

ETHOS LIMITED

KAMLA CENTRE, SCO 88-89, SECTOR 8-C

Chandigarh-160 009 INDIA

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CIN – U52300HP2007PLC030800

PAN – AADCK2345N

Ref. no.: Ethos/Secretarial/2022-23/46

Dated: November 4, 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 : Report of the Monitoring Agency with respect to utilization of proceeds of the Initial Public Offering of Ethos Limited

Dear Sir/Ma'am

Greetings from Ethos.

Pursuant to Regulation 41(4) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018 and Regulation 32 (6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Monitoring Agency Report with respect to utilization of proceeds of the Initial Public Offering of the Company for the quarter ended on September 30, 2022, issued by CRISIL Ratings Limited, Monitoring Agency.

We would request you to please take the same in your records and oblige.

Thanking you

Yours truly
For **Ethos Limited**

Anil Kumar
Company Secretary and Compliance Officer
Membership no. F8023

Encl.: as above

Registered Office:

Plot 3, Sector III, Parwanoo-173 220 INDIA

**Monitoring Agency Report
for Ethos Limited
for the quarter ended September 30,
2022**

Monitoring Agency Report

CRL/MAR/ETHSLO/2022-23/1002

04 November 2022

To

Ethos Limited

Plot no. 3, Sector- III, Parwanoo,

Himachal Pradesh - 173220

Dear Sir,

Monitoring Agency Report for the quarter ended September 30, 2022 - in relation to the Initial Public Offer ("IPO") of Ethos Limited ("the Company")

Pursuant to Regulation 41(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated 21 April 2022, we in our capacity of Monitoring Agent to the Company hereby enclose the Monitoring Agency Report as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of IPO for the quarter ended September 30, 2022.

Request you to kindly take the same on records.

Thanking you,

For and on behalf of CRISIL Ratings Limited

Saurabh R. Kamdar

Saurabh Kamdar

Director

Report of the Monitoring Agency (MA)

Name of the issuer: Ethos Limited

For quarter ended: September 2022

Name of the Monitoring Agency: CRISIL Ratings Limited

(a) Deviation from the objects: Not applicable

(b) Range of Deviation: Not applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Signature:



Name and designation of the Authorized Signatory: **Saurabh Kamdar**

Designation of Authorized person/Signing Authority: **Director**

Ratings

1) Issuer Details:

Name of the issuer:	Ethos Limited
Names of the promoter:	a. Yashovardhan Saboo, b. KDDL Limited and c. Mahen Distribution Limited
Industry/sector to which it belongs:	Retailer - watches/watch accessories

2) Issue Details

Issue Period:	Wednesday, May 18, 2022 to Friday, May 20, 2022
Type of issue (public/rights):	Initial Public Offer (IPO)
Type of specified securities:	Equity Shares
IPO Grading, if any:	NA
Issue size:	Rs 40,226 lakh Issue size comprises of fresh issuance/gross proceeds of Rs 37,500 lakh (net proceeds of Rs 33,620.47 lakh*) and an offer for sale of Rs 2,726 lakh)

* CRISIL Ratings shall be monitoring the net proceeds amount. Till September 30, 2022, actual offer related expenses borne by the Company amounted to Rs 3,531.61 lakh against the estimated amount of Rs 3,879.53 lakh disclosed by the Company in its Final Offer document. Hence, the surplus amount of Rs 347.92 lakh was allocated towards General Corporate Purpose (GCP) object during the quarter ended September 2022. Accordingly, total net proceeds for utilisation also increased to Rs 33,968.39 lakh in total.

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes/ No	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	Yes	No comments
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	Yes/ No	NA	NA	No comments

Ratings

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether the means of finance for the disclosed objects of the issue has changed?	Yes/ No	NA	No	No comments
Is there any major deviation observed over the earlier monitoring agency reports?	Yes/ No	NA	NA	No comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes/ No	NA	NA	No comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Yes/ No	NA	NA	No comments
Are there any favorable events improving the viability of these object(s)?	Yes/ No	NA	NA	No comments
Are there any unfavorable events affecting the viability of the object(s)?	Yes/ No	NA	No	No comments
Is there any other relevant information that may materially affect the decision making of the investors?	Yes/ No	NA	NA	No comments

NA represents Not Applicable

**Chartered Accountant certificate dated October 29, 2022 from S K A V & Co, Chartered Accountants (Firm Registration Number: 033445C)*

Ratings

4) Details of object(s) to be monitored:

i. Cost of the object(s):

Sr . No.	Item Head	Source of information/ certifications considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in lakh)	Revised Cost (Rs in lakh)	Comments of the MA	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company;	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	2,989.09	NA	Nil	No comments		
2	Funding working capital requirements of the Company;	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	23,496.22	NA	Nil	No comments		
3	Financing the establishment of new stores and renovation of certain existing stores	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	3,327.28	NA	Nil	No comments		
4	Financing the Upgradation of enterprise resource planning software	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	198.01	NA	Nil	No comments		

Ratings



Sr . No.	Item Head	Source of information/certifications considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in lakh)	Revised Cost (Rs in lakh)	Comments of the MA	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
5	General Corporate Purposes (GCP)#	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	3,609.87	3,957.79	The actual cost incurred by the Company towards Offer related expenses is lower by Rs 347.92 lakh against the estimated cost disclosed in the Final offer document hence the surplus proceeds available for utilisation towards public issue objects is added to GCP amount during the quarter		No comments	

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#The amount utilised for general corporate purposes does not exceed 25% of the Gross Proceeds from the Fresh Issue.

Ratings

ii. Progress in the object(s):

Sr. No.	Item Head#	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in lakh)	Amount utilized (Rs in lakh)			Total unutilized amount	Comments of the Monitoring Agency	Comments of the Board of	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	2,989.09	2,989.09	-	2,989.09	-	This amount was utilized during the quarter ended June 2022	No comments	
2	Funding working capital requirements of the Company	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	23,496.22	1,583.39	2,175.00^	3,758.39	19,737.83	Amount was utilised for making vendor payments towards working capital requirements^	No comments	
3	Financing the establishment of new stores and renovation of certain existing stores	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	3,327.28	-	-	-	3,327.28	No proceeds were utilised towards this object during the reported quarter.	No comments	

Ratings

Sr. No.	Item Head#	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in lakh)	Amount utilized (Rs in lakh)			Total unutilized amount	Comments of the Monitoring Agency	Comments of the Board of	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
4	Financing the Upgradation of enterprise resource planning software	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	198.01	-	-	-	198.01	No proceeds were utilised towards this object during the reported quarter.	No comments	
5	General Corporate Purposes (GCP)	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	3,957.79**	432.07	1,253.28^	1,685.35	2,272.44	Amount of GCP is utilized for the purpose of pre-payment/repayment of public deposit and towards working capital^	No comments	
Total			33,968.39**	5,004.55	3,428.28	8,432.83	25,535.57			

*Chartered Accountant certificate dated October 29, 2022 from M/s S K A V & Co, Chartered Accountants (Firm Registration Number: 033445C)

^This spend has been made by company by transferring amounts from monitoring agency account to current accounts of the company which is in variation to the standard industry practice of utilising funds from Monitoring Agency account. We have received representation from the Company stating that going forward, proceeds will be utilised by Company towards objects of the public issue, from Monitoring Agency account directly.

** At the time of filing of final offer document, the Company based on management assumptions had estimated Rs 3,879.53 lakh towards offer related expenses however actual utilized amount towards offer related expenses was Rs 3,531.61 lakh only hence surplus amount of Rs 347.92 lakh is added for utilisation towards GCP during quarter ended September 2022 resulting in increase in GCP amount from Rs 3,609.87 lakh to Rs 3,957.79 lakh.

Accordingly, net proceeds amount also increased to Rs 33,968.39 lakhs.

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Proceeds of Rs 347.92 lakh added to Net proceeds during the quarter on account of savings in Offer expenses was adjusted in following manner:

- Rs 253.28 lakh was received as GST Input Credit (net of TDS) in its GSTR 2A on account of payments made by the Company towards offer expenses. The amount has been utilised during the quarter for the purpose of working capital under GCP.
- Rs 94.64 lakh credited to Monitoring account from IPO account (Rs 529.82 lacs credited during the period vs estimated amount to be credited Rs 435.18 lacs).

#Brief description of objects:

Object of the Issue	Description of objects as per the offer document filed by the issuer
Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company	The Company has entered into various financing arrangements from time to time, with various lenders and includes inter alia term loans and working capital facilities. Repayment/ pre-payment of these borrowings will help reduce issuer's outstanding indebtedness and debt servicing costs as a cash outflow on account of debt payment would be reduced and enable utilisation of issuer's accruals for further investment in its business growth and expansion.
Funding working capital requirements of the Company	Issuer is engaged in the business of operating a chain of luxury watch boutiques. As a part of business, Issuer is required to buy watches, pay lease rent for the stores Issuer is operating in. With the expansion of business in both product segment and geographical segment (increase in new store), requires more inventory for the stores. All these factors may result in increase in the quantum of working capital requirements.
Financing the establishment of new stores and renovation of certain existing stores	Issuer currently operates 50 stores in 17 different cities in India and plans to add 13 new stores to its portfolio and renovation of 6 existing stores.
Financing the upgradation of enterprise resource planning software	Issuer intends to upgrade ERP software in its stores.
General Corporate Purposes (GCP)	The general corporate purposes for which the issuer proposes to utilise Net Proceeds include investments in subsidiary of our Company, other capital expenditure requirements including for refurbishment, working capital requirements, meeting exigencies and expenses incurred by issuer in the ordinary course of business, as may be applicable.

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iii. Deployment of unutilised IPO proceeds:

Basis the management undertaking and Independent Chartered Accountant certificate provided; deployment of unutilised IPO proceeds is as follows:

S. No.	Type of instruments and name of the entity invested in	Amount invested (Rs in lakh)	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter*
1	Fixed Deposit - ICICI Bank-000413419367	1,000.00	Sep 01, 2023	16.72	5.00	1,016.72
2	Fixed Deposit - ICICI Bank-000413419368	1,000.00	Sep 01, 2023	16.72	5.00	1,016.72
3	Fixed Deposit - ICICI Bank-000413419370	1,000.00	Sep 01, 2023	16.72	5.00	1,016.72
4	Fixed Deposit - ICICI Bank-000413419371	1,000.00	Sep 01, 2023	16.72	5.00	1,016.72
5	Fixed Deposit - ICICI Bank-000413419372	1,000.00	Sep 01, 2023	16.72	5.00	1,016.72
6	Fixed Deposit - ICICI Bank-000413419373	1,000.00	Sep 01, 2023	16.72	5.00	1,016.72
7	Fixed Deposit - ICICI Bank-000413419362	5,000.00	Sep 01, 2023	83.59	5.00	5,083.59
8	Fixed Deposit - ICICI Bank-000413419360	5,000.00	Jun 01, 2023	83.59	4.95	5,083.59
9	Fixed Deposit - ICICI Bank-000413419361	5,000.00	Sep 01, 2023	83.59	5.00	5,083.59
10	Fixed Deposit - SBI-85872484474	4,000.00	Aug 23, 2023	29.90	6.90	4,029.90
11	Monitoring Agency Account	13.90	-	-	-	13.90
12	IDBI current account 143103000000116	200.00	-	-	-	200.00
13	IDBI current account - 0003102000020943	321.67**	-	-	-	321.67**

*The market value of Fixed deposits includes the interest accrued.

**Corresponding to transfer of Rs. 325.00 lakh from Monitoring Agency account.

Ratings

iv. Delay in implementation of the object(s) - Not Applicable

Object(s)	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Offer Document	Actual		Reason of delay	Proposed course of action
-	-	-	-	-	-

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

S. No.	Item Head [§]	Amount (Rs in lakh)	Source of information /certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1.	Pre-payment/ Repayment of public deposits and working capital	1,253.28 [^]	Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	Company has informed that it would provide us with the requisite copies of Board approval towards these payments. This report findings are valid only on receipt of such Board approval at our end.	No comments

*Chartered Accountant certificate dated October 29, 2022 from M/s S K A V & Co, Chartered Accountants (Firm Registration Number: 033445C)

[^]This spend has been made by company by transferring amounts from monitoring agency account to current accounts of the company in variation from the standard industry practice of utilising funds from Monitoring Agency account.

[§]The general corporate purposes for which Company proposes to utilise Net Proceeds include investments in subsidiary of Company, other capital expenditure requirements including for refurbishment, **working capital requirements**, meeting exigencies and expenses incurred by Company in the ordinary course of business, as may be applicable. The quantum of utilisation of funds towards each of the above purposes will be determined by Board of Directors of the Company, based on the amount actually available under this head and the business requirements of Company, from time to time. In addition

to above, Company may utilise the net proceeds towards other purposes relating to its business which are considered expedient and as approved periodically by Board of Director of the Company, subject to compliance with necessary provisions of the Companies Act and in accordance with the stated objectives and business of the Company. Company's management shall have flexibility in utilising any surplus amount.

Source: Final Offer document dated 25 May 2022 of Ethos Limited

Disclaimers:

- a) This Report is prepared by CRISIL Ratings Limited (**hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"**). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.
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