial Personnel of the Company -

Mr. Ritesh Kumar Agrawal was appointed as the Chief Financial Officer and whole time Key Managerial Personnel (KMP) of the Company with effect from August 17, 2021 in place of Mr. C. Raja Sekhar.

The Policy on Remuneration, Insider Trading, Familiarization Program For Independent Directors and Diversity of Board of Director as approved by the Board is available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information>.

**7. Material changes and commitment, if any, affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of the report**

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report. However, the equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022 pursuant to an Initial Public Offering through Book building process of fresh issue of 4,271,070 equity shares and an offer for sale of 310,430 equity shares aggregating to a total offer size of Rs. 40,225.57 lakhs.

The Policy on Determination of Materiality of Events Or Information as approved by the Board is available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information>.

**8. Details of significant and material orders passed by the regulators, courts and tribunals**

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**9. Business Responsibility Report**

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Business Responsibility Report of the Company is attached as **Annexure – I** forming part of this report.

**10. Management Discussion and Analysis Report**

Pursuant to Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a

Management Discussion and Analysis as per **Annexure – II**, which includes details on review of operations, performance and future outlook of the Company, is annexed hereto and forms part of this report.

**11. Corporate Social Responsibility**

The Company is committed to discharge its social responsibility as a good corporate citizen. In terms of the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility Committee ("CSR Committee"). The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report, which forms part of this Annual Report. The Annual Report on CSR activities required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **Annexure - III** forming part of this report.

The aforesaid CSR Policy has also been uploaded on the Company's website and may be accessed at <https://www.ethoswatches.com/investors-information>

**12. Particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013**

There were no loans or guarantees given by the Company under Section 186 of the Companies Act, 2013 during the year under review.

However, the Company had made an investment of Rs. 7,500,000/- (Rupees Seventy five lakhs only) by subscribing to the rights issue of 750,000 equity shares of Rs. 10 each of its Joint Venture Company, Pasadena Retail Private Limited in compliance with the provisions of section 186 of the Companies Act, 2013 read with rules made thereunder.

**13. Related Party Transactions**

During the year under review, related party transactions (RPTs) entered into by the Company with related parties as defined under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and on an arm's length basis. There were no materially significant transactions entered into with the related parties that may have potential conflict with the interests of the Company at large.

Further, all the RPTs are placed before the Audit Committee for the review and approval and prior Omnibus Approval was obtained for RPT which were repetitive in nature. Thus, disclosure in Form AOC-2 is not required

All transactions with related parties are in accordance with the policy on related party transactions formulated by the Company.

Accordingly, Form No. AOC-2, prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of related party transactions, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not provided as an annexure to this Report.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information>.

#### 14. Statutory Auditors and Auditor's report

As per the requirement of section 139(2) of the Companies Act, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005), were appointed as the Statutory Auditors of the Company for a term of 5 (Five) consecutive years at the 12 (Twelfth) Annual General Meeting of the Company held on September 2, 2019. The Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company.

The Board has examined the Auditors' Report to the accounts and clarifications, wherever necessary, have been included in the notes to the accounts. Further, the Auditors Report does not contain any qualifications, adverse or disclaimer remarks. No fraud has been reported by the Auditors to the Audit Committee or the Board.

#### 15. Secretarial audit and Auditor's report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Mr. Vishal Arora, Practicing Company Secretary (FCS no. 4566 and CP no. 3645), to undertake the Secretarial Audit of the Company.

Secretarial audit of secretarial and related records of the Company was conducted by the aforesaid auditor and a copy of the secretarial audit report is annexed and forms a part of this report as **Annexure - IV**. None of the above Secretarial audit report contain any qualifications, reservations or adverse remarks or disclaimer.

#### 16. Corporate Governance

The Corporate Governance Report of the Company for the year under review, is attached as **Annexure – V** forming an integral part of this report.

Certificate from CS Jaspreet Singh Dhawan, a Practicing Company Secretary, regarding the compliance with the conditions of the Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"), is annexed to Corporate Governance Report and forms an integral part of this Report.

#### 17. Extract of Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the website of the Company at <https://www.ethoswatches.com/investors-information>.

#### 18. Meetings of the Board and the Committees

During the financial year under review, 11 (eleven) meetings of the Board of Directors were held. The details of dates of the above meetings including the attendance of the Directors are given in the Corporate Governance Report which forms part of this Annual Report.

#### 19. Director's Responsibility Statement

In accordance with the provisions of Section 134 (3) (c) and 134(5) of the Companies Act, 2013 ('Act'), the Board, to the best of its ability confirms that:—

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 20. Details of subsidiaries, joint ventures and associate companies

During the year under review, the particulars of Subsidiary and Associate Companies are as under:-

Cognition Digital LLP ('Cognition') - Cognition is a wholly owned subsidiary body corporate of the Company and is 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. During the year under review, it has reported revenue from operations amounting to Rs. 365.63 lakhs and its net profit stood at Rs. 70.47 lakhs.

Pasadena Retail Private Limited ('Pasadena') - Pasadena is a joint venture of the Company and is engaged in the business of retail of luxury watches. During the year under review, it has reported revenue from operations amounting to Rs. 858.27 lakhs and its net profit stood at Rs. 4.79 lakhs.

In terms of the provisions of Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, appointment of the Independent Director of the Company on the Board of material subsidiaries was not applicable to Cognition Digital LLP.

During the year under review, the Board has reviewed the affairs of subsidiary body corporate and joint venture company. The Consolidated Financial Statements of the Company are prepared in accordance with the Companies Act, 2013 read with rules made thereunder and applicable IND AS along with the relevant documents and Auditors' Report thereon forms part of this Annual Report.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013 read with rules made thereunder, the Annual Report of the Company containing therein

the audited standalone and consolidated financial statement and the audited financial statements of subsidiary body corporate and joint venture Company have been placed on the website of the Company. The audited financial statements in respect of subsidiary body corporate and joint venture Company shall also be kept open for inspection at the Registered Office/ Corporate Office of the Company during working hours for a period of 21 days before the date of the ensuing AGM. The aforesaid documents are also available to Members interested in obtaining the same upon a request made to the Company.

A separate statement containing salient features of the financial statements of the Company's subsidiary/ associate in prescribed format in Form AOC - 1 is annexed as **Annexure - VI** to this report.

The Policy on Determining Material Subsidiaries as approved by the Board is available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information>.

## 21. Deposits from shareholders

The details of deposits, covered under Chapter V of the Companies Act, 2013 is given hereunder:-

	(Rs. in lakhs)
Deposits existing as on April 1, 2021	1,679.66
Deposits accepted during the year (from April 1, 2021 to March 31, 2022)	1,015.65
Deposits renewed during the year (from April 1, 2021 to March 31, 2022)	837.94
Deposits paid/pre-matured during the year (from April 1, 2021 to March 31, 2022)	1,081.29
Deposits outstanding at the end of year i.e. at March 31, 2022	2,451.96
Deposits that have matured but not claimed as at the end of the year i.e. at March 31, 2022	8.62
Deposits that have matured and claimed but not paid as at the end of the year i.e. at March 31, 2022	Nil
Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	No
The details of deposits which are not in compliance with the requirements of Chapter	Nil

\*excluding deposits from Directors.

## 22. Vigil Mechanism/Whistle Blower

The Company has formulated and implemented 'Ethos Limited - Vigil Mechanism/Whistle Blower Policy' to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The same is hosted on the website of the Company at the link <https://www.ethoswatches.com/investors-information>. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

During the year under review, the status of the concerns or complaints reported stands as follows.

No. of concerns or complaints outstanding as at April 1, 2021	Nil
No. of concerns or complaints received during the year	Nil
No. of concerns or complaints resolved during the year	Nil
No. of concerns or complaints outstanding as at March 31, 2022	Nil

### 23. Performance evaluation of the Board

In order to ensure that the Board and Board Committees are functioning effectively and to comply with the statutory requirements, the annual performance evaluation of the Board, Board Committees and Individual Directors was conducted during the year. The evaluation was carried out based on the criterion and framework approved by the Nomination and Remuneration Committee. A detailed disclosure on the parameters and the process of Board evaluation as well as the outcome has been provided in the Report on Corporate Governance.

At a separate meeting of Independent Directors, the performances of Non-Independent Directors, the Board as a whole and the Chairman were evaluated, considering the views of Executive Directors and Non-Executive Directors.

### 24. Policy on Director's appointment and remuneration

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report which forms part of this Annual Report.

The details of remuneration to Non-Executive Director, is given in Corporate Governance Report forming part of this Annual Report.

### 25. Risk Management

The Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Policy on Risk Management as approved by the Board is available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information>.

### 26. Internal Financial Controls (IFC) and their adequacy

The Company maintains adequate internal control systems, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguard of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures in all areas of its operations. The services of internal and external auditors are sought from time to time as well as in-house expertise and resources. The Company believes that it has sound internal control systems commensurate with the nature and size of its business. The Company continuously upgrades these systems in line with best-in-class practices.

These reports and deviations are regularly discussed with the Management Committee members and actions are taken, wherever necessary. The Audit Committee of the Board periodically reviews the adequacy of the internal control systems.

### 27. Employee Stock Option Plan

There is no employee stock option plan subsisting or continuing as on date.

### 28. Particulars of employees

The information pertaining to the remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure - VII** which forms part of this Report.

In terms of the proviso to Section 136(1) of the Act, the Annual Report is being sent to the Members of the Company excluding the aforesaid information. The said information is available for inspection by the Members at the Registered Office/Corporate Office of the Company during business hours on working days and Members interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. Such details are also available on Company's website at <https://www.ethoswatches.com/investors-information>.

### 29. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure - VIII** and is forming part of this report.

### 30. Cost Records

Neither maintenance of cost records nor audit of cost records as required under Section 148 of the Act read with relevant rules made thereunder is applicable to the Company.

### 31. Committees of the Board

The various Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

The following statutory Committees are constituted by the Board according to their respective roles and defined scope:

- a) Audit Committee,
- b) Nomination and Remuneration Committee,
- c) Stakeholders Relationship Committee,

- d) Corporate Social Responsibility Committee and
- e) Risk Management Committee

Details of the composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance.

The Company has adopted Code of Conduct for its Directors and senior management personnel and the same can be accessed using the following <https://www.ethoswatches.com/investors-information>.

All Directors and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management.

### **32. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment to all its employees and associates. The Company has a Policy on Prevention of Sexual Harassment at the Workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees, consultants, trainees, volunteers, third parties and/or visitors at all business units or functions of the Company, and its subsidiaries and/or its affiliated or group companies are also covered by the said policy. Adequate workshops and awareness program against sexual harassment are conducted across the organization. The Company has set up an Internal Complaints Committee for the aforesaid purpose and during the year, there was no complaint received by the Company.

The Policy on Prevention of Sexual Harassment as approved by the Board is available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information>.

### **33. Receipt of any commission/remuneration by Managing Director of Company from its Holding or Subsidiary Company**

KDDL Limited is the listed Holding Company of the Company. Mr. Yashovardhan Saboo is the Chairman and Managing Director of KDDL Limited as well as the Managing Director of your Company. He receives managerial remuneration in KDDL Limited in compliance with the provisions of section 197 read with rules made thereunder of the Companies Act, 2013. Except for payment of sitting fees for attending the Board and Committee meetings of the Company, he is not entitled to any remuneration. Further, no subsidiary company of the Company has paid any commission/remuneration to the Directors of the Company for the financial year 2021-22.

### **34. Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016 (IBC)**

There are no proceedings, initiated by any Financial Creditor or Operational Creditor or by the Company, under the Insolvency and Bankruptcy Code, 2016 as

amended, before National Company Law Tribunal or other courts during the year 2021-2022.

### **35. Covid-19 Pandemic**

The Company's operations and revenue were impacted during the previous year on account of disruption in economic activity due to COVID-19. The management believes that the overall impact of the pandemic is short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and its future operations.

### **36. Green Initiatives**

Pursuant to the relevant circulars issued by Ministry of Corporate Affairs, Government of India (MCA) and Securities & Exchange Board of India and in view of the prevailing situation of the pandemic, owing to the difficulties involved in dispatching of the physical copies of the Notice of the 15 (Fifteenth) AGM and the Annual Report of the Company for the year 2021-22, the said documents are being sent only by email to shareholders.

The Company supports the 'Green Initiative' undertaken by the MCA, enabling electronic delivery of documents including Annual Report etc. to shareholders at their e-mail address already registered with the Depository Participants ("DPs") and Registrar and Transfer Agents ("RTA"). Additionally, the Company conducts various meetings by means of electronic mode in order to ensure the reduction of its carbon footprint.

In view of the above, shareholders who have not yet registered their email addresses are requested to register the same with their DPs/ the Company's RTA for receiving all communications, including Annual Report, Notices, Circulars etc. from the Company electronically.

### **37. Acknowledgements**

Your Directors would like to thank and place on record their sincere thanks and appreciation for the sustained support and co-operation extended by its Members, Bankers, business associates, consultants, and various Government Authorities during the year under review. Your Directors would also like to place on record its sincere appreciation for the efforts put in by employees whose efforts, hard work and dedication has enabled the Company to achieve all recognitions during the year.

**For and on behalf of the Board of Directors of Ethos Limited**

**Yashovardhan Saboo**

Date : July 26, 2022  
Place : New Delhi

Chairman  
DIN-00012158

# Annexure - I

## BUSINESS RESPONSIBILITY REPORT

(Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

### OVERVIEW

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and National Guidelines on Responsible Business Conduct (NGRBC) as issued and revised by Ministry of Corporate Affairs (MCA), Government of India, the "Business Responsibility Report" (BRR) of the Company for the financial year 2021-22 forming part of this Annual Report is as follows:

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. No.	Particulars	Information about the Company
1	Corporate Identity Number (CIN) of the Company	L52300HP2007PLC030800
2	Name of the Company	Ethos Limited
3	Registered address	Plot No. 3, Sector III, Parwanoo 173 200, Himachal Pradesh
4	Website	<a href="http://www.ethoswatches.com">www.ethoswatches.com</a>
5	E-mail id	<a href="mailto:investor.communication@ethoswatches.com">investor.communication@ethoswatches.com</a>
6	Financial Year reported	March 31, 2022
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Multi Brand Retail Trade NIC Code : 47 (Retail trade, except of motor vehicles and motorcycles)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i. Watch ii. Watch accessories iii. Jewellery
9	Total number of locations where business activity is undertaken by the Company	a) Number of International Locations (Provide details of major 5) – Nil b) Number of National Locations – We have 50 stores all across the country, Corporate Office and Warehouse as at March 31, 2022
10	Markets served by the Company – Local/State/ National/International	National

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (Rs. lakhs)	1,907.82
2	Total Turnover (Rs. lakhs)	57,728.37
3	Total profit after taxes (Rs. lakhs)	2,336.30
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	With regard to the year under review, the Company has spent Rs. 11.78 lakhs on CSR activities as against the mandatory requirement of Rs. 17.32 lakhs (equivalent to 0.50% as a percentage of profit after tax). The unspent amount of Rs. 5.54 lakhs as per sub section (5) of Section 135 of Companies Act, 2013 read with rules made thereunder pursuant to ongoing project (Million Tree Project), has been transferred to special account in compliance of provisions of sub section (6) of Section 135 of the said Act. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. (For further details please refer to Board's Report forming part of this Annual Report)
5	List of activities in which expenditure in 4 above has been incurred	Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2021-22 in terms of Companies (Corporate Social Responsibility Policy) Rules, 2014, forms an integral part of the Board's Report as Annexure III and may be referred.

## SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has 1 (one) subsidiary body corporate namely Cognition Digital LLP.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company engaged with various stakeholders like suppliers, distributors and other entities in the value chain. The Company encourages to adopt BR initiatives and follow the concept of being responsible business entities to all its business partners .

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

Sl. No.	Particulars	Details
1	DIN Number	00012158
2	Name	Mr. Yashovardhan Saboo
3	Designation	Managing Director

(b) Details of the BR head

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	-
2	Name	Mr. Pranav Shankar Saboo
3	Designation	Chief Executive Officer
4	Telephone number	0172-2548223/24
5	Email id	<a href="mailto:investor.communication@ethoswatches.com">investor.communication@ethoswatches.com</a>

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:-

<b>Principle 1 (P1)</b>	:	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
<b>Principle 2 (P2)</b>	:	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
<b>Principle 3 (P3)</b>	:	Businesses should promote the well-being of all employees.
<b>Principle 4 (P4)</b>	:	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
<b>Principle 5 (P5)</b>	:	Businesses should respect and promote human rights.
<b>Principle 6 (P6)</b>	:	Businesses should respect, protect and make efforts to restore the environment.
<b>Principle 7 (P7)</b>	:	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
<b>Principle 8 (P8)</b>	:	Businesses should support inclusive growth and equitable development.
<b>Principle 9 (P9)</b>	:	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Details of compliance (Reply in Y/N)

Sl. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	Do you have a policy/ policies?	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
2	Has the policy being formulated in consultation with the relevant stakeholders?	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
		* Policies have been approved by Board on July 26, 2022.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies have been laid down on the basis of applicable laws, code of conduct & applicable standards								
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/CFO/CS/ appropriate Board Director?	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
		* Policies have been approved by Board on July 26, 2022. Policies mandated under the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) are approved by the Board and other policies are approved by the Managing Director / functional heads of the Company as appropriate from time to time. As the Company has been listed on May 30, 2022, the Company has formalized and approved the policies "Y*" in the Board meeting on July 26, 2022.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
		The Managing Director and CEO through the Functional Heads of the Departments/ Store Heads of the Company, oversees the implementation of the policy across the organisation. As the Company has been listed on May 30, 2022, the Company has formalized and approved the policies "Y*" in the Board meeting on July 26, 2022 as well as the respective Responsible Committee / Departments are assigned to oversee its implementation.								
6	Indicate the link for the policy to be viewed online?	Policies mandated to be displayed on website of the Company as per the Act and Listing Regulations are displayed at website of the Company. at <a href="https://www.ethoswatches.com/investors.information">https://www.ethoswatches.com/investors.information</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
		* Policies have been approved by Board on July 26, 2022 and these are communicated to all the internal and external stakeholders. The same is available on <a href="https://www.ethoswatches.com/investors.information">https://www.ethoswatches.com/investors.information</a> .								
8	Does the company have in-house structure to implement the policy/ policies.	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
		* Policies have been approved by Board on July 26, 2022. The senior management team of the Company are responsible in getting the policy implemented.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	P1 Y*	P2 Y*	P3 Y*	P4 Y*	P5 Y*	P6 Y*	P7 Y*	P8 Y*	P9 Y*
		* Policies have been approved by Board on July 26, 2022. We have implemented our grievance redressal mechanism.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	-	-	-	-	-	-	-	-	-
		The BR policies and its implementation are evaluated internally.								

### 3. Governance related to BR

- |    |  |   |
|----|--|---|
| a) | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | The Company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from May 30, 2022.        |
| b) | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?   | The Company has finalized the process and its implementation plan has been approved in the Board meeting dated July 26, 2022. |

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 **Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?**

A company's governance practices have a direct bearing on its sustainable growth. Ethics and transparency are fundamental pillars which underline our business activities. As a responsible organisation, the Company does its business with utmost integrity and adheres to best governance practices. The Company's Code of Conduct for Directors and Senior Management Executives serves as a guiding tool and ensures that principles get translated into consistent practice, thereby leading the Company towards high standards of business conduct.

A Whistle Blower Policy/ Vigil Mechanism is also in place that provides a channel to employees and Directors to report to the management, promptly and directly, concerns about unethical behaviour, actual or suspected fraud or any irregularity in Company practices or violation of its codes and policies. The Code, Policies and Standards communicate our zero tolerance approach to ethical violations, and communicate our commitment and requirement for legal compliance and ethical good practice.

To ensure that all employees are well-versed with the Code, a mandatory training is provided to new recruits, and refresher workshops on anti-corruption policies and procedures are conducted for all the employees at various levels.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has put in place different mechanisms for receiving and dealing with complaints from different stakeholder's viz. shareholders, customers, employees etc. There are dedicated resources to respond to the complaints within a time bound manner.

The Company has Stakeholders Relationship Committee (SRC) which reviews the shareholders complaint and their resolution. During the year ended March 31, 2022 opening balance of the complaints was NIL and there were no complaints received from the shareholders during the year under review and no complaints were pending at the end of the year.

The Company also has an internal committee to resolve any issues relating to Sexual Harassment at Workplace.

Further, Customer complaints are addressed in the normal course of business by dedicated Customer Care Department of the Company.

### Principle 2 **Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company's principle nature of business is retail of luxury products in the market. It is Company's constant endeavor to ensure that all applicable laws and regulation related to environment are adhered to, to the maximum extent applicable to Company. Generally, the products or services of the Company do not harm the environment or are of some concern to the climate.

The Company strictly prohibits employment or engagement of children at its work place and expects that its vendors also follow the same.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- (a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

The Company is in the business of retail of luxury goods/products to end consumers through its stores. The Company strives to optimize use of resources at all its new and existing stores and offices.

- (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Considering the nature of business of the Company, the said question is not applicable to the Company.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company is in the business of retail of luxury products which is sourced from the Original Manufacturers at the source country or their subsidiaries in India. The said question is not applicable to the Company.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company is in the business of retail of luxury products. The Company procures these products from watch brands through imports directly or through their subsidiaries in India. Whenever possible, Company procures locally i.e. sustainable bags etc. Considering the nature of business, the said question is not applicable to the Company. The Company believes in inclusive growth and encourages local sourcing wherever possible.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company is not into manufacturing, thus there is not much waste generation in the Company. The waste generated at its offices and stores are managed as per the applicable laws & internal waste disposal process.

**Principle 3 Businesses should promote the wellbeing of all employees.**

The employees of the Company contribute significantly to success of its business. The Company conducts training sessions for all of its employees to upgrade their knowledge and skills from time to time.

The Company employs a diverse workforce where women employees, employees from various economic strata and demographic backgrounds come together and earn a respectable living. The Company also provides a fair opportunity for them to work as per laid down procedures and help them to develop their skills and grow. The Company provides them with all social benefits mandated as per law and also take an extra care to ensure that the staff is adequately covered for various health and safety hazards.

The Company provides staff with Medical Insurance, Accident Cover and Term Insurance Cover. The Company ensures that employees have safe, clean and hygienic work conditions. The Company ensures that the staff have a well provided work environment where they are free to express their views and feel empowered to contribute positively. The Company has whistle blower policies along with employee engagement framework where the Company reaches out to its employees and hear from them on various matters of work life balance.

Total number of employees (including temporary / contractual / casual)	441	
Total number of employees hired on temporary/contractual/casual basis	17	
Total number of permanent women employees	79	
Total number of permanent employees with disabilities	None	
Employee association recognized by management	None	
Percentage of permanent employees being member of recognized employee association (if any)	N.A.	
Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.	No. of Complaints filed during the financial year	No. of complaints pending as on end of financial year
1. Child labor/forced labor/involuntary labor	None	None
2. Sexual harassment		
3. Discriminatory		
What percentage of employees were given safety & skill up-gradation training in the last year?	The Company periodically organizes in-house training sessions to upgrade the working skills of its employees as well as provide them basic fire and safety training.	
a. Permanent Employees	a. Permanent Employees – 100%	
b. Permanent Women Employees	b. Permanent Women Employees – 100%	
c. Casual/Temporary/Contractual Employees	c. Casual/Temporary/Contractual Employees – 100%	
d. Employees with disabilities	d. Employees with disabilities – NA	



**Principle 4**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the Company mapped its internal and external stakeholders?**

Yes. The Company has mapped its internal and external stakeholders including but not limited to Government and Regulators, Investors, Employees, Suppliers, Vendors, Watch Brands, Directors, Key Managerial Personnel, Customers etc.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders? Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company recognizes the vital role played by the Society at large in its growth and development. Details of CSR initiatives executed by the Company during the year under review are given in Annexure III of the Board's Report. Further the Company has provided various platforms to various stakeholders to redress their grievances

**Principle 5**

**Businesses should respect and promote human rights.**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

The Company upholds the spirit of human rights and adhere to the applicable laws and regulations and has framed a policy on human rights, which is a guidance document for its Employees and Group Company.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has not received any complaints relating to human rights during the financial year 2021-22.

**Principle 6**

**Business should respect, protect, and make efforts to restore the environment.**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.**

The Company's Environmental, Health & Safety policy extends to its stores, employees, joint ventures and subsidiaries.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company encourages its employees & other stakeholders towards the environmental sustainability. The priorities of the organisation is to improve resource efficiency, increase its productivity and also create a positive environmental towards impact. The Company embraces

this roadmap. The Company takes initiatives to address local environmental issues. The Company does identify and assess potential environmental risks. Keeping in view of this, the Company is spending a part of its earnings on corporate social responsibility causes throughout the year. The company has taken a pledge to plant one million trees over the next 10 years. For details refer, <https://www.ethoswatches.com/the-million-tree-project/>

The Company has taken some energy initiatives such as:

- Installation of LED lights & power saving equipment across the stores to reduce the electricity consumption
- Optimum use of air conditioner at stores in order to reduce electricity consumption
- Replacement of single use plastic carry bags with paper or other recyclable material bags at stores.

**3. Does the Company identify and assess potential environmental risks?**

The Company has performed risk assessment to identify these risks. Owing to the nature of the business involved, no significant aforementioned potential risk is foreseen as of now.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

The Company has not so far registered for the specific projects under Clean Development Mechanism. However, of its own initiative, the Company has taken a pledge to plant one million trees over the next ten years.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The initiatives taken by the Company towards energy conservation during the year under review are given in the Board's Report.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Not applicable, since the Company is in the business of retail of Luxury products.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There were no show cause/ legal notices received from CPCB / SPCB during the period under review.

**Principle 7**

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a Core Member of Retailers Association of India (RAI) since May 20, 2015.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company's engagement and advocacy with the relevant authority is in a transparent manner complying all applicable laws and regulations. The Company has been actively participating in various seminars, conferences and other forums on issues and policy matters that impact the interest of its stakeholders.

**Principle 8**

**Businesses should support inclusive growth and equitable development.**

1. Does the company have specified program/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.  
No
2. Are the program/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?  
Not applicable
3. Have you done any impact assessment of your initiative?  
Not applicable
4. What is your company's direct contribution to community development projects- Amount in Rs. and the details of the projects undertaken.  
Not applicable
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.  
Not applicable

**Principle 9**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer Satisfaction is of utmost importance for the Company. The Company has a dedicated customer care representative/cell to handle the day to day, complaints of customers. Once a complaint (including where a complaint is filed with the manufacturer and the company was added as a proforma party) is received from the customer, it will be redressed within the legal means. No cases are pending as on March 31, 2022. In terms of percentage of consumer cases, it is Nil.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

Yes. The requisite information as mandated as per local laws is mentioned on all the product labels of the Company.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There are no cases pending in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behavior. There are a few consumer product complaints pending in the normal course of business, which the Company in dealing with appropriately.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, the Company regularly conducts consumer surveys.

# Annexure - II

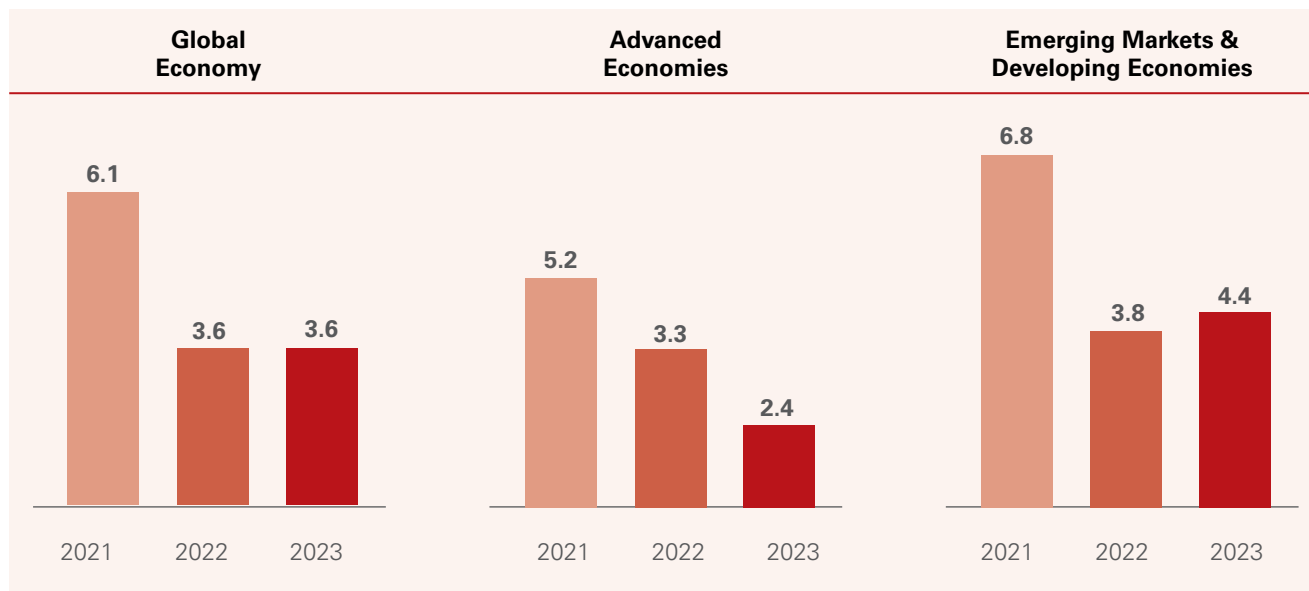
## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Global economy review

The prolonged virus outbreak caused multiple lockdowns throughout 2020, and the first half of 2021 resulting in disruption of manufacturing, retail, investment, services and other cycles. The global market found newer ways of surviving the crisis and has recovered too. The reduction in infection rates and large-scale vaccination coupled with the generous Governments’ support across the world, propelled the economy back to growth and normalcy.

All major countries have opened their borders, allowing for normal trade and travel, promoting growth in both developed and emerging economies. However, the rise in the ongoing geopolitical tensions and further inflationary pressures led by rising crude oil prices have dampened the economic progress. The global GDP is expected to witness a growth of 3.6% in 2022, with Emerging and Developing Asian Markets growing by 3.8%, the US growing by 3.7% and India growing by 8.2%.

### Growth Projections (in %)



Source: IMF, WEO April 2022

Global GDP growth is anticipated to decline further to 3.6 percent in CY23 as pent-up demand wanes and supporting macroeconomic policies are changed. As the economy recovers and stimulus programmes in industrialised economies eventually end, interest rates will climb. This expansion could endanger the viability of businesses, financial institutions, and governments in developing nations who have profited from low-cost, short-term financing but may later face higher refinancing costs.<sup>1</sup>

### Indian economy review

With a recorded GDP of 8.7 percent in 2021–2022, the Indian economy had a significant upswing. But as the year came to a close, the geopolitical upheaval in Europe led to a number of restrictions that also affected India. Disruptions in the supply chain and a rise in commodity costs made the

inflation problem more intense. Despite the difficulties, the government’s growth-oriented budget and policies like “China Plus One” and “Russia Plus One,” which encourage economic diversification into new regions, give hope for sustained recovery. India is emerging as an attractive option for business due to its large domestic market and skilled labour.

The government’s emphasis on exports and capital spending is anticipated to increase aggregate demand and production capacity in the future. A stable financial situation will encourage investment activity. The Reserve Bank of India (RBI) surveys show that capacity utilisation is rising, which ought to promote investment and consumption demand.

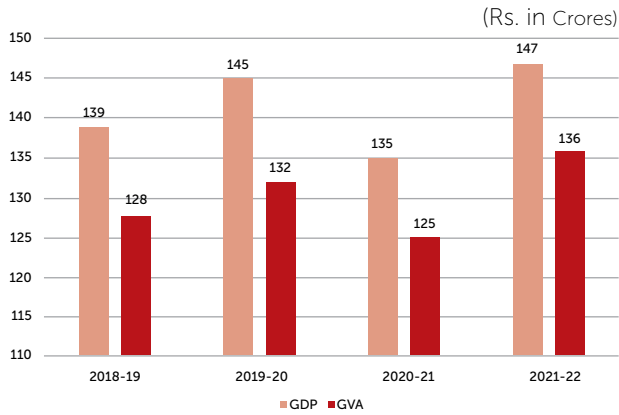
### Outlook

In India, GDP is expected to reach 7.5% in the fiscal year 2022/23, with headwinds from rising commodity prices, supply chain

<sup>1</sup> IMF Outlook 2022

disruptions, and geopolitical concerns countering buoyancy from the pandemic's recovery in services demand. Fixed investment by the private sector and the government, which has adopted incentives and reforms to improve the business climate, will also assist growth and prepare the economy for sustained long-term growth.

**GDP output (Constant prices, base year: 2011-12)\***



Source- National accounts statistics, MoSPI

**Industry Outlook**

**Global Premium & Luxury Watch Market**

In 2019, the worldwide premium and luxury watch market was estimated at USD 49 billion. The pandemic in CY 2020 disrupted the supply chain, imports and production and reduced consumer sentiment, resulting in a 30% decline in the worldwide watch market, to USD 34.3 billion in CY 2020. However, the market has recovered and is estimated to be USD 59 billion by CY 2025. The worldwide watch industry is anticipated to reach USD 59 billion by 2025, rising at an 11.5% CAGR from 2020 to 2025.

**Global Premium & Luxury Watch Market**

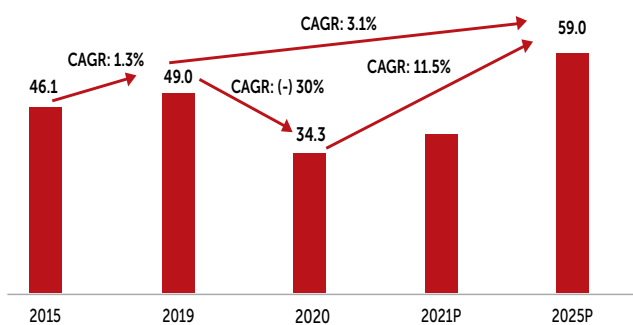


Fig: Global Luxury Watch Market CY 2015- CY 2025P (In USD Bn.)

Compared to developed economies such as the United States and Europe, the global luxury watch industry has shown tremendous development potential in developing nations like China, India, and others. This shift results from increased discretionary income and increasing expenditure on luxury products. The rise in the number of HNIs in fast-emerging economies such as China and India has facilitated wealth accumulation, resulting in demand for luxury items such as watches. Overall, the Asia-Pacific region has seen increased demand for luxury products, which is likely to continue in the next five years.

**Growth of Luxury Products in India**

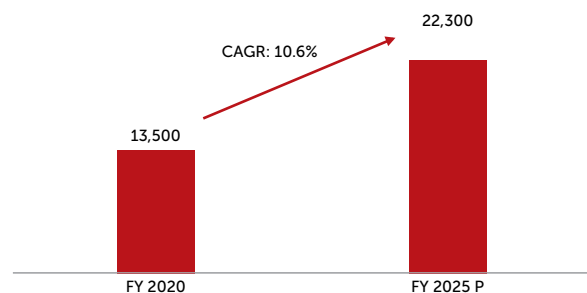
As of FY 2021, the market for luxury goods in India is estimated to be worth Rs. 45,210 Cr. The Luxury Fashion and Lifestyle segment has the biggest share of nearly 33% in FY 2020, followed by Premium and Luxury cars at about 30%. The luxury goods industry was impacted significantly by the COVID-19 pandemic, declining by 23% between FY 2020 and FY 2021.

In India, the luxury market as a whole has reverted to its growth path as the pandemic has subsided. By FY 2025, the Luxury market is projected to be worth Rs. 69,430 Cr. and will increase at a CAGR of approximately 11%.

Sector	FY20 (Rs. Cr)	FY21 (Rs. Cr)	FY25 (Rs. Cr)	CAGR 2021-25 (Rs. Cr)
Luxury Jewellery and Accessories	8,280	6,210	9,500	11%
Premium and Luxury Cars	17,920	<b>16,130</b>	25,120	12%
Luxury Fashion & Lifestyle	19,200	14,520	21,810	11%
Others	15,950	8,350	13,000	12%
<b>Total</b>	<b>58,350</b>	<b>45,210</b>	<b>69,430</b>	11%

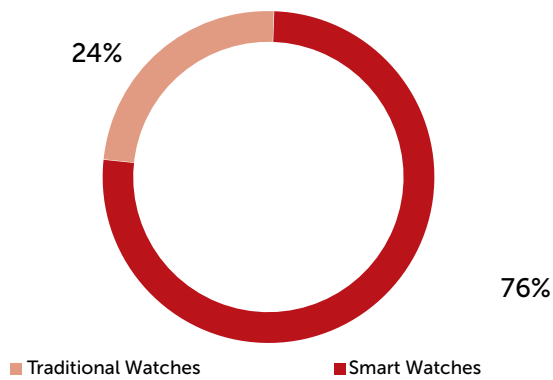
**Indian Watch Market**

The Indian watch market was estimated at Rs. 13,500 crores in FY 2020 and is projected to increase at a CAGR of 10.6% to reach Rs. 22,300 crores by FY 2025.



The Indian watch market is further divided based on Price and Product type. They are divided into "Traditional watches" (which covers both Analogue and Digital Watches) and "Smart Watches" based on the type of product.

### Share of Watch Market Value



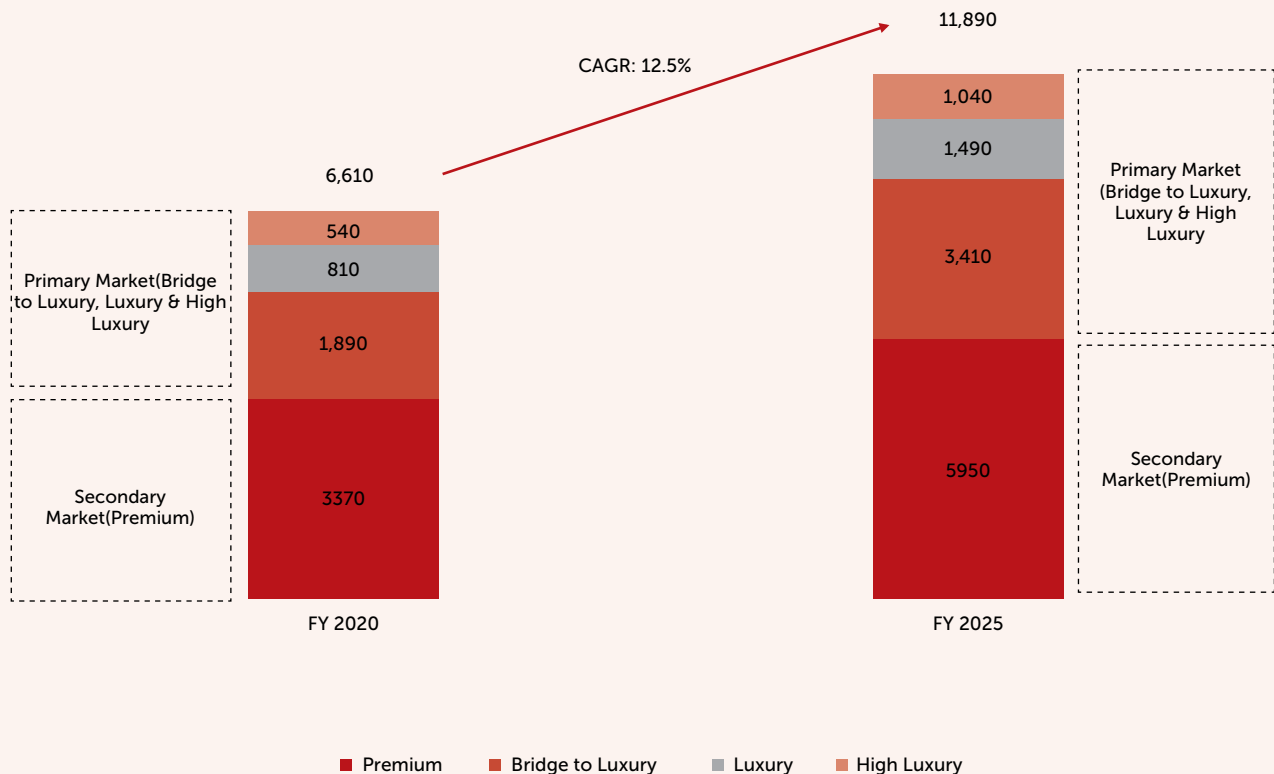
Share of Traditional and Smart Watches as of FY20

While Smart Watches have grown faster than traditional watches over the last decade, they are almost exclusively restricted to the price point below Rs 100,000. Traditional watches have been the segment’s main draw for customers of all income levels, genders, and ages. Brands have maintained sector relevance by new product launches that appeal to particular customer groups. Traditional timepieces dominate the premium and luxury market. Consumers purchase these watches for their quality, legacy, and brand value.

### Price Segmentation of the Indian Watch market

In the Rs. 13,500 crore Indian watch market the mass and mid-segment watches ie the price segment below Rs. 5,000, account for 30% of the market, the Fashion sector (Rs. 5,000 – Rs. 25,000) accounts for 21%. The remaining 49% of the market comprises of the following segments : the Premium (Rs. 25,000 to 1 Lakh), Bridge to Luxury (Rs. 1 to 2.5 Lakhs), and Luxury (Rs. 2.5 to 10 Lakhs), High Luxury (Rs. 10 Lakhs and above).

### Indian Premium & Luxury Watch Market



While the Mass & Mid segments account for a significant value and volume part of the market, their growth rate is sluggish at 5-7%. On the other hand, Fashion and Premium segments are rising at a CAGR of 12%. Luxury categories are increasing higher than other sectors. With a CAGR of 14%, the high luxury market is expanding more quickly than other market segments.

The size of the Luxury watch segment as percentage of the total watch market was about 24% in FY 2020 in India; this is relatively small when compared to worldwide averages. In comparison, Singapore's luxury watch market accounts for around 47% of the whole watch market, while the worldwide number is 59%. However, as this segment is the fastest growing in India, it is estimated to rise from 24% to 27% by FY 2025. Thus among all watch segments, the luxury market segment provides the best growth opportunities in India.

### **Increasing HNWI and UHNWIs**

Our five-year UHNWI (Ultra High Net Worth Individual) growth estimate has Asia at the top with a growth rate of 39%, headed by India at 63% and Indonesia at 67%. Asia's share of UHNWIs worldwide would increase from 22% to 24% as a result. India has a UHNWI population that is 10 times larger than that of Indonesia and 14 times larger than that of the Philippines but only at the 1% level (US\$60,000). Forecasts for wealth growth indicate that India's wealth threshold will nearly treble over the next five years.

In fast-growing economies like China and India, where the number of HNIs has increased, people's wealth has also increased. The Knight Frank 2021 research predicts that the number of HNIs will increase by 75% during the next five years. India has 3.50 lakhs HNIs as of 2020; by 2025, that number will rise to 6.11 lakhs. Similar to this, it is anticipated that the number of UHNIs will increase from 6,884 in 2020 to 11,198 in 2025, a 63% increase.

As HNI and UHNI families are the most significant buyers of luxury products in general, including premium and luxury watches, growth in HNI and UHNI numbers will significantly fuel the expansion of luxury businesses.

### **Company Overview**

Ethos is India's leading luxury and premium watch retail player, providing customers with a content-led luxury retail experience via a very strong online platform of the Company's website and social media channels, which is anchored by a pan-India physical store presence that currently comprises of 50 stores in 17 cities. Ethos offers the greatest range of premium and luxury watches in India, spanning more than 50 watch brands under its offering.

#### **Certified Pre-Owned**

In addition to retailing new watches, the Company also offers Certified Pre-Owned (CPO) luxury watches through its website [www.secondmovement.com](http://www.secondmovement.com) and a dedicated CPO luxury watch lounge located in New Delhi. Under this business vertical, the Company purchases watches from genuine sellers and, after carrying out an extensive process of inspection, verification and refurbishment by expert watchmakers at a state-of-the-art technical facility, offers them for sale supported by certification and a two-year warranty.

At a global level, sales of CPO luxury watches already accounts for about one third of the size of the new watch

market, and this is estimated to grow to about 50% by 2025-26. In India too, the CPO segment is growing at a high double-digit rate and is expected to reach a size of about Rs. 700 to Rs. 900 crores by 2025.

### **Omnichannel**

Company's omnichannel approach is premised on our belief that customers now shop seamlessly across digital and physical platforms and retail businesses must facilitate this. Our website "[www.ethoswatches.com](http://www.ethoswatches.com)" is India's largest website for premium and luxury watches in terms of traffic and in the number of brands and watches. During FY22 Company's website had 22.77 million number of sessions vs 17.20 million sessions in FY21. On our website, interested visitors are assigned a highly trained watch consultants, who help them to choose from the wide array of premium and luxury watches. As the offline and online channels are integrated, customers can place orders for the products online or on phone for home or office delivery, or to visit and buy at any of our stores. The digital platforms also allow us to cater to its customers located in cities where the company does not have any physical presence, thus expanding our reach to customers even in Tier 3 and Tier 4 cities in India .

As of March 31, 2022, the Company has over ~285,000 active email subscriptions, 1,68,000 Instagram followers, 1,57,000 Facebook followers, and 12,300 Youtube subscriptions. We also 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.

#### **After-Sales-Services**

As a holistic watch player, the Company extends its offerings beyond just selling watches. Our after-sales services include repairs, restoration, overhauling, ultrasonic cleaning, engraving, and adjustments. Ethos's cutting-edge Service Centre, 'Ethos Watch Care,' based in New Delhi is equipped with the latest technology and advanced equipment primarily imported from Switzerland. It is manned by horological watch technicians with extensive work experience across major international luxury watch brands.

#### **Data and Information Management**

The Company's digital platform is a critical enabler and cornerstone of sustained growth. The Company has a mix of licenced and open-source technology. The licensed third-party information technology platforms such as Navision for financial reporting, inventory management, order fulfilment, and merchandising are a boon to the organisation. Information technology systems also incorporate retail space planning and traffic, master data management, inventory, Omnichannel retail, warehouse management, CRM, finance, accounting, insurance, repair systems, business intelligence, and other aspects of the Company's operations. The Company systems have been optimized to serve its operations across India, and the digital assets and CRM are shared across all the sales channels and processes. A specialized team is hired which is dedicated to improving the platform's capabilities and the shopping experience for customers.

## Long-term business strategies

### Growing market presence

The Company expects to grow the sales of premium and luxury watches in the top Indian cities and also to establish physical stores in high-growth Indian cities such as Surat, Indore, Kochi, Raipur among others. In a later phase the Company also intends to establish presence outside India in neighboring countries, where organized luxury retail is still in a very initial stage.

### Strengthening brand portfolio

As a brand custodian to leading watch brands worldwide, the Company makes continuous efforts to offer the most relevant assortment of brands to its customers. The Company intends to partner with more leading watch brands, especially those that are yet to establish a presence in India.

### Strengthening CPO business

With the global CPO market expected to grow with a CAGR of 9% till CY23, the Company is trying to expand its CPO business by leveraging its existing relationships, scale, digital infrastructure and servicing. The Ethos service centre aids in the quality inspections, assessments, repairs, and certification of the used watches it receives. It also enables the Company to buy more watches and offers its clients the option to trade-in or sell their watches to the Company.

### Leverage technology

The Company considers digital platform to an essential pillar of its business strategy. The Company uses several licensed and open-source technologies including Navision, for our financial reporting, inventory management, order fulfilment, and merchandising. The Company's IT system also integrates 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. The Company has optimized its systems to support pan India operations.

The Company is in the process 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. The application will have 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.

The Company's integrating machine learning and artificial intelligence into our retailing to leverage the increasing internet penetration. Many luxury brands have already started to adopt these technologies to bridge the gap between online and offline retailing by providing virtual experience to get experience of the product and enable conversion.

### Build an integrated luxury retail network

The Company aims to increase its brand portfolio at the backdrop of its strong customer pool, looking to expand business verticals to luggage bags and jewellery. With the evident evolution of customer base, the expansion is backed by best-in-class operations, including marketing, merchandising and IT, and strong customer relationship management.

## Competitive Strengths

### Large base of luxury customers

The Company's loyalty programme with Club Echo has helped it understand its customer base and trends and has enabled to engage closely with its customers. The Company has more than ~285,000 members, and the number has been growing steadily over the years.

### Strong omnichannel framework

The Company has a strong core team for digital infrastructure, which works over various departments to optimize customer reach and satisfaction. Ethos also includes information about the brand's legacy on its digital platform and serves them with brand information. The business uses videos and graphics of the highest quality to draw clients and sustain business growth.

### Outstanding in-store experience

The Company has strategically selected its retail store locations. These retail stores have high-quality interiors, superb presentation of products and well-trained staff with good knowledge about the products. This helps the Company penetrate luxury watch market efficiently.

### Partnering with leading watch brands

The Company values its brand relationships and has a team of brand managers who work closely with brands to strategize and execute growth and brand building strategies. The Company view itself as brand custodians and apply a client-servicing mindset to its interactions with brands to ensure long-term strategic relationships.

Relationships with owners of luxury watch brands typically take many years to develop and are difficult to replicate. The Company have been immensely benefitted from its 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, the Company is able to offer its customers the respected luxury watch brands in the world.

**Exclusive Brands:** The portfolio of Exclusive brands is an essential pillar in the Company's strategy. The 33 brands in the Company's portfolio, all of which are available only at Ethos, have fueled the Company's expansion. Exclusive brands contributed 37.8% of the Company's gross margins and 27% of its topline revenue in FY22.

**Certified Pre-Owned Business:** For the watch industry, certified pre-owned timepieces are a major growth driver.

The market for used watches does not compete with that for brand-new watches. Instead, by encouraging the ownership of several watches and introducing an entire industry of first-time luxury fans, it increases the size of the overall market.

Since ours is the only company with a pan-India presence to source watches, we have the first mover advantage in this quickly expanding business segment. The website for the business, <https://www.secondmovement.com> has already received 100,000 visitors. In the past year, the Company has diligently trained 17 watchmakers, and they are now in a position to expand the business quickly.

In comparison to the prior year, the Company's business increased by ~3 times. In order to continue driving robust growth in the pre-owned business, we will expand our footprint and website to four to five major cities in India over the course of the next two years.

**Loyalty Program:** The Company's customer relationship management effort, Club ECHO, is a loyalty programme that rewards repeat customers based on their overall cumulative spending over time. We have access to significant purchasing trends thanks to the database created by Club ECHO, and we can use this information to construct communication campaigns that will increase customer satisfaction and commitment. Club ECHO had more than ~285,000 registered members as of March 31, 2022. Company had repeat buying of 41% during FY 2021-22. This shows a great customer recall in response to the great services and assortment Ethos provides to its customers.

#### Experienced leadership

The Company's leadership and management team helps them make informed judgments on significant challenges and sustain business growth. Over the years, it has expanded its market presence, driving revenues and profitability consistently.

## Financial review

The Company's consolidated revenue from operations during the financial year 2021-22 stood at Rs 577.28 Crores, gross margins stood at 28.78%. During the period of COVID-19, we quickly adapted our business operations. As a result the recovery has been swift and strong.

Despite ongoing effects of COVID, the business has experienced significant growth in terms of revenues and profitability. Strong digital initiatives and a successful holiday season with customers started returning to stores for a better experience, were the driving forces behind the recovery.

Without affecting its capacity to meet customer demand, the Company closed 2 underperforming stores and opened 6 new stores, including one Certified Pre-Owned Store. There are now 50 stores overall, up from 46.

Financial Results	(Rs. in lakhs)			
	Standalone for the year ended March 31		Consolidated for the year ended March 31	
	2022	2021	2022	2021
Turnover (Including other Income) (Rs. in lakhs)	59,076.24	40,354.10	59,006.20	40,299.69
Earning before Interest, tax, depreciation and amortisation expenses (EBITDA)	7,926.33	5,576.90	7,970.73	5,627.72
Profit before tax	3,120.59	629.99	3,152.59	672.33
Profit after tax	2,336.30	463.67	2,338.80	475.72
Net Assets Value Per Share (Rs.)	125.77	86.28	125.67	86.17
Earning Per Share (basic) (Rs.)	12.67	2.55	12.69	2.61
Earning Per Share (diluted) (Rs.)	12.67	2.53	12.69	2.59

## Details Of Significant Ratio Changes

Standalone	2022	2021	Increase / (decrease)%
Inventory Turnover (Number of days)	158.03	186.74	-15.37%
Interest Coverage Ratio	2.00	1.85	8.42%
Current Ratio	2.02	1.70	18.59%
Debt Equity Ratio	0.70	0.89	-22.02%
Debtors Turnover (Number of days)	3.28	11.50	-71.51%
Operating Profit Margin (%)	6.08%	1.78%	241.90%
Net Profit Margin (%)	3.95%	1.15%	244.18%
Return on Net Worth (%)	12.01%	2.99%	301.14%
Return on Capital Employed (%)	14.03%	9.48%	47.98%



Consolidated	2022	2021	Increase / (decrease)%
Inventory Turnover (Number of days)	158.03	186.74	-15.37%
Interest Coverage Ratio	2.01	1.86	8.11%
Current Ratio	2.06	1.73	18.72%
Debt Equity Ratio	0.70	0.89	-22.06%
Debtors Turnover (Number of days)	3.28	11.50	-71.51%
Operating Profit Margin (%)	6.14%	1.90%	223.52%
Net Profit Margin (%)	3.96%	1.18%	235.77%
Return on Net Worth (%)	12.04%	3.07%	291.52%
Return on Capital Employed (%)	14.14%	9.67%	46.14%

## Human Resources

A total of 424 people are employed full time for the Company as of March 31, 2022, with 79 women accounting for 18.63% of all employees.

The Company's human resource practices are centred on attracting talented and qualified employees whom we feel will fit in well with our current workforce. It strives to develop and train its staff assist in expanding its activities. The Company encourages its staff through its rewards and recognition programme and frequent events to acknowledge and honour workers based on performance and impact, regardless of seniority, department, or location. Employee induction methods at the Company are centred on soliciting regular feedback and fostering contact between new employees and senior management. They also have regular training sessions and performance evaluations.

The Company's staff is covered by medical and accident insurance, and also have wellness and physical health initiatives implemented for them.

## Risk management

The Board of Directors review the Company's business risks and formulate strategies to mitigate those risks. The Senior Management team, led by the Managing Director, is responsible for proactively managing risks with appropriate mitigation measures and ensuring their implementation thereof.

Below are some of the key risks and concerns in our business:

- Availability of commercially viable real estate properties at suitable locations for our new stores, timely execution of leave and license registrations and getting regulatory approvals for these properties.
- Ability to attract, hire, train and retain skilled employees
- Ability to maintain an optimal level of inventory in our stores may impact our operations adversely

- Our continued understanding and prediction of consumers' changing needs and preferences and timely customising of our offerings
- Effective management of our store expansion and operations in newer locations/cities/states
- Effectively Procurements of Product at Certified Pre-Owned Segments for its authenticity

## Internal Control System and their Adequacy

The Company has put in place internal control systems and a structured internal audit process vested with the task of safeguarding the assets of the organisation and ensuring reliability and accuracy of the accounting and other operational data. The internal audit team reports to the Audit Committee of the Board of Directors.

Similarly, Company maintains a system of a monthly review of the business as key operational control, wherein the performance of units is reviewed and corrective action is initiated. We also have in place a capital expenditure control system for authorising spends on new assets and projects. Accountability is established for implementing the projects on time and within the approved budget.

The Audit Committee and the Senior Management Team are regularly apprised of the internal audit findings and regular updates are provided on the action taken on the internal audit reports. The Audit Committee reviews the quarterly, half-yearly and annual financial statements of the Company. A detailed note on the functioning of the Audit Committee and of the other committees of the Board forms part of the section on corporate governance in the Annual Report.

During the year, we carried out a detailed review of internal financial controls. The findings were satisfactory and suggestions for improvement have been taken up for implementation. Policy guidelines and Standard Operating Procedures (SOPs) continue to be updated where required, to keep pace with business requirements.

**Disclaimer**

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, a global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

# Annexure - III

## Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2021-22 {in terms of Companies (Corporate Social Responsibility Policy) Rules, 2014}

### 1. Brief outline on CSR policy of the Company

Ethos Limited ('Ethos' or 'Company') strives to be a socially responsible Company and strongly believes in development which is beneficial for the society at large. In line with the commitment and pursuant to the provisions of section 135 of the Companies Act, 2013 read with schedule and rules made thereunder, the Board of Directors of Ethos acting upon the recommendation of its Directors and the Corporate Social Responsibility Committee (the "Committee") through its meeting held on February 4, 2019 has approved, adopted and formulated 'Ethos Limited – Corporate Social Responsibility Policy'.

'Ethos Limited – Corporate Social Responsibility Policy' has been formulated with a view to set guiding principles for carrying out CSR activities by the Company and also to set up process of execution, implementation, and monitoring of the CSR activities to be undertaken by the Company.

### 2. The composition of the CSR Committee

The CSR Committee of the Company consists of the following members:-

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Yashovardhan Saboo, Managing Director	Chairman	1	1
2.	Mr. Mohaimin Altaf, Independent Director	Member	1	1
3.	Mrs. Neelima Tripathi, Independent Director	Member	1	1
4.	Mr. Pranav Shankar Saboo, Chief Executive Officer	Member	1	1
5.	Mrs. Malvika Saboo	Invitee	1	1

The CSR Committee of the Company was constituted at the Board meeting held on February 4, 2019.

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board is <https://www.ethoswatches.com/investors-information>

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and the amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
		----Not applicable----	
	Total		

**6. Average net profits of the Company as per section 135(5)**

(Rs. in lakhs)

Sl. No.	Net Profit for the year ended on	:	
1.	March 31, 2021	:	627.10
2.	March 31, 2020	:	124.87
3.	March 31, 2019	:	1,845.65
4.	Total (1+2+3)	:	2,597.62
5.	Average Net Profits (Rs. 2,597.62 /3 lakhs)	:	865.87

7. (a) Two percent of average net profit of the Company as per section 135(5) : Rs. 17.32 lakhs  
(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years : Nil  
(c) Amount required to be set off for the financial year, if any : Nil  
(d) Total CSR obligation for the financial year (7a + 7b -7c) : Rs. 17.32 lakhs
8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year. (in Rs. lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in lakhs)	Date of transfer	Name of the Fund	Amount	Date of transfer
11.78	5.54	April 18, 2022	Not applicable	Nil	Not applicable

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No).	Location of the project.		Project duration	Amount allocated for the project (in Rs. lakhs)	Amount spent in the current financial Year (in Rs. lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. lakhs)	Mode of Implementation- Direct (Yes /No).	Mode of implementation – Through Implementing Agency	
				State	District						Name	CSR registration
1.	"Cauvery Calling" project, as a part of Million Tree project	Tree Plantation	No	Throughout India	Unspecified	14.82	9.28	5.54	No	Isha Outreach	CSR00009670	
<b>Total</b>						<b>14.82</b>	<b>9.28</b>	<b>5.54</b>				

- c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No).	Location of the project.		Amount spent for the project (in Rs. lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through Implementing Agency	
				State	District			Name	CSR registration
1.	Makanpur Pond Project, Ghaziabad	Support for a specific project for forestation of a waste area in Ghaziabad	No	Uttar Pradesh	Ghaziabad	2.50	No	Bharatiyam	CSR00019196
<b>Total</b>						<b>2.50</b>			

- (d) Amount spent in Administrative Overheads : Nil
- (e) Amount spent on Impact Assessment, if applicable : Nil
- (f) Total amount spent for the financial year (8b + 8c + 8d + 8e) : Rs. 11.78 lakhs
- (g) Excess amount for set off, if any

Sl. No.	Particular	(Rs. in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	17.32
(ii)	Total amount spent for the Financial Year	11.78
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**9. (a) Details of Unspent CSR amount for the preceding three financial years:-**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs. lakhs)
				Name of the Fund	Amount (in Rs. lakhs)	Date of transfer	
				----Not applicable----			
	Total						

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs. lakhs)	Amount spent on the project in the reporting Financial Year (in Rs. lakhs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs. lakhs)	Status of the project- Completed / Ongoing.
1	-	"Cauvery Calling" project, as a part of Million Tree project	2020-21	Unspecified	19.86	9.28	14.32	Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s). : Not applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset. : Not applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

Out of the total proposed CSR expenditure of Rs. 17.32 lakhs for the financial year ended March 31, 2022, the Company has not been able to spend Rs. 5.54 lakhs as per sub section (5) of Section 135 of Companies Act. The aforesaid amount belongs to an ongoing project and the same has been transferred to special account in compliance with provisions of sub section (6) of Section 135 of the said Act. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. The aforesaid unspent amount shall be utilised in the ongoing project designated for this expenditure.

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**Yashovardhan Saboo**  
 Managing Director  
 Chairman of CSR Committee

# Annexure - IV

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

TO  
THE MEMBERS,  
**ETHOS LIMITED**  
PLOT NO. 3, SECTOR- III,  
PARWANOO, HIMACHAL PRADESH

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ETHOS LIMITED**. (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the **ETHOS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **ETHOS LIMITED** ("the Company") for the financial year ended on March 31, 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- v. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) Other Applicable Acts:
  - a) The Reserve Bank of India Act, 1934
  - b) Prevention of Money Laundering Act, 2002 and the prevention of Money-Laundering (Amendment) Act 2012.
  - c) Payment of Wages Act, 1936, and rules made thereunder
  - d) The Minimum Wages Act, 1948, and rules made thereunder
  - e) Employee's State Insurance act, 1948, and rules made thereunder
  - f) The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and rules made thereunder
  - g) The Payment of Bonus Act, 1956, and rules made thereunder
  - h) The Payment of Gratuity Act, 1972
  - i) Indian Contract Act, 1872
  - j) The Apprentices Act, 1961
  - k) The Workmen's Compensation act, 1923
  - l) Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
  - m) The Factories Act, 1948

- n) The Industrial Disputes Act, 1947
- o) Income Tax Act, 1961
- p) Central Sales Tax Act, 1956
- q) Shops and Commercial Establishment Act, 1956
- r) Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975
- s) Bombay Labour Welfare Fund Act, 1953
- t) States Value Added Taxes
- u) Consumer Protection Act, 1986
- v) Customs Tariff Act, 1975
- w) Service Tax/GST
- x) Cenvat Credit Rules, 2004
- y) Information Technology Act, 2000

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the

composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Director's to schedule the Board Meetings, agenda and detailed notes on agenda are sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Company had filed its draft Red Herring Prospectus dated January 21, 2022 on January 22, 2022. The Company was listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. The listing compliances, regulations and rules are applicable to the Company with effect from May 30, 2022.

**(VISHAL ARORA)**

COMPANY SECRETARY

FCS NO. 4566

CP NO.3645

UDIN: F004566D000711096

PLACE:CHANDIGARH

DATE: JULY 26, 2022

## Annexure -A"

TO  
THE MEMBERS,  
**ETHOS LIMITED**  
PLOT NO. 3, SECTOR-III,  
PARWANOO, HIMACHAL PRADESH

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records, based on my audit.
2. I have followed the audit practices and processes as are appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records.

The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Whenever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws. Rules, regulations, standards are the responsibility of the management. My examination was limited to the extent of verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

PLACE:CHANDIGARH  
DATE: JULY 26, 2022

**(VISHAL ARORA)**  
COMPANY SECRETARY  
FCS NO. 4566  
CP NO.3645  
UDIN: F004566D000711096



# Annexure - V

## REPORT ON CORPORATE GOVERNANCE

**Pursuant to Regulation 34(3) read with Section C of Schedule V to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

### Company's Philosophy on Corporate Governance

Ethos Limited is India's largest chain of luxury watch boutiques with a presence of 50 stores across 17 cities in India that retails over 50 premium luxury watch brands. The Company takes pride in helping our customers choose the best and most perfect of watches for themselves or their loved ones, while protecting them from rampant malpractices in India such as smuggled, fake, and refurbished watches passed off as new. The Company is continuously aiming and is committed to enhancing the stakeholder value by application of the best management practices, compliance of law in true letter and spirit and strict adherence to ethical standards for effective management in order to achieve the ultimate goal of sustainable development for all stakeholders. The improved governance structures and processes ensure quality decision-making, encourage effective succession planning for senior management and enhance the long-term prosperity of the Company. The Corporate Governance framework of the Company is based on an effective and independent Board of Directors. The separation of the supervisory role of the Board of Directors of the Company ("the Board") from the executive management team and constitution of the committees of the Board has been carried out as required under the applicable laws. A robust Corporate Governance framework has been implemented across the organization so as to sustain and improve, with each passing day, the Company's efficiency, effectiveness and social responsibility. The basic philosophy of Corporate Governance in the organization emphasizes on maintaining the highest levels of transparency, accountability, awareness and equity across all operational aspects. As a listed Company, our management accepts the inalienable right of the shareholders as true owners of the corporation and of their own role as trustees on behalf of its shareholders. The Company follows the requirement of the applicable regulations in respect of Corporate Governance in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 pertaining to the constitution of the Board and committees thereof and formulation and adoption of policies required therein. The Board functions independently through its various committees constituted to oversee specific operational areas. The Company's management provides the Board with detailed reports on a periodic basis. The Company believes that strong Corporate Governance is indispensable to resilient and vibrant capital markets and is an important

instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high-quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure. Therefore, the Company takes all necessary steps to continue to comply with all the necessary Corporate Governance practices.

The Company has been listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on May 30, 2022. A report on the Company's compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013, as amended from time to time, is given hereunder:-

### Compliance with Corporate Governance guidelines

The Company is in compliance with the requirements stipulated under Chapter IV read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time with respect to Corporate Governance.

A report on the Company's compliance with the applicable Corporate Governance provisions since the date of its listing with effect from May 30, 2022 is given hereunder.

#### I. Board of Directors

##### a) Composition of the Board

The Board is at the core of the Company's Corporate Governance practices and oversees how the Management serves and protects the long-term interests of all its stakeholders. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

The Company believes that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance.

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive Directors and Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 read with rules made thereunder ('the Act') and Regulation 17 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('SEBI Listing Regulations').

The Board of Directors comprised of 9 (nine) Directors as on March 31, 2022 and 10 (Ten) Directors as on the date of this report. The name and categories of Directors, DIN, the number of Directorships, and the list of Listed Entities where he/she is a Director along with the category of their Directorships and other details are reproduced hereunder:-

Name of the Director	DIN	Designation	Category
Mr. Yashovardhan Saboo	00012158	Managing Director	Promoter, Executive, Chairman
Mr. Anil Khanna	00012232	Independent	Non-Executive
Mr. Nagarajan Subramanian	02406548	Independent	Non-Executive
Mrs. Neelima Tripathi	07588695	Independent (Woman Director)	Non-Executive
Mr. Sundeep Kumar	02750717	Independent	Non-Executive
Mr. Dilpreet Singh	03042448	Independent	Non-Executive
Mr. Mohaimin Altaf	08080751	Independent	Non-Executive
Mr. Manoj Gupta	08700786	Whole time Director	Executive
Mr. Patrik Paul Hoffmann	09208027	Non-Independent	Non-Executive
Mr. Chitranjan Agarwal*	00095715	Non-Independent	Non-Executive

\*Mr. Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022 at the Board meeting held on March 28, 2022.

All the Directors of the Company are individuals of high integrity and possess relevant expertise and experience and none of them are related to each other.

#### b) Meetings and attendance

During the financial year ended on March 31, 2022, 11 (eleven) Board meetings were held. The Board met at least once in each calendar quarter and the gap between two consecutive meetings did not exceed 120 (One Hundred Twenty) days. These meetings were all attended by Directors, Key Managerial Personnel and Special Invitees. The requisite quorum was present during all the Board meetings. The Directors were provided all the relevant information and details required for taking informed decisions at the Board meetings. The last Annual General Meeting (being 14th AGM) was held on July 31, 2021. The dates of meetings of the Board, attendance of the Directors thereat and last Annual General Meeting ("AGM") of the Company are as under:

Name of the Director	Meetings of the Board of Directors											Annual General meeting held on July 31, 2021
	June 11, 2021	July 31, 2021	August 10, 2021	August 17, 2021	November 1, 2021	November 8, 2021	December 1, 2021	December 30, 2021	January 19, 2022	January 28, 2022	March 28, 2022	
Mr. Yashovardhan Saboo	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Anil Khanna	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Nagarajan Subramanian	√	√	√		√	√	√	√	√	√	√	
Mrs. Neelima Tripathi	√	√	√			√	√	√	√	√	√	
Mr. Sundeep Kumar	√	√	√		√	√		√		√	√	
Mr. Dilpreet Singh	√	√	√	√	√	√	√	√		√	√	√
Mr. Mohaimin Altaf	√		√		√	√			√	√	√	
Mr. Manoj Gupta	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Patrik Paul Hoffmann	√	√	√			√	√	√			√	
Mr. Chitranjan Agarwal*												

\*Mr. Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022 at the Board meeting held on March 28, 2022.

### c) Information Placed Before the Board

Along with the agenda papers, the Directors are presented with detailed notes including necessary information as required under the Statute and in line with the guidelines on Corporate Governance. These papers are circulated to the Directors well in advance so that they can come prepared at the meetings. The Board periodically reviews compliance reports prepared by the Company regarding all laws applicable to the Company. There has not been any instance of non-compliance. Important operational matters are brought to the notice of the Board at its meetings and various divisional heads in charge of the Company's operations attend the Board Meetings to provide inputs and explain any queries pertaining to their respective areas of operation to enable the Board to take informed decisions.

### d) Outside directorships and the Committee positions

The details of outside Directorships, memberships / chairmanships of Audit Committee and Stakeholders Relationship Committee in Indian public companies as well as directorships in other listed companies and category, as on March 31, 2022 are as under:

Name of the Director	No. of Directorship in other Public Limited Companies	* No. of Committee positions held in other Public Limited Companies		Directorship in other listed Companies and category of directorship
		Chairman	Member	
Mr. Yashovardhan Saboo	1	Nil	1	KDDL Limited – Chairman and Managing Director
Mr. Anil Khanna	1	2	Nil	KDDL Limited – Independent Director
Mr. Nagarajan Subramanian	Nil	Nil	Nil	None
Mrs. Neelima Tripathi	Nil	Nil	Nil	None
Mr. Sundeep Kumar	Nil	Nil	Nil	None
Mr. Dilpreet Singh	Nil	Nil	Nil	None
Mr. Mohaimin Altaf	Nil	Nil	Nil	None
Mr. Manoj Gupta	Nil	Nil	Nil	None
Mr. Patrik Paul Hoffmann	Nil	Nil	Nil	None
Mr. Chitranjan Agarwal#	Nil	Nil	Nil	None

\*Committee positions includes only the membership of Audit Committee and Stakeholder's Relationship Committee as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

# Mr. Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022 at the Board meeting held on March 28, 2022.

None of the Directors on the Board holds Directorships in more than 10 (Ten) public companies and/or 20 (Twenty) private companies. Necessary disclosures regarding Directorship positions in public and private companies as on March 31, 2022 have been made by the Directors.

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.

### e) Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / competencies identified by the Board of Director as required in the context of the Company's business and that the said skills are available with the Board Members. The details of Directors of the Company who possess those skills/expertise/competencies are as given below:

Name of the Director	Skills/Expertise/Competencies						
	Business and Strategy	Industry experience and knowledge	Financial and Risk Management	Governance	Technology	Leadership	Sales and Marketing
Mr. Yashovardhan Saboo	√	√	√	√	√	√	√
Mr. Anil Khanna	√	√	√	√	√	√	√
Mr. Nagarajan Subramanian	√	√	√	√	√	√	√
Mrs. Neelima Tripathi	√	√	√	√	√	√	√

Name of the Director	Skills/Expertise/Competencies						
	Business and Strategy	Industry experience and knowledge	Financial and Risk Management	Governance	Technology	Leadership	Sales and Marketing
Mr. Sundeep Kumar	√	√	√	√	√	√	√
Mr. Dilpreet Singh	√	√	√	√	√	√	√
Mr. Mohaimin Altaf	√	√	√	√	√	√	√
Mr. Manoj Gupta	√	√	√	√	√	√	√
Mr. Patrik Paul Hoffmann	√	√	√	√	√	√	√
Mr. Chitranjan Agarwal*	√	√	√	√	√	√	√

\* Mr. Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022 at the Board meeting held on March 28, 2022.

#### f) Familiarisation Programme for Independent Directors

The Companies Act, 2013, read with Regulation 25(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") places increased responsibilities on the Independent Directors of the Company. To enable the Independent Directors to fulfil their responsibilities efficiently and effectively, a familiarisation program is formulated by Ethos Limited ("Company") to assist them understand details about the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

Details of Familiarisation programme imparted to Independent Directors are available on the website of the Company i.e., <https://www.ethoswatches.com/investors-information>

#### g) Remuneration of Directors

Non-Executive Directors including the Managing Director of the Company are paid sitting fee of Rs. 15,000/- for attending each meeting of the Board and for attending each meeting of the Committees of the Board except for the Chairman of the Board and such Committee who are paid 1.5 times of the sitting fees approved by the Board as per Board resolution dated August 4, 2014. The details of remuneration paid to the Directors during the year under review are as follows:-

Name of the Director	(Rs. in lakhs)			
	Sitting fees	Salary	Profit sharing Commission	Total
Mr. Yashovardhan Saboo	5.78	Nil	Nil	5.78
Mr. Anil Khanna	5.93	Nil	6.74	12.67
Mr. Nagarajan Subramanian	3.45	Nil	6.42	9.87
Mrs. Neelima Tripathi	2.25	Nil	2.89	5.14
Mr. Sundeep Kumar	1.65	Nil	3.53	5.18
Mr. Dilpreet Singh	2.93	Nil	4.17	7.10
Mr. Mohaimin Altaf	2.85	Nil	4.17	7.02
Mr. Manoj Gupta	Nil	70.42	Nil	70.42
Mr. Patrik Paul Hoffmann	1.05	Nil	2.25	3.30
Mr. Chitranjan Agarwal*	Nil	Nil	Nil	Nil

\* Mr. Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022 at the Board meeting held on March 28, 2022.

The appointments of Managing Director and Executive Director are governed by the resolutions passed by the Board and Members of the Company, which cover the terms and conditions of their appointments, read with the service rules of the Company. None of the Non-Executive Directors has any pecuniary relationship or transaction vis-a-vis the Company during the year under review except for Mr. Patrik Paul Hoffmann for whom the approval from shareholders has already been obtained vide special resolution passed at the Annual General Meeting held on July 31, 2021 in terms of provisions of section 188(1)(f) of the Companies Act, 2013 read with rules made thereunder.

#### h) Number of shares held by Directors

The number of shares and convertible instruments held by Directors as at March 31, 2022 are as under:-

Name of the Director	Number of equity shares	Number of convertible instruments
Mr. Yashovardhan Saboo	377,383	Nil
Mr. Anil Khanna	12,822	Nil
Mr. Nagarajan Subramanian	85,203	Nil
Mrs. Neelima Tripathi	Nil	Nil
Mr. Sundeep Kumar	Nil	Nil
Mr. Dilpreet Singh	Nil	Nil
Mr. Mohaimin Altaf	Nil	Nil
Mr. Manoj Gupta	10,250	Nil
Mr. Patrik Paul Hoffmann	Nil	Nil
Mr. Chitranjan Agarwal*	Nil	Nil

\* Mr. Chitranjan Agarwal was appointed as a Non-Executive Non-Independent Director with effect from April 1, 2022 at the Board meeting held on March 28, 2022.

#### i) Code of Conduct

The Code of Business Conduct and Ethics ('the Code') relating to matters concerning Board members and Senior Management Personnel and their duties and responsibilities have been meticulously followed. All Directors and Senior Management Personnel have confirmed compliance with the Code for the financial year ended March 31, 2021 in terms of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and a declaration from the Managing Director to that effect is given at the end of this report.

All the Directors and Senior Management of the Company have affirmed compliance with this Code and a declaration to that effect by Managing Director is attached to this report as an annexure to this report.

Details of the Code of Conduct for Board of Directors and Senior Management Personnel is available on the website of the Company i.e., <https://www.ethoswatches.com/investors-information>

## II. Committees of the Board

The Committees of the Board are set up by the Board and are governed by their respective terms of reference. These Committees play a pivotal role in the governance of the Company. The minutes of the meetings of all the Committees of the Board are placed before the Board

for noting. There are 6 (six) Committees of the Board as on March 31, 2022, are as under:-

- Audit Committee.
- Nomination and Remuneration Committee.
- Stakeholders Relationship Committee.
- Risk Management Committee.
- Corporate Social Responsibility Committee; and
- Initial Public Offering Committee

The details of the committees required to be constituted by our Company under the Companies Act, 2013 and 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 a board resolution dated October 31, 2018. The Audit Committee was further re-constituted vide passing a board resolution dated December 30, 2021. The Committee comprises of 4 (four) Directors including 3 (three) Independent Directors. All members of the Committee are financially literate and having requisite accounting or related financial management expertise. The composition of the Committee and its terms of reference are in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015. The Company Secretary acts as the Secretary to the Committee.

The current composition, details of the meetings held and attendance of members thereof along with the brief description of the terms of reference of the Audit Committee is as follows:-

Name and Category	Meetings and attendance of members thereof						
	June 11, 2021	August 10, 2021	November 8, 2021	December 1, 2021	January 19, 2022	January 28, 2022	March 25, 2022
Mr. Anil Khanna (Chairman – Independent Director)	√	√	√	√	√	√	√
Mr. Yashovardhan Saboo (Member – Managing Director)	√	√	√	√	√	√	√
Mr. Nagarajan Subramanian (Member - Independent Director)	√	√	√	√	√	√	√
Mr. Mohaimin Altaf (Member - Independent Director)	√	√	√		√	√	√

Mr. Anil Khanna, Chairman of the Committee was present at the previous Annual General Meeting of the Company held on July 31, 2021.

Terms of Reference of Audit Committee:-

**Powers of Audit Committee-** The Audit Committee shall have powers, including the following:

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- 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:

- 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.
- recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee.
- approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- formulation of a policy on related party transactions, which shall include materiality of related party transactions.
- Following information shall be provided by the Company to Audit Committee for approval by

the Audit Committee for a proposed related party transaction:

- Type, material terms and particulars of the proposed transaction.
- 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).
- Tenure of the proposed transaction (particular tenure shall be specified).
- Value of the proposed transaction.
- 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).

If the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the listed entity or its subsidiary:

- details of the source of funds in connection with the proposed transaction.
- 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.
- applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

- to review the status of long-term (more than one year) or recurring RPTs on an annual basis.
  - 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.
  - examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval
  - reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.
  - 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.
  - reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
  - 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(z c) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.
- scrutiny of inter-corporate loans and investments.
  - valuation of undertakings or assets of the Company, wherever it is necessary.
  - evaluation of internal financial controls and risk management systems.
  - reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - 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.
  - discussion with internal auditors of any significant findings and follow up there on.
  - 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.
  - 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.
  - 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.
  - 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.
  - reviewing the functioning of the whistle blower mechanism.
  - monitoring the end use of funds raised through public offers and related matters.
  - 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.
  - 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
  - reviewing the utilization of loans and/or advances from / investment by the holding Company in the subsidiary exceeding Rs. 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.
  - 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.
  - consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders; and
  - Such roles as may be prescribed under the Companies Act, SEBI Listing Regulations, and other applicable provisions.

**b) Nomination & 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 a board resolution dated December 30, 2021. The Committee comprises of 5 (five) Directors including 4 (four) Independent Directors. The composition of the Committee and its terms of reference are in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015. The Company Secretary acts as the Secretary to the Committee.

The current composition, details of the meetings held and attendance of members thereof along with the brief description of the terms of reference of the Nomination and Remuneration Committee is as follows:-

Name and Category	Meetings and attendance of members thereof		
	June 11, 2021	November 22, 2021	March 25, 2022
Mr. Dilpreet Singh (Chairman – Independent Director)	√	√	√
Mr. Yashovardhan Saboo (Member – Managing Director)	√	√	√
Mr. Anil Khanna (Member - Independent Director)	√	√	√
Mr. Nagarajan Subramanian (Member - Independent Director)	√	√	√
Mr. Sundeep Kumar (Member - Independent Director)	√	√	√

Dilpreet Singh, Chairman of the Committee was present at the previous Annual General Meeting of the Company held on July 31, 2021.

Terms of Reference of Nomination and Remuneration Committee are as follows :-

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- 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:

- 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
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- Formulation of criteria for evaluation of independent Directors and the Board.
- Devising a policy on Board diversity.
- 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);

- 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.
- Analysing, monitoring, and reviewing various human resource and compensation matters.
- 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.
- 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.
- Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary.
- 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.
- 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.



- Frame suitable policies, procedures, and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
  - the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - 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.
- 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.
- 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.
- 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.
- 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.

#### Performance evaluation of the Board

In order to ensure that the Board and Board Committees are functioning effectively and to comply with the statutory requirements, the annual performance evaluation of the Board, Board Committees and Individual directors was conducted during the year. The evaluation was carried out based on the criterion and framework approved by the Nomination and Remuneration Committee.

The process of performance evaluation is based on the evaluation forms, which include a rating mechanism. The criteria for annual performance evaluation of Independent Directors amongst others includes their attendance and contribution at the meetings, devotion of time and effort to understand the Company, its business, their duties and responsibilities, impact and influence on the Board / Committees and adherence to the Code of Conduct etc. Performance of Independent Directors is evaluated by Nomination and Remuneration Committee as well as the Board on the basis of evaluation forms received from all the Directors except the Director being evaluated.

#### 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 Committee comprises of 3 (three) Directors including 1 (one) Independent Director. The composition of the Committee and its terms of reference are in compliance with the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary acts as the Secretary to the Committee.

The current composition, details of the meetings held and attendance of members thereof along with the brief description of the terms of reference of the Stakeholders Relationship Committee is as follows:-

Name and Category	Meetings and attendance of members thereof
	March 28, 2022
Mr. Anil Khanna (Chairman - Independent Director)	√
Mr. Yashovardhan Saboo (Member – Managing Director)	√
Mr. Manoj Gupta (Member – Executive Director)	√

Mr. Anil Khanna, Chairman of the Committee was present at the previous Annual General Meeting of the Company held on July 31, 2021.

Mr. Anil Kumar, Company Secretary of the Company is the Compliance Officer of the Company.

**Terms of Reference of Stakeholders Relationship Committee:-**

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 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 of 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;
- review of measures taken for effective exercise of voting rights by shareholders;

- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities;
- 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;
- 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.
- 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
- 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.

**Details of shareholder's/Investor's complaints received and resolved:-**

Complaints pending as on April 1, 2021	Received during the year	Resolved during the year	Complaints pending as on March 31, 2022
Nil	Nil	Nil	Nil

The Company has designated an e-mail id viz. [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com) for redressal of shareholders' /investors' complaints / grievances.

**d) Risk Management Committee**

The Risk Management Committee was constituted pursuant to the Board Resolution passed on December 30, 2021. The Committee comprises of 2 (two) Directors and 2 (two) Key Managerial Personnel of the Company. The composition of the Committee and its terms of reference are in compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The current composition along with the terms of reference of our Committee is as follows:-

Name of the member	Position in the Committee	Designation
Mr. Sundeep Kumar	Chairman	Independent Director
Mr. Manoj Gupta	Member	Executive Director
Mr. Pranav Shankar Saboo	Member	Chief Executive Officer
Mr. Ritesh Kumar Agrawal	Member	Chief Financial Officer

No meeting of the aforesaid Committee were held during the year under review.

**Terms of Reference of Risk Management Committee-**

- To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
- To implement and monitor policies and/or processes for ensuring cyber security;
- To frame, devise and monitor risk management plan and policy of the Company;
- To review and recommend potential risk involved in any new business plans and processes;

- To review the Company's risk-reward performance to align with the Company's overall policy objectives;
- Monitor and review regular updates on business continuity;
- Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and
- 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 Committee comprises of 3 (three) Directors, Chief Executive Officer of the Company and a Special Invitee. The composition of the Committee and its terms of reference are in compliance with the Companies Act, 2013.

The current composition, details of the meetings held and attendance of members thereof along with the brief description of the terms of reference of the Corporate Social Responsibility Committee is as follows:-

Name and Category	Meetings and attendance of members thereof
	March 28, 2022
Mr. Yashovardhan Saboo (Chairman – Managing Director)	√
Mrs. Neelima Tripathi (Member - Independent Director)	√
Mr. Mohaimin Altaf (Member - Independent Director)	√
Mr. Pranav Shankar Saboo (Member – Chief Executive Officer)	√
Mr. Malvika Saboo (Member – Special Invitee)	√

Terms of References of Corporate Social Responsibility Committee: -

- 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;
- identify Corporate social responsibility policy partners and Corporate social responsibility policy programmes;
- 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;
- delegate responsibilities to the Corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- 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;
- 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
- 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.

### III. Information on General Body Meetings

a) Details of date, time and venue of last 3 (three) Annual General meetings and Special Resolutions passed therein

Year	Date and Time	Venue	Special Resolutions passed
2020-21	July 31, 2021 at 10.00 a.m.	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh	Revision in the remuneration payable to Mr. Pranav Shankar Saboo as Chief Executive Officer (non-Director) of the Company, with effect from April 1, 2021 upto March 31, 2023 Approval for the arrangement with Mr. Patrik Paul Hoffmann, Director of the Company in terms of provisions of section 188(1)(f) of the Companies Act, 2013 Approval for variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013
2019-20	September 16, 2020 at 10.00 a.m.	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh	Nil
2018-19	September 2, 2019 at 10.30 a.m.	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh	Re-appointment of Mr. Yashovardhan Saboo (holding DIN 00012158) as a Managing Director of the Company Approval for reimbursement of managerial remuneration of Mr. Yashovardhan Saboo to KDDL Limited for the financial year 2018-19

#### b) Postal Ballot

During the year under review, no special resolutions were passed through postal ballot. As such, no agency was appointed to conduct the postal ballot exercise.

No special resolution is proposed to be conducted through Postal Ballot on or before 15th Annual General Meeting of the Company.

### IV. Subsidiary Companies

The Company has one subsidiary Body Corporate, namely Cognition Digital LLP and a joint venture company, namely Pasadena Retail Private Limited, as at March 31, 2022.

Cognition Digital LLP is a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 and is not a material subsidiary. However, the Board has formulated a Policy on Material Subsidiaries, which is available on the Company's website and can be accessed through the link <https://www.ethoswatches.com/investors-information>

The subsidiary Body Corporate and joint venture company of the Company are managed by their respective Board of Directors / management in the best interest of the stakeholders. The requirements of LODR Regulations with regard to subsidiary companies have been complied with to the extent applicable.

### V. Managing Director /Chief Financial Officer certification

In terms of Regulation 17(8) of LODR Regulations, the Certificate by Managing Director and Chief Financial Officer of the Company for the financial year ended March 31, 2022 was placed before the Board and the same is annexed as a separate annexure.

### VI. Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

### VII. Certificate regarding non-debarment of the Directors

None of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the companies by Securities and Exchange Board of India ("SEBI") / Ministry of Corporate Affairs or any such statutory authority and a certificate to this effect by M/s Jaspreet Dhawan & Associates, Practicing Company Secretaries is annexed as a separate annexure.

### VIII. Disclosures

#### a) Materially significant related party transactions

All the related party transactions entered into during the year under review were on arm's length basis and the Company had not entered into any related party transactions, which could be considered as material in accordance with the Company's Policy on Materiality of and Dealing with Related Party Transactions. Details of related party transactions have been disclosed in Note 38 of the financial statements. These transactions do not have any potential conflict with the interest of the Company at large. The Policy on Materiality of and Dealing with Related Party Transactions is available on the Company's website and can be accessed through the link <https://www.ethoswatches.com/investors-information>.

#### b) Disclosure of Accounting Convention in Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the accounting

principles applicable in India including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act read with the rules made thereunder. The financial statements have been prepared on a going concern basis and the accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**c) Details of utilisation of funds raised through preferential allotments**

During the year under review, following preferential allotments, allotments pursuant to exercise of employee stock options and Pre-IPO placement were made in compliance with provisions of Companies Act, 2013 read with rules made thereunder:-

- Allotment of 36,250 equity shares of Rs. 10 each at a securities premium of Rs. 110 per share at the Board meeting held on July 31, 2021 pursuant to exercise of employee stock options under 'Ethos – Employee Stock Option Scheme 2013'.
- Allotment of 32,250 equity shares of Rs. 10 each at a securities premium of Rs. 110 per share at the Board meeting held on August 10, 2021 pursuant to exercise of employee stock options under 'Ethos – Employee Stock Option Scheme 2013'.
- Allotment of 36,250 equity shares of Rs. 10 each at a securities premium of Rs. 110 per share at the Board meeting held on August 17, 2021 pursuant to exercise of employee stock options under 'Ethos – Employee Stock Option Scheme 2013'.
- Allotment of 457,938 equity shares of Rs. 10 each at a securities premium of Rs. 540 per share at the Board meeting held on December 1, 2021 to the existing shareholders of the Company pursuant to 'Ethos Rights Issue 2021'.
- Allotment of 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share at the Board meeting held on March 28, 2022 on preferential allotment basis i.e. Pre IPO placement.
- Allotment of 4,271,070 equity shares of Rs. 10 each at a securities premium of Rs. 868 per share and offer for sale of 3,10,430 equity shares of Rs. 10 each under the Initial Public Offering of the Company at the IPO Committee meeting held on May 26, 2022.

There was no deviation or variation in use of proceeds of preferential allotments, allotments pursuant to exercise of employee stock options and Pre-IPO placement made during the year under review.

**d) Disclosure on non-acceptance of any recommendation of any Committee by the Board which is mandatorily required**

There was no such instance during the year under review when the Board had not accepted any recommendation of any Committee of the Board.

**e) Details of non-compliance, penalties etc. regarding matters related to Capital Market**

There have been no instances of non-compliance on any matter as regards the rules and regulations prescribed by the stock exchanges, SEBI or any other statutory authority relating to capital markets during the last three years. No penalty or stricture was imposed on the Company by any stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**f) Vigil Mechanism/Whistle Blower Policy**

The Company has formulated and implemented 'Ethos Limited – Vigil Mechanism/Whistle Blower Policy' to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The same is hosted on the website of the Company at the link <https://www.ethoswatches.com/investors-information>. The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

During the year under review, the status of the concerns or complaints reported stands as follows:-

No. of concerns or complaints outstanding as at April 1, 2021	:	Nil
No. of concerns or complaints received during the year	:	Nil
No. of concerns or complaints resolved during the year	:	Nil
No. of concerns or complaints outstanding as at March 31, 2022	:	Nil

**g) Details of compliance with mandatory requirements and adoption of non-mandatory requirements**

The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022 pursuant to an Initial Public Offering through Book building process of fresh issue of 4,271,070 equity shares and an offer for sale of 310,430 equity shares aggregating to a total offer size of Rs. 40,225.57 lakhs.

The Company has complied with the mandatory requirements of Corporate Governance stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of LODR Regulations except that

the Company has complied with the requirement of Regulation 24A(2) of LODR Regulations after the prescribed timeline to the extent possible upto March 31, 2022. A certificate from Practicing Company Secretary regarding compliance with the requirements of Corporate Governance is annexed with the Directors' Report.

The Company shall endeavour to adopt non-mandatory requirements to the extent possible.

**h) Non-compliance of any requirement of Corporate Governance Report**

During the year under review, the Company was an unlisted Company and the equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. The Company has endeavoured to comply with all requirements of Corporate Governance Report and there has been no instance of any non-compliance thereof.

**i) Commodity price risks and commodity hedging activities**

The disclosures regarding commodity risks as per SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2018/000000141 dated November 15, 2018 are not applicable to the Company.

**j) Prohibition of Insider Trading**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" to ensure fair and adequate disclosure of unpublished price sensitive information and 'Code of Conduct to Regulate, Monitor and Report Trading by the Insiders' to regulate, monitor and report trading by Designated Persons and their Immediate Relatives.

**IX. Means of Communication**

During the year under review, the Company was an unlisted Company and the equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. Post listing, the Company published its quarterly and annual financial results for the Company and consolidated financial results for the subsidiaries in newspapers within 48 hours of the Board Meeting in English and Hindi newspapers namely Financial Express and Himachal Times, Shimla and also posted these on the Company's website immediately.

The Company recognizes the importance of two way communication with shareholders and of giving a balanced reporting of results and progress. Full and timely disclosure of information regarding the Company's financial position and performance is an important part of your Company's Corporate Governance. Since the date of listing, the Company has been complying with the disclosure requirements as applicable to it from time to time.

Annual Report, notice of the meetings and other communications shall be sent to Members through e-mail, post or courier. Ministry of Corporate Affairs ("MCA") has vide its Circular No. 02/2021 dated January 13, 2021 read with Circular No. 20/2020 dated May 5, 2020 and SEBI vide its Circular SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 read with Circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 permitted the Companies to send the Annual Report only by e-mail to Members of the Company. Therefore, Annual Report for FY 2021-2221 including Notice of 15th (Fifteenth) AGM of the Company is being sent to Members at their registered e-mail addresses in accordance with MCA and SEBI Circulars.

Pursuant to Circular issued by Ministry of Corporate Affairs ("MCA") dated May 5, 2020 read together with MCA General Circular Nos. 14 & 17/2020 dated April 8, 2020 and April 13, 2020 respectively read with MCA General Circular No. 02/2021 dated January 13, 2021, and SEBI's Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, read with SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 companies are allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM) for the calendar year 2022. Accordingly, your Company will be conducting the AGM through VC/OAVM facility. Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice of AGM, and this mode will be available throughout the proceedings of the AGM.

Since listing, management presentations on quarterly results, quarterly shareholding patterns, Annual Reports and other important information submitted by the Company with BSE and NSE from time to time are also displayed on the Company's website.

**X. General Shareholder Information**

**a) Annual General Meeting**

Day and date	: Tuesday, September 27, 2022
Time	: 10.00 a.m. IST
Venue	: Meeting will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") facility. (Deemed Venue-Registered. Office: Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh)

**b) Financial year**

April 1 to March 31

**c) Date of Book Closure**

March 31, 2022

**d) Dividend payment date**

The Directors of the Company have not recommended any dividend for the year.

## e) Listing on stock exchanges, stock code and listing fee payment

Name and address of the stock exchange	Stock code
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	543532
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra, Mumbai - 400 051	ETHOSLTD

The Company has already paid the annual listing fee for the financial year 2022-23 to both the exchanges.

## f) Market Price data

The monthly high and low prices of the equity shares of the Company at BSE and NSE during the year under review cannot be shared as the equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022.

## g) Performance in comparison to Board based Indices – BSE Sensex and NSE Nifty

The performance in comparison to Board based Indices – BSE Sensex and NSE Nifty during the year under review cannot be shared as the equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022.

## h) Registrar and Transfer Agent

KFin Technologies Limited (“KFinTech”)  
Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareedi 500 032, Telangana  
Tel: +91 40 6716 2222/ 180034 54001  
E-mail: [ethosltd@kfintech.com](mailto:ethosltd@kfintech.com)  
Investor grievance e-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)  
Contact person: M Murali Krishna  
SEBI Registration No.: INR000000221

## i) Share Transfer System

In terms of Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities can be transferred only in dematerialized form w.e.f. April 1, 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all the risks associated with physical shares, Members are advised to dematerialize shares held by them in physical form. Transfer of shares in dematerialized mode is done through the depositories without any involvement of the Company.

## j) Transfer of Unpaid/Unclaimed Dividend Amounts/ Shares to Investor Education and Protection Fund

The dividend amounts remaining unpaid / unclaimed for a period of 7 (Seven) years from the date of transfer to unpaid dividend account are to be transferred to Investor Education and Protection Fund (“IEPF”) as per Section 125 of the Act. Further, the shares on which dividend remains unclaimed for 7 (Seven) consecutive years are also required to be transferred to the demat account of IEPF Authority as per Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

The Company has never declared any dividend since incorporation. As such, no amounts are required to be transferred pertaining to any unclaimed dividend during the year under review.

## k) Distribution of shareholding

The distribution of shareholding of the Company as at March 31, 2022 is as under:-

Category (Amount)	No. of shareholders	% of cases	Total number of shares	Amount in Rs.	% of Amount
1-5000	196	78.714859	1,419	14,190	0.01
10001- 20000	2	0.803213	3,563	35,630	0.02
20001- 30000	5	2.008032	11,290	112,900	0.06
30001- 40000	4	1.606426	14,588	145,880	0.08
40001- 50000	1	0.401606	4,500	45,000	0.02
50001- 100000	8	3.212851	46,166	461,660	0.24
100001& Above	33	13.253012	18,996,637	189,966,370	99.57
<b>Total</b>	<b>249</b>	<b>100.00</b>	<b>19,078,163</b>	<b>190,781,630</b>	<b>100.00</b>

l) **Shareholding Pattern**

The shareholding pattern of the Company as at March 31, 2022 is as under:-

Category	No. of shareholders	Total number of shares	%age holding
PROMOTER AND PROMOTER GROUP	19	15,456,412	81.02
OTHER THAN PROMOTER AND PROMOTER GROUP	230	3,621,751	18.98
<b>Total</b>	<b>249</b>	<b>19,078,163</b>	<b>100.00</b>

m) **Dematerialisation of shares and liquidity**

The equity shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) of the Company is INE04TZO1018 obtained from National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2022 total of 1,88,82,878 equity shares constituting 98.98% of the issued, subscribed and paid-up equity share capital of the Company were held in dematerialized form in the following manner:-

Name of the depository	Number of equity shares	%age holding
National Securities Depository Limited	1,87,50,215	98.28%
Central Depository Services (India) Limited	1,32,663	0.70%

n) **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

No GDRs / ADRs / Warrants or any Convertible Instruments have been issued by the Company during the year under review and nothing is outstanding as on March 31, 2022.

o) **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During the year under review, the Company had not received any complaint on sexual harassment and no complaint was pending as on March 31, 2022.

p) **Fees paid to Statutory Auditors**

During the year under review, following fees was paid to the Statutory Auditors of the Company:-

Particulars	Amount in Rs. lakhs
As Auditor:-	
Statutory audit	11.00
Limited review of special purpose quarterly results	6.00
In other capacity:-	
Certification work	3.93
Reimbursement of expenses	0.96
<b>Total</b>	<b>21.58</b>

\*excluding taxes as applicable



**q) Credit rating**

The credit rating obtained from ICRA, during the year under review, is as under:-

Fund – based/Cash Credit	: [ICRA]BBB+(Positive); Reaffirmed, outlook revised from Stable to Positive
Fund – based/Term Loan	: [ICRA]BBB+(Positive); Reaffirmed, outlook revised from Stable to Positive
Non fund based	: [ICRA] A2: Reaffirmed
Unallocated	: [ICRA]BBB+(Positive)/ [ICRA] A2; Reaffirmed, outlook revised from Stable to Positive
Fixed Deposits	: MA-(Positive); Reaffirmed, outlook revised from Stable to Positive

**r) Store Locations**

During the year under review, the Company had following 50 (fifty) stores all across the country:-

Sl. No.	Store Name	Location (full address)
1	Ethos	Ethos Limited, Unit G-28 (Ground Floor), Inorbit Mall, Link Road, Malad (West), Mumbai, Maharashtra-400064
2	Ethos	Ethos Limited, Touchstone Annexe, Next to Safina Plaza, Hospital Road, Bengaluru, Karnataka -560001
3	Ethos Summit	Ethos Summit, Unit G-14, Select City Walk, A-3, Distt Centre, Saket, National Capital Territory of Delhi, -110017
4	Tissot Boutique	Ethos Limited - Tissot Boutique, Unit F-73, Select City Walk, A-3, Distt Centre, Saket, National Capital Territory of Delhi-110017
5	Rolex Boutique	Ethos Limited - Rolex Boutique, Unit G-4, UB City, Vittal Mallya Road, Bengaluru, Karnataka -560001
6	Ethos	Ethos Limited, Unit IN-01/02, Intl Departure, IGI Airport, National Capital Territory of Delhi, Pin Code -110037
7	Ethos Summit	Ethos Limited, Unit G-4, MBD Mall, Rajguru Nagar, Ludhiana, Punjab-141012
8	Seiko Boutique	Ethos Limited - Seiko Boutique, Unit F-106, UB City, Vittal Mallya Road, Bengaluru, Karnataka-560001
9	Ethos	Ethos Limited, Unit G-8/9, Ahmedabad One Mall, TP No. 1, FP 216, Near Vastrapur Lake, Ahemdabad, Gujarat-380054
10	Rado Boutique	Ethos Limited -Rado Boutique, Unit G-30, Ahmedabad One Mall, TP No. 1, FP 216, Near Vastrapur Lake, Ahmedabad, Gujarat-380054
11	Ethos Summit	Ethos Summit, Unit G-02/03, UB City, Vittal Mallya Road, Bengaluru, Karnataka -560001
12	Ethos	Ethos Limited, Shop G37-A, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bengaluru, Karnataka -560055
13	Hugo Boss Boutique	Ethos Limited - Hugo Boss Boutique, Shop # 1, UG, Orion Mall, 26/1, Dr. Rajkumar Road, Malleswaram West, Bengaluru, Karnataka -560055
14	Ethos	Ethos Limited, Unit UG-011, The Forum Mall, 183, NSK Salai, Vadapalani, Chennai, Tamil Nadu -600026
15	Ethos	Ethos Limited, Unit 35, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bengaluru, Karnataka -560095
16	Ethos Summit	Ethos Summit, Unit G-10 (Ground Floor), Elante Mall, Industrial & Business Park, Phase 1, Union Territory of Chandigarh -160002
17	Ethos	Ethos Limited, Shop 73, GF, Viviana Mall, Next to Jupiter Hospital, Near Eastern Express Highway, Thane, Maharashtra -400610
18	Ethos Summit	Ethos Limited, Unit 8-A, GF, The Forum Mall, Adugudi Main Road, Koramangla, Bengaluru, Karnataka -560095
19	Ethos Summit	Ethos Summit, Unit G-9A, Palladium Mall, High Street Phoenix, 462 S.B Marg, Lower Parel, Mumbai, Maharashtra-400013
20	Rado Boutique	Ethos Limited -Rado Boutique, Unit G-15, Select CityWalk, A-3, Distt Centre, Saket, National Capital Territory of Delhi, -110017
21	Ethos	Ethos Limited, E-152, GF, Mall of India, Plot M-03, Sector 18, Noida, Uttar Pradesh- 201301
22	Ethos	Ethos Limited, Unit No. 12, Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur, Rajasthan -302017

Sl. No.	Store Name	Location (full address)
23	Rado Boutique	Ethos Limited -Rado Boutique, Unit G-16 (Ground Floor), Elante Mall, Industrial & Business Park, Phase 1, Union Territory of Chandigarh -160002
24	Rolex Boutique	Ethos Limited - Rolex Boutique, Shop G-12, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi -110021
25	Ethos	Ethos Limited, G-37, Oberoi Mall Limited, International Business Park, Off Western Express Highway, Goregaon (East), 1, Mumbai, Maharashtra – 400063
26	Panerai Boutique	Ethos Limited - Panerai Boutique, Shop G-11, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi -110021
27	Jaeger Le Coultre Boutique	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
28	Ethos	Ethos Limited, G-27, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042
29	Oris Boutique	Ethos Limited - Oris Boutique, UG-8, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042
30	Rado Boutique	Ethos Limited - Rado Boutique, GF-60A, Viviana Mall, Next to Jupiter Hospital, Near Eastern Express Highway, Thane, Maharashtra -400610
31	Ethos Summit	Ethos Limited, Unit G-03 & 103, Roxana Fortune, Road No. 12, Banjara Hills, Hyderabad, Telangana -500034
32	Ethos	Ethos Limited, GF 32, City Center Mall, G.S. Road, Guwahati, Assam -781005
33	Ethos	Ethos Limited, Unit No. UGF-09, VR Nagpur Mall, Medical Square, Rambagh Layout, Untkhana, Nagpur, Maharashtra - 440003
34	Ethos Summit	Ethos Limited, UG-32, Phoenix Market City, 207, Viman Nagar Road, Pune, Maharashtra - 411014
35	Ethos Summit	Ethos Limited, Unit G-21, Ambience Mall, NH-8, Gurgaon, Haryana -122002
36	Ethos Summit	Ethos Limited, Orbit Victoria, No. 30, Shakespeare Sarani, P.S. Shakespeare Sarani, Kolkatta, West Bengal -700017
37	Ethos Summit	Ethos Limited, UG-16, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042
38	Ethos Summit	Ethos Summit, Shop 111, The Chanakya DLF Mall, Yashwant Place, Community Centre, African Avenue, Chanakyapuri, National Capital Territory of Delhi-110021
39	Hublot Boutique	Hublot Boutique, Unit G-5B, Palladium Mall, High Street Phoenix, 462 S.B Marg, Lower Parel, Mumbai, Maharashtra -400013
40	Rado Boutique	Ethos Limited -Rado Boutique, Unit 34 (W1-W2), Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur, Rajasthan -302017
41	Omega Boutique	Ethos Limited - Omega Boutique, Unit 34 (W1-W2), Block A, Upper Ground Floor, World Trade Park, JLN Marg, Malviya Nagar, Jaipur, Rajasthan -302017
42	Ethos	Ethos Limited, G-52 (Ground Floor), Vegas Mall, Plot No. 06, Sector 14, Dwarka, National Capital Territory of Delhi -110078
43	Ethos Summit	Ethos Summit, Unit No. G-78 & 79, Palassio Mall, Sector 7, Gomti Nagar Extension, Shaheed Path, Lucknow, Uttar Pradesh - 226010
44	Rado Boutique	Ethos Ltd. - Rado Boutique, Unit No. G-7, Palassio Mall, Sector 7, Gomti Nagar Extension, Shaheed Path, Lucknow, Uttar Pradesh - 226010
45	Girard Perregaux Boutique	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
46	Ethos	Ethos Limited, Unit No. 18, Ground Floor, Square One Mall, Saket, National Capital Territory of Delhi - 110017
47	Ethos Summit	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
48	Omega Boutique	Ethos Limited, Omega Boutique, UG-12A, Upper Ground Floor, Palladium Mall, 142, Velachery Main Road, Velachery, Chennai, Tamil Nadu -600042
49	Omega Boutique	Ethos Limited, Omega Boutique, Unit No. G-6A, Ground Floor, Palladium Mall, High Street Phoenix, 462 S.B Marg, Lower Parel, Mumbai, Maharashtra -400013
50	Bovet Boutique	Ethos Limited, Bovet Boutique, Unit No. 202-A, Upper Ground Floor, DLF Emporio Mall, Vasant Kunj, National Capital Territory of Delhi - 110070

s) **Address and contact details for correspondence**

ANIL KUMAR  
Company Secretary and Compliance Officer  
Ethos Limited  
Registered office – Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh  
Corporate office – S.C.O. 88-89, Sector 8-C, Madhya Marg, Chandigarh 160009  
Telephone no. – 0172-2548223/24  
Email id – [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com)  
Website – [www.ethoswatches.com](http://www.ethoswatches.com)

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## DECLARATION BY THE MANAGING DIRECTOR

[Under Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Board of Directors,  
**Ethos Limited**  
Plot no. 3, Sector III  
Parwanoo 173 220, H.P.

I, Yashovardhan Saboo, Managing Director of the Company hereby confirm that all the Board members and Senior Management of the Company have affirmed compliance with 'Code of Conduct for Directors and Senior Management', for the financial year ended March 31, 2022.

For **Ethos Limited**

**Yashovardhan Saboo**  
Managing Director  
DIN – 00012158

Date : July 26, 2022  
Place : New Delhi

## MD / CFO CERTIFICATE

To,  
The Board of Directors,  
**Ethos Limited**  
Plot no. 3, Sector III  
Parwanoo 173 220, H.P.

**Subject: Certificate pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, Yashovardhan Saboo, Managing Director and Ritesh Kumar Agrawal, Chief Financial Officer of Ethos Limited ('the Company'), hereby certify that:

- a) We have reviewed financial statements and the cash flow statement of the Company for the year ended March 31, 2022 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same.
- d) We have indicated to the auditors and Audit Committee:
  - i) significant changes, if any, in internal control over financial reporting during the year;
  - ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

### For Ethos Limited

**Yashovardhan Saboo**  
Managing Director  
DIN – 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

Date : July 26, 2022  
Place : New Delhi

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Board of Directors,  
**Ethos Limited**  
Plot no. 3, Sector III  
Parwanoo 173 220, H.P.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Ethos Limited** (CIN: L52300HP2007PLC030800) having its registered office at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as mentioned below as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority:-

S. No.	DIN	Name of the Director	Designation	Initial date of appointment
1	00012158	Mr. Yashovardhan Saboo	Managing Director	November 5, 2007
2	00012232	Mr. Anil Khanna	Independent Director	November 5, 2007
3	02406548	Mr. Nagarajan Subramanian	Independent Director	June 29, 2011
4	07588695	Mrs. Neelima Tripathi	Independent Director (Woman)	August 09, 2016
5	02750717	Mr. Sundeep Kumar	Independent Director	October 06, 2016
6	03042448	Mr. Dilpreet Singh	Independent Director	April 9, 2018
7	08080751	Mr. Mohaimin Altaf	Independent Director	April 9, 2018
8	08700786	Mr. Manoj Gupta	Executive Director	February 12, 2020
9	09208027	Mr. Patrik Paul Hoffmann	Non Executive and Non-Independent Director	June 11, 2021
10	00095715	Mr. Chitranjan Agarwal	Additional Director (Non-Executive/ Non-Independent)	April 1, 2022

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### For Jaspreet Dhawan & Associates

Company Secretaries

### Jaspreet Singh Dhawan

Prop.  
Membership no. FCS 9372  
CP no. 8545  
UDIN - F009372D000711799

Date: July 26, 2022  
Place : Mohali

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of Ethos Limited

We have examined the compliance of conditions of Corporate Governance by Ethos Limited for the financial year ended March 31, 2022 as stipulated in Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations to the extent applicable to it.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Jaspreet Dhawan & Associates**  
Company Secretaries

**Jaspreet Singh Dhawan**  
Membership No. F9372  
CP No. 8545  
UDIN - F009372D000729828

Date: July 26, 2022  
Place: Mohali

# Annexure - VI

## Form AOC – 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures {Pursuant to first proviso to sub-section 3 of section 129 read with rule 5 of Companies (Accounts) Rules, 2014}

### Part 'A' : Subsidiaries

(Information in respect of each subsidiary to be presented with amount in Rs. lakhs)

Name of the subsidiary	(Rs. in lakhs)
	<b>Cognition Digital LLP (Wholly owned subsidiary LLP)</b>
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2022
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Indian Rupees
Share Capital i.e. Partner's capital contribution	42.93
Reserves and Surplus	406.11
Total assets	467.44
Total liabilities	61.32
Investments	-
Turnover	365.62
Profit before taxation	99.95
Provision for taxation	29.48
Profit after taxation	70.46
Proposed Dividend	-
% of shareholding	100%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – Not applicable
- Names of subsidiaries which have been liquidated or sold during the year – Not applicable

### Part 'B' : Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associate	(Rs. in lakhs)
	<b>Pasadena Retail Private Limited</b>
1. Latest audited balance sheet date	March 31, 2022
2. Shares of Associate/Joint Venture held by the Company on the year end	
- No.	17,50,000
- Amount of investment in associate/joint venture	175.00
- Extent of holding percentage	50%
3. Description of how there is significant influence	Joint Venture Company
4. Reason why the associate/joint venture is not consolidated	Not applicable
5. Net Worth attributable to shareholding as per latest audited balance sheet	157.47
6. Profit/Loss for the year	
- Considered in consolidation	157.47
- Not considered in consolidation	-

# Annexure - VII

## PARTICULARS OF REMUNERATION

Information required under section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Ratio of remuneration of Directors to the median remuneration of all the employees of the Company and details of percentage increase in the remuneration of Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2021-22 are as follows:-

Name of Director and Key Managerial Personnel	Designation	Ratio of remuneration of each director to median remuneration of employees	% increase in remuneration in the financial year
Mr. Yashovardhan Saboo	Managing Director (KMP)	0.85	48%
Mr. Anil Khanna	Independent Director	1.86	125%
Mr. Nagarajan Subramanian	Independent Director	1.45	188%
Mrs. Neelima Tripathi	Independent Director	0.75	318%
Mr. Sundeep Kumar	Independent Director	0.76	111%
Mr. Dilpreet Singh	Independent Director	1.04	122%
Mr. Mohaimin Altaf	Independent Director	1.03	107%
Mr. Patrik Paul Hoffmann	Non - Independent Director	0.48	N.A.
Mr. Manoj Gupta	Whole time Director (KMP)	9.95	9%
Mr. Chitranjan Agarwal*	Non - Independent Director	N.A.	N.A.
Mr. Pranav Shankar Saboo	Chief Executive Officer (KMP)	N.A.	14%
Mr. Ritesh Kumar Agrawal	Chief Financial Officer (KMP)	N.A.	N.A.
Mr. Anil Kumar	Company Secretary and Compliance Officer (KMP)	N.A.	9%

\*Mr. Chitranjan Agrawal was appointed as an Additional Director (Non Executive and Non Independent) with effect from April 1, 2022 at the meeting of the Board of Directors held on March 28, 2022.

### Notes:

- Remuneration to Independent Directors comprises of sitting fees and 1% profit sharing commission. Remuneration to Managing Director comprises of sitting fees only. Remuneration to Key Managerial Personnel and Whole time Director comprises of salary, allowances, Company's contribution to provident fund, taxable value of perquisites etc.
- During the financial year 2021-22, the average increase in the remuneration was 10.19%.
- The percentage increase in the median remuneration of employees other than managerial personnel in the financial year 2021-22 was 9.10%.
- Average percentage increase made in the salaries of employees other than the key managerial personnel in the financial year was 10.20% whereas the increase in the key managerial personnel remuneration was 10.10%. The increase in remuneration is as per the policy of the Company.
- There were 424 (four hundred and twenty four) permanent employees on the roll of Company as at March 31, 2022. This excludes 17 (seventeen) contractual employees as at March 31, 2022.
- The remuneration is as per the Nomination and Remuneration Policy of the Company.
- Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available for inspection and any Member interested in obtaining a copy of the same may write to Company at [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com) from their registered e-mail address.



# Annexure - VIII

## Conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134 (3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014

### A. Conservation of energy

(i)	the steps taken on conservation of energy -	The Company continues to give high priority to conservation of energy on an ongoing basis through improved operational and maintenance practices. While the business operations of the Company are not energy intensive, the adequate measures have been taken in order to reduce consumption of energy through consumption of renewable energy.
(ii)	the steps taken by the company for utilising alternate sources of energy -	
(iii)	the capital investment on energy conservation equipments -	Nil

### B. Technology absorption

(i)	the efforts made towards technology absorption -	Not applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution -	
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) a) the details of technology imported. b) the year of import. c) whether the technology been fully absorbed. d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Not applicable
(iv)	the expenditure incurred on Research and Development	Nil

### C. Foreign Exchange earnings and outgo

Particulars	(Rs. in lakhs)	
	March 31, 2022	March 31, 2021
Foreign Exchange earnings	553.97	453.64
Foreign Exchange outgo	20,235.56	12,357.38



# Financial Statements

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Ethos Limited**

## Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Ethos Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance

with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

### Key audit matters

#### **Inventory** (as described in Note 39 of the standalone Ind AS financial statements)

The total value of inventory as at March 31, 2022 is Rs. 24,993.29 lakhs. These inventories mainly consist of watches at various stores of the Company. The Company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the Company's management analyses the ageing of inventories to identify slow-moving and obsolete inventories and then estimates the amount of allowance.

### How our audit addressed the key audit matter

Our audit procedures amongst others included the following:

- We evaluated the design and tested the implementation of internal controls relating to physical inventory counts on a test basis, valuation of inventory and allowances for inventory;
- We have assessed the physical verification reports for the verification conducted by the management during the year.
- Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2022. We read and assessed Company's accounting policy with regard to inventories and its compliance with applicable accounting standards.

**Key audit matters**

We have identified the existence of inventory and allowance of inventories as a key audit matter because of the number of stores at which inventory is kept, and the judgement exercised by the Company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories after considering the nature of the retail industry.

**How our audit addressed the key audit matter**

- We analyzed the ageing and quantitative movement to analyze any significant variances.
- We understood how the company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories.
- We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements.
- We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability.
- We read and assessed the adequacy of relevant disclosures related to inventories in the standalone Ind AS financial statements.

**Accounting of Leases as per Ind AS 116 (as described in Note 37 of the standalone Ind AS financial statements)**

As described in Note 37 to the standalone Ind AS financial statements, the Company is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Company. In case of the Company, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the Company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS 116 in case of any changes in terms of existing leases.

Ind AS 116 requires the Company to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgement and estimates including, determination of the discount rates and the lease term.

Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease terms.

We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.

Our audit procedures amongst others included the following:

- We assessed and tested processes and controls designed and implemented by the Company in respect of the lease accounting standard (Ind AS 116);
- We assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;
- We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/modifications;
- We tested the lease data by evaluating the reconciliation of company's lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management;
- We read and assessed the key terms and conditions of lease with the underlying lease contracts on a sample basis;
- We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term.
- We assessed the adequacy of Company's presentation and disclosures related to Ind AS 116.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibilities of Management for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the

preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36 (i) to the standalone Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 50 to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 50 to the standalone Ind AS financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 22087921AJWHWN8649

Place of Signature: New Delhi  
Date: May 30, 2022

# ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR AUDIT REPORT OF EVEN DATE

Re: Ethos Limited ('the Company')

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (i) (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (i) (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more were noticed on such physical verification.
- (ii) (b) As disclosed in note 17A to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has provided loans to employees only. The Company has not provided loans, advances in the nature of loans, stood

guarantee or provided security to any company, firm, Limited Liability Partnership or any other party. The details of loans provided are as follows:

Particulars	Amount (Rs. in lakhs)
Aggregate amount of loans provided during the year	59.77
Balance outstanding as at balance sheet date in respect of above loans	20.93

- (iii) (b) During the year the investments made and the terms and conditions of the grant of all loans are not prejudicial to the Company's interest.
- (iii) (c) The Company has granted loans to employees only, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (iii) (d) There are no amounts of loans granted to employees which are overdue for more than ninety days.
- (iii) (e) There were no loans granted to employees which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) The Company has not provided any loan, guarantee or security as specified under Section 185 of the Companies Act, 2013. The Company has complied with the provisions of Section 186 of the Act in relation to investment made.
- (v) In respect of deposits accepted, directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed

by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. Further, the Company has not accepted any amounts which are deemed to be deposits during the year and accordingly, the provisions of clause 3(v) to that extent are not applicable to the Company and hence not commented upon.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Amount deposited (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	26.63	22.17	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	2.71	-	Assessment year 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3.30	3.30	Assessment year 2019-20	Deputy Commissioner of Income tax
Delhi Value added tax Act, 2004	VAT and CST	3330.03	-	Financial Year 2016-17	Assistant Commissioner, Department of Trade and Taxes
Central Excise Act, 1944	Excise Duty	47.08	-	Financial year 2014-15 to June, 2017	Commissioner of Central Tax (Appeals), Mumbai-III

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix) (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) Term loans were applied for the purpose for which the loans were obtained.

(ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures.

(ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has complied with provisions of Sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment / private placement of shares during the year. The amount



- raised amounting to Rs. 2500 lakhs which was not required for immediate utilization have been parked in a separate bank account and remained unutilized as at the balance sheet date.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (xi) (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the order are not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order are not applicable to the Company.
- (xvi) (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 47 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section (5) of Section 135 of the Act. This matter has been disclosed in note 41 to the financial statements.
- (xx) (b) All amounts that are unspent under sub section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of Section 135 of the said Act. This matter has been disclosed in note 41 to the financial statements.
- (xxi) The requirement to report on clause 3(xxi) of the Order is not applicable to the standalone financial statements of the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**

Partner

Membership Number: 87921

UDIN: 22087921AJWHWN8649

Place of Signature: New Delhi

Date: May 30, 2022

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF ETHOS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to these standalone Ind AS financial statements of Ethos Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these

standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements.

#### Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

A company's internal financial controls with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to these standalone Ind AS financial statements may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these standalone Ind AS financial statements and such internal financial controls with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering

the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 22087921AJWHWN8649

Place of Signature: New Delhi  
Date: May 30, 2022

# Standalone Balance Sheet as at March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,672.24	3,057.40
Capital work-in-progress	3	-	375.73
Intangible assets	4	66.30	64.48
Right-of-use assets	37	9,159.13	8,122.03
Intangible assets under development	4	-	5.61
Financial assets			
- Investments	5	581.11	435.74
- Loans	6	3.67	9.79
- Other financial assets	7	1,106.96	889.10
Non-current tax assets (net)	8	185.35	147.43
Deferred tax assets (net)	9	893.98	811.82
Other non-current assets	10	1,479.39	116.49
<b>Total non-current assets</b>		<b>17,148.13</b>	<b>14,035.62</b>
<b>Current assets</b>			
Inventories	11	24,993.29	19,777.12
Financial assets			
- Trade receivables	12	518.26	1,218.04
- Cash and cash equivalents	13A	3,726.94	1,713.85
- Other bank balances	13B	209.09	214.32
- Loans	6	26.94	18.13
- Other financial assets	7	708.13	1,011.01
Other current assets	14	3,404.20	1,569.96
<b>Total current assets</b>		<b>33,586.85</b>	<b>25,522.43</b>
<b>Total Assets</b>		<b>50,734.98</b>	<b>39,558.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	1,907.82	1,821.28
Other equity	16	21,278.22	13,892.16
<b>Total equity</b>		<b>23,186.04</b>	<b>15,713.44</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	17A	2,764.42	1,708.22
- Lease liabilities	37	7,948.57	6,908.47
- Other financial liabilities	17B	66.90	90.00
Provisions	18	134.00	146.61
<b>Total non-current liabilities</b>		<b>10,913.89</b>	<b>8,853.30</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	17A	3,177.81	3,490.61
- Lease liabilities	37	2,238.40	1,910.90
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	19	86.93	0.72
- total outstanding dues of creditors other than micro enterprises and small enterprises	19	8,605.57	7,446.73
- Other financial liabilities	20	943.86	964.72
Other current liabilities	21	1,268.67	907.66
Provisions	18	313.81	240.79
Current tax liabilities (net)	22	-	29.18
<b>Total current liabilities</b>		<b>16,635.05</b>	<b>14,991.31</b>
<b>Total liabilities</b>		<b>27,548.94</b>	<b>23,844.61</b>
<b>Total Equity and Liabilities</b>		<b>50,734.98</b>	<b>39,558.05</b>
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the standalone financial statements.			

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May, 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Ritesh Agrawal**  
Chief Financial Officer

**Anil Dhiman**  
Company Secretary  
Place: Chandigarh  
Date: May, 30, 2022

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

# Standalone Statement of Profit and Loss for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	23	57,728.37	38,657.07
Other income	24	1,347.87	1,697.03
<b>Total Income (I)</b>		<b>59,076.24</b>	<b>40,354.10</b>
<b>Expenses</b>			
Purchase of stock-in-trade	25	46,328.61	26,084.91
Changes in inventory of stock-in-trade	26	(5,216.17)	2,081.89
Employee benefits expense	27	4,075.23	2,747.15
Finance costs	28	1,664.56	1,699.57
Depreciation and amortization expense	29	3,141.18	3,247.35
Other expenses	30	5,962.24	3,863.24
<b>Total expenses (II)</b>		<b>55,955.65</b>	<b>39,724.11</b>
<b>Profit before tax (III= I-II)</b>		<b>3,120.59</b>	<b>629.99</b>
<b>Tax expense, comprising</b>			
- Current tax	31	866.90	254.87
- Deferred tax credit		(82.61)	(88.55)
<b>Total tax expense (IV)</b>		<b>784.29</b>	<b>166.32</b>
<b>Profit for the year (V= III-IV)</b>		<b>2,336.30</b>	<b>463.67</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
- Re-measurement of income/(loss) on defined benefit plans		1.79	(7.19)
- Income tax relating to items that will not be re-classified to profit and loss		(0.45)	1.81
<b>Total other comprehensive income/ (loss) for the year</b>		<b>1.34</b>	<b>(5.38)</b>
<b>Total comprehensive income for the year</b>		<b>2,337.64</b>	<b>458.29</b>
<b>Earnings per equity share [nominal value of Rs. 10 (previous year Rs. 10)]</b>	32		
Basic (Rs.)		12.67	2.55
Diluted (Rs.)		12.67	2.53
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the standalone financial statements.			

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Ritesh Agrawal**  
Chief Financial Officer

**Anil Dhiman**  
Company Secretary

Place: Chandigarh  
Date: May 30, 2022

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

# Standalone Statement of Changes in Equity

for year the ended March 31, 2022  
(All amounts in Rs. lakhs, except for share data and if otherwise stated)

## a. Equity share capital

Particulars	Note	Number	Amount
Balance as at April 01, 2020	15	1,82,12,812	1,821.28
<b>Balance as at March 31, 2021</b>	15	<b>1,82,12,812</b>	<b>1,821.28</b>
Issue of share capital during the year		8,65,351	86.54
<b>Balance as at March 31, 2022</b>	15	<b>1,90,78,163</b>	<b>1,907.82</b>

## b. Other Equity

Particulars	Deemed capital contribution	Share application money pending allotment	Reserves and surplus				Total
			Share options outstanding account	Capital reserve	Securities premium	Retained earnings	
<b>Balance as at April 01, 2020</b>	<b>50.51</b>	-	<b>47.37</b>	<b>1.67</b>	<b>12,910.67</b>	<b>423.65</b>	<b>13,433.87</b>
- Profit for the year	-	-	-	-	-	463.67	463.67
-Other comprehensive loss (net of tax)	-	-	-	-	-	(5.38)	(5.38)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>458.29</b>	<b>458.29</b>
-Share application money pending allotment	-	7.50	-	-	-	-	7.50
-Share application money refunded	-	(7.50)	-	-	-	-	(7.50)
<b>Balance as at March 31, 2021</b>	<b>50.51</b>	-	<b>47.37</b>	<b>1.67</b>	<b>12,910.67</b>	<b>881.94</b>	<b>13,892.16</b>
- Profit for the year	-	-	-	-	-	2,336.30	2,336.30
-Other comprehensive income (net of tax)	-	-	-	-	-	1.34	1.34
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>2337.64</b>	<b>2,337.64</b>
-Share options lapsed	-	-	(9.41)	-	-	-	(9.41)
-Share options exercised	-	-	(37.96)	-	153.19	-	115.23
-Share allotted	-	-	-	-	4,942.60	-	4,942.60
<b>Balance as at March 31, 2022</b>	<b>50.51</b>	-	-	<b>1.67</b>	<b>18,006.46</b>	<b>3,219.58</b>	<b>21,278.22</b>

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Ritesh Agrawal**  
Chief Financial Officer

**Anil Dhiman**  
Company Secretary

Place: Chandigarh  
Date: May 30, 2022

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

# Standalone Cash Flow Statement for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	3,120.59	629.99
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortization expense	3,141.18	3,247.35
Property, plant and equipment written off and loss on sale of property, plant & equipment	23.72	34.60
Profit on Sale of property, plant & equipments	-	(5.31)
Share of profit in partnership firm	(70.37)	(58.30)
Interest expense	1,608.97	1,691.31
Interest income	(203.10)	(109.21)
Provisions/liabilities no longer required written back	(106.86)	(72.88)
Share options lapsed	(9.41)	-
Unrealized foreign exchange gain	(9.35)	(55.00)
Allowance for bad and doubtful debts/(written back)	(86.70)	(2.90)
Rent waiver on lease liabilities	(804.46)	(1,402.22)
Gain on termination of lease contracts	(34.42)	(46.25)
Allowance for bad and doubtful advances/recoverable	15.00	22.85
Advances / deposits / Bad debts written off	269.19	51.76
<b>Cash generated from operations before working capital changes</b>	<b>6,853.98</b>	<b>3,925.80</b>
<b>Movements in working capital:</b>		
(Increase) in loans	(2.69)	(8.93)
(Increase)/ Decrease in other financial assets	(1.96)	190.44
(Increase)/ Decrease in other assets	(1,505.43)	792.38
(Increase)/ Decrease in inventories	(5,216.17)	2,081.89
Decrease/(Increase) in trade receivables	693.82	(315.19)
Increase in provisions	62.20	23.77
Increase/(Decrease) in trade payables	1,310.75	(8.16)
Increase/ (Decrease) in other financial liabilities	37.15	(125.37)
Increase/(Decrease) in other current liabilities	388.00	(89.87)
<b>Cash flow from operations</b>	<b>2,619.65</b>	<b>6,466.76</b>
Income tax paid (net)	(934.00)	(228.49)
<b>Net cash flow from operating activities (A)</b>	<b>1,685.65</b>	<b>6,238.27</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)	(2,320.83)	(959.16)
Proceeds from sale of property, plant and equipment	19.76	15.00
Payment towards purchase of investments	(75.00)	-
Investment in bank deposits (having original maturity of more than three months)	(10.59)	(85.55)
Interest received	61.32	14.02
<b>Net cash (used in) investing activities (B)</b>	<b>(2,325.34)</b>	<b>(1,015.69)</b>

# Standalone Cash Flow Statement for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>C. FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including premium)	5,144.36	-
Share issue expenses	(384.58)	-
Proceeds from non-current borrowings	2,225.63	1,145.89
Repayment of non-current borrowings	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	739.78	218.30
Repayment of current borrowing having maturity period more than 3 months	(351.24)	(212.60)
Proceeds from/repayments of other current borrowings (net)	(786.45)	(2,678.70)
Payment of principal portion of lease liabilities	(1,204.74)	(467.64)
Interest paid on lease liabilities	(1,020.83)	(1,062.12)
Interest expense paid	(624.83)	(581.92)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>2,652.78</b>	<b>(4,487.54)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2,013.09</b>	<b>735.04</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,713.85</b>	<b>978.81</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,726.94</b>	<b>1,713.85</b>

## Notes :

1 Cash and cash equivalents include :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance with banks in current accounts	3,540.04	224.24
Cheques, drafts on hand	4.81	12.71
Cash on hand	64.18	35.03
Credit cards receivable	117.91	42.87
Fixed Deposits with original maturity period of less than 3 months	-	1,399.00
<b>Cash and cash balance at the end of the year (Refer Note 13A)</b>	<b>3,726.94</b>	<b>1,713.85</b>

- 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.
- Refer note 17A for reconciliation of movements of liabilities to cash flows arising from financing activities.
- Refer note 37 for non-cash investing activities in form of additions to right of use assets.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

**Anil Gupta**

Partner

Membership No. 87921

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**

Managing Director

DIN 00012158

**Anil Khanna**

Director

DIN 00012232

**Ritesh Agrawal**

Chief Financial Officer

**Pranav Shankar Saboo**

Chief Executive Officer

**Anil Dhiman**

Company Secretary

Place: New Delhi

Date: May 30, 2022

Place: Chandigarh

Date: May 30, 2022



# Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

## 1. Corporate Information

Ethos Limited ('Ethos' or 'the Company'), a subsidiary of KDDL Limited, is a public limited company and was incorporated on November 05, 2007 under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

The Company's business consists of trading of watches, accessories and luxury items and rendering of related after sale services.

The standalone Ind AS financial statements were approved for issue in accordance with a resolution of the directors on May 30, 2022.

## 2. Significant accounting policies

### 2.1 Basis of preparation

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

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

The standalone Ind AS financial statements provide comparative information in respect of the corresponding previous year.

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

#### Basis of measurement

The standalone financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

Items	Measure-ment basis
Certain financial assets and liabilities (including derivative instruments) (Refer accounting policy regarding financial instruments)	Fair value

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

### 2.2 Summary of significant accounting policies

#### a) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Company 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 Company has identified twelve months as its operating cycle.

#### b) Property, plant and equipment ('PPE')

*Recognition and measurement*

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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,

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

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

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

### Subsequent expenditure

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

### Depreciation

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

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with related amendments 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. '2.2 (o)' 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 derocognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

## c) Intangible assets

### Acquired Intangible

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

### Subsequent expenditure

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

### Amortisation

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

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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.

### **d) 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.

### **e) 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 and bonus etc., if the Company 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 Company 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 Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### Defined benefit plans

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

periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

#### Compensated absences

The Company'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 profit or loss in the period in which they arise. The Company 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 Company 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.

### **f) Shares-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 35(IV).

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 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 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.

### g) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

### h) 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.

### i) 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.

### j) 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.

### k) Revenue from contract with customers

The Company earns revenue primarily from trading of watches, accessories and luxury items and rendering of related after sale services. The Company 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 Company expects to receive in exchange for those products or services. To recognize revenues, the

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Company 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 Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company 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 Company 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 Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the Company uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

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

### *Sale of goods*

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Company 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 Company 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 Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company 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 Company 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 Company's refund liabilities arise from customers' right of return. The Company 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 Company 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 Company pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sales incentive are immediately recognised as an expense and included as part of employee benefits.

### *Sale of services*

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

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 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 Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

### l) 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.

### m) 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 Company 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.

### n) Taxes

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

#### Current tax

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

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company 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.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

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

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

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

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

The Company 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.

### o) Leases

The Company 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.

*Company as a lessee*

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

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

If ownership of the leased asset transfers to the Company 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 (q) Impairment of non-financial assets.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Lease Liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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 Company 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.

## p) 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company 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 Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (k) 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 Company'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 Company 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)



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### *Debt instruments at amortised cost*

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

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

### *Debt instrument at FVOCI*

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

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI 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 Company 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 Company may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Company makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

### *Impairment of financial assets*

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company 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 Company on terms that the Company 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 Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 Company 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 Company 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 Company'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 Company in accordance with the contract and the cash flow that the Company 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 Company 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 Company'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 Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

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

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

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### *Derecognition of financial liabilities*

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

### *Derivative financial instruments*

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

### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company 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.

### **q) Impairment of non-financial assets**

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

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

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

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

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

### **r) Foreign currency transactions**

#### *Initial recognition*

Transactions in foreign currencies are translated into the functional currency of the Company 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 standalone financial statements are presented in Rs.. Functional currency is the currency of the primary economic environment in which the Company operates and is normally the currency in which the Company primarily generates and expends cash.

#### *Measurement at the reporting date*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

### **s) Operating segments**

An operating segment is a component of the Company 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 Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

### **t) 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.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 Company's cash management.

### u) 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 Company are segregated.

### v) 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.

### w) Measurement of fair values

The Company 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 Company.

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

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

### x) 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.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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.

### 2.3 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 Company 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. Further, MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond June 30, 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before June 30, 2022 from June 30, 2021.

The Company has accounted the unconditional rent concessions of Rs. 804.46 lakhs during the year ended March 31, 2022 (March 31, 2021: Rs. 1,402.22 lakhs) in "other income" in the statement of profit and loss.

b. The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the standalone Ind AS financial statements.

- (i) Ind AS 103 Business Combinations
- (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

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 01, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rule 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work in- progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

### 2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 2.2 (b) – Assessment of useful life of Property, plant and equipment
- Note 2.2 (c) – Assessment of useful life of Intangible assets
- Note 2.2 (g) and (i) – Provisions and contingent liabilities
- Note 2.2 (n) – Income taxes

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2022 is included in the following notes:

#### a) Revenue from contracts with customers

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company 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 Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company 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 Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company 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 Company 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

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 Company 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 (n) and 9- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

### d) Contingencies

Refer Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

### e) Impairment of non-financial assets

Refer Note 2.2 (q)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts;

### f) Impairment of financial assets

Refer Note 2.2 (p)- Impairment of financial assets.

### g) Fair value measurement

Refer Note 2.2 (w) for Fair value measurement

### h) Share based payments

Refer Note 2.2 (f) for Share based payments

**i) Determining the lease term of contracts with renewal and termination options – Company 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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

### Leases – Estimating the incremental borrowing rate:

The Company 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 Company 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 Company '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 Company 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 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 Company. The 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 reliable 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 Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 3 Property, plant and equipment and capital work-in-progress

Particulars	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount (at deemed cost/ cost)</b>							
Balance as at April 01, 2020	2,380.40	142.06	1,734.52	189.21	262.93	4,709.12	69.88
Additions during the year	315.75	207.61	167.19	55.93	33.80	780.28	725.03
Disposals/Capitalisation during the year	(335.62)	(0.28)	(151.38)	(9.58)	-	(496.86)	(419.18)
<b>Balance as at March 31, 2021</b>	<b>2,360.53</b>	<b>349.39</b>	<b>1,750.33</b>	<b>235.56</b>	<b>296.73</b>	<b>4,992.54</b>	<b>375.73</b>
Additions during the year	485.31	3.96	460.60	209.71	157.04	1,316.62	590.43
Disposals/Capitalisation during the year	(122.77)	-	(32.64)	(3.05)	(55.74)	(214.20)	(966.16)
<b>Balance as at March 31, 2022</b>	<b>2,723.07</b>	<b>353.35</b>	<b>2,178.29</b>	<b>442.21</b>	<b>398.04</b>	<b>6,094.96</b>	<b>-</b>
<b>Accumulated Depreciation</b>							
Balance as at April 01, 2020	983.29	16.61	472.40	127.65	64.99	1,664.94	-
Depreciation charge for the year	436.62	9.07	221.08	46.03	32.94	745.74	-
Disposals for the year	(335.62)	(0.25)	(130.61)	(9.05)	-	(475.54)	-
<b>Balance as at March 31, 2021</b>	<b>1,084.30</b>	<b>25.43</b>	<b>562.87</b>	<b>164.63</b>	<b>97.93</b>	<b>1,935.14</b>	<b>-</b>
Depreciation charge for the year	353.69	19.77	179.16	72.31	38.76	663.69	-
Disposals for the year	(122.77)	(0.00)	(26.08)	(2.50)	(24.76)	(176.11)	-
<b>Balance as at March 31, 2022</b>	<b>1,315.22</b>	<b>45.19</b>	<b>715.94</b>	<b>234.43</b>	<b>111.94</b>	<b>2,422.72</b>	<b>-</b>
<b>Net carrying amount</b>							
<b>At March 31, 2021</b>	<b>1,276.23</b>	<b>323.96</b>	<b>1,187.46</b>	<b>70.93</b>	<b>198.80</b>	<b>3,057.40</b>	<b>375.73</b>
<b>At March 31, 2022</b>	<b>1,407.86</b>	<b>308.17</b>	<b>1,462.35</b>	<b>207.79</b>	<b>286.10</b>	<b>3,672.24</b>	<b>-</b>

#### Notes:

- Refer note 17 for information on property, plant and equipment pledged as security by the Company.
- Refer note 36 (ii) for disclosure of contractual commitments for the acquisition of property, plant and equipments.
- Deletion amount includes re-imbursment received for property, plant and equipment of Rs. Nil as at March 31, 2022 (March 31, 2021: Rs. 9.36) from brands.
- The Company 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.

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Opening balances brought forward</b>	<b>53.67</b>	<b>3.82</b>
Rent	39.50	43.82
Power and fuel	0.35	0.33
Rates and taxes	4.11	14.94
Repair and maintenance - Others	15.68	3.37
Miscellaneous expenses	-	4.49
<b>Sub Total</b>	<b>113.31</b>	<b>70.77</b>
Less: Allocated to property, plant and equipment	(113.31)	(17.10)
<b>Closing balance included under Capital Work in Progress</b>	<b>-</b>	<b>53.67</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2022	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2021	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
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>

## 4 Intangible assets

Particulars	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development*
<b>Gross carrying amount (at deemed cost/ cost)</b>					
Balance as at April 01, 2020	45.16	41.90	52.27	139.34	5.61
Additions during the year	0.37	-	1.50	1.87	-
Disposals/Capitalisation during the year	-	-	(0.10)	(0.10)	-
<b>Balance as at March 31, 2021</b>	<b>45.54</b>	<b>41.90</b>	<b>53.67</b>	<b>141.11</b>	<b>5.61</b>
Additions during the year	5.60	-	13.67	19.27	-
Disposals/Capitalisation during the year	-	-	(16.24)	(16.24)	(5.61)
<b>Balance as at March 31, 2022</b>	<b>51.14</b>	<b>41.90</b>	<b>51.10</b>	<b>144.14</b>	<b>-</b>
<b>Accumulated Amortisation</b>					
Balance as at April 01, 2020	5.40	7.04	45.96	58.40	-
Amortisation for the year	7.54	6.98	3.81	18.33	-
Disposals during the year	-	-	(0.10)	(0.10)	-
<b>Balance as at March 31, 2021</b>	<b>12.94</b>	<b>14.02</b>	<b>49.67</b>	<b>76.63</b>	<b>-</b>
Amortisation for the year	8.33	6.98	2.00	17.31	-
Disposals during the year	-	-	(16.10)	(16.10)	-
<b>Balance as at March 31, 2022</b>	<b>21.28</b>	<b>21.00</b>	<b>35.57</b>	<b>77.84</b>	<b>-</b>
<b>Net carrying amount</b>					
<b>At March 31, 2021</b>	<b>32.60</b>	<b>27.88</b>	<b>4.00</b>	<b>64.48</b>	<b>5.61</b>
<b>At March 31, 2022</b>	<b>29.86</b>	<b>20.90</b>	<b>15.53</b>	<b>66.30</b>	<b>-</b>

\*included development of business intelligence software.

### Intangible assets under development (IAUD) Ageing Schedule

As at March 31, 2022	Amount in IAUD for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Intangible assets under development (IAUD) Ageing Schedule

As at March 31, 2021	Amount in IAUD for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	-	5.61	-	-	5.61
<b>Total</b>	<b>-</b>	<b>5.61</b>	<b>-</b>	<b>-</b>	<b>5.61</b>

### 5. Investments\*

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current investment		
<b>Subsidiary:</b>		
Unquoted investment		
- Cognition Digital LLP, Partnership firm (at cost)	42.94	42.94
- Share of profit receivable from Partnership firm	363.17	292.80
	<b>406.11</b>	<b>335.74</b>
<b>In equity shares of Joint venture:</b>		
Unquoted, fully paid up		
- Pasadena Retail Private Limited 17,50,000 (March 31, 2021: 10,00,000) equity shares of Rs. 10 each fully paid up	175.00	100.00
	<b>581.11</b>	<b>435.74</b>

\* Refer Note 43

Particulars	As at March 31, 2022		As at March 31, 2021	
	Total capital contribution	Share (%)	Total capital contribution	Share (%)
Partners:				
Company	42.94	99.99	42.94	99.99
Mr. Pranav Shankar Saboo (beneficial owner is Company)	-	0.01	-	0.01
	<b>42.94</b>	<b>100.00</b>	<b>42.94</b>	<b>100.00</b>

### 6. Loans\* (at amortised cost)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
(unsecured, considered good)				
Loan to employees				
- to related party** (refer note no. 38)	7.18	-	6.16	6.81
- to others	19.76	3.67	11.97	2.98
	<b>26.94</b>	<b>3.67</b>	<b>18.13</b>	<b>9.79</b>

\*The Company's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 33.

\*\* represents loan to whole time director.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 7. Other financial assets (at amortised cost)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
(Unsecured, considered good unless otherwise stated)				
Security deposits				
- to related parties (refer note no. 38)	6.77	-	6.77	-
- to others	421.33	1,090.92	632.57	889.10
Fixed Deposits with maturity of more than 12 months from the Balance sheet date#	-	15.82	-	-
Right of return assets	34.74	-	69.02	-
Interest accrued but not due on fixed deposits	7.86	0.22	10.07	-
Advances Recoverable	226.58	-	271.22	-
Others *	21.36	-	21.36	-
Less: Allowance for bad and doubtful advances recoverable				
- Advances Recoverable	(10.51)	-	-	-
	<b>708.13</b>	<b>1,106.96</b>	<b>1,011.01</b>	<b>889.10</b>

#These deposits include restricted bank deposits amounting to Rs. 9.61 (March 31, 2021 : Nil) earmarked against deposits from shareholders.

\* related to claim receivable for disputed bank charges

### 8. Non-current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current tax assets (net of provision)	185.35	147.43
	<b>185.35</b>	<b>147.43</b>

### 9. Deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Significant components of the Company's net deferred tax are as follows:		
Deferred tax assets	901.25	819.09
Deferred tax liabilities	(7.27)	(7.27)
<b>Net deferred tax assets</b>	<b>893.98</b>	<b>811.82</b>

Year ended March 31, 2022	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
<b>Deferred tax assets:</b>				
<b>Deferred tax assets on</b>				
Property, plant and equipments and Intangible assets	360.78	18.70	-	379.48
Allowance for bad and doubtful debts	25.79	(12.29)	-	13.50
Provision for employee benefits	117.48	20.41	(0.45)	137.44
Provision - other expenses	36.41	1.54	-	37.95
Lease liabilities and Right of use assets (Net)	258.06	70.29	-	328.35
Others #	20.56	(16.03)	-	4.53
<b>Deferred tax liability on</b>				
Claim receivable taxable on receipt basis under Income tax Act	(7.27)	-	-	(7.27)
<b>Net deferred tax assets</b>	<b>811.82</b>	<b>82.61</b>	<b>(0.45)</b>	<b>893.98</b>

# Includes primarily deposits amortisation and interest income there upon as per IND AS 109 and expenses allowable under Section 35D of Income Tax Act, 1961.

**Notes to the Standalone Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

Year ended March 31, 2021	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets:</b>				
<b>Deferred tax assets on</b>				
Property, plant and equipments and Intangible assets	300.53	60.25	-	360.78
Allowance for bad and doubtful debts	26.52	(0.73)	-	25.79
Provision for employee benefits	197.63	(81.96)	1.81	117.48
Provision - other expenses	31.31	5.10	-	36.41
Lease liabilities and Right of use assets (Net)	152.68	105.38	-	258.06
Others #	12.78	7.78	-	20.56
<b>Deferred tax liability on</b>				
Claim receivable taxable on receipt basis under Income tax Act	-	(7.27)	-	(7.27)
<b>Net deferred tax assets</b>	<b>721.45</b>	<b>88.55</b>	<b>1.81</b>	<b>811.82</b>

# Includes primarily deposits amortisation and interest income there upon as per IND AS 109.

**10. Other non-current assets**

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Capital advances (Refer note no 38)	1,351.90	11.79
Advances other than capital advances		
- Prepaid expenses	23.36	0.57
- CENVAT credit receivable	104.13	104.13
	<b>1,479.39</b>	<b>116.49</b>

**11. Inventories**

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost and net realisable value)		
Stock-in-trade [including goods-in-transit Rs. 203.11 (March 31, 2021: Rs. 464.89)]	24,993.29	19,777.12
	<b>24,993.29</b>	<b>19,777.12</b>

Note:- During the year ended March 31, 2022, Rs. 40.40 (March 31, 2021: Rs. 14.82) was recognised as an expense for inventories carried at net realisable value.

**12. Trade receivables**

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good unless otherwise stated)		
Trade receivables #		
- Related parties (Refer note no 38)	247.39	282.49
- Others	270.87	935.55
	<b>518.26</b>	<b>1,218.04</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Break-up of trade receivables:

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables		
Considered good	518.26	1,218.04
Significant increase in credit risk	15.79	102.48
	<b>534.05</b>	<b>1,320.52</b>
Impairment Allowance (allowance for bad and doubtful debts)		
Significant increase in credit risk	(15.79)	(102.48)
	<b>518.26</b>	<b>1,218.04</b>

Trade receivables are non-interest bearing and generally on terms of 0 to 120 days.

### Trade receivables ageing schedule

As at March 31, 2022	Outstanding for following periods from date of transaction					Total
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	
Undisputed Trade Receivable - considered good	259.90	-	-	10.97	247.39	518.26
Undisputed Trade Receivable- which have significant increase in credit risk	4.67	-	-	3.16	1.81	9.64
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	6.15	6.15
<b>Total</b>	<b>264.57</b>	<b>-</b>	<b>-</b>	<b>14.13</b>	<b>255.35</b>	<b>534.05</b>

As at March 31, 2021	Outstanding for following periods from date of transaction					Total
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	
Undisputed Trade Receivable - considered good	908.51	-	40.61	0.73	268.18	1,218.02
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>

# The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.

\* Disputed amount mainly includes amount recoverable on account of open reconciliations items with e-commerce platforms.

### 13A Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in		
- Current accounts*	3,540.04	224.24
- Fixed Deposits with original maturity of less than three months	-	1,399.00
Cheques and drafts on hand	4.81	12.71
Cash on hand	64.18	35.03
Others		
- Credit cards receivable	117.91	42.87
	<b>3,726.94</b>	<b>1,713.85</b>

\*includes Rs. 2,500 received on account of allotment of equity shares towards Pre-IPO placement. The amount received is parked in a separate bank account and remain unutilised as on the balance sheet date.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 13B Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	209.09	214.32
	<b>209.09</b>	<b>214.32</b>

# These deposits include restricted bank deposits amounting to Rs. 209.09 (March 31, 2021 : Rs. 207.21) on account of deposits pledged as security for bank guarantees and earmarked against deposits from shareholders.

### 14. Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
<i>(Unsecured, considered good unless otherwise stated)</i>		
Prepaid expenses	23.14	17.53
Advances for supply of goods		
- Related parties (Refer note 38)	5.76	18.11
- Others	404.02	411.62
Advances to employees		
- Related parties (Refer note 38)	16.14	-
- Others	39.32	31.10
GST credit receivable	1,442.71	1,006.75
VAT recoverable	3.40	6.45
Unamortised share issue expenses*	384.58	-
Deposit under protest	49.76	49.69
Duty Credit Scrips	1,010.94	-
Other recoverable #	51.77	51.56
Less: Allowance for bad and doubtful advances/recoverable		
- Other recoverable	(22.85)	(22.85)
- Advance for supply of goods	(4.49)	-
	<b>3,404.20</b>	<b>1,569.96</b>

# includes primarily claims receivable and includes Rs. 22.85 as allowance for bad and doubtful advances as at March 31, 2022 (March 31, 2021: Rs. 22.85)

\*During the year ended March 31, 2022, the Company incurred expenses in connection with the Initial Public Offer (IPO) of equity shares of the Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till date, except for listing fees which shall be solely borne by the Company, all other expenses will be shared between the Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by the Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale.

### 15. Share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 10 each	3,07,00,000	3,070.00	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs. 130 each	5,76,924	750.00	5,76,924	750.00
12% cumulative redeemable preference shares of Rs. 110 each	12,00,000	1,320.00	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs. 100 each	10,00,000	1,000.00	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>	<b>3,34,76,924</b>	<b>6,140.00</b>
<b>Issued subscribed and fully paid up</b>				
Equity shares of Rs.10 each fully paid up (i)	1,90,78,163	1,907.82	1,82,12,812	1,821.28
	<b>1,90,78,163</b>	<b>1,907.82</b>	<b>1,82,12,812</b>	<b>1,821.28</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### (a) Right preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Company. The 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 Company the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (b) Reconciliation of shares outstanding

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	1,82,12,812	1,821.28	1,82,12,812	1,821.28
Add: Issued on exercise of employee stock options	1,04,750	10.48	-	-
Add: Issued on rights issue basis	4,57,938	45.79	-	-
Add: Issued on preferential allotment basis	3,02,663	30.27	-	-
<b>At the end of the year</b>	<b>1,90,78,163</b>	<b>1,907.82</b>	<b>1,82,12,812</b>	<b>1,821.28</b>

### (c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
KDDL Limited (holding company and ultimate holding company)	1,21,19,588	1,211.96	1,14,10,146	1,141.01
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32	22,93,150	229.32

### (d) Particulars of shareholders holding more than 5% shares of the Company

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
Equity shares of Rs. 10 each fully paid up held by				
KDDL Limited	1,21,19,588	63.53	1,14,10,146	62.65
Mahen Distribution Limited	22,93,150	12.02	22,93,150	12.59

(e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding March 31, 2022).

During the five years immediately preceding March 31, 2022 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

(i) The Company had, during the year ended March 31, 2018, converted 11,00,010 12% cumulative compulsory convertible preference shares of face value of Rs. 110 into 11,00,010 equity shares of Rs. 10 each at a premium of Rs. 100 each. Further, 21,250 equity shares of Rs. 10 each had been issued under employee stock option plan for which exercise price has been received in cash.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

(ii) During the year ended March 31, 2020, 5,76,293 14% cumulative compulsory convertible preference shares of Rs. 130 each were converted into 5,76,293 equity shares of Rs. 10 each at a premium of Rs. 120 per share. Further, 15,000 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(iii) During the year ended March 31, 2022, 1,04,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

### (f) Employee stock options

Terms attached to stock options granted to employees of the company and its holding company are described in note 35(iv) regarding employee share based payments.

### (g) Shares reserved for issue under options and contracts

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Under Ethos Employee Stock Option Scheme - 2013; 350,000 equity shares of Rs. 10 each, at an exercise price of Rs. 120 per share [Refer note 35(iv)]	-	-	1,31,250	13.13

### (h) Promoters Shareholdings

Equity shares of Rs. 10 each fully paid up held by

S. No.	Promoter's name	As at March 31, 2022			As at March 31, 2021		
		Number of shares	% of total shares	% change during the period	Number of shares	Amount	% change during the period
1	KDDL Limited	1,21,19,588	63.53%	0.88%	1,14,10,146	62.65%	1.52%
2	Mahen Distribution Limited	22,93,150	12.02%	-0.57%	22,93,150	12.59%	0.00%
3	Mr. Yashovardhan Saboo	3,77,383	1.98%	0.43%	2,81,428	1.55%	0.75%
	<b>Total</b>	<b>1,47,90,121</b>	<b>77.52%</b>		<b>1,39,84,724</b>	<b>76.79%</b>	

## 16. Other equity

(also refer to Statement of Changes in Equity)

### (i) Deemed capital contribution

- Includes Rs. 14.51 towards fair value of guarantees given by the holding company in the earlier years.
- Includes Rs. 36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

### (ii) Share application money pending allotment

Share application money pending allotment represents monies received against shares to be issued under the employee stock option plan formulated by the Company as at the year end.



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Nature and purpose of reserves

#### (iii) Share options outstanding account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

#### (iv) Capital reserve

Reserve created under the scheme of arrangement (Business Combination). This will be utilised in accordance with the provisions of the Companies Act, 2013.

#### (v) Securities premium

Securities premium represents the excess consideration received by the 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.

#### (vi) Retained earnings

Retained earnings are the profit that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of Profit and Loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

### 17A Borrowings

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>i) Non-current borrowings</b>			
Term-loans			
From banks (secured)	(a)	1,080.58	843.90
Deposits from shareholders (unsecured)(refer to note 38 for related party disclosure)	(b)	2,577.42	1,672.78
Total non-current borrowings (including current maturities)		3,658.00	2,516.68
Less : Current maturities of non-current borrowings [refer to note 17A (ii)]		(893.58)	(808.46)
		<b>2,764.42</b>	<b>1,708.22</b>

#### Notes

- a) Vehicle loans from banks amounting to Rs. 194.75 (March 31, 2021 : Rs.123.90 ) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2021 : 8.23% to 11.76%). The above loans are repayable in monthly instalments within a period of next two to five years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. 389.00 (March 31, 2021: Rs. 389.00) carrying interest rate equal to 7.50 % (March 31, 2021: 7.50%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Company. This is also secured by 3,60,000 shares of holding company held by Mr. Y. Saboo, Managing Director of the Company and second charge on entire property, plant and equipment of the Company. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly instalments of Rs. 8.10 as per the repayment schedule commencing from April 30, 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on April 30, 2026.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Term loan from IDBI Bank Limited amounting to Rs. 320.83 (March 31, 2021: Rs. 330.00) carrying interest rate equal to 8.80 % (March 31, 2021: 8.80%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the Company both present and future and second charge on the fixed assets of the Company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly instalments of Rs. 9.17 and 36th Instalment of Rs. 9.05 as per the repayment schedule commencing from March 31, 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on March 31, 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 176.00 (March 31, 2021: Rs 1.00) carrying interest rate equal to RLLR plus 1% (presently 8.20%) (March 31, 2021: RLLR plus 1%) is secured by Second charge on the stock and receivables on pari passu basis of the Company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly instalments commencing from March 31, 2022 with one year of moratorium from the first drawdown. The last instalment would be repaid on March 31, 2025.

- b) Deposits from Shareholders carry an interest rate ranging between 8% to 11.25% (March 31, 2021: 8% to 11.25%) per annum and carry a maturity period from 6 to 36 months from the respective date of deposits.

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>ii) Current borrowings</b>			
Loan repayable on demand			
- From banks (secured)	c)	1,676.27	2,462.73
Other Loans			
- Inter-corporate deposits (unsecured)	d)	500.00	-
- Deposits from shareholders (unsecured) (refer to note 38 for related party disclosure)	e)	107.96	219.42
Current maturities of non-current borrowings [refer note 17A(ii)]		893.58	808.46
		<b>3,177.81</b>	<b>3,490.61</b>

### Notes

- c) Loan repayable on demand from IDBI Bank Limited amounting to Rs. 633.09 (March 31, 2021 : Rs. 698.14) are repayable on demand and are secured by first pari passu charge on all the current assets of the Company both present and future and second pari passu charge on the fixed assets of the 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 Company and relative of the director. The rate of interest as on March 31, 2022 varies from 9.50% to 10.50% (March 31, 2021 : 10.50% to 10.90%) per annum.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. 454.34 (March 31, 2021 : Rs. 536.69) are repayable on demand and are secured by first pari passu charge on the stock and receivables of the Company. These limits are also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans are also guaranteed by the Holding Company and personal guarantees of the director of the Company. The rate of interest as on March 31, 2022 is 8.35%. (March 31, 2021 : 8.35% to 10.70%) per annum.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. 588.84 (March 31, 2021 : Rs. 1,227.90) are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the company. These limits are also secured by 3,60,000 shares of holding company held by Mr. Y. Saboo, Managing Director of the Company and second pari passu charge on entire fixed assets of the Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the Company and relative of the director. The rate of interest as on March 31, 2022 is 11.00% (March 31, 2021 : 11.00 %) per annum.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Notes

- d) Inter corporate deposits amounting to Rs. 500.00 (March 31, 2021: Rs. Nil) carry an interest rate of 10% to 12% (March 31, 2021 : Nil) per annum. The same is repayable within 12 months from the date of receipt of loan.
- e) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 8% to 9.50% per annum (March 31, 2021: 9.50% to 10.00% per annum).
- f) The Company has filed quarterly statements of current assets with the banks in agreement with the books of accounts.

### Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Balance as at the beginning of the year (including current and non-current borrowings)</b>	<b>5,198.83</b>	<b>7,574.69</b>
Proceeds from non-current borrowings	2,225.63	1,145.89
Repayment of non-current borrowings	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	739.78	218.30
Repayment of current borrowing having maturity period more than 3 months	(351.24)	(212.60)
Proceeds from/repayments of other current borrowings (net)	(786.45)	(2,678.70)
<b>Balance as at the end of the year (including current and non-current borrowings)</b>	<b>5,942.23</b>	<b>5,198.83</b>

### Movement of Interest accrued

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>251.37</b>	<b>204.10</b>
Interest Expense	1,608.97	1,691.31
Interest Paid	(1,645.66)	(1,644.04)
<b>Balance as at the end of the year</b>	<b>214.68</b>	<b>251.37</b>

Note: Refer note no. 37 for movement of lease liabilities.

### 17B Other Non current financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Accrued but not due on deposits (Refer to note 38 for related parties disclosure)	66.90	90.00
	<b>66.90</b>	<b>90.00</b>

### 18. Provisions

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Provision for gratuity (Refer note 35)	28.68	134.00	4.07	146.61
Provision for compensated absences	285.13	-	236.72	-
	<b>313.81</b>	<b>134.00</b>	<b>240.79</b>	<b>146.61</b>

**Notes to the Standalone Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**19. Trade payables\***

Particulars	As at March 31, 2022	As at March 31, 2021
- Micro enterprises and small enterprises #	86.93	0.72
- Trade payables to related parties (Refer to note 38)	375.88	325.98
- Other trade payables	8,229.69	7,120.75
	<b>8,692.50</b>	<b>7,447.45</b>

# There are no micro enterprises and small enterprises, to whom the Company 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 Company

**Trade payables ageing schedule**

As at March 31, 2022	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	86.93	-	-	-	86.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	997.23	7,164.19	-	-	-	8,161.42
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	284.02	22.12	115.16	444.15
<b>Total</b>	<b>997.23</b>	<b>7,273.97</b>	<b>284.02</b>	<b>22.12</b>	<b>115.16</b>	<b>8,692.50</b>

As at March 31, 2021	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 years	1 year to 2 years	2 years to 3 years	> 3 years	
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	1,130.50	5,582.79	65.37	-	-	6,778.66
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	252.92	123.47	268.83	668.07
<b>Total</b>	<b>1,130.50</b>	<b>5,606.36</b>	<b>318.29</b>	<b>123.47</b>	<b>268.83</b>	<b>7,447.45</b>

\*\*Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

## includes unbilled dues of Rs. 499.79 (March 31, 2021: Rs. 404.92).

Particulars	As at March 31, 2022	As at March 31, 2021
(a) The principal amount remaining unpaid to any supplier at the end of the year	86.93	0.72
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

\* The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 20. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Refund Liabilities	60.66	106.16
Capital creditors	87.49	142.41
Salaries, wages and bonus and other employee payable *	647.93	565.28
Interest accrued but not due on borrowings *	147.78	150.87
	<b>943.86</b>	<b>964.72</b>

\* Refer note 38 for related parties disclosure

### 21. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue	262.65	213.28
Corporate Social Responsibility payable (Refer note 41)	5.54	-
Statutory dues	240.27	181.58
Advances from customers	732.63	474.66
Interest payable-others	-	10.50
Other Payables	27.58	27.64
	<b>1,268.67</b>	<b>907.66</b>

Below is the movement of Deferred revenue:-

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>213.28</b>	<b>246.09</b>
Add: Loyalty points created during the year	260.61	191.23
Less: Loyalty points redeemed/expired during the year	(211.24)	(224.04)
<b>Balance as at the end of the year</b>	<b>262.65</b>	<b>213.28</b>

### 22. Current tax liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for income tax (net)	-	29.18
	<b>-</b>	<b>29.18</b>

### 23. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from contracts with customers</b>		
Sale of products (net of applicable tax)	57,289.42	38,184.91
Sale of services	438.95	472.16
	<b>57,728.37</b>	<b>38,657.07</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 Standalone Statement of Profit and Loss with the contracted price.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue as per contracted price	57,777.74	38,624.26
Less: (Creation)/Redemption of loyalty points	(49.37)	32.81
	<b>57,728.37</b>	<b>38,657.07</b>

### Revenue from operations disaggregated based on nature of products and services

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations		
- Watch and Watch Accessories	57,619.11	38,657.07
- Luxury cars	109.26	-
<b>Total</b>	<b>57,728.37</b>	<b>38,657.07</b>

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables (Refer Note No. 12)	518.26	1,218.04
Deferred revenue (Refer Note No. 21)	262.65	213.28
Advances from customers (Refer Note No. 21)	732.63	474.66

## 24. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income under the effective interest rate method on		
- Fixed Deposits	57.79	10.95
- Security Deposits at amortised cost	143.77	91.58
- Others	1.54	6.68
Share of profit in Partnership Firm	70.37	58.30
Provisions/liabilities no longer required written back	106.86	72.88
Rent waiver on lease liabilities (Refer note 2.3(a))	804.46	1,402.22
Allowance for bad and doubtful debts written back	86.70	2.90
Profit on disposal of property, plant & equipment	-	5.31
Miscellaneous Income*	76.38	46.21
	<b>1,347.87</b>	<b>1,697.03</b>

\*includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 25. Purchase of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases during the year	46,328.61	26,084.91
	<b>46,328.61</b>	<b>26,084.91</b>

### 26. Changes in inventory of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	19,777.12	21,859.01
Less: Inventory at the end of the year	(24,993.29)	(19,777.12)
(Increase)/Decrease in inventory	(5,216.17)	2,081.89

### 27. Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	3,773.47	2,503.03
Contribution to provident and other funds (Refer Note 35)	179.44	170.56
Share based payments	(9.41)	-
Staff welfare expenses	131.73	73.56
	<b>4,075.23</b>	<b>2,747.15</b>

### 28. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense on borrowings	568.23	617.70
Interest on lease liabilities (Refer note 37)	1,020.83	1,062.12
Interest on delay in deposit of income tax	19.91	11.49
Other borrowing cost	55.59	8.26
	<b>1,664.56</b>	<b>1,699.57</b>

### 29. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	663.69	745.75
Amortisation of intangible assets (Refer note 4)	17.33	18.33
Depreciation of Right-of-use of assets (Refer note 37)	2,460.16	2,483.28
	<b>3,141.18</b>	<b>3,247.35</b>

**Notes to the Standalone Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***30. Other expenses**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	115.27	95.27
Service cost expense	183.76	53.65
Insurance	86.75	84.33
Rent (net of reimbursements of Rs. 57.55 (March 31, 2021: Rs. 53.22)) (Refer note 37)	481.00	179.07
Rates and taxes	126.77	26.15
Repair and maintenance- Others	535.10	493.47
Foreign exchange loss (net)	107.92	30.57
Travelling and conveyance	198.31	102.62
Advertisement and sales promotion (Refer note 38)	2,561.53	1,762.18
Directors sitting fees and commission	56.06	23.22
Printing and stationery	24.06	18.02
Recruitment expenses	44.66	33.43
Telephone and telex	51.81	57.56
Postage and telegram	231.19	190.14
Legal and professional fees (a)	188.05	152.82
Bank charges	480.51	287.30
Advances/deposits/Bad debts written off	269.19	51.76
Loss on sale of property, plant and equipment	11.77	-
Property, plant and equipment written off	11.95	34.60
Allowance for bad and doubtful advances/recoverable	15.00	22.85
Corporate Social Responsibility expenditure (Refer note 41)	17.32	16.61
Donation	2.50	2.50
Miscellaneous expenses	161.76	145.12
	<b>5,962.24</b>	<b>3,863.24</b>

**(a) Includes payment to auditors (excluding taxes as applicable)**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor		
Statutory audit	11.00	11.00
Limited review of special purpose quarterly results	6.00	6.00
In other capacity		
Certification work etc.*	3.93	6.33
Reimbursement of expenses	0.65	0.96
	<b>21.58</b>	<b>24.29</b>

\* Excluding Rs. 82.55 (March 31, 2021: Nil) which are considered as unamortised share issue expenses under other current assets (Refer Note 14)



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 31. Tax expense

#### a) Income tax recognised in statement of profit and loss

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Current tax</b>		
Current year	884.67	252.41
Changes in estimates related to prior years	(17.77)	2.46
	<b>866.90</b>	<b>254.87</b>
Attributable to-	-	
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(89.72)	(95.21)
Changes in estimates related to prior years	7.11	6.66
	<b>(82.61)</b>	<b>(88.55)</b>
<b>Total tax expense recognised during the year</b>	<b>784.29</b>	<b>166.32</b>

The above tax expense for the period can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Profit before tax</b>	3,120.59	629.99
Tax at the Indian tax rate*	785.39	158.56
Effect of expenses that are not deductible in determining taxable profit	27.27	13.32
Effect of loss/(profit) that are exempt from tax	(17.71)	(14.67)
Effect of tax (benefit) / expense pertaining to prior years	(10.66)	9.11
<b>Income tax expenses/(credit) recognised in statement of profit and loss</b>	<b>784.29</b>	<b>166.32</b>

\*The tax rate used for the current period reconciliation above is the corporate tax rate of 25.168% (previous year 25.168%) payable by corporate entities in India on taxable profits under the Indian tax law.

#### b) Income tax expense recognised in other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Deferred tax assets/(liabilities)</b>		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	(0.45)	1.81
<b>Total income tax recognised in other comprehensive income</b>	<b>(0.45)</b>	<b>1.81</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	(0.45)	1.81
	<b>(0.45)</b>	<b>1.81</b>

### 32. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. Basic earnings per share</b>		
i Profit for basic earning per share of Rs. 10 each		
Profit for the year	2,336.30	463.67
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,82,12,812	1,82,12,812
Effect of fresh issue of shares	2,22,678	-
	<b>1,84,35,490</b>	<b>1,82,12,812</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Basic Earnings per share (face value of Rs 10 each)	12.67	2.55
<b>B. Diluted earnings per share</b>		
i Profit for diluted earning per share of Rs. 10 each	2,336.30	463.67
ii Weighted average number of equity shares for diluted		
Opening Balance	1,82,12,812	1,82,12,812
Effect of fresh issue of shares*	2,22,678	1,31,250
	<b>1,84,35,490</b>	<b>1,83,44,062</b>
Diluted earnings per share (face value of Rs 10 each)	12.67	2.53

\* includes Nil (March 31, 2021: 1,31,250) options under Ethos Employee Stock Option Plan – 2013

### 33 Financial instruments - fair values and risk management

#### I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at March 31, 2022			As at March 31, 2021		
			FVTPL	Amor- tised cost	FVOCI	FVTPL	Amor- tised cost	FVOCI
<b>Financial assets</b>								
<b>Non-current</b>								
Investments	(c)	3	-	581.11	-	-	435.74	-
Loans	(d)	3	-	3.67	-	-	9.79	-
Other financial assets	(d)	3	-	1,106.96	-	-	889.10	-
<b>Current</b>								
Trade receivables	(a)	3	-	518.26	-	-	1,218.04	-
Cash and cash equivalents	(a)	3	-	3,726.94	-	-	1,713.85	-
Other bank balances	(a)	3	-	209.09	-	-	214.32	-
Loans		3	-	26.94	-	-	18.13	-
Other financial assets		2	-	708.13	-	-	1,011.01	-
<b>Total</b>			<b>-</b>	<b>6,881.10</b>	<b>-</b>	<b>-</b>	<b>5,509.98</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Non-current</b>								
Borrowings	(b)	3	-	2,764.42	-	-	1,708.22	-
Other Non current financial Liabilities	(d)		-	66.90	-	-	90.00	-
<b>Current</b>								
Borrowings (including current maturities)	(b)	3	-	3,177.81	-	-	3,490.61	-
Trade payables	(a)	3	-	8,692.50	-	-	7,447.45	-
Other financial liabilities	(a)	2	-	943.86	-	-	964.72	-
<b>Total</b>			<b>-</b>	<b>15,645.49</b>	<b>-</b>	<b>-</b>	<b>13,701.00</b>	<b>-</b>

#### Notes:

- 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.
- 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.
- The investment in subsidiary is measured at cost less impairment losses.
- The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2022 and March 31, 2021

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### II. Financial risk management

#### (i) Risk management framework

"The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, 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 Company's activities. The Company, 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 Company's audit committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. 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 Company 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 Company 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 Company's receivable from customers and loans.

#### Trade receivables and Loans

The Company'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 Company 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 Company by credit worthiness checks. The Company 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 Company'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 Company is not exposed to concentration risks.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>102.48</b>	<b>105.38</b>
Provision created during the year	2.50	35.46
Provision utilised/reversed during the year	(89.19)	(38.36)
<b>Balance as at the end of the year</b>	<b>15.79</b>	<b>102.48</b>

The movement in the allowance for bad and doubtful advances/recoverable is as follows: (Refer Note 7 & 14)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>22.85</b>	-
Provision created during the year	15.00	22.85
Provision utilised/reversed during the year	-	-
<b>Balance as at the end of the year</b>	<b>37.85</b>	<b>22.85</b>

### Cash and cash equivalents

The Company holds cash and cash equivalents of Rs. 3,726.94 as at March 31, 2022 (March 31, 2021: Rs. 1,713.85). The cash and cash equivalents are mainly held with scheduled banks.

### (iii) Liquidity risk

"Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company'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 Company'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 Company will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. As at March 31, 2022, the Company has available Rs. 3,423.73 (March 31, 2021: Rs. 2,637.27) in form of undrawn committed borrowing limits.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

March 31, 2022

Particulars	Carrying amount of liabilities	Contractual cash flow			More than 5 years
		Total un-discounted contractual cash flows	Less than 1 year	1-5 years	
Non derivative financial liabilities					
- Borrowings	5,942.23	6,097.67	3,252.27	2,845.40	-
- Trade payables	8,692.50	8,692.50	8,692.50	-	-
- Lease Liabilities	10,186.97	13,409.83	3,176.78	8,188.90	2,044.16
- Capital creditors	87.49	87.49	87.49	-	-
- Salaries, wages and bonus and other employee payable	647.93	647.93	647.93	-	-
- Interest accrued but not due on borrowings	214.68	214.68	147.78	66.90	-
- Refund Liabilities	60.66	60.66	60.66	-	-
	<b>25,832.46</b>	<b>29,210.76</b>	<b>16,065.41</b>	<b>11,101.20</b>	<b>2,044.16</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

March 31, 2021

Particulars	Carrying amount of liabilities	Contractual cash flow			
		Total un-discounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,198.83	5,320.24	3,501.50	1,818.74	-
- Trade payables	7,447.45	7,447.45	7,447.45	-	-
- Lease Liabilities	8,819.37	11,990.22	2,760.55	6,644.64	2,585.03
- Capital creditors	142.41	142.41	142.41	-	-
- Salaries, wages and bonus and other employee payable	565.28	565.28	565.28	-	-
- Interest accrued but not due on borrowings	240.87	240.87	150.87	90.00	-
- Refund Liabilities	106.16	106.16	106.16	-	-
	<b>22,520.37</b>	<b>25,812.63</b>	<b>14,674.22</b>	<b>8,553.38</b>	<b>2,585.03</b>

#### (iv) Market Risk

##### a) Product price risk

In a potentially inflationary economy, the Company 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 Company operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Company 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 Company negotiates with its principals for change of prices. The Company also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Company 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 Company protect itself from significant product margin losses.

##### b) Interest rate risk

The Company 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 Company are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate borrowings	4,265.96	2,736.10
Floating rate borrowings	1,676.27	2,462.73
	<b>5,942.23</b>	<b>5,198.83</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.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Profit / (Loss) before tax	
	Strengthening	Weakening
<b>For the period ended March 31, 2022</b>		
Interest rate (0.5% movement)	(8.38)	8.38
<b>For the year ended March 31, 2021</b>		
Interest rate (0.5% movement)	(12.31)	12.31

### c) Currency risk

The Company 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 Company. The currencies in the which the Company is exposed to risk are CHF, USD, AED, AUD, CAD, GBP, SGD and EUR. The Company 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 Company's exposure to currency risk as reported to the management of the Company is as follows :

March 31, 2022	CHF	USD	AED	AUD	CAD	GBP	SGD	EUR
Trade payables (net of receivable)	1,362.68	144.85	-	-	-	19.76	466.37	195.87
Less: Cash & Cash equivalents	-	4.14	0.39	0.13	1.82	-	-	0.98
<b>Net exposure of recognised financial liability</b>	<b>1,362.68</b>	<b>140.72</b>	<b>(0.39)</b>	<b>(0.13)</b>	<b>(1.82)</b>	<b>19.76</b>	<b>466.37</b>	<b>194.89</b>

As at March 31, 2021	CHF	USD	AED	AUD	CAD	GBP	SGD	EUR
Trade payables (net of receivable)	1,370.88	222.06	-	-	-	41.34	172.52	179.77
Less: Cash & Cash equivalents	-	-	-	-	-	-	-	-
<b>Net exposure of recognised financial liability</b>	<b>1,370.88</b>	<b>222.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.34</b>	<b>172.52</b>	<b>179.77</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, AED, AUD, CAD, GBP, SGD and EUR against Rs. (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

March 31, 2022	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
CHF (1% movement)	(13.63)	13.63	(10.20)	10.20
SGD (1% movement)	(4.66)	4.66	(3.49)	3.49
EUR (1% movement)	(1.95)	1.95	(1.46)	1.46
USD (1% movement)	(1.41)	1.41	(1.05)	1.05
GBP (1% movement)	(0.20)	0.20	(0.15)	0.15
AED (1% movement)	0.00	(0.00)	0.00	(0.00)
AUD (1% movement)	0.00	(0.00)	0.00	(0.00)
CAD (1% movement)	0.02	(0.02)	0.01	(0.01)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

March 31, 2021	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengtening	Weakening	Strengtening	Weakening
CHF (1% movement)	(13.71)	13.71	(10.26)	10.26
SGD (1% movement)	(1.73)	1.73	(1.29)	1.29
EUR (1% movement)	(1.80)	1.80	(1.35)	1.35
USD (1% movement)	(2.22)	2.22	(1.66)	1.66
GBP (1% movement)	(0.41)	0.41	(0.31)	0.31
AED (1% movement)	-	-	-	-
AUD (1% movement)	-	-	-	-
CAD (1% movement)	-	-	-	-

CHF: Swiss Franc, USD: US Dollar, SGD: Singapore Dollar, EUR: Euro, GBP: Pound Sterling, AED: Emirati Dirham, AUD: Australian dollar, CAD: Canadian Dollar

### 34. Capital Management

#### Risk management

The Company'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 Company 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 and trade payables net of cash and cash equivalents. Equity comprises all components of equity (as shown in the Balance Sheet). The Company always tries to minimize its adjusted net debt to equity ratio.

The Company's adjusted net debt to equity ratio was as follows.

Particulars	As at March 31, 2022	As at March 31, 2021
Total Debts including trade payable	24,821.70	21,465.64
Less: cash and cash equivalents	(3,726.94)	(1,713.85)
<b>Adjusted net debt</b>	<b>21,094.76</b>	<b>19,751.79</b>
Total equity	23,186.04	15,713.44
<b>Adjusted net debt to equity ratio</b>	<b>0.91</b>	<b>1.26</b>

### 35 Employee benefits

#### I. Assets and liabilities relating to employee benefits

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Liability for gratuity	134.00	146.61
	<b>134.00</b>	<b>146.61</b>
<b>Current</b>		
Liability for gratuity	28.68	4.07
Liability for compensated absences	285.13	236.72
	<b>313.81</b>	<b>240.79</b>
	<b>447.81</b>	<b>387.40</b>

For details about the related employee benefit expenses, refer to note no. 38.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 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 Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company 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 Company 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 Company 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 Company does not expect any significant liquidity risks.

#### b) Reconciliation of present value of defined benefit obligation

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	186.72	173.68
Benefits paid	(38.85)	(31.03)
Current service cost	27.54	28.21
Interest cost	13.32	12.00
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	(1.79)	3.86
<b>Balance at the end of the year</b>	<b>186.94</b>	<b>186.72</b>

#### c) Reconciliation of the present value of plan assets

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	36.04	40.32
Contributions paid into the plan	24.00	27.30
Interest Income	3.07	2.78
Benefits paid	(38.85)	(31.03)
Return on plan assets recognised in other comprehensive income	-	(3.33)
<b>Balance at the end of the year</b>	<b>24.26</b>	<b>36.04</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### d) Expense recognised in profit or loss

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	27.54	28.21
Interest Income	(3.07)	(2.79)
Interest cost	13.32	12.00
	<b>37.79</b>	<b>37.42</b>

### e) Remeasurements recognised in other comprehensive income

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/loss on defined benefit obligation	(1.79)	3.86
Return on plan assets less than discount rate	-	3.33
	<b>(1.79)</b>	<b>7.19</b>

### f) Plan assets

100% of the plan assets are managed by LIC

### g) Actuarial assumptions

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (per annum)	7.22% p.a.	6.80% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	55 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(5.33)	5.64	(9.20)	9.95
Future salary growth rate (0.5% movement)	5.23	(4.98)	8.99	(8.37)

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.

**Notes to the Standalone Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***h) Expected benefit payments**

Amount of expected benefit payments for next 10 years are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 year	28.68	4.07
1-2 year	27.15	15.79
2-3 year	11.91	18.71
3-4 year	10.62	3.36
4-5 year	10.99	2.64
5-10 years	97.60	142.15

**i) Weighted average duration of the defined benefit plan**

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average duration (in years)	16.32	16.54

**III. Defined contribution plans**

The Company makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Company has no obligation other than to make the specified contributions. The Company has recognised Rs. 139.10 during the period (March 31, 2021: Rs. 128.34) as expense towards contribution to these plans.

**IV. Share based payments****a) Description of share-based payment arrangement**

As at March 31, 2022, the Company has the following share-based payment arrangements.

**b) Employee Stock Option Scheme (equity-settled)**

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees and directors of the Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees and directors deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

- 50% of the options granted to the selected employee shall vest on October 1<sup>st</sup>, 2017 in case there is continuation of his service till the date of vesting.
- 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 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 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"

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

The Company, at its 14th Annual General Meeting, approved variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013 by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before August 16, 2021. The aforesaid scheme expired on August 16, 2021.

### c) Reconciliation of outstanding share option

Particulars	During the period ended March 31, 2022		During the year ended March 31, 2021	
	Options (numbers)	Weighted average exer- cise price per option (Rs.)	Options (numbers)	Weighted average exer- cise price per option (Rs.)
<b>Ethos Employee Stock Option Scheme - 2013</b>				
Option outstanding at the beginning of the year	127,750	120	127,750	120
Exercised during the year	104,750	120	-	120
Lapsed during the year	23,000	120	-	120
Options outstanding at the end of the year	-	120	127,750	120
No. of shares arising out of the options outstanding	-	120	127,750	120
<b>Ethos Employee Stock Option Scheme - 2013</b>				
Option outstanding at the beginning of the year	3,500	120	3,500	120
Lapsed during the year	3,500	120	-	-
Options outstanding at the end of the year	-	-	3,500	120
No. of shares arising out of the options outstanding	-	-	3,500	120

### d) Expense recognized in statement of profit and loss

Particulars	As at March 31, 2022	As at March 31, 2021
Expense arising from equity-settled share based payment transaction (including options lapsed during the year)	(9.41)	-

### e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair values of the equity settled share based payment plan are as follows :

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120.00	120.00
Exercise price	120.00	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	7.60%/7.60%	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	4.56/4.16	4.56/4.16
Expected Annual Volatility of Shares*	40%-60%	40%-60%
Expected dividend yield (in %)	1.58%	1.58%

\*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 36. Contingent liabilities, commitments and other matters

#### i) Claims against the Company not acknowledged as debts, under dispute

Particulars	As at March 31, 2022	As at March 31, 2021
a) Income Tax matters	318.77	310.30
b) Excise Duty matters	47.08	-
c) Value Added Tax matters	3,330.03	3,331.35
d) Customs duty matters	12.90	12.90
	<b>3,708.78</b>	<b>3,654.55</b>

Based on the discussion with the solicitors/legal opinion taken by the Company, the management believes that the Company has a good chance of success in above mentioned case and hence, no provision there against was considered necessary.

#### ii) Commitments

Particulars	As at March 31, 2022	As at March 31, 2021
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,600.00	122.45
	<b>2,600.00</b>	<b>122.45</b>

iii) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition. As on March 31, 2022, there is one open legal proceedings involving disputed amount of Rs. 110.22.

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated February 28, 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Company has not recognised any provision for the periods prior to February 28, 2019. Further, management also believes that the impact of the same on the Company will not be material.

### 37 Leases

#### A. Company

The Company has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning or sub leasing the leased assets.

The Company has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
<b>As at April 1, 2020</b>	<b>9,691.23</b>	-	<b>9,691.23</b>
Additions	1,255.20	-	1,255.20
Deletions	(341.12)	-	(341.12)
Depreciation expense	(2,483.28)	-	(2,483.28)
<b>As at March 31, 2021</b>	<b>8,122.03</b>	-	<b>8,122.03</b>
Additions	3,562.34	152.79	3,715.13
Deletions	(217.86)	-	(217.86)
Depreciation expense	(2,446.13)	(14.03)	(2,460.16)
<b>As at March 31, 2022</b>	<b>9,020.37</b>	<b>138.76</b>	<b>9,159.13</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

The carrying amounts of lease liabilities and the movements during the year:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At the beginning of the year</b>	<b>8,819.37</b>	<b>9,890.43</b>
Additions	3,591.35	1,186.19
Accretion of interest	1,020.83	1,062.12
Deletions	(214.55)	(387.38)
Payments (Principal and interest)*	(2,225.57)	(1,529.77)
Rent Concession (Refer Note 2.3(a))	(804.46)	(1,402.22)
<b>At the closing of the year</b>	<b>10,186.97</b>	<b>8,819.37</b>
Current lease liabilities	2,238.40	1,910.90
Non-current lease liabilities	7,948.57	6,908.47
<b>Total</b>	<b>10,186.97</b>	<b>8,819.37</b>

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	3,176.78	2,760.55
After one year but not more than five years	8,188.90	6,644.64
More than five years	2,044.16	2,585.03
<b>Total</b>	<b>13,409.84</b>	<b>11,990.22</b>

Considering the lease term of the leases, the effective interest rate for lease liabilities is 11.63%.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss:

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation expense of right-of-use assets	2,460.16	2,483.28
Interest expense on lease liabilities	1,020.83	1,062.12
Expense relating to short-term leases and variable rent (included in other expenses)**	538.55	232.29
<b>Total amount recognised in profit or loss</b>	<b>4,019.54</b>	<b>3,777.69</b>

\*The Company had total cash outflows for leases excluding rent concession of Rs. 2,225.57 during the year ended March 31, 2022 (March 31, 2021: Rs. 1,529.77).

The Company also had non-cash additions to right of use assets and liabilities of Rs. 3,591.35 in March 31, 2022 (March 31, 2021: Rs.1,186.19)

\*\* Gross of reimbursement received of Rs. 57.55 during year ended March 31, 2022 (March 31, 2021: Rs. 53.22).

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 38 Related parties

(i)	<b>Holding Company</b>	<b>KDDL Limited (KDDL)</b>
(ii)	<b>Joint venture</b>	<b>Pasadena Retail Private Limited</b>
(iii)	<b>Subsidiary body Corporate</b>	<b>Cognition Digital LLP</b>
(iv)	<b>Entities under common control (where transactions have taken place during the year / balances outstanding) :</b>	
	Mahen Distribution Limited	Dream Digital Technology Private Limited (DDTPL)
	Pylania SA	Saboo Ventures LLP
	VBL Innovations Private Limited	Saboo Housing Projects LLP
	Vardhan Properties & Investment Limited	Saveeka Family Trust
	Anacott Trading SA (upto December 22, 2021)	
(v)	<b>Details of transactions entered into with the related parties:</b>	
	<b>Key Managerial Personnels</b>	<b>Relative of Key Managerial Personnel</b>
	Mr. Y. Saboo (Managing Director)	Mr. R K Saboo (Father)
		Mr. Jai Vardhan Saboo (Brother)
		Mrs. Usha Devi Saboo (Mother)
		Mrs. Anuradha Saboo (Spouse)
		Mrs. Satvika Suri (Daughter)
		Mr. Pranav Shankar Saboo (CEO) (Son)
	Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
	Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse)
		Mrs Poonam Prakash (Sister)
		Mr. Saahil Khanna (Son)
	Mr. N. Subramanian - Independent Director	
	Mr. Sundeep Kumar - Independent Director	
	Mrs. Neelima Tripathi - Independent Director	Mr Apoorv P. Tripathi (Son)
		Ms Sanam Tripathi (Daughter)
	Mr. Dilpreet Singh - Independent Director	
	Mr. Mohaimin Altaf - Independent Director	Mrs Nighat Altaf (Mother)
	Mr. Patrik Paul Hoffman - Additional Director (w.e.f. June 11, 2021)	
	Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse)
		Mr. Amol Gupta (Son)
		Mrs. Saneh Lata (Mother)
		Mr. Deepak Gupta (Brother)
	Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)
	Mr. Ritesh Kumar Agrawal (CFO w.e.f. August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
	Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)

(VI)

Particulars	Joint venture/Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Transactions :</b>								
Sale of goods	-	-	0.94	-	171.59	45.88	19.39	3.94
Interest Income	1.53	6.44	-	-	-	-	-	-
Rent income	12.00	9.00	0.60	0.60	-	-	-	-
Purchases of stock-in-trade	-	-	2.10	59.40	64.25	-	-	-
Short term employee benefits	-	-	-	-	487.37	401.77	-	-
Legal and professional fees	-	-	-	-	20.49	-	0.60	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

(VI)

Particulars	Joint venture/Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Advertisement and sales promotion	365.63	-	30.00	7.50	-	-	-	-
Recovery of expenses incurred	114.55	8.19	0.09	-	-	-	4.27	1.04
Rent expenses	-	-	7.00	-	9.55	22.19	21.98	20.73
Directors sitting fees and commission	-	-	-	-	56.06	23.22	-	-
Reimbursement of expenses	-	-	1.37	-	-	-	44.14	1.01
Interest Expenses	-	-	15.81	61.77	103.35	75.04	-	-
Financial guarantee expenses	-	-	-	-	-	-	29.83	28.29
Investment in subsidiary / Joint venture	75.00	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	7.50	-	-
Share application money refunded	-	-	-	-	-	7.50	-	-
Loan taken	-	-	295.00	-	618.14	371.27	-	-
Loan repaid	-	-	200.00	685.00	342.35	196.54	-	-
Loan given	-	-	-	-	5.50	14.35	-	-
Security Premium received	-	-	55.18	-	176.39	-	1,940.99	-
Equity shares issued	-	-	1.02	-	8.95	-	35.94	-
<b>Balances outstanding :</b>								
Investments	581.08	435.74	-	-	-	-	-	-
Receivable against sale of goods	-	-	247.39	268.18	-	14.31	-	-
Advances	3.96	18.11	-	-	16.14	-	1.81	-
Advance for capital goods	-	-	-	-	-	-	1,300.00	-
Loans	-	-	-	-	7.18	12.97	-	-
Security deposits paid	-	-	-	-	-	-	6.77	6.77
Payable for Employee Benefits	-	-	-	-	42.51	63.15	-	-
Payable for Director Fees	-	-	-	-	30.19	7.31	-	-
Payable for services received	343.10	260.27	2.59	54.73	0.01	-	-	3.67
Interest accrued but not due	-	-	-	-	93.49	97.53	-	-
Guarantees taken by the company	-	-	-	-	10,320.00	9,370.00	5,635.00	5,635.00
Lease Liabilities	-	-	26.94	-	-	14.78	16.82	35.83
Unsecured loans	-	-	95.00	-	991.86	786.91	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51

### Notes:

- The Company's principal related parties consist of KDDL Limited, its subsidiaries and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.
- 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.
- Security being provided by Directors and relatives of directors for long term loan taken from India bulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan was repaid during the year ended March 31, 2021.
- 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.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

- 5 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited.
- 6 Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him.
- 7 All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

**39.** The Company mainly is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Company. The Company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the Company mainly is into the business of trading of high-end luxury watches the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

### 40. Segment information

#### Operating segments

##### Basis for segmentation

An operating segment is a component of the Company 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 Company's other components, and for which discrete financial information is available. The Company'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 Company has two reportable segments, as described below, which are the Company'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 Company's Chairman and Managing Director reviews internal management reports at least on quarterly basis.

The Company does not have operating segments that are to be aggregated.

The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Watch and accessories	Trading of watches and accessories
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 Company's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
		(Audited)	(Audited)
1	<b>Segment revenue</b>		
	a) Watch and Watch Accessories	57,619.11	38,657.07
	b) Luxury cars	109.26	-
	<b>Revenue from operations</b>	<b>57,728.37</b>	<b>38,657.07</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
2	<b>Segment results profit before tax and interest from each segment</b>		
	a) Watch and Watch Accessories	4,511.68	2,162.05
	b) Luxury cars	-	-
	<b>Total</b>	<b>4,511.68</b>	<b>2,162.05</b>
	Add: Interest Income	203.10	109.21
	Less: Finance costs	(1,664.56)	(1,699.57)
	Add: Unallocated income	70.37	58.30
	<b>Profit before tax</b>	<b>3,120.59</b>	<b>629.99</b>
3	<b>Segment Assets</b>		
	a) Watch and Watch Accessories	48,841.55	36,539.67
	b) Luxury cars	-	-
	c) Unallocated assets*	1,893.43	3,018.38
	<b>Total Segement assets</b>	<b>50,734.98</b>	<b>39,558.05</b>
4	<b>Segment liabilities</b>		
	a) Watch and Watch Accessories	11,205.06	9,556.37
	b) Luxury cars	-	-
	c) Unallocated liabilities**	16,343.88	14,288.24
	<b>Total Segement liabilities</b>	<b>27,548.94</b>	<b>23,844.61</b>
5	<b>Capital expenditure</b>		
	a) Watch and Watch Accessories	2,299.92	1,016.40
	b) Luxury cars	-	-
		<b>2,299.92</b>	<b>1,016.40</b>
	<b>Depreciation and amortisation</b>		
	a) Watch and Watch Accessories	3,141.18	3,247.35
	b) Luxury cars	-	-
		<b>3,141.18</b>	<b>3,247.35</b>
	<b>Allowance for bad and doubtful debts/advances</b>		
	a) Watch and Watch Accessories	(71.70)	19.95
	b) Luxury cars	-	-
		<b>(71.70)</b>	<b>19.95</b>

\*Unallocated assets mainly includes deferred tax assets, non-current tax assets, investment in joint venture & partnership firm, 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.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 41. 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. 17.32 (March 31, 2021: Rs 16.61) for CSR activities carried out during the current year.

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
i	Amount required to be spent by the company during the period	17.32	16.61
ii	Amount of expenditure incurred		
a	In cash	11.78	16.61
b	Yet to be paid in Cash	-	-
c	Balance for the remaining period	5.54	-
iii	Shortfall at the end of the year	5.54*	-
iv	Total of previous years shortfall	-	-
v	Reason for shortfall	To be incurred in the ongoing project for the forthcoming year	-
vi	Nature of CSR activities	Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.	"SVP Philanthropy Foundation, New Delhi - Purchase and distribution of PPE kits"
		Isha Foundation-Towards Million Tree projects	"Namma Chethana Initiative, through Bombay International Airport Limited's cafeteria partner - M/s SATIS Dining, Bengaluru - Contribution for serving food packages for COVID suffering people."
			"Isha Foundation for their "Cauvery Calling" project, Coimbatore for tree plantation "
			"Bharatiyam, New Delhi for Support for a specific project for forestation of a waste area in Ghaziabad"
			"I am Gurgaon, Haryana being the Champion projects for tree plantation and revival of the environment"
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Not applicable	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable

\*The unspent amount of Rs. 5.54 as per sub section (5) of Section 135 of Companies Act, pursuant to ongoing project (Million Tree Project), has been transferred to special account in compliance of with provisions of sub section (6) of Section 135 of the said Act. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 42. COVID-19 Impact

The Company's operations and revenue were impacted during the previous year on account of disruption in economic activity due to COVID-19. The management believes that the overall impact of the pandemic is short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations.

### 43 Disclosures pursuant to Section 186 of the Companies Act, 2013:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Investment</b>		
<b>Investment in joint venture: Investment in Pasadena Retail</b>		
Balance as at the year end	175.00	100.00
Maximum amount outstanding at any time during the year	175.00	100.00
<b>Investment in Subsidiary: Investment in Cognition Digital LLP (Partnership firm)</b>		
Balance as at the year end	406.11	335.74
Maximum amount outstanding at any time during the year	406.11	339.04

### 44 Details of subsidiary and joint venture with ownership % and place of business :

#### Subsidiary

Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2022	99.99%
Proportion of Ownership as at March 31, 2021	99.99%
Method used to account for the investment	At cost

#### Joint venture

Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2022	50.00%
Proportion of Ownership as at March 31, 2021	50.00%
Method used to account for the investment	At cost

**45** 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 Company 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.

**46** During the financial year 2020-21, the Company had reported a cyber fraud wherein 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 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 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 Company had made payment of CHF 56,833.45 to such fraudulent account. Later on the Company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The 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 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 Company put in its best efforts to recover the amount but could not recover the same; however, the management is under discussion with the Vendor to bear 50% of the total loss of Rs. 45.67, and for the balance amount of Rs. 22.85, the management has made provision.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 47 Ratio Analysis

Ratios	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% change	Remarks
Current Ratio	Current Assets	Current Liabilities	2.02	1.70	18.59%	
Debt Equity Ratio	Total Debts including lease liabilities	Shareholder's Equity	0.70	0.89	-22.02%	
Debt Service Coverage Ratio	Earnings for debt service = Net profit before taxes + Non-cash operating expenses + Finance Cost	Debt service = Interest & Lease Payments + Principal Repayments	2.00	1.85	8.42%	
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	12.01%	2.99%	301.14%	The business has shown a greater improvement during the year as compared to previous year, resulting in greater performances
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	1.84	1.35	35.74%	Turnover ratio improved as Inventory levels being efficiently managed along with the business growth in Sales and COGS.
Trade Receivable turnover Ratio	Net sales = Total sales - sales return	Average Trade Receivable	66.50	35.85	85.46%	Better management of debtors resulting in lower Receivables with the increase in Sales.
Trade Payable turnover Ratio	Net purchases = Gross purchases - purchase return	Average Trade Payables	5.74	3.49	64.68%	Trade Payables have been diligently managed and payments made on time in spite of increase in purchases,
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.41	3.67	-7.23%	
Net Profit Ratio	Net Profit after tax	Net sales = Total sales - sales return	4.05%	1.20%	237.41%	The business has shown a greater turnaround during the year as compared to previous year resulting in great performance
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Total Assets - Current Liabilities	14.03%	9.48%	47.98%	The business has shown a greater turnaround during the year as compared to previous year resulting in great performance.
Return on Investment	Income on Investment	Investment*	12.11%	13.38%	-9.49%	

\*Includes Investment in Joint Venture

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**48** The Company is in the process of purchasing its brand-name "Ethos" and "Summit" from its holding company i.e. KDDL Limited. The Company has entered into an agreement dated January 1, 2022 with KDDL Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of Rs. 3,900. Out of Rs. 3,900, 1/3rd amount need to be paid by the Company by March 31, 2022 as advance, 1/3rd of the payment will be made by the Company when trademark "Ethos" is transferred and registered in the name of the Company and remaining amount is to be paid when trademark "Summit" is transferred and registered in the name of the Company. As per the terms of agreement the Company has paid Rs. 1,300 as advance towards first tranche before March 31, 2022.

**49** The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 458,000 equity shares of face value Rs.10 each, to the existing shareholders of the Company as on the record date i.e. October 31, 2021, at a premium of Rs. 540 per share, on Rights Issue basis, aggregating to upto an amount not exceeding Rs. 2,550.00 for raising funds for the 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 Company as on the record date with the right to renounce.

Based on above, the Board of Directors, at its meeting held on December 01, 2021, approved the allotment of 457,938 equity shares of Rs. 10 each at a premium of Rs. 540 per share for an amount totalling to Rs. 2,518.66 after taking into consideration the share subscriptions and renunciations received from the existing shareholders of the Company upto November 24, 2021 (the date of close of offer), in pursuance to 'Ethos – Rights Issue 2021'.

### 50 Other Statutory Information

- 1) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
  - 2) The Company does not have any transactions with companies struck off.
  - 3) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
  - 4) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
  - 5) The Company 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 company (Ultimate Beneficiaries); or
    - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
  - 6) The Company have 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 Company 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 Company not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- 51** The Board of the Directors of the Company, at its meeting held on March 28, 2022 has approved the allotment of 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,499.99, towards Pre-IPO placement through Preferential allotment. The paid up equity share capital of the Company, after such allotment, stands revised to Rs. 1,907.82.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**52** Subsequent to March 31, 2022, the Company completed its Initial Public Offering (IPO) of its equity shares which have been listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) with effect from May 30, 2022. The Company has offered and issued 45,81,500 Equity Shares of Rs. 10 each in relation to Initial Public Offering ('IPO') comprising a fresh issue of Equity shares by the Company and an offer for sale of the Equity Shares by certain existing shareholders of the Company. The net proceeds from the fresh issue of IPO would be utilised towards following:

- (i) Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company.
- (ii) Funding of working capital requirements of the Company
- (iii) Financing of capital expenditure for (a) establishing new stores and renovation of certain existing stores and (b) upgradation of enterprise resource planning software
- (iv) General Corporate Purpose

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 30, 2022

**For and on behalf of the Board of Directors of Ethos Limited**

**Y. Saboo**  
Managing Director  
DIN 00012158

**Ritesh Agrawal**  
Chief Financial Officer

**Anil Dhiman**  
Company Secretary

Place: Chandigarh  
Date: May 30, 2022

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Ethos Limited**

## Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its joint venture comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including statement of other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint venture as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further

described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

### Key audit matters

**Inventory** (as described in Note 39 of the consolidated Ind AS financial statements)

The total value of inventory as at March 31, 2022 is Rs. 24,993.29 lakhs. These inventories mainly consist of watches at various stores of the Holding Company. The Holding Company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the Holding Company's management analyses the ageing of inventories to identify slow-moving and obsolete inventories and then estimates the amount of allowance.

### How our audit addressed the key audit matter

Our audit procedures amongst others included the following:

- We evaluated the design and tested the implementation of internal controls relating to physical inventory counts on a test basis, valuation of inventory and allowances for inventory;
- We have assessed the physical verification reports for the verification conducted by the management during the year.

Key audit matters	How our audit addressed the key audit matter
<p>We have identified the existence of inventory and allowance of inventories as a key audit matter because of number of stores at which inventory is kept and the judgement exercised by the Holding Company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories after considering the nature of the retail industry.</p>	<ul style="list-style-type: none"> <li>• Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2022. We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards.</li> <li>• We analyzed the ageing and quantitative movement to analyze any significant variances.</li> <li>• We understood how the Holding Company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories.</li> <li>• We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements.</li> <li>• We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability.</li> <li>• We read and assessed the adequacy of relevant disclosures related to inventories in the consolidated Ind AS financial statements.</li> </ul>
<p><b>Accounting of Leases as per Ind AS 116</b> (as described in Note 37 of the consolidated Ind AS financial statements)</p>	
<p>As described in Note 37 to the consolidated Ind AS financial statements, the Group and its joint venture is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Group. In case of the Holding Company, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS 116 in case of any changes in terms of existing leases.</p> <p>Ind AS 116 requires the Group to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgements and estimates including, determination of the discount rates and the lease term.</p> <p>Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease terms.</p> <p>We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116);</li> <li>• We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;</li> <li>• We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/modifications;</li> <li>• We tested the lease data by evaluating the reconciliation of company's lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management;</li> <li>• We read and assessed the key terms and conditions of lease with the underlying lease contracts on a sample basis;</li> <li>• We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term.</li> <li>• We assessed the adequacy of Group's presentation and disclosures related to Ind AS 116.</li> </ul>



### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture .

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of Rs 467.45 lakhs as at March 31, 2022, and total revenues of Rs 365.96 lakhs and net cash outflows of Rs 75.60 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements

also include the Group's share of net profit of Rs. 2.40 lakhs for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary and joint venture company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint venture, none of the directors of the Holding Company and joint venture, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its subsidiary company and joint venture;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its subsidiary and joint venture;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary and joint venture, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its consolidated Ind AS financial statements – Refer Note 36 (i) to the consolidated Ind AS financial statements;
  - ii. The Group and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India during the year ended March 31, 2022.
  - iv. a) The respective managements of the Holding Company and its subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 50 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary and joint venture to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b) The respective managements of the Holding Company and its subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 50 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiary and joint venture from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like

- on behalf of the Ultimate Beneficiaries;  
and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) No dividend has been declared or paid during the year by the Holding Company, its subsidiary and joint venture company, incorporated in India.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**

Partner  
Membership Number: 87921  
UDIN: 22087921AJWIDP2919

Place of Signature: New Delhi  
Date: May 30, 2022

## ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR AUDIT REPORT OF EVEN DATE

Re: Ethos Limited (“the Holding Company”)

**In terms of the information and explanations sought by us and given by the Group and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:**

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No.	Name	CIN	Holding company/ subsidiary/ joint venture	Clause number of the CARO report which is qualified or is adverse
1.	Ethos Limited	U52300HP2007PLC030800	Holding Company	Clause 3(vii)

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 22087921AJWIDP2919

Place of Signature: New Delhi  
Date: May 30, 2022

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ETHOS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company, which is company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS

financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

#### Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the

risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

**Opinion**

In our opinion, the Holding Company, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2022, based on the internal control over financial reporting criteria established by the

Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**

Partner

Membership Number: 87921

UDIN: 22087921AJWIDP2919

Place of Signature: New Delhi

Date: May 30, 2022

# Consolidated Balance Sheet as at March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,726.02	3,068.32
Capital work-in-progress	3	-	375.73
Intangible assets	4	66.30	64.48
Right-of-use assets	37	9,159.13	8,122.03
Intangible assets under development	4	-	5.61
Investment in joint venture	5	157.47	80.07
Financial assets			
- Loans	6	3.67	9.79
- Other financial assets	7	1,106.96	889.10
Non-current tax assets (net)	8	188.32	147.43
Deferred tax assets (net)	9	906.17	821.78
Other non-current assets	10	1,479.39	116.49
<b>Total non-current assets</b>		<b>16,793.43</b>	<b>13,700.83</b>
<b>Current assets</b>			
Inventories	11	24,993.29	19,777.12
Financial assets			
- Trade receivables	12	518.26	1,218.04
- Cash and cash equivalents	13A	3,768.32	1,830.83
- Other bank balances	13B	215.58	220.47
- Loans	6	26.94	18.13
- Other financial assets	7	710.52	1,011.70
Other current assets	14	3,409.35	1,576.50
<b>Total current assets</b>		<b>33,642.26</b>	<b>25,652.79</b>
<b>Total Assets</b>		<b>50,435.69</b>	<b>39,353.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	1,907.82	1,821.28
Other equity	16	21,260.67	13,872.21
<b>Equity attributable to owners of the Company</b>		<b>23,168.49</b>	<b>15,693.49</b>
Non controlling interest		0.00	0.00
<b>Total equity</b>		<b>23,168.49</b>	<b>15,693.49</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	17A	2,764.42	1,708.22
- Lease liabilities	37	7,948.57	6,908.47
- Other financial liabilities	17B	66.90	90.00
Provisions	18	142.35	157.09
<b>Total non-current liabilities</b>		<b>10,922.24</b>	<b>8,863.78</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	17A	3,177.81	3,490.61
- Lease liabilities	37	2,238.40	1,910.90
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	19	86.93	0.72
- total outstanding dues of creditors other than micro enterprises and small enterprises*	19	8,267.15	7,198.63
- Other financial liabilities	20	952.64	971.03
Other current liabilities	21	1,276.88	916.91
Provisions	18	324.90	249.45
Current tax liabilities (net)	22	20.25	58.10
<b>Total current liabilities</b>		<b>16,344.96</b>	<b>14,796.35</b>
<b>Total liabilities</b>		<b>27,267.20</b>	<b>23,660.13</b>
<b>Total Equity and Liabilities</b>		<b>50,435.69</b>	<b>39,353.62</b>
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Ritesh Agrawal**  
Chief Financial Officer

**Anil Dhiman**  
Company Secretary

Place: Chandigarh  
Date: May 30, 2022

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer



# Consolidated Statement of Profit and Loss for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	23	57,728.37	38,657.07
Other income	24	1,277.83	1,642.62
<b>Total Income (I)</b>		<b>59,006.20</b>	<b>40,299.69</b>
<b>Expenses</b>			
Purchase of stock-in-trade	25	46,328.61	26,084.91
Changes in inventory of stock-in-trade	26	(5,216.17)	2,081.89
Employee benefits expense	27	4,238.15	2,920.31
Finance costs	28	1,667.28	1,703.43
Depreciation and amortization expense	29	3,150.86	3,251.95
Other expenses	30	5,687.28	3,598.37
<b>Total expenses (II)</b>		<b>55,856.01</b>	<b>39,640.86</b>
<b>Profit before share of joint venture and tax (III= I-II)</b>		<b>3,150.19</b>	<b>658.83</b>
Share of profit of joint venture (net of income tax) (IV)	43	2.40	13.50
<b>Profit before tax (V= III-IV)</b>		<b>3,152.59</b>	<b>672.33</b>
Tax expense, comprising			
- Current tax	31	898.57	289.43
- Deferred tax		(84.78)	(92.82)
<b>Total tax expense (VI)</b>		<b>813.79</b>	<b>196.61</b>
<b>Profit for the year (VII = V-VI)</b>		<b>2,338.80</b>	<b>475.72</b>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of income/(loss) on defined benefit plans		1.63	(4.99)
- Income tax relating to items that will not be re-classified to profit and loss		(0.39)	1.04
<b>Total other comprehensive income/(loss) for the year</b>		<b>1.24</b>	<b>(3.95)</b>
<b>Total comprehensive income for the year</b>		<b>2,340.04</b>	<b>471.77</b>
Earnings per equity share [nominal value of Rs. 10 (previous period Rs. 10)]	32		
Basic (Rs.)		12.69	2.61
Diluted (Rs.)		12.69	2.59
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements			

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Ritesh Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Dhiman**  
Company Secretary

Place: New Delhi  
Date: May 30, 2022

Place: Chandigarh  
Date: May 30, 2022

# Consolidated Statement of Changes in Equity for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

## a. Equity share capital

Particulars	Note	Number	Amount
Balance as at April 01, 2020	15	1,82,12,812	1,821.28
<b>Balance as at March 31, 2021</b>	15	<b>1,82,12,812</b>	<b>1,821.28</b>
Balance as at April 01, 2021		1,82,12,812	1,821.28
Issue of share capital during the year		865,351	86.54
<b>Balance as at March 31, 2022</b>	15	<b>1,90,78,163</b>	<b>1,907.82</b>

## b. Other Equity

Particulars	Deemed capital contribution	Share application money pending allotment	Reserves and surplus				Total
			Share options outstanding account	Capital reserve	Securities premium	Retained earnings	
<b>Balance as at April 01, 2020</b>	<b>50.51</b>	-	<b>47.37</b>	<b>1.67</b>	<b>12,910.67</b>	<b>390.22</b>	<b>13,400.44</b>
- Profit for the year	-	-	-	-	-	475.72	475.72
-Other comprehensive loss (net of tax)	-	-	-	-	-	(3.95)	(3.95)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>471.77</b>	<b>471.77</b>
-Share application money pending allotment	-	7.50	-	-	-	-	7.50
-Share application money refunded	-	(7.50)	-	-	-	-	(7.50)
<b>Balance as at March 31, 2021</b>	<b>50.51</b>	-	<b>47.37</b>	<b>1.67</b>	<b>12,910.67</b>	<b>861.99</b>	<b>13,872.21</b>
- Profit for the year	-	-	-	-	-	2,338.80	2,338.80
-Other comprehensive income (net of tax)	-	-	-	-	-	1.24	1.24
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>2340.04</b>	<b>2,340.04</b>
-Share options lapsed	-	-	(9.41)	-	-	-	(9.41)
-Share options exercised	-	-	(37.96)	-	153.19	-	115.23
-Share allotted	-	-	-	-	4,942.60	-	4,942.60
<b>Balance as at March 31, 2022</b>	<b>50.51</b>	-	-	<b>1.67</b>	<b>18,006.46</b>	<b>3,202.03</b>	<b>21,260.67</b>

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Ritesh Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Dhiman**  
Company Secretary

Place: New Delhi  
Date: May 30, 2022

Place: Chandigarh  
Date: May 30, 2022

# Consolidated Cash Flow Statement for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. OPERATING ACTIVITIES</b>		
<b>Profit before income tax</b>	3,152.59	672.33
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and amortization expense	3,150.86	3,251.95
Property, plant and equipment written off and loss on sale of property, plant & equipment	23.72	34.60
Profit on Sale of property, plant & equipments	-	(5.31)
Interest expense	1,611.28	1,695.17
Interest income	(203.43)	(110.34)
Provisions/liabilities no longer required written back	(106.86)	(75.64)
Share of profit of joint venture	(2.40)	(13.50)
Share options lapsed	(9.41)	-
Unrealized foreign exchange gain	(9.35)	(55.00)
Rent waiver on lease liabilities	(804.46)	(1,402.22)
Gain on termination of lease contracts	(34.42)	(46.25)
Allowance for bad and doubtful debts/(written back)	(86.70)	(2.90)
Allowance for bad and doubtful advances/recoverable	15.00	22.85
Advances / deposits / Bad debts written off	269.19	51.76
<b>Cash generated from operations before working capital changes</b>	<b>6,965.61</b>	<b>4,017.50</b>
<b>Movements in working capital:</b>		
(Increase) in loans	(2.69)	(8.93)
(Increase)/ Decrease in other financial assets	(4.06)	190.43
(Increase)/ Decrease in other assets	(1,504.05)	808.79
(Increase)/ Decrease in inventories	(5,216.17)	2,081.89
(Increase)/ Decrease in trade receivables	693.82	(315.19)
Increase in provisions	62.34	34.15
Increase in trade payables	1,220.43	21.26
Increase/(Decrease) in other financial liabilities	39.62	(125.14)
Increase/ (Decrease) in other current liabilities	387.06	(87.47)
<b>Cash flow from operations</b>	<b>2,641.91</b>	<b>6,617.29</b>
Income tax paid (net)	(977.31)	(272.13)
<b>Net cash flow from operating activities (A)</b>	<b>1,664.60</b>	<b>6,345.16</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)	(2,373.36)	(959.51)
Proceeds from sale of property, plant and equipment	19.76	15.00
Payment towards purchase of investments	(75.00)	-
Investment in bank deposits (having original maturity of more than three months)	(10.93)	(74.70)
Interest received	62.03	15.53
<b>Net cash (used in) investing activities (B)</b>	<b>(2,377.50)</b>	<b>(1,003.68)</b>

# Consolidated Cash Flow Statement

for year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>C. FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including premium)	5,144.36	-
Share issue expenses	(384.58)	-
Proceeds from non-current borrowings	2,225.63	1,145.89
Repayment of non-current borrowings	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	739.78	218.30
Repayment of current borrowing having maturity period more than 3 months	(351.24)	(212.60)
Proceeds from/repayments of other current borrowings (net)	(786.45)	(2,678.70)
Payment of principal portion of lease liabilities	(1,204.74)	(467.64)
Interest paid on lease liabilities	(1,020.83)	(1,062.12)
Interest expense paid	(627.22)	(588.62)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>2,650.39</b>	<b>(4,494.25)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1,937.49</b>	<b>847.23</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,830.83</b>	<b>983.60</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,768.32</b>	<b>1,830.83</b>

**Notes :**

- 1 Cash and cash equivalents include :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance with banks in current accounts	3,581.42	341.22
Cheques, drafts on hand	4.81	12.71
Cash on hand	64.18	35.03
Credit cards receivable	117.91	42.87
Fixed Deposits with original maturity period of less than 3 months	-	1,399.00
<b>Cash and cash balance at the end of the year (Refer Note 13 A)</b>	<b>3,768.32</b>	<b>1,830.83</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 17A for reconciliation of movements of liabilities to cash flows arising from financing activities.
4. Refer note 37 for non-cash investing activities in form of additions to right of use assets.
- The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

**Anil Gupta**

Partner

Membership No. 87921

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**

Managing Director

DIN 00012158

**Anil Khanna**

Director

DIN 00012232

**Ritesh Agrawal**

Chief Financial Officer

**Pranav Shankar Saboo**

Chief Executive Officer

**Anil Dhiman**

Company Secretary

Place: New Delhi  
Date: May 30, 2022Place: Chandigarh  
Date: May 30, 2022

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on November 05, 2007 under the provisions of the Companies Act applicable in India. These consolidated financial statements comprise the Company, its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

The Group's business consists of trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 38.

The consolidated Ind AS financial statements (CFS) were approved for issue in accordance with a resolution of the directors on May 30, 2022.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

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

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

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

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

#### Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

Items	Measurement basis
Certain financial assets and liabilities <i>(including derivative instruments)</i> <i>(Refer accounting policy regarding financial instruments)</i>	Fair value

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

#### 2.2 Basis of Consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiary and its joint venture as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the

amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

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

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

The details of the consolidated entities are as follows:

Name of the Entity	Principal Activities	Relationship	Country of incorporation	% of holding (March 31, 2022)	% of holding (March 31, 2022)
Cognition Digital LLP*	IT based business solutions	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Trading of Watches	Joint Venture	India	50.00%	50.00%

\* The percentage of holding denotes the Share of Profits in LLP.

\*\* w.e.f. May 03, 2019

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.
- Derecognises the carrying amount of any non-controlling interests.

- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

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- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.3 Summary of significant accounting policies

#### a. Investment in Joint Venture

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

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

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

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

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

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

The financial statements of the joint venture are prepared for the same reporting period as the Group.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

#### b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

### c. Property, plant and equipment ('PPE')

#### *Recognition and measurement*

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

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

#### **Recognition criteria**

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

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

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

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

#### *Subsequent expenditure*

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

#### *Depreciation*

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated

useful lives using the straight-line method and is recognised in the statement of profit and loss.

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

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at note no. '2.3(p)' below for period of leases.

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

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

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

#### *Derecognition*

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

### d. Intangible assets

#### *Acquired Intangible*

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

#### *Subsequent expenditure*

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



## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### *Amortisation*

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

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

### *Derecognition*

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

### **e. Inventories**

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

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

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

### **f. Retirement and other employee benefits**

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

##### Defined contribution plans

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

##### Defined benefit plans

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

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

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

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

##### Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### g. Shares-based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 35(IV).

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

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

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

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

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

### h. Provisions

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

### i. Financial guarantee contracts

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

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

### j. Contingent liabilities and contingent assets

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

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

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

### k. Commitments

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

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### **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 asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points).

#### *Variable Consideration*

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

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

#### *Right of return assets*

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

#### *Refund liabilities*

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

#### *Customer loyalty programmes*

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

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### *Cost to obtain a contract*

The group pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sales incentive are immediately recognised as an expense and included as part of employee benefits.

### *Sale of services*

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

### **Contract balances**

#### *Trade Receivable*

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

#### *Contract liabilities*

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

### **m. Recognition of interest income or expense**

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

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

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

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

### **n. Borrowing costs**

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

### **o. Taxes**

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

#### *Current tax*

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

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

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

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Deferred tax

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

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

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

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

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

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

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

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

Sales tax/GST paid on acquisition of assets or on incurring expenses

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

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

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

### p. Leases

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

#### Group as a lessee

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

#### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities

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recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

### Lease Liabilities

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

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

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to

leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### q. Financial instruments

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

#### Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (1) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by

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regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### *Subsequent measurement*

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

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

### *Debt instruments at amortised cost*

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

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

### *Debt instrument at FVOCI*

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

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

### *Debt instrument at FVPL*

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

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

### *Equity investments*

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

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

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

### *Impairment of financial assets*

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

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;

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- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

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

### *Measurement of expected credit losses*

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

Presentation of allowance for expected credit losses in the balance sheet

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

### *Write-off*

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

### *Derecognition of financial assets*

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

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

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

### *Financial liabilities*

#### *Initial recognition and measurement*

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

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



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

### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

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

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

### *Derecognition of financial liabilities*

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

### *Derivative financial instruments*

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

### *Offsetting*

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

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

### **s. Foreign currency transactions**

#### *Initial recognition*

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

#### *Measurement at the reporting date*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange

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differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

### t. Operating segments

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

### u. Cash and cash equivalents

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

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

### v. Cash flow statement

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

### w. Earnings per share

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

### x. Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset

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or liability and the level of the fair value hierarchy as explained above.

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

### y. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

## 2.4 Changes in accounting policies and disclosures

### New and amended standards

#### a. Amendment to Ind AS 116 Leases: COVID-19 related Rent Concessions

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. The Group has applied the practical expedient with effect from April 01, 2020. The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic received upto June 30, 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Group has accounted the unconditional rent concessions of Rs. 804.46 lakhs during the year ended March 31, 2022 (March 31, 2021: Rs. 1,402.22 lakhs) in "other income" in the statement of profit and loss.

b. The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the consolidated Ind AS financial statements.

- i. Ind AS 103 Business Combination
- ii. Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116
- iii. Conceptual framework for financial reporting under Ind AS issued by ICAI
- iv. Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

c. On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rule 2015 are:

### Balance Sheet:

Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work in- progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

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### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

### 2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2022 is included in the following notes:

#### a) Revenue from contracts with customers

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is

also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

#### b) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a

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(All amounts in Rs. lakhs, except for share data and if otherwise stated)

defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

### c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

### d) Contingencies

Refer Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

### e) Impairment of non-financial assets

Refer Note 2.3 (r)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts;

### f) Impairment of financial assets

Refer Note 2.3 (q)- Impairment of financial assets.

### g) Fair value measurement

Refer Note 2.3 (x) for Fair value measurement

### h) Share based payments

Refer Note 2.3 (g) for Share based payments

### i) Determining the lease term of contracts with renewal and termination options – Group as lessee:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Leases – Estimating the incremental borrowing rate:

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

### j) Useful life of Property, plant and equipment and intangibles:

The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

### k) Provision for slow and obsolete inventory:

The Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net realisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the Parent Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**3 Property, plant and equipment and capital work-in-progress**

Particulars	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount (at deemed cost/ cost)</b>							
Balance as at April 01, 2020	2,380.40	142.06	1,758.24	194.06	262.94	4,737.70	69.88
Additions during the year	315.75	207.61	167.19	56.28	33.80	780.63	725.03
Disposals/Capitalisation during the year	(335.62)	(0.28)	(151.38)	(9.58)	-	(496.86)	(419.18)
<b>Balance as at March 31, 2021</b>	<b>2,360.53</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 year	485.31	3.96	463.73	214.13	202.03	1,369.16	590.43
Disposals/Capitalisation during the year	(122.77)	-	(32.64)	(3.04)	(55.74)	(214.19)	(966.16)
<b>Balance as at March 31, 2022</b>	<b>2,723.07</b>	<b>353.35</b>	<b>2,205.15</b>	<b>451.85</b>	<b>443.04</b>	<b>6,176.44</b>	<b>-</b>
<b>Accumulated Depreciation</b>							
Balance as at April 01, 2020	983.29	16.61	483.08	130.36	65.00	1,678.34	-
Depreciation charge for the year	436.62	9.07	224.45	47.26	32.94	750.34	-
Accumulated depreciation on disposals	(335.62)	(0.25)	(130.61)	(9.05)	-	(475.53)	-
<b>Balance as at March 31, 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>	<b>-</b>
Depreciation charge for the year	353.69	19.77	182.18	74.30	43.43	673.37	-
Accumulated depreciation on disposals	(122.77)	-	(26.08)	(2.50)	(24.75)	(176.10)	-
<b>Balance as at March 31, 2022</b>	<b>1,315.21</b>	<b>45.20</b>	<b>733.02</b>	<b>240.37</b>	<b>116.62</b>	<b>2,450.42</b>	<b>-</b>
<b>Net carrying amount</b>							
<b>At March 31, 2021</b>	<b>1,276.24</b>	<b>323.95</b>	<b>1,197.12</b>	<b>72.19</b>	<b>198.80</b>	<b>3,068.32</b>	<b>375.73</b>
<b>At March 31, 2022</b>	<b>1,407.86</b>	<b>308.16</b>	<b>1,472.13</b>	<b>211.48</b>	<b>326.42</b>	<b>3,726.02</b>	<b>-</b>

**Notes:**

- Refer note 17 for information on property, plant and equipment pledged as security by the Group.
- Refer note 36(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Deletion amount includes re-imbursment received for property, plant and equipment of Rs. Nil as at March 31, 2022 (March 31, 2021: Rs. 9.36) from brands.
- The Group has capitalized the following expenses of revenue nature to the cost of property, plant and equipment/ capital work-in-progress (CWIP) in relation to stores opened/in process of opening.

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Opening balances brought forward</b>	<b>53.67</b>	<b>3.82</b>
Rent Expense	39.50	43.82
Power and Fuel	0.35	0.33
Rates and Taxes	4.11	14.94
Repair and maintenance - Others	15.68	3.37
Miscellaneous Expenses	-	4.49
<b>Sub Total</b>	<b>113.31</b>	<b>70.77</b>
Less: Allocated to property, plant and equipment	(113.31)	(17.10)
<b>Closing balance included under Capital Work in Progress</b>	<b>-</b>	<b>53.67</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2022	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2021	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
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>

## 4 Intangible assets

Particulars	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development*
<b>Gross carrying amount (at deemed cost/ cost)</b>					
Balance as at April 01, 2020	45.16	41.90	52.27	139.34	5.61
Additions during the year	0.37	-	1.50	1.87	-
Disposals/Capitalisation during the year	-	-	(0.10)	(0.10)	-
<b>Balance as at March 31, 2021</b>	<b>45.54</b>	<b>41.90</b>	<b>53.67</b>	<b>141.11</b>	<b>5.61</b>
Additions during the year	5.61	-	13.68	19.29	-
Disposals/Capitalisation during the year	-	-	(16.24)	(16.24)	(5.61)
<b>Balance as at March 31, 2022</b>	<b>51.15</b>	<b>41.90</b>	<b>51.11</b>	<b>144.16</b>	<b>-</b>
<b>Accumulated Amortisation</b>					
Balance as at April 01, 2020	5.40	7.04	45.96	58.40	-
Amortisation for the year	7.54	6.98	3.81	18.33	-
Disposals during the year	-	-	(0.10)	(0.10)	-
<b>Balance as at March 31, 2021</b>	<b>12.94</b>	<b>14.02</b>	<b>49.67</b>	<b>76.63</b>	<b>-</b>
Amortisation for the year	8.34	6.98	2.01	17.33	-
Disposals during the year	-	-	(16.10)	(16.10)	-
<b>Balance as at March 31, 2022</b>	<b>21.28</b>	<b>21.00</b>	<b>35.58</b>	<b>77.86</b>	<b>-</b>
<b>Net carrying amount</b>					
<b>At March 31, 2021</b>	<b>32.60</b>	<b>27.88</b>	<b>4.00</b>	<b>64.48</b>	<b>5.61</b>
<b>At March 31, 2022</b>	<b>29.87</b>	<b>20.90</b>	<b>15.53</b>	<b>66.30</b>	<b>-</b>

\* mainly included development of business intelligence software.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**Intangible assets under development (IAUD) Ageing Schedule**

As at March 31, 2022	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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2021	Amount in IAUD for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	-	5.61	-	-	5.61
<b>Total</b>	<b>-</b>	<b>5.61</b>	<b>-</b>	<b>-</b>	<b>5.61</b>

**5. Investments \***

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current investment (Investment carried at equity method of accounting)		
In equity shares of Joint venture		
<b>Unquoted, fully paid up</b>		
- Pasadena Retail Private Limited of Rs.10 each 17,50,000 (March 31, 2021: 10,00,000) equity shares of Rs. 10 each fully paid up	175.00	100.00
- Share of (Loss) in Joint Venture	(17.53)	(19.93)
	<b>157.47</b>	<b>80.07</b>

\* Refer Note 43

**6. Loans\* (at amortised cost)**

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
(unsecured, considered good)				
Loan to employees				
- to related party** (refer note no. 38)	7.18	-	6.16	6.81
- to others	19.76	3.67	11.97	2.98
	<b>26.94</b>	<b>3.67</b>	<b>18.13</b>	<b>9.79</b>

\*The Group's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 33.

\*\* represents loan to whole time director.

**7. Other financial assets (at amortised cost)**

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
(Unsecured, considered good unless otherwise stated)				
Security deposits				
- to related parties (refer note no. 38)	6.77	-	6.77	-



## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
- to others	423.41	1,090.92	632.57	889.10
Fixed Deposits with maturity of more than 12 months from the Balance sheet date#	-	15.82	-	-
Right of return assets	34.74	-	69.02	-
Interest accrued but not due on fixed deposits	8.17	0.22	10.76	-
Advances Recoverable	226.58	-	271.22	-
Others*	21.36	-	21.36	-
Less: Provision for bad and doubtful advances recoverable				
- Advances Recoverable	(10.51)	-	-	-
	<b>710.52</b>	<b>1,106.96</b>	<b>1,011.70</b>	<b>889.10</b>

#These deposits include restricted bank deposits amounting to Rs. 9.61 (March 31, 2021 : Nil) earmarked against deposits from shareholders.

\* related to claim receivable for disputed bank charges

### 8. Non-current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current tax assets (net of provision)	188.32	147.43
	<b>188.32</b>	<b>147.43</b>

### 9. Deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Significant components of the Group's net deferred tax are as follows:		
Deferred tax assets	913.44	829.05
Deferred tax liabilities	(7.27)	(7.27)
<b>Net deferred tax assets</b>	<b>906.17</b>	<b>821.78</b>

Year ended March 31, 2022	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
<b>Deferred tax assets:</b>				
<b>Deferred tax assets on</b>				
Property, plant and equipments and Intangible assets	364.05	19.75	-	383.80
Allowance for bad and doubtful debts	25.79	(12.29)	-	13.50
Provision for employee benefits	124.17	21.52	(0.39)	145.30
Provision - other expense	36.41	1.54	-	37.95
Carry forward loss and unabsorbed depreciation*	-	-	-	-
Lease liabilities and Right of use assets (Net)	258.06	70.29	-	328.35
Others #	20.56	(16.03)	-	4.53
<b>Deferred tax liability on</b>				
Claim receivable taxable on receipt basis under Income tax Act	(7.27)	-	-	(7.27)
<b>Net deferred tax assets</b>	<b>821.78</b>	<b>84.78</b>	<b>(0.39)</b>	<b>906.17</b>

\* related to subsidiary for year period ended March 31, 2022.

# Includes primarily deposits amortisation and interest income there upon as per IND AS 109 and expenses allowable under Section 35D of Income Tax Act, 1961.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Year ended March 31, 2021	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets:</b>				
<b>Deferred tax assets on</b>				
Property, plant and equipments and Intangible assets	303.16	60.89	-	364.05
Allowance for bad and doubtful debts	26.52	(0.73)	-	25.79
Provision for employee benefits	201.47	(78.35)	1.04	124.17
Provision - other expenses	31.30	5.11	-	36.41
Lease liabilities and Right of use assets (Net)	152.68	105.38	-	258.06
Others #	12.78	7.78	-	20.56
<b>Deferred tax liability on</b>				
Claim receivable taxable on receipt basis under Income tax Act	-	(7.27)	-	(7.27)
<b>Net deferred tax assets</b>	<b>727.91</b>	<b>92.81</b>	<b>1.04</b>	<b>821.78</b>

# Includes primarily deposits amortisation and interest income there upon as per IND AS 109.

**10. Other non-current assets**

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Capital advances (Refer note no. 38)	1,351.90	11.79
Advances other than capital advances		
- Prepaid expenses	23.36	0.57
- CENVAT credit receivable	104.13	104.13
	<b>1,479.39</b>	<b>116.49</b>

**11. Inventories**

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost and net realisable value)		
Stock-in-trade [including goods-in-transit Rs. 203.11 (March 31, 2021: Rs. 464.89)]	24,993.29	19,777.12
	<b>24,993.29</b>	<b>19,777.12</b>

#Note :- During the year ended March 31, 2022, Rs 40.40 ( March 31, 2021 : Rs. 14.82) was recognized as an expense for inventories carried at net realisable value.

**12. Trade receivables**

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good unless otherwise stated)		
Trade receivables #		
- Related parties (Refer note no. 38)	247.39	282.49
- Others	270.87	935.55
	<b>518.26</b>	<b>1,218.04</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Break-up of trade receivables:

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables		
Considered good	518.26	1,218.04
Significant increase in credit risk	15.79	102.48
	<b>534.05</b>	<b>1,320.52</b>
Impairment Allowance (allowance for bad and doubtful debts)		
Significant increase in credit risk	(15.79)	(102.48)
	<b>518.26</b>	<b>1,218.04</b>

Trade receivables are non-interest bearing and generally on terms of 0 to 120 days.

### Trade Receivables Ageing Schedule

As at March 31, 2022	Outstanding for following periods from due date of payment*					Total
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	
Undisputed Trade Receivable - considered good	259.90	-	-	10.97	247.39	518.26
Undisputed Trade Receivable- which have significant increase in credit risk	4.67	-	-	3.16	1.81	9.64
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	6.15	6.15
<b>Total</b>	<b>264.57</b>	<b>-</b>	<b>-</b>	<b>14.13</b>	<b>255.35</b>	<b>534.05</b>

As at March 31, 2021	Outstanding for following periods from due date of payment*					Total
	< 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	> 3 years	
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>301.52</b>	<b>1,320.52</b>

# The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.

\* Disputed amount mainly includes amount recoverable on account of open reconciliations items with e-commerce platforms.

### 13A Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in		
- Current accounts*	3,581.42	341.22
- Fixed Deposits with original maturity of less than three months	-	1,399.00
Cheques, drafts on hand	4.81	12.71
Cash on hand	64.18	35.03
Others		
- Credit cards receivable	117.91	42.87
	<b>3,768.32</b>	<b>1,830.83</b>

\*includes Rs. 2,500 received on account of allotment of equity shares towards Pre-IPO placement. The amount received is parked in a separate bank account and remain unutilised as on the balance sheet date.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**13B Other bank balances**

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	215.58	220.47
	<b>215.58</b>	<b>220.47</b>

# These deposits include restricted bank deposits amounting to Rs. 209.09 (March 31, 2021 : Rs. 207.21) on account of deposits pledged as security for bank guarantees and earmarked against deposits from shareholders.

**14. Other current assets**

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	23.14	17.53
Advances for supply of goods		
- Related parties (Refer note 38)	5.76	18.11
- Others	404.03	411.62
Advances to employees		
- Related parties (Refer note 38)	17.88	-
- Others	42.69	31.10
GST credit receivable	1,442.74	1,013.29
VAT recoverable	3.40	6.45
Unamortised share issue expenses*	384.58	-
Deposit under protest	49.76	49.69
Duty Credit Scrips	1,010.94	-
Other recoverable #	51.77	51.56
Less: Provision for bad and doubtful advances/recoverable		
- Other recoverable	(22.85)	(22.85)
- Advance for supply of goods	(4.49)	-
	<b>3,409.35</b>	<b>1,576.50</b>

# includes primarily claims receivable and includes Rs. 22.85 considered as allowance for bad and doubtful advances as at March 31, 2022 (March 31, 2021: Rs. 22.85)

\* During the year ended March 31, 2022, the Parent Company incurred expenses in connection with the Initial Public Offer (IPO) of equity shares of the Parent Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till date, except for listing fees which shall be solely borne by the Parent Company, all other expenses will be shared between the Parent Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by the Parent Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale

**15. Share capital**

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 10 each	3,07,00,000	3,070.00	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs. 130 each	5,76,924	750.00	5,76,924	750.00
12% cumulative redeemable preference shares of Rs. 110 each	12,00,000	1,320.00	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs. 100 each	10,00,000	1,000.00	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>	<b>3,34,76,924</b>	<b>6,140.00</b>
<b>Issued subscribed and fully paid up</b>				
Equity shares of Rs.10 each fully paid up (i)	1,90,78,163	1,907.82	1,82,12,812	1,821.28
	<b>1,90,78,163</b>	<b>1,907.82</b>	<b>1,82,12,812</b>	<b>1,821.28</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### (a) Right preferences and restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Parent Company. The Parent Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the 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.

### (b) Reconciliation of shares outstanding

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	1,82,12,812	1,821.28	1,82,12,812	1,821.28
Add: Issued on exercise of employee stock options	1,04,750	10.48	-	-
Add: Issued on rights issue basis	4,57,938	45.79	-	-
Add: Issued on preferential allotment basis	3,02,663	30.27	-	-
At the end of the year	1,90,78,163	1,907.81	1,82,12,812	1,821.28

### (c) Shares held by ultimate holding Parent Company/ holding Parent Company and their subsidiaries/ associates

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
KDDL Limited (holding Parent Company and ultimate holding Parent Company)	1,21,19,588	1,211.96	11,410,146	1,141.01
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32	2,293,150	229.32

### (d) Particulars of shareholders holding more than 5% shares of the Parent Company

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
Equity shares of Rs. 10 each fully paid up held by				
KDDL Limited	1,21,19,588	63.53	1,14,10,146	62.65
Mahen Distribution Limited	22,93,150	12.02	22,93,150	12.59

(e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding March 31, 2022).

During the five years immediately preceding March 31, 2022 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

- (i) The Parent Company had, during the year ended 31 March 2018, converted 11,00,010 12% cumulative compulsory convertible preference shares of face value of Rs. 110 into 11,00,010 equity shares of Rs. 10 each at a premium of Rs. 100 each. Further, 21,250 equity shares of Rs. 10 each had been issued under employee stock option plan for which exercise price has been received in cash.
- (ii) During the year ended 31st March 2020, 5,76,293 14% cumulative compulsory convertible preference shares of Rs. 130 each were converted into 5,76,923 equity shares of Rs. 10 each at a premium of Rs. 120 per share. Further, 15,000 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

- (iii) During the year ended March 31, 2022, 1,04,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

**(f) Employee stock options**

Terms attached to stock options granted to employees of the Parent Company and its holding Parent Company are described in note 35(iv) regarding employee share based payments.

**(g) Shares reserved for issue under options and contracts**

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Under Ethos Employee Stock Option Scheme - 2013; 3,50,000 equity shares of Rs. 10 each, at an exercise price of Rs. 120 per share [Refer note 35(iv)]	-	-	1,31,250	13.13

**(h) Promoters Shareholdings**

Equity shares of Rs. 10 each fully paid up held by

S. No. Promoter's name	As at March 31, 2022			As at March 31, 2021		
	Number of shares	% of total shares	% change during the period	Number of shares	Amount	% change during the period
1 KDDL Limited	1,21,19,588	63.53%	0.88%	1,14,10,146	62.65%	1.52%
2 Mahen Distribution Limited	22,93,150	12.02%	-0.57%	22,93,150	12.59%	0.00%
3 Mr. Yashovardhan Saboo	3,77,383	1.98%	0.43%	2,81,428	1.55%	0.75%
<b>Total</b>	<b>1,47,90,121</b>	<b>77.52%</b>		<b>1,39,84,724</b>	<b>76.79%</b>	

**16. Other equity**

(also refer to Statement of Changes in Equity)

**(i) Deemed capital contribution**

- a) Includes Rs. 14.51 towards fair value of guarantees given by the holding company of parent company in the earlier years.
- b) Includes Rs. 36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

**(ii) Share application money pending allotment**

Share application money pending allotment represents monies received against shares to be issued under the employee stock option plan formulated by the parent company as at the year end.

**Nature and purpose of reserves****(iii) Share options outstanding account**

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### (iv) Capital reserve

Reserve created under the scheme of arrangement (Business Combination). This will be utilised in accordance with the provisions of the Companies Act, 2013.

### (v) Securities premium

Securities premium represents the excess consideration received by the Group over the face value of the shares issued to shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

### (vi) Retained earnings

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

## 17A Borrowings

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>i) Non-current borrowings</b>			
Term-loans			
From banks (secured)	(a)	1,080.58	843.90
Deposits from shareholders (unsecured)(refer to note 38 for related party disclosure)	(b)	2,577.42	1,672.78
Total non-current borrowings (including current maturities)		3,658.00	2,516.68
Less : Current maturities of non-current borrowings [refer to note 17A (ii)]		(893.58)	(808.46)
		<b>2,764.42</b>	<b>1,708.22</b>

### Notes

- a) Vehicle loans from banks amounting to Rs. 194.75 (March 31, 2021 : Rs.123.90 ) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2021 : 8.23% to 11.76%). The above loans are repayable in monthly instalments within a period of next two to five years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. 389.00 (March 31, 2021: Rs. 389.00) carrying interest rate equal to 7.50 % (March 31, 2021: 7.50%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Parent Company. This is also secured by 3,60,000 shares of holding company held by Mr. Y. Saboo, Managing Director of the Parent Company and second charge on entire property, plant and equipment of the Parent Company. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly instalments of Rs. 8.10 as per the repayment schedule commencing from April 30, 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on April 30, 2026.

Term loan from IDBI Bank Limited amounting to Rs. 320.83 (March 31, 2021: Rs. 330.00) carrying interest rate equal to 8.80 % (March 31, 2021: 8.80%). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the Parent Company both present and future and second charge on the fixed

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

assets of the Parent Company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly instalments of Rs. 9.17 and 36th Instalment of Rs. 9.05 as per the repayment schedule commencing from March 31, 2022 with one year of moratorium from the drawdown. The last instalment would be repaid on March 31, 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 176.00 (March 31, 2021: Rs 1.00) carrying interest rate equal to RLLR plus 1% (presently 8.20%) (March 31, 2021: RLLR plus 1%) is secured by Second charge on the stock and receivables on pari passu basis of the Parent Company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly instalments commencing from March 31, 2022 with one year of moratorium from the first drawdown. The last instalment would be repaid on March 31, 2025.

- b) Deposits from Shareholders carry an interest rate ranging between 8% to 11.25% (March 31, 2021: 8% to 11.25%) per annum and carry a maturity period from 6 to 36 months from the respective date of deposits.

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>ii) Current borrowings</b>			
Loan repayable on demand			
- From banks (secured)	(c)	1,676.27	2,462.73
Other Loans			
- Inter-corporate deposits (unsecured)	(d)	500.00	-
- Deposits from shareholders (unsecured) [Refer Note 38 for related parties disclosure]	(e)	107.96	219.42
Current maturities of non-current borrowings [refer note 17A(ii)]		893.58	808.46
		<b>3,177.81</b>	<b>3,490.61</b>

\* Including payable to related parties. Refer note 38

### Notes

- c) Loan repayable on demand from IDBI Bank Limited amounting to Rs. 633.09 (March 31, 2021 : Rs. 698.14) are repayable on demand and are secured by first pari passu charge on all the current assets of the Parent Company both present and future and second pari passu charge on the fixed assets of the Parent Company both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits are guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the Parent Company and relative of the director. The rate of interest as on March 31, 2022 varies from 9.50% to 10.50% (March 31, 2021 : 10.50% to 10.90%) per annum.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. 454.34 (March 31, 2021 : Rs. 536.69) are repayable on demand and are secured by first pari passu charge on the stock and receivables of the Parent Company. These limits are also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans are also guaranteed by the Holding Company and personal guarantees of the director of the Parent Company. The rate of interest as on March 31, 2022 is 8.35%. (March 31, 2021 : 8.35% to 10.70%) per annum.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. 588.84 (March 31, 2021 : Rs. 1227.90) are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the Parent Company. These limits are also secured by 360,000 shares of holding company held by Mr. Y. Saboo, Managing Director of the Company and second pari passu charge on entire fixed assets of the Parent Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the Company and relative of the director. The rate of interest as on March 31, 2022 is 11.00% (March 31, 2021 : 11.00 %) per annum.



## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

- d) Inter corporate deposits amounting to Rs. 500.00 (March 31, 2021: Rs. Nil) carry an interest rate of 10% to 12% (March 31, 2021 : Nil) per annum. The same is repayable within 12 months from the date of receipt of loan.
- e) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 8% to 9.50% per annum (March 31, 2021: 9.50% to 10.00% per annum).
- f) The Parent Company has filed quarterly statements of current assets with the banks in agreement with the books of accounts.

### Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Balance as at the beginning of the year (including current and non-current borrowings)</b>	<b>5,198.83</b>	<b>7,574.69</b>
Proceeds from non-current borrowings	2,225.63	1,145.89
Repayment of non-current borrowings	(1,084.32)	(848.75)
Proceeds from current borrowings having maturity period more than 3 months	739.78	218.30
Repayment of current borrowing having maturity period more than 3 months	(351.24)	(212.60)
Proceeds from/repayments of other current borrowings (net)	(786.45)	(2,678.70)
<b>Balance as at the end of the year (including current and non-current borrowings)</b>	<b>5,942.23</b>	<b>5,198.83</b>

### Movement of Interest accrued

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>252.87</b>	<b>208.45</b>
Interest Expense	1,611.28	1,695.17
Interest Paid	(1,648.05)	(1,650.74)
<b>Balance as at the end of the year</b>	<b>216.10</b>	<b>252.88</b>

Note: Refer note no. 37 for movement of lease liabilities.

### 17B Other Non current financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Accrued but not due on deposits (Refer to note 38 for related parties disclosure)	66.90	90.00
	<b>66.90</b>	<b>90.00</b>

### 18. Provisions

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Provision for gratuity (Refer note 35)	29.91	142.35	4.28	157.09
Provision for compensated absences	294.99	-	245.17	-
	<b>324.90</b>	<b>142.35</b>	<b>249.45</b>	<b>157.09</b>

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**19. Trade payables\***

Particulars	As at March 31, 2022	As at March 31, 2021
- Micro enterprises and small enterprises#	86.93	0.72
- Trade payables to related parties (Refer to note 38)	32.78	65.72
- Other trade payables	8,234.37	7,132.91
	<b>8,354.08</b>	<b>7,199.35</b>

# There are no micro enterprises and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the group.

**Trade Payable Ageing Schedule**

As at March 31, 2022	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	86.93	-	-	-	86.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	997.26	6,825.56	-	-	-	7,822.82
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.85	284.20	22.12	115.16	444.33
<b>Total</b>	<b>997.26</b>	<b>6,935.34</b>	<b>284.20</b>	<b>22.12</b>	<b>115.16</b>	<b>8,354.08</b>

As at March 31, 2021	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 years	1 year to 2 years	2 years to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	0.72	-	-	-	0.72
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,057.56	5,468.60	-	-	-	6,526.16
Disputed dues of creditors other than micro enterprises and small enterprises	-	22.84	257.33	123.47	268.83	672.47
<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>

\*\*Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

## includes unbilled dues of Rs. 499.79 (March 31, 2021: Rs. 404.92)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) The principal amount remaining unpaid to any supplier at the end of the year	86.93	0.72
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

\* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 20. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Refund Liabilities	60.66	106.16
Capital creditors	87.49	142.41
Salaries, wages and bonus and other employee payable *	656.71	571.59
Interest accrued but not due on borrowings *	147.78	150.87
	<b>952.64</b>	<b>971.03</b>

\* Refer note 38 for related parties disclosure

### 21. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue	262.65	213.28
Corporate Social Responsibility payable (Refer note 41)	5.54	-
Statutory dues	247.06	189.31
Advances from customers	732.63	474.66
Interest payable-others	1.42	12.02
Other Payables	27.58	27.64
	<b>1,276.88</b>	<b>916.91</b>

Below is the movement of Deferred revenue:-

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>213.28</b>	<b>246.09</b>
Add: Loyalty points created during the year	260.61	191.23
Less: Loyalty points redeemed/expired during the year	(211.24)	(224.04)
<b>Balance as at the end of the year</b>	<b>262.65</b>	<b>213.28</b>

### 22. Current tax liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for income tax (net)	20.25	58.10
	<b>20.25</b>	<b>58.10</b>

### 23. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from contracts with customers		
Sale of products (net of applicable tax)	57,289.42	38,184.92
Sale of services	438.95	472.16
	<b>57,728.37</b>	<b>38,657.08</b>

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

**Reconciliation of revenue recognised in the Interim Consolidated Statement of Profit and Loss with the contracted price.**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue as per contracted price	57,777.74	38,624.27
Less: (Creation)/Redemption of loyalty points	(49.37)	32.81
	<b>57,728.37</b>	<b>38,657.08</b>

**Revenue from operations disaggregated based on nature of products and services**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations		
- Watch and Watch Accessories	57,619.11	38,657.07
- Marketing Support and other Services	-	-
- Luxury cars	109.26	-
<b>Total</b>	<b>57,728.37</b>	<b>38,657.07</b>

**Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables (Refer Note No. 12)	518.26	1,218.04
Deferred revenue (Refer Note No. 21)	262.65	213.28
Advances from customers (Refer Note No. 21)	732.63	474.66

**24. Other income**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income under the effective interest rate method on		
- Fixed Deposits	58.12	12.08
- Security deposits at amortised cost	143.77	91.58
- Others	1.54	6.68
Provisions/liabilities no longer required written back	106.86	75.64
Allowance for bad and doubtful debts written back	86.70	2.90
Profit on Sale of property, plant & equipment	-	5.31
Rent waiver on lease liabilities (Refer note 2.4(a))	804.46	1,402.22
Miscellaneous Income*	76.38	46.21
	<b>1,277.83</b>	<b>1,642.62</b>

\* mainly includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 25. Purchase of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases during the year	46,328.61	26,084.91
	<b>46,328.61</b>	<b>26,084.91</b>

### 26. Changes in inventory of stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	19,777.12	21,859.01
Less: Inventory at the end of the year	(24,993.29)	(19,777.12)
(Increase)/ Decrease in inventory	(5,216.17)	2,081.89

### 27. Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	3,925.83	2,658.01
Contribution to provident and other funds (Refer Note 35)	185.03	186.86
Share based payments	(9.41)	-
Staff welfare expenses	136.70	75.44
	<b>4,238.15</b>	<b>2,920.31</b>

### 28. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense on borrowings	568.23	617.70
Interest on lease liabilities (Refer note 37)	1,020.83	1,062.12
Interest on delay in deposit of income tax	22.22	15.35
Other borrowing cost	56.00	8.26
	<b>1,667.28</b>	<b>1,703.43</b>

### 29. Depreciation & Amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	673.37	750.34
Amortisation of intangible assets (Refer note 4)	17.33	18.33
Depreciation of Right-of-use of assets (Refer note 37)	2,460.16	2,483.28
	<b>3,150.86</b>	<b>3,251.95</b>

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**30. Other expenses**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	115.71	95.69
Service cost expense	183.76	53.65
Insurance	86.75	84.33
Rent (net of reimbursements of Rs. 45.55 (previous period Rs. 44.22)) (Refer note 37)	502.02	196.70
Rates and taxes	126.78	26.22
Repair and maintenance - Others	541.95	495.72
Foreign exchange loss (net)	107.92	30.57
Travelling and conveyance	220.08	103.30
Advertisement and sales promotion (refer note 38)	2,225.30	1,470.39
Directors sitting fees	56.06	23.22
Printing and stationery	24.17	18.02
Recruitment expenses	44.66	33.43
Telephone and telex	54.25	60.05
Postage and telegram	231.19	190.14
Legal and professional fees (a)	195.24	154.45
Bank charges	480.51	287.31
Allowance for bad and doubtful debts	-	51.76
Advances/deposits/Bad debts written off	269.19	-
Allowance for bad and doubtful advances/recoverable	15.00	22.85
Loss on sale of property, plant and equipment	11.77	-
Property, plant and equipment written off (net)	11.95	34.60
Corporate Social Responsibility expenditure (Refer note 41)	17.32	16.61
Donation	2.50	2.50
Miscellaneous expenses	163.20	146.86
	<b>5,687.28</b>	<b>3,598.37</b>

**(a) Includes payment to auditors (excluding taxes as applicable)**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor		
Statutory audit	11.60	11.85
Limited review of special purpose quarterly results	6.00	6.00
In other capacity		
Certification work etc.*	3.93	6.33
Reimbursement of expenses	0.65	0.96
	<b>22.18</b>	<b>25.14</b>

\* Excluding Rs. 82.55 (March 31, 2021: Nil) which are considered as unamortised share issue expenses under other current assets (Refer Note 14)

**31. Tax expense****a) Income tax recognised in statement of profit and loss**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Current tax</b>		
Current year	922.64	288.49
Changes in estimates related to prior years	(24.07)	0.94
	<b>898.57</b>	<b>289.43</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Attributable to-	-	
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(91.89)	(99.48)
Changes in estimates related to prior years	7.11	6.66
	<b>(84.78)</b>	<b>(92.82)</b>
<b>Total tax expense recognised during the period</b>	<b>813.79</b>	<b>196.61</b>

The above tax expense for the period can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	3,152.59	672.33
Tax at the Indian tax rate *	802.61	174.34
Effect of expenses that are not deductible in determining taxable profit	28.15	14.68
Effect of (profit)/loss that are exempt from tax	-	7.59
Effect of tax (benefit) / expense pertaining to prior years	(16.96)	-
<b>Income tax expense recognised in statement of profit and loss</b>	<b>813.79</b>	<b>196.61</b>

\* The tax rate used for the current tax reconciliation above is the corporate tax rate of 25.168% (previous year 25.168%) for the parent company and 34.944% (Previous year 34.944%) for subsidiary payable by corporate entities in India on taxable profits under the Indian tax law.

### b) Income tax expense recognised in other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Deferred tax assets/(liabilities)</b>		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	(0.39)	1.04
<b>Total income tax recognised in other comprehensive income</b>	<b>(0.39)</b>	<b>1.04</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	(0.39)	1.04
	<b>(0.39)</b>	<b>1.04</b>

## 32. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. Basic earnings per share</b>		
i Profit for basic earning per share of Rs. 10 each		
Profit for the year	2,338.80	475.72
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,82,12,812	1,82,12,812
Effect of fresh issue of shares	222,678	-
	<b>1,84,35,490</b>	<b>1,82,12,812</b>
Basic Earnings per share (face value of Rs 10 each)	12.69	2.61

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>B. Diluted earnings per share</b>		
i. Profit for diluted earning per share of Rs. 10 each	2,338.80	475.72
ii. Weighted average number of equity shares for diluted		
Opening Balance	1,82,12,812	1,82,12,812
Effect of fresh issue of shares *	2,22,678	1,31,250
	<b>1,84,35,490</b>	<b>1,83,44,062</b>
Diluted earnings per share (face value of Rs 10 each)	<b>12.69</b>	<b>2.59</b>

\* includes Nil ( March 31, 2021: 1,31,250) options under Ethos Employee Stock Option Plan – 2013.

**33. Financial instruments - fair values and risk management****I. Accounting classification & Fair values**

Financial instruments by category and fair value	Note	Level of hierarchy	As at March 31, 2022			As at March 31, 2021		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
<b>Financial assets</b>								
<b>Non-current</b>								
Loans	(c)	3	-	3.67	-	-	9.79	-
Other financial assets	(c)	3	-	1,106.96	-	-	889.10	-
<b>Current</b>								
Trade receivables	(a)	3	-	518.26	-	-	1,218.04	-
Cash and cash equivalents	(a)	3	-	3,768.32	-	-	1,830.83	-
Other bank balances	(a)	3	-	215.58	-	-	220.47	-
Loans		3	-	26.94	-	-	18.13	-
Other financial assets		2	-	710.52	-	-	1,011.70	-
<b>Total</b>			<b>-</b>	<b>6,350.25</b>	<b>-</b>	<b>-</b>	<b>5,198.06</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Non-current</b>								
Borrowings	(b)	3	-	2,764.42	-	-	1,708.22	-
Other Non current financial Liabilities	(c)		-	66.90	-	-	90.00	-
<b>Current</b>								
Borrowings (including current maturities)	(b)	3	-	3,177.81	-	-	3,490.61	-
Trade payables	(a)	3	-	8,354.08	-	-	7,199.35	-
Other financial liabilities	(a)	2	-	952.64	-	-	971.03	-
<b>Total</b>			<b>-</b>	<b>15,315.85</b>	<b>-</b>	<b>-</b>	<b>13,459.21</b>	<b>-</b>

**Notes:**

- 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.
- 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.
- The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2022 and March 31, 2021.



## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### II. Financial risk management

#### (i) Risk management framework

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee."

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii));and
- Market risk (see (iv))

#### (ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

#### Trade receivables and Loans

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>102.48</b>	<b>105.38</b>
Provision created during the year	2.50	35.46
Provision utilised/reversed during the year	(89.19)	(38.36)
<b>Balance as at the end of the year</b>	<b>15.79</b>	<b>102.48</b>

The movement in the allowance for bad and doubtful advances/recoverable is as follows: (Refer Note 7 & 14)

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Balance as at the beginning of the year</b>	<b>22.85</b>	-
Provision created during the year	15.00	22.85
Provision utilised/reversed during the year	-	-
<b>Balance as at the end of the year</b>	<b>37.85</b>	<b>22.85</b>

**Cash and cash equivalents**

The Group holds cash and cash equivalents of Rs. 3,768.32 at March 31, 2022 (March 31, 2021: Rs. 1,830.83). The cash and cash equivalents are mainly held with scheduled banks.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. As at March 31, 2022, the Group has available Rs. 3,423.73 (March 31, 2021: Rs. 2,637.27) in form of undrawn committed borrowing limits."

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments

March 31, 2022

Particulars	Contractual cash flow				
	Carrying amount of liabilities	Total undiscounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,942.23	6,097.67	3,252.27	2,845.40	-
- Trade payables	8,354.08	8,354.08	8,354.08	-	-
- Lease liabilities	10,186.97	13,409.83	3,176.78	8,188.90	2,044.16
- Capital creditors	87.49	87.49	87.49	-	-
- Salaries, wages and bonus and other employee payable	656.71	656.71	656.71	-	-
- Interest accrued but not due on borrowings	214.68	214.68	147.78	66.90	-
- Refund Liabilities	60.66	60.66	60.66	-	-
	<b>25,502.82</b>	<b>28,881.12</b>	<b>15,735.77</b>	<b>11,101.20</b>	<b>2,044.16</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

March 31, 2021

March 31, 2021	Contractual cash flow				
	Carrying amount of liabilities	Total undiscounted contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,198.83	5,320.24	3,501.50	1,818.74	-
- Trade payables	7,199.35	7,199.35	7,199.35	-	-
- Lease liabilities	8,819.37	11,990.22	2,760.55	6,644.64	2,585.03
- Capital creditors	142.41	142.41	142.41	-	-
- Salaries, wages and bonus and other employee payable	571.59	571.59	571.59	-	-
- Interest accrued but not due on borrowings	240.87	240.87	150.87	90.00	-
- Refund Liabilities	106.16	106.16	106.16	-	-
	<b>22,278.58</b>	<b>25,570.84</b>	<b>14,432.43</b>	<b>8,553.38</b>	<b>2,585.03</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:

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate borrowings	4,265.96	2,736.10
Floating rate borrowings	1,676.27	2,462.73
	<b>5,942.23</b>	<b>5,198.83</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.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Profit / (Loss) before tax	
	Strengthening	Weakening
<b>For the period ended December 31, 2021</b>		
Interest rate (0.5% movement)	(8.38)	8.38
<b>For the year ended March 31, 2021</b>		
Interest rate (0.5% movement)	(12.31)	12.31

### c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are CHF, USD, GBP, AED, AUD, CAD, SGD and EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

#### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the group is as follows :

March 31, 2022	CHF	USD	AED	AUD	CAD	GBP	SGD	EUR
Trade payables (net of receivable)	1,362.68	144.85	-	-	-	19.76	466.37	195.87
Less: Cash & Cash equivalents	-	4.14	0.39	0.13	1.82	-	-	0.98
<b>Net exposure of recognised financial liability</b>	<b>1,362.68</b>	<b>140.72</b>	<b>(0.39)</b>	<b>(0.13)</b>	<b>(1.82)</b>	<b>19.76</b>	<b>466.37</b>	<b>194.89</b>

March 31, 2021	CHF	USD	AED	AUD	CAD	GBP	SGD	EUR
Trade payables (net of receivable)	1,370.88	222.06	-	-	-	41.34	172.52	179.77
Less: Cash & Cash equivalents	-	-	-	-	-	-	-	-
<b>Net exposure of recognised financial liability</b>	<b>1,370.88</b>	<b>222.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.34</b>	<b>172.52</b>	<b>179.77</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, GBP, AED, AUD, CAD, SGD and EUR against Rs. (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

March 31, 2022	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
CHF (1% movement)	(13.63)	13.63	(10.20)	10.20
SGD (1% movement)	(4.66)	4.66	(3.49)	3.49
EUR (1% movement)	(1.95)	1.95	(1.46)	1.46
USD (1% movement)	(1.41)	1.41	(1.05)	1.05
GBP (1% movement)	(0.20)	0.20	(0.15)	0.15
AED (1% movement)	0.00	(0.00)	0.00	(0.00)
AUD (1% movement)	0.00	(0.00)	0.00	(0.00)
CAD (1% movement)	0.02	(0.02)	0.01	(0.01)

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

March 31, 2021	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengtening	Weakening	Strengtening	Weakening
CHF (1% movement)	(13.71)	13.71	(10.26)	10.26
SGD (1% movement)	(1.73)	1.73	(1.29)	1.29
EUR (1% movement)	(1.80)	1.80	(1.35)	1.35
USD (1% movement)	(2.22)	2.22	(1.66)	1.66
GBP (1% movement)	(0.41)	0.41	(0.31)	0.31
AED (1% movement)	-	-	-	-
AUD (1% movement)	-	-	-	-
CAD (1% movement)	-	-	-	-

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar, EUR: Euro, AED: Emirati Dirham, AUD: Australian dollar, CAD: Canadian Dollar.

### 34. Capital Management

#### Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings and trade payables including lease liabilities net of cash and cash equivalents. Equity comprises all components of equity (as shown in the Balance Sheet). The Group always tries to minimize its adjusted net debt to equity ratio.

The Group's adjusted net debt to equity ratio was as follows.

Particulars	As at March 31, 2022	As at March 31, 2021
Total Debt including trade payable	24,483.28	21,217.54
Less: cash and cash equivalents	(3,768.32)	(1,830.83)
<b>Adjusted net debt</b>	<b>20,714.96</b>	<b>19,386.72</b>
Total equity	23,168.49	15,693.49
<b>Adjusted net debt to equity ratio</b>	<b>0.89</b>	<b>1.24</b>

### 35 Employee benefits

#### I. Assets and liabilities relating to employee benefits

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Liability for gratuity	142.35	157.09
	<b>142.35</b>	<b>157.09</b>
<b>Current</b>		
Liability for gratuity	29.91	4.28
Liability for compensated absences	294.99	245.17
	<b>324.90</b>	<b>249.45</b>
	<b>467.25</b>	<b>406.54</b>

For details about the related employee benefit expenses, refer to note no. 38.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### II. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

#### Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

#### Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

#### a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

#### b) Reconciliation of present value of defined benefit obligation

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the period/ year	197.42	173.68
Benefits paid	(38.85)	(31.03)
Current service cost	28.55	40.72
Interest cost	14.03	12.39
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	(1.54)	1.66
<b>Balance at the end of the period/year</b>	<b>199.61</b>	<b>197.42</b>

#### c) Reconciliation of the present value of plan assets

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the period/ year	36.04	40.32
Contributions paid into the plan	27.00	27.30
Interest Income	3.07	2.78
Benefits paid	(38.85)	(31.03)
Return on plan assets recognised in other comprehensive income	0.09	(3.33)
<b>Balance at the end of the period/year</b>	<b>27.35</b>	<b>36.04</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### d) Expense recognised in profit or loss

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	28.55	40.72
Interest Income	(3.07)	(2.78)
Interest cost	14.03	12.39
	<b>39.51</b>	<b>50.33</b>

### e) Remeasurements recognised in other comprehensive income

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial (Gain)/loss on defined benefit obligation	(1.54)	1.66
Return on plan assets less than discount rate	(0.09)	3.33
	<b>(1.63)</b>	<b>4.99</b>

### f) Plan assets

100% of the plan assets are managed by LIC

### g) Actuarial assumptions

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate (per annum)	7.22% p.a.	6.80% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	55 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(5.60)	5.92	(9.61)	10.40
Future salary growth rate (0.5% movement)	5.72	(5.25)	9.44	(8.79)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***h) Expected benefit payments**

Undiscounted amount of expected benefit payments for next 10 years are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 year	29.91	4.29
1-2 year	33.13	15.99
2-3 year	12.40	24.38
3-4 year	11.07	3.46
4-5 year	11.40	2.74
5-10 years	101.70	146.56

**i) Weighted average duration of the defined benefit plan**

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average duration (in years)	16.39	16.54

**III. Defined contribution plans**

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs. 142.90 during the period (March 31, 2021: Rs. 131.67) as expense towards contribution to these plans.

**IV. Share based payments****a) Description of share-based payment arrangement**

As at March 31, 2022, the Parent Company has the following share-based payment arrangements.

**b) Employee Stock Option Scheme (equity-settled)**

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees and directors of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees and directors deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50% of the options granted to the selected employee shall vest on October 1st, 2017 in case there is continuation of his service till the date of vesting.
2. 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013"



## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

The Company, at its 14th Annual General Meeting, approved variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013 by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before August 16th, 2021. The aforesaid scheme expired on August 16th, 2021.

### c) Reconciliation of outstanding share option

Particulars	During the period ended March 31, 2022		During the year ended March 31, 2021	
	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)
<b>Ethos Employee Stock Option Scheme - 2013</b>				
Option outstanding at the beginning of the year	127,750	120	127,750	120
Exercised during the period/year	104,750	120	-	120
Lapsed during the period/year	23,000	120	-	120
Options outstanding at the end of the period/year	-	120	127,750	120
No. of shares arising out of the options outstanding	-	120	127,750	120
<b>Ethos Employee Stock Option Scheme - 2013</b>				
Option outstanding at the beginning of the year	3,500	120	3,500	120
Lapsed during the period/year	3,500	120	-	-
Options outstanding at the end of the period/year	-	-	3,500	120
No. of shares arising out of the options outstanding	-	-	3,500	120

### d) Expense recognized in statement of profit and loss

Particulars	As at March 31, 2022	As at March 31, 2021
Expense arising from equity-settled share based payment transaction (including options lapsed during the year/period)	(9.41)	-

### e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair values of the equity settled share based payment plan are as follows :

Assumptions	As at March 31, 2022	As at March 31, 2021
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120.00	120.00
Exercise price	120.00	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	7.60%/7.60%	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	4.56/4.16	4.56/4.16
Expected Annual Volatility of Shares*	40%-60%	40%-60%
Expected dividend yield (in %)	1.58%	1.58%

\*Expected volatility has been based on an evaluation of the historical volatility of the Parent Company's share price, particularly over the historical period commensurate with the expected term.

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***36. Contingent liabilities, commitments and other matters****i) Claims against the Group not acknowledged as debts, under dispute**

Particulars	As at March 31, 2022	As at March 31, 2021
a) Income Tax matters	318.77	310.30
b) Excise Duty matters	47.08	-
c) Value Added Tax matters	3,330.03	3,331.35
d) Customs duty matters	12.90	12.90
	<b>3,708.78</b>	<b>3,654.55</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) Commitments**

Particulars	As at March 31, 2022	As at March 31, 2021
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,600.00	122.45
	<b>2,600.00</b>	<b>122.45</b>

iii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition. As on March 31, 2022, there is one open legal proceedings involving disputed amount of Rs. 110.22.

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated February 28, 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision for the periods prior to February 28, 2019. Further, management also believes that the impact of the same on the Group will not be material.

**37 Leases****A. Group as a lessee**

The Group has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture.. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
<b>As at April 1, 2020</b>	<b>9,691.23</b>	-	<b>9,691.23</b>
Additions	1,255.20	-	1,255.20
Deletions	(341.12)	-	(341.12)
Depreciation expense	(2,483.28)	-	(2,483.28)
<b>As at March 31, March 2021</b>	<b>8,122.03</b>	-	<b>8,122.03</b>
Additions	3,562.34	152.79	3,715.13
Deletions	(217.86)	-	(217.86)
Depreciation expense	(2,446.13)	(14.03)	(2,460.16)
<b>As at March 31, 2022</b>	<b>9,020.37</b>	<b>138.76</b>	<b>9,159.13</b>

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At the beginning of the year</b>	<b>8,819.37</b>	<b>9,890.43</b>
Additions	3,591.35	1,186.19
Accretion of interest	1,020.83	1,062.12
Deletions	(214.55)	(387.38)
Payments (Principal and interest)*	(2,225.57)	(1,529.77)
Rent Concession (Refer Note 2.4(a))	(804.46)	(1,402.22)
<b>At the closing of the year</b>	<b>10,186.97</b>	<b>8,819.37</b>
Current lease liabilities	2,238.40	1,910.90
Non-current lease liabilities	7,948.57	6,908.47
<b>Total</b>	<b>10,186.97</b>	<b>8,819.37</b>

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	3,176.78	2,760.55
After one year but not more than five years	8,188.90	6,644.64
More than five years	2,044.16	2,585.03
<b>Total</b>	<b>13,409.84</b>	<b>11,990.22</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 profit or loss:

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation expense of right-of-use assets	2,460.16	2,483.28
Interest expense on lease liabilities	1,020.83	1,062.12
Expense relating to short-term leases and variable rent (included in other expenses)**	547.57	240.92
<b>Total amount recognised in profit or loss</b>	<b>4,028.56</b>	<b>3,786.32</b>

\*The Group had total cash outflows for leases excluding rent concession of Rs. 2,225.57 during the year ended March 31, 2022 (March 31, 2021: Rs. 1,529.77).

The Group also had non-cash additions to right of use assets and liabilities of Rs. 3,591.35 in March 31, 2022 (March 31, 2021: Rs.1,186.19)

\*\* Gross of reimbursement received of Rs. 45.55 during year ended March 31, 2022 (March 31, 2021: Rs. 44.22).

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**38 Related parties**

(i)	<b>Holding Company</b>	<b>KDDL Limited (KDDL)</b>
(ii)	<b>Joint venture</b>	<b>Pasadena Retail Private Limited</b>
(iii)	<b>Entities under common control (where transactions have taken place during the year / balances outstanding):</b>	
	Mahen Distribution Limited	Dream Digital Technology Private Limited (DDTPL)
	Pylania SA	Saboo Ventures LLP
	VBL Innovations Private Limited	Saboo Housing Projects LLP
	Vardhan Properties & Investment Limited	Saveeka Family Trust
	Anacott Trading SA (upto December 22, 2021)	
(iv)	<b>Details of transactions entered into with the related parties:</b>	
	<b>Key Managerial Personnels</b>	<b>Relative of Key Managerial Personnel</b>
	Mr. Y. Saboo (Managing Director)	Mr. R K Saboo (Father)
		Mr. Jai Vardhan Saboo (Brother)
		Mrs. Usha Devi Saboo (Mother)
		Mrs. Anuradha Saboo (Spouse)
		Mrs. Satvika Suri (Daughter)
		Mr. Pranav Shankar Saboo (CEO) (Son)
	Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
	Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse)
		Mrs Poonam Prakash (Sister)
		Mr. Saahil Khanna (Son)
	Mr. N. Subramanian - Independent Director	
	Mr. Sundeep Kumar - Independent Director	
	Mrs. Neelima Tripathi - Independent Director	Mr Apoorv P. Tripathi (Son)
		Ms Sanam Tripathi (Daughter)
	Mr. Dilpreet Singh - Independent Director	
	Mr. Mohaimin Altaf - Independent Director	Mrs Nighat Altaf (Mother)
	Mr. Patrik Paul Hoffman - Additional Director (w.e.f. June 11, 2021)	
	Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse)
		Mr. Amol Gupta (Son)
		Mrs. Saneh Lata (Mother)
		Mr. Deepak Gupta (Brother)
	Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)
	Mr. Ritesh Kumar Agrawal (CFO w.e.f. August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
	Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)

(VI)

Particulars	Joint venture/ Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Transactions :</b>								
Sale of goods	-	-	0.94	-	171.59	45.88	19.39	3.94
Interest Income	1.53	6.44	-	-	-	-	-	-
Rent income	-	-	0.60	0.60	-	-	-	-
Purchases of stock-in-trade	-	-	2.10	59.40	64.25	-	-	-
Short term employee benefits	-	-	-	-	487.37	401.77	-	-
Legal and professional fees	-	-	-	-	20.49	0.45	0.60	-

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

(VI)

Particulars	Joint venture/ Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Advertisement and sales promotion	-	-	30.00	7.50	-	-	-	-
Recovery of expenses incurred	30.19	26.49	0.09	0.09	-	-	4.27	2.07
Rent expenses	-	-	7.00	-	9.55	22.19	21.98	20.72
Directors sitting fees and commission	-	-	-	-	56.06	23.23	-	-
Reimbursement of expenses	-	-	1.37	22.50	-	-	44.14	31.25
Interest Expenses	-	-	15.81	61.77	103.35	75.04	-	-
Financial guarantee expenses	-	-	-	-	-	-	29.83	28.29
Investment in subsidiary / Joint venture	75.00	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	7.50	-	-
Share application money refunded	-	-	-	-	-	7.50	-	-
Loan taken	-	-	295.00	-	618.14	371.27	-	-
Loan repaid	-	-	200.00	685.00	342.35	196.54	-	-
Loan given	-	-	-	-	5.50	14.35	-	-
Security Premium received	-	-	55.18	-	176.39	-	1,940.99	-
Equity shares issued	-	-	1.02	-	8.95	-	35.94	-
<b>Balances outstanding :</b>								
Investments	175.00	100.00	-	-	-	-	-	-
Receivable against sale of goods	-	-	247.39	268.18	-	14.31	-	-
Advances	3.96	18.11	-	-	16.14	-	1.81	-
Advance for capital goods	-	-	-	-	-	-	1,300.00	-
Loans	-	-	-	-	7.18	12.97	-	-
Security deposits paid	-	-	-	-	-	-	6.77	6.77
Payable for Employee Benefits	-	-	-	-	42.51	63.15	-	-
Payable for Director Fees	-	-	-	-	30.19	7.31	-	-
Payable for services received	-	-	2.59	54.73	0.01	-	-	3.67
Interest accrued but not due	-	-	-	-	93.49	97.53	-	-
Guarantees taken by the company	-	-	-	-	10,320.00	9,370.00	5,635.00	5,635.00
Lease Liabilities	-	-	26.94	-	-	14.78	16.82	35.83
Unsecured loans	-	-	95.00	-	991.86	786.91	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(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 March 31, 2021.
  - 4 Security being provided by KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore.
  - 5 Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited.
  - 6 Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him.
  - 7 All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.
- 39.** The Parent Company mainly is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the Parent Company mainly is into the business of trading of high-end luxury watches the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

## 40. Segment information

### Operating segments

#### Basis for segmentation

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

The Group has three reportable segments, as described below, which are the Groups's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports at least on quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions
Luxury Cars	Trading of Luxury Cars

#### Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
		(Audited)	(Audited)
1	<b>Segment revenue</b>		
	a) Watch and Watch Accessories	57,619.11	38,657.07
	b) Marketing Support and other Services	365.63	473.48
	c) Luxury cars	109.26	-
	<b>Total</b>	<b>58,094.00</b>	<b>39,130.55</b>
	Less: Inter segment revenue	(365.63)	(473.48)
	<b>Revenue from operations</b>	<b>57,728.37</b>	<b>38,657.07</b>
2	<b>Segment results profit before tax and interest from each segment</b>		
	a) Watch and Watch Accessories	4,514.09	2,175.55
	b) Marketing Support and other Services	102.35	89.87
	c) Luxury cars	-	-
	<b>Total</b>	<b>4,616.44</b>	<b>2,265.42</b>
	Add: Interest Income	203.43	110.34
	Less: Finance costs	1,667.28	1,703.43
	<b>Profit before tax</b>	<b>3,152.59</b>	<b>672.33</b>
3	<b>Segment Assets</b>		
	a) Watch and Watch Accessories	48,841.55	36,539.67
	b) Marketing Support and other Services	105.36	134.44
	c) Luxury cars	-	-
	d) Unallocated liabilities**	1,488.78	2,679.51
	<b>Total Segement assets</b>	<b>50,435.69</b>	<b>39,353.62</b>
4	<b>Segment liabilities</b>		
	a) Watch and Watch Accessories	10,922.25	9,296.11
	b) Marketing Support and other Services	41.11	46.85
	c) Luxury cars	-	-
	d) Unallocated liabilities**	16,303.84	14,317.17
	<b>Total Segement liabilities</b>	<b>27,267.20</b>	<b>23,660.13</b>
5	<b>Capital expenditure</b>		
	a) Watch and Watch Accessories	2,299.92	1,016.53
	b) Marketing Support and other Services	52.53	0.35
	c) Luxury cars	-	-
		<b>2,352.45</b>	<b>1,016.88</b>
	<b>Depreciation and amortisation</b>		
	a) Watch and Watch Accessories	3,141.18	3,247.35
	b) Marketing Support and other Services	9.68	4.60
	c) Luxury cars	-	-
		<b>3,150.86</b>	<b>3,251.95</b>
	<b>Allowance for bad and doubtful debts/advances</b>		
	a) Watch and Watch Accessories	(71.70)	19.95
	b) Marketing Support and other Services	-	-
	c) Luxury cars	-	-
		<b>(71.70)</b>	<b>19.95</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

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***41. Corporate Social Responsibility**

In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs. 17.32 (March 31, 2021: Rs 16.61) for CSR activities carried out during the current year.

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
i	Amount required to be spent by the company during the period	17.32	16.61
ii	Amount of expenditure incurred		
a	In cash	11.78	16.61
b	Yet to be paid in Cash	-	-
c	Balance for the remaining period	5.54	-
iii	Shortfall at the end of the year	5.54*	-
iv	Total of previous years shortfall	-	-
v	Reason for shortfall	To be incurred in the ongoing project for the forthcoming year	-
vi	Nature of CSR activities	Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.	SVP Philanthropy Foundation, New Delhi - Purchase and distribution of PPE kits"
		Isha Foundation-Towards Million Tree projects	Namma Chethana Initiative, through Bombay International Airport Limited's cafeteria partner - M/s SATIS Dining, Bengaluru - Contribution for serving food packages for COVID suffering people.
			"Isha Foundation for their "Cauvery Calling" project, Coimbatore for tree plantation "
			"Bharatiyam, New Delhi for Support for a specific project for forestation of a waste area in Ghaziabad"
			"I am Gurgaon, Haryana being the Champion projects for tree plantation and revival of the environment"



## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

S.No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Not applicable	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable

\*The unspent amount of Rs. 5.54 as per sub section (5) of Section 135 of Companies Act, pursuant to ongoing project (Million Tree Project), has been transferred to special account in compliance of with provisions of sub section (6) of Section 135 of the said Act. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

### 42. COVID-19 Impact

The Group's operations and revenue were impacted during the previous year on account of disruption in economic activity due to COVID-19. The management believes that the overall impact of the pandemic is short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations.

### 43 Interest in Joint Venture

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current Assets, including right-of-use assets of Rs. 84.95 (March 31, 2021: Rs. 121.44)	121.36	160.60
Current Assets, including inventories of Rs. 238.58 (March 31, 2021: Rs. 219.95)	290.20	286.90
Non-Current Liabilities, including only lease liabilities	(50.69)	(85.72)
Current Liabilities, including lease liabilities of Rs. 50.13 (March 31, 2021: Rs. 46.12) and trade payables of Rs. 115.72 (March 31, 2021: Rs. 142.71)	(203.40)	(281.71)
<b>Equity</b>	<b>157.47</b>	<b>80.07</b>
Proportion of the Group's ownership		
Share in Equity	157.47	80.07
Carrying value of the investment	<b>157.47</b>	<b>80.07</b>
Revenue from operations	858.27	644.68
Other income	25.43	42.88
	883.70	687.56
Purchase of stock-in-trade	692.63	455.52
Changes in inventory of stock-in-trade	(37.25)	30.03
Finance costs	42.20	53.44
Depreciation and amortization expense	88.67	87.21
Other expenses	91.04	41.29
	877.29	667.50
Profit before tax	6.41	20.06
Tax expense	1.61	(6.94)
Profit for the year	4.80	27.00
<b>Group's share of profit for the year (Share 50% )</b>	<b>2.40</b>	<b>13.50</b>

**Notes to the Consolidated Ind As Financial Statements** for the year ended March 31, 2022*(All amounts in Rs. lakhs, except for share data and if otherwise stated)***44 Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture**

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
<b>Parent</b>								
Ethos Limited								
As at March 31, 2022	99%	23,011.02	100%	2,336.30	108%	1.34	100%	2,337.64
As at March 31, 2021	99%	15,613.43	97%	463.67	136%	(5.38)	97%	458.29
<b>Subsidiaries</b>								
Cognition Digital LLP								
As at March 31, 2022	2%	406.11	3%	70.47	-8%	(0.10)	3%	70.36
As at March 31, 2021	2%	335.74	12%	56.85	-36%	1.43	12%	58.28
<b>Joint Venture (Investments as per the equity method)*</b>								
Pasadena Retail Private Limited								
As at March 31, 2022	1%	157.47	0%	2.40	0%	-	0%	2.40
As at March 31, 2021	1%	80.07	3%	13.50	0%	-	3%	13.50
<b>Eliminations</b>								
As at March 31, 2022	-2%	(406.11)	-3%	-70.36	0%	-	-3%	(70.36)
As at March 31, 2021	-2%	(335.74)	-12%	(58.30)	0%	-	-12%	(58.30)
As at March 31, 2022	100%	23,168.49	100%	2,338.80	100%	1.24	100%	2,340.04
As at March 31, 2021	100%	15,693.49	100%	475.72	100%	(3.95)	100%	471.77

\* Amounts given here in respect of joint venture is the share of the group in the net assets of the joint venture.

**45** Details of subsidiary and joint venture with ownership % and place of business :**Subsidiary**

Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2022	99.99%
Proportion of Ownership as at March 31, 2021	99.99%
Method used to account for the investment	At cost

**Joint venture**

Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2022	50.00%
Proportion of Ownership as at March 31, 2021	50.00%
Method used to account for the investment	At cost

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**46** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

**47** During the financial year 2020-21, the Parent Company had reported a cyber fraud wherein the e-mail account of one of the Vendor of the Parent Company was hacked and based on the communication received from the hacked account, the Parent Company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank. Cyber criminals using the authentic e-mail addresses and back-up mails informed the Parent Company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the Parent Company had made payment of CHF 56,833.45 to such fraudulent account. Later on the Parent Company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The Parent Company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.

The Parent Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Though the Parent Company put in its best efforts to recover the amount but could not recover the same; however, the management is under discussion with the Vendor to bear 50% of the total loss of Rs. 45.67, and for the balance amount of Rs. 22.85, the management has made provision.

**48** The Parent Company is in the process of purchasing its brand-name "Ethos" and "Summit" from its Holding company i.e. KDDL Limited. The Parent Company has entered into an agreement dated January 1, 2022 with KDDL Limited for transfer of brand names, trademarks, trade names, logos and all related rights for an amount of Rs. 3,900. Out of Rs. 3,900, 1/3rd amount need to be paid by the Parent Company by March 31, 2022 as advance, 1/3rd of the payment will be made by the Parent Company when trademark "Ethos" is transferred and registered in the name of the Parent Company and remaining amount is to be paid when trademark "Summit" is transferred and registered in the name of the Parent Company. As per the terms of agreement the Parent Company has paid Rs. 1,300 as advance towards first tranche before March 31, 2022.

**49** The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 4,58,000 equity shares of face value Rs.10 each, to the existing shareholders of the Parent Company as on the record date i.e. October 31, 2021, at a premium of Rs. 540 per share, on Rights Issue basis, aggregating to upto an amount not exceeding Rs. 2,550.00 for raising funds for the Parent Company in the ratio of 1 rights equity share of Rs. 10 each for every 40 equity shares of Rs. 10 each held by the eligible equity shareholder of the Parent Company as on the record date with the right to renounce.

Based on above, the Board of Directors, at its meeting held on December 01, 2021, approved the allotment of 4,57,938 equity shares of Rs. 10 each at a premium of Rs. 540 per share for an amount totalling to Rs. 2,518.66 after taking into consideration the share subscriptions and renunciations received from the existing shareholders of the Parent Company upto November 24, 2021 (the date of close of offer), in pursuance to 'Ethos – Rights Issue 2021'.

### 50 Other Statutory Information

- 1) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- 2) The Group does not have any transactions with companies struck off.
- 3) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or
  - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

## Notes to the Consolidated Ind As Financial Statements for the year ended March 31, 2022

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

- 6) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
  - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- 7) The Group not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- 51** The Board of the Directors of the Parent Company, at its meeting held on March 28, 2022 has approved the allotment of 3,02,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,499.99, towards Pre-IPO placement through Preferential allotment. The paid up equity share capital of the Parent Company, after such allotment, stands revised to Rs. 1,907.82.
- 52** Subsequent to March 31, 2022, the Parent Company completed its Initial Public Offering (IPO) of its equity shares which have been listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) with effect from May 30, 2022. The Parent Company has offered and issued 45,81,500 Equity Shares of Rs. 10 each in relation to Initial Public Offering ('IPO') comprising a fresh issue of Equity shares by the Parent Company and an offer for sale of the Equity Shares by certain existing shareholders of the Parent Company. The net proceeds from the fresh issue of IPO would be utilised towards following:
- (i) Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Parent Company.
  - (ii) Funding of working capital requirements of the Parent Company
  - (iii) Financing of capital expenditure for (a) establishing new stores and renovation of certain existing stores and (b) upgradation of enterprise resource planning software
  - (iv) General Corporate Purpose

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 30, 2022

For and on behalf of the Board of Directors of Ethos Limited

**Y. Saboo**  
Managing Director  
DIN 00012158

**Ritesh Agrawal**  
Chief Financial Officer

**Anil Dhiman**  
Company Secretary

Place: Chandigarh  
Date: May 30, 2022

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer





**ethos**  
WATCH BOUTIQUES

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**Corporate Office**

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