

Ref. no. : Ethos/Secretarial/2023-24/52

Dated: September 6, 2023

**BSE Limited**  
**Phiroze Jeejeebhoy Towers,**  
**Dalal Street, Mumbai – 400 001**

**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**

**ISIN : INE04TZ01018**

**Subject : Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to the Notice of 16<sup>th</sup> (Sixteenth) Annual General Meeting of the Company**

Dear Sir/Ma'am

Greetings from Ethos.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that **16<sup>th</sup> (Sixteenth) Annual General Meeting (AGM)** of the Company will be held on **Friday, September 29, 2023, 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, in terms of General Circulars no. 10/2022 and 11/2022 issued by Ministry of Corporate Affairs and Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by our Registrar and Share Transfer Agent namely, KFin Technologies Limited. 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 16<sup>th</sup> AGM.

The Notice of 16<sup>th</sup> AGM and the Annual Report for the Financial year 2022-2023 have been sent to all the Members on **Wednesday, September 6, 2023** whose email addresses are registered with the Company/Depository Participants/KFin Technologies 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: -

---

**ETHOS LIMITED**

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

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

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

---

<b>Day, date, time, and venue of 16<sup>th</sup> Annual General Meeting</b>	<b>: Friday, September 29, 2023 at 10.00 a.m. IST Deemed venue: Registered Office of the Company at Plot no.3, Sector III, Parwanoo 173 220, Himachal Pradesh</b>
<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>: Friday, September 22, 2023</b>
<b>Closure of Register of Members and Share Transfer Books</b>	<b>: Saturday, September 23, 2023, to Friday, September 29, 2023 (both days inclusive)</b>
<b>Commencement of Remote e-voting</b>	<b>: 9.00 a.m. (IST) on Tuesday, September 26, 2023</b>
<b>End of Remote e-voting</b>	<b>: 5.00 p.m. (IST) on Thursday, September 28, 2023</b>

---

We are enclosing herewith the Notice of 16<sup>th</sup> Annual General Meeting of the Company for the information of our valued investors.

The Notice of 16<sup>th</sup> Annual General Meeting and Annual Report for the financial year 2022-23 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 same in your records and oblige.

Thanking you

Yours truly

For **Ethos Limited**

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

Encl.: as above

---

**— ETHOS LIMITED —**

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

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

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



**A C C E L E R A T I N G   W I T H   T I M E**

# Inside this report

→ 4-44

## Corporate Overview

- 4 About Ethos
- 6 Business Model
- 8 Geographic Footprint
- 10 Chairman's Message
- 12 Our Offerings
- 14 Brand Partnerships
- 16 Strategies
- 20 GPHG (Grand Prix d'Horlogerie de Genève to India)
- 22 Second Movement
- 24 Financial Performance
- 26 Marketing
- 28 Stakeholder's Engagement
- 32 Human Resource
- 38 Environment, Social and Governance
- 42 Board of Directors
- 43 Leadership Team
- 44 Corporate information



**We aim to capitalise on the growing demand for entry level products as well as middle to high range products in the premium and luxury segment by expanding our retail footprint**

**Yashovardhan Saboo**  
Chairman and Managing Director

→ 45-127

## Statutory Reports

- 45 Notice to Members
- 56 Board's Report
- 63 Business Responsibility and Sustainability Report
- 89 Management Discussion and Analysis Report
- 104 Report on Corporate Governance



For more information, please, visit our website

→ 128-266

## Financial Statements

- 128 Standalone Financial Statements
- 197 Consolidated Financial Statements

### FORWARD-LOOKING STATEMENTS

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We

have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

**917.5Cr** ↑ +36.5% YoY growth  
Billing

**129.5Cr** ↑ +63.0% YoY growth  
Highest EBITDA ever, marking

**60.3Cr** ↑ +157.8% YoY growth  
Highest PAT ever, marking

**46%**  
Repeat customers

**1,88,000+**  
followers on Instagram

**23 Mn+**  
Relevant traffic engaged through website in FY23

**7**  
New partnerships with prestigious watch brands

**At Ethos, we believe that our growth potential is inextricably interwoven with India's rise on the global economic and consumption landscape.**

India is a fast-growing market for premium and luxury watches, and is destined to become one of the most important in the years ahead. Our country is maturing quite steadily to understand and appreciate the emotion and savoir-faire associated with fine mechanical watch creation.

Ethos has been at the forefront of this transformation. The knowledge and insight that we have built over the years enables us to delight our customers consistently; and also propel global watch brands to leverage opportunities that are available at Ethos through which they can enter the Indian market.

FY23 has reinforced our belief in the strong growth potential of our business, which reflects the transformation of the Indian market for luxury watches. Our portfolio of brands and assortment of products, omnichannel presence, best-in-class customer services, globally competitive prices, and the trust that the Ethos name evokes all come together to create an environment of sustained growth and profitability.



We are  
accelerating  
with time on a  
huge growth  
potential.

ABOUT ETHOS

# 20 years of delighting watch aficionados

WE ARE INDIA'S LARGEST CHAIN OF LUXURY WATCH BOUTIQUES WITH 54 STORES IN INDIA ACROSS 20 CITIES, AND OVER 60+ PREMIUM AND LUXURY WATCH BRANDS. HAVING COMMENCED OUR JOURNEY IN 2003, WE NOW HAVE OVER TWO DECADES OF BRAND PRESENCE RETAILING LUXURY WATCHES THROUGHOUT THE INDIAN SUBCONTINENT.

Through our omnichannel presence and dedicated customer service, we enhance the experience of watch lovers. With rising young population, growing per capita income, urbanisation and participation of more women into the workforce, our luxury retail watch business is expected to grow over the next decade.

### Our Vision



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

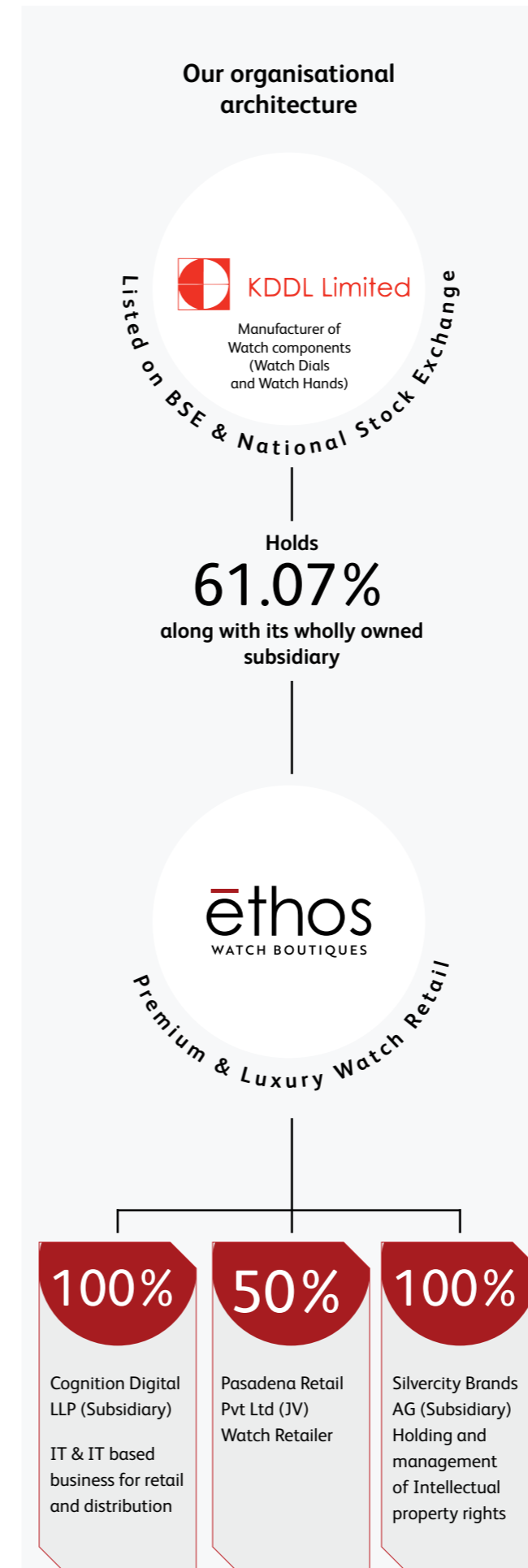
### Our Values



- |                    |                            |
|--------------------|----------------------------|
| Respect for People | Integrity and Transparency |
| Customer First     | Passion and Intensity      |
| Excellence         | Commitment and Ownership   |



Ethos's watch retail journey began with the opening of its first store in January, 2003 at Chandigarh



- 1** India's largest chain of premium and luxury watch boutiques
- 2** Strong presence across 20 cities in India, which includes metros, Tier I and Tier II cities.
- 3** Associated with 60+ renowned premium and luxury watch brands
- 4** Expertise to cater to customers both through online platforms and offline stores
- 5** High-end service centres experienced horological watch experts
- 6** Certified pre-owned luxury watch business
- 7** Ventured into new segments of luxury travel accessories and branded jewellery
- 8** Specialised and dedicated team of watch consultants
- 9** Enhanced our customer relationship and retention through Club ECHO Loyalty Programme

# Accelerating with time, creating long-term value

## Inputs

### → Financial resources

631.5 Crs | 879.7 Crs  
Net worth | Total assets

### → Employees

525+ | 17K hrs  
Total employees | Of training

### → Business partnerships

60+  
Partnerships with luxury brands

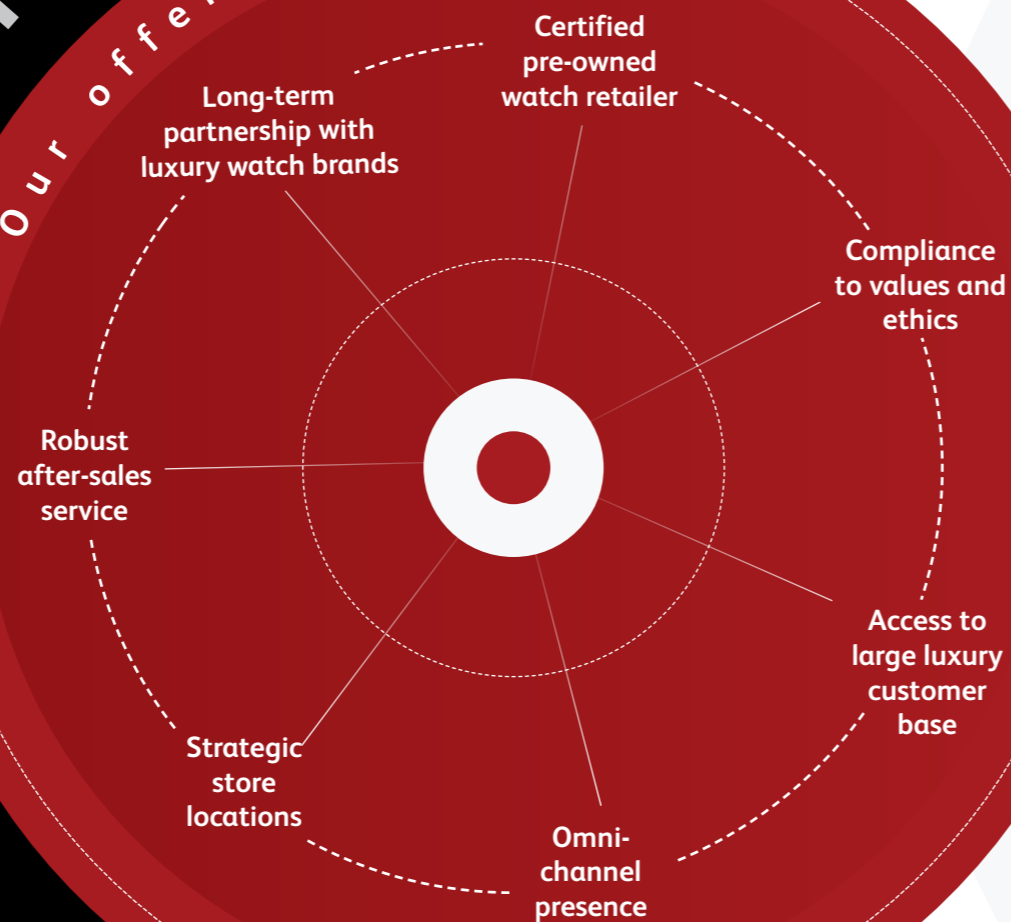
### → Our facilities

54 stores across 20 cities  
Geographic presence

### → Our relationships

25.6 Lac | Focus driven CRM and after-sales service  
Spent on community enrichment

## Our offerings



## Output

### → Financial resources

788.5 Crs | 129.5 Crs | 60.3 Crs  
Revenue | EBITDA | PAT

### → Employees

18% | 2  
Women employees | Physically abled/special employees

### → Business partnerships

Over 60 brands of which 40 exclusive brands

### → Cutting-edge technologies

Growth  
Through unmatched after-sales service

### → Our facilities

Customer-base expansion in tier II and tier III cities.

### → Our relationships

3 Lac + | 46%  
Total active customers | Repeated customer

## Outcome

India's largest premium and luxury watch brand.

Qualified and skilled watch consultants and experts who assist both the online and offline customers.

Customer base has increased as Ethos holds exclusive partnerships with many Swiss brands in India.

The after-sales service has grown significant traction and has added to customer delight.

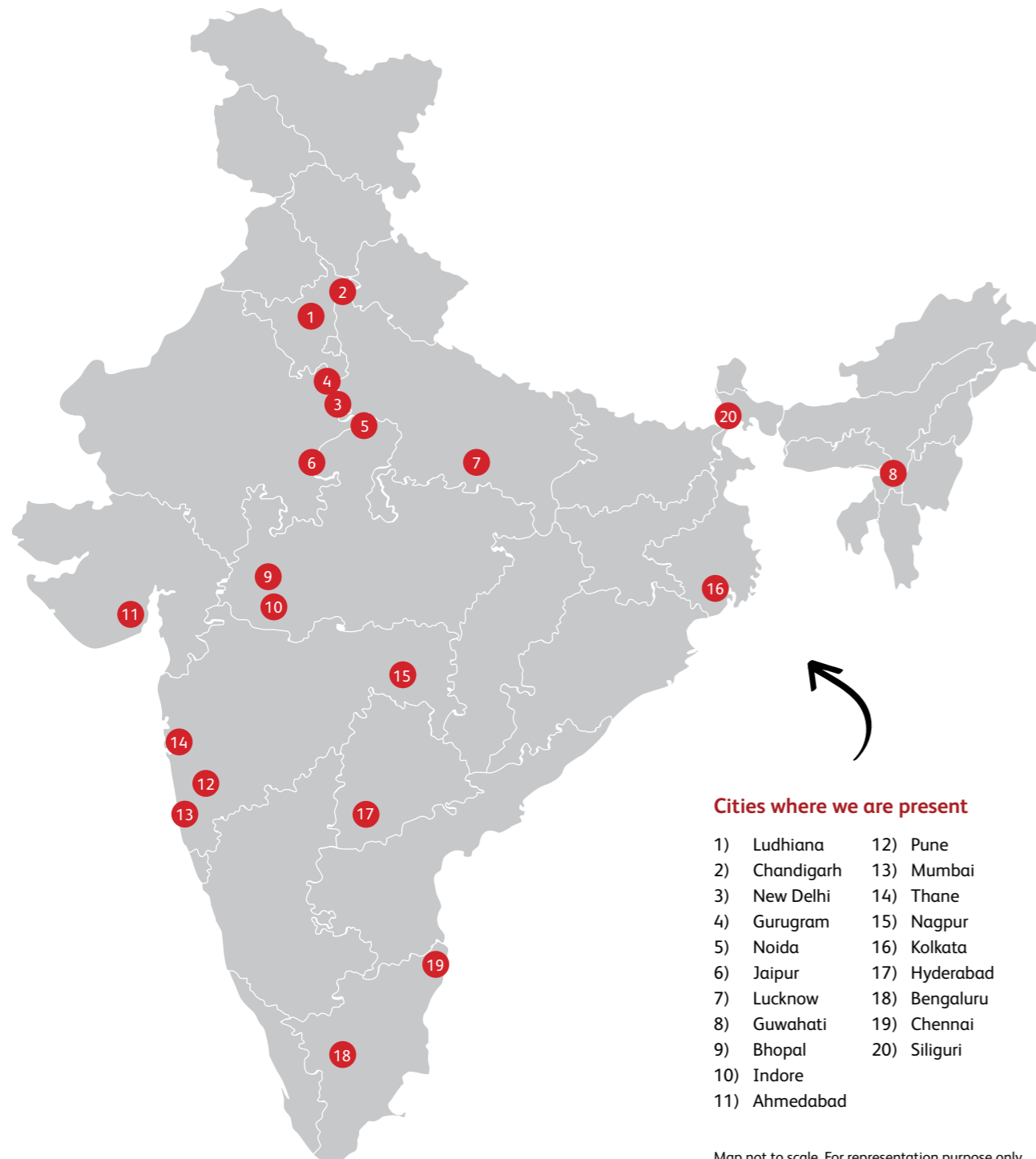
There has been a significant increase in the number of clients due to pan-India presence both through offline stores and digital platforms.

We have a significant number of repeated customers along with new customers.

GEOGRAPHIC FOOTPRINT

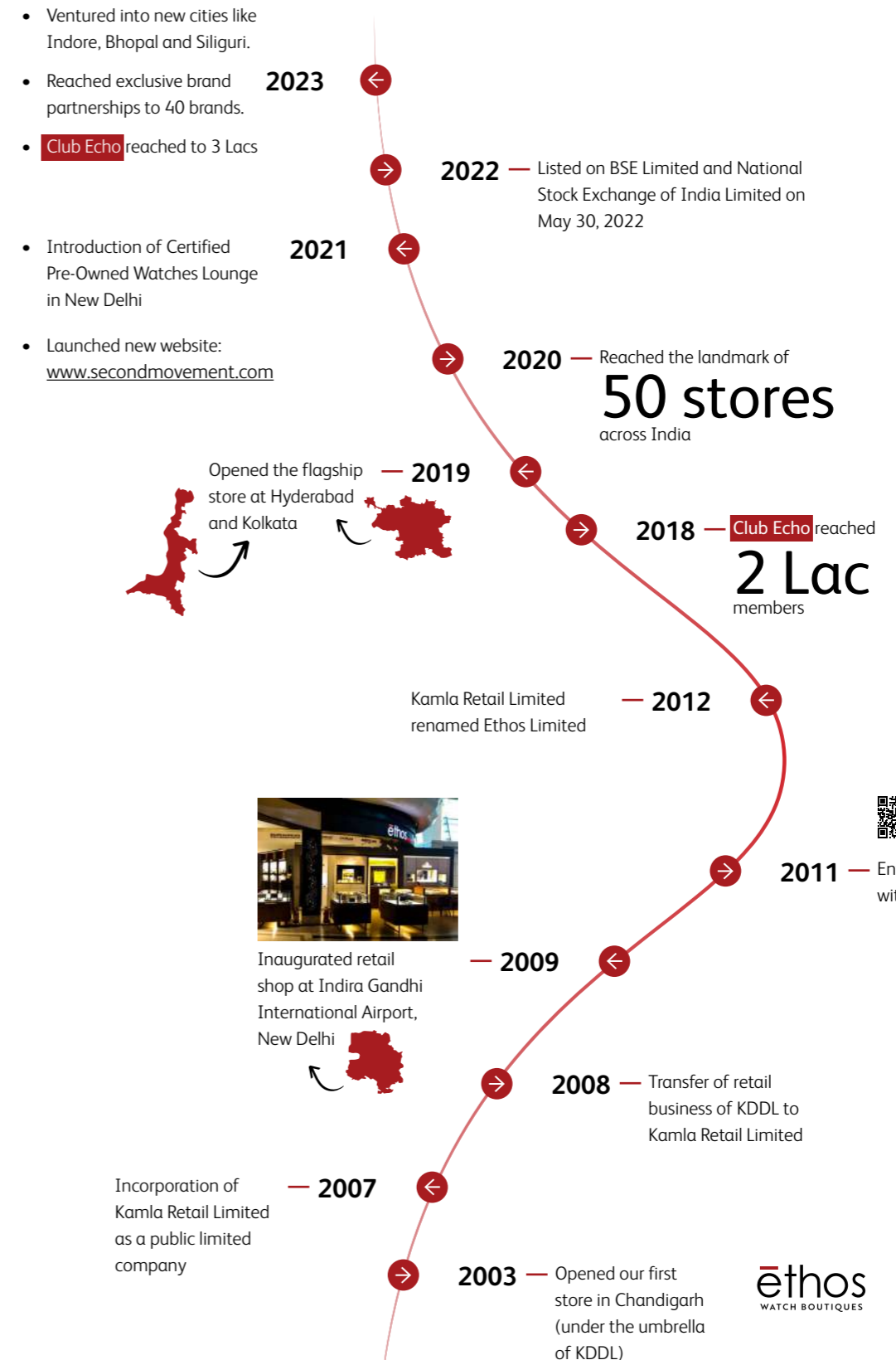
# Expanding far and wide

WE ARE ENHANCING OUR LEADERSHIP POSITION BY STRENGTHENING OUR GEOGRAPHIC FOOTPRINT ACROSS THE COUNTRY. WE ARE NOW PRESENT IN 20 CITIES IN INDIA ACCOMPLISHING A TOTAL WATCH BOUTIQUE COUNT OF 54. DURING FY23, WE ALSO FORAYED INTO THE PROMISING CITIES OF BHOPAL, INDORE AND SILIGURI.



Map not to scale. For representation purpose only

# An impressive journey across time





CHAIRMAN'S MESSAGE

# Time tested for two decades

THE EVOLUTION OF ETHOS AS A TRUSTED BRAND HAS ALLOWED IT TO SUCCESSFULLY ATTUNE ITSELF TO THE NEEDS OF THE LUXURY WATCH MARKET AND ENABLED IT TO WITNESS STAGGERING GROWTH.



Over the past two decades, we have established ourselves as a preferred retailer for premium and luxury watches across the country.

Yashovardhan Saboo  
Chairman and Managing Director



## Dear Shareholders,

As we celebrate the 20<sup>th</sup> year of our momentous journey, we look back with great pride and pleasure at our success, just as we look forward to an even greater future with excitement and enthusiasm. The evolution of Ethos as a brand has successfully lived up to customer expectations and constantly evolved with the needs of the luxury watch market.

Carrying forward our legacy of strong financial performances, we reported the highest ever EBITDA and PAT in FY23. We believe, the potential of the premium watch market in India continues to grow. The emergence of Ethos as the largest and only player in this category with a pan-India presence is a testament to our lasting relationship with premium watch brands, our customers and all other stakeholders.

Our digital platforms, combined seamlessly with our strategic store locations, first-mover advantage in the certified pre-owned business and excellent after-sales services through our state-of-the-art service facilities, empower us to further strengthen our foothold in the luxury and premium watch space.

## Strong performance, year after year

During the past year, businesses across the globe were affected by high inflation and rising commodity prices. The pandemic's impact in China posed

challenges for the seamless supply of components and it affected the production as well as delivery of watches. Despite these headwinds, we delivered strong growth and reported excellent financial performance.

We have added six new stores and forayed into three new cities during FY23, are in Indore, Siliguri and Bhopal. Hence, taking the total count of stores to 54 and expanding our presence to 20 cities.

Our omnichannel presence allows us to capitalise on both online and offline business prospects. Exclusive brand tie-ups allows us to offer a unique product portfolio to our customers. Our growing team of talented, motivated and dedicated professionals enables our strategies to be implemented efficiently – they, together with our loyal customers, are our best ambassadors.

## Looking ahead

We aim to capitalise on the growing demand for entry level products as well as middle to high range products in the premium and luxury watch segment by expanding our retail footprint. The strength of the retail watch business gives us the confidence to include other luxury items in our portfolio and replicate our success in new verticals.

Leveraging our exclusive relationship with renowned brands, we seek to build an integrated business that offers

customers a plethora of other luxury products under one roof. Besides, our emphasis on growing the certified pre-owned luxury watch business helps us to ramp up sales and build a trusted brand for our premium customers.

Keeping the customer at the centre of our efforts, we have advanced state-of-the-art service centres equipped with skilled horological technicians who have the reputation of working with the most prestigious watch brands in the world.

At Ethos, profitability and sustainability go hand in hand. We remain dedicated to minimise our environmental footprint and continuously engage in activities that support communities. Our Million Tree Project keeps us steadfast on the path towards environmental sustainability and enables us to strengthen our foundation as a responsible organisation. During the year under review, we also undertook other social initiatives for the benefit of underprivileged youth and other vulnerable segments of society.

We remain committed to broaden our horizon and embrace opportunities to grow and contribute to the development of our employees, our partners, our society and our nation. I am very thankful for the trust and support we have received from all.

Regards,

Yashovardhan Saboo  
Chairman and Managing Director



OUR OFFERINGS

# Exclusive collections showcasing the essence of luxury

OUR PRODUCTS ARE DIRECTLY SOURCED FROM THE BRAND.



**Premium segment**  
ranging from  
Rs.0.25 lakhs - Rs.1 lakh per watch



**Bridge to luxury segment**  
ranging from  
Rs.1 lakh - Rs.2.5 lakhs per watch



**Luxury watch segment**  
ranging from  
Rs.2.5 lakhs - Rs.10 lakhs per watch



**High luxury segment**  
ranging from  
Rs. 10 lakhs and above per watch

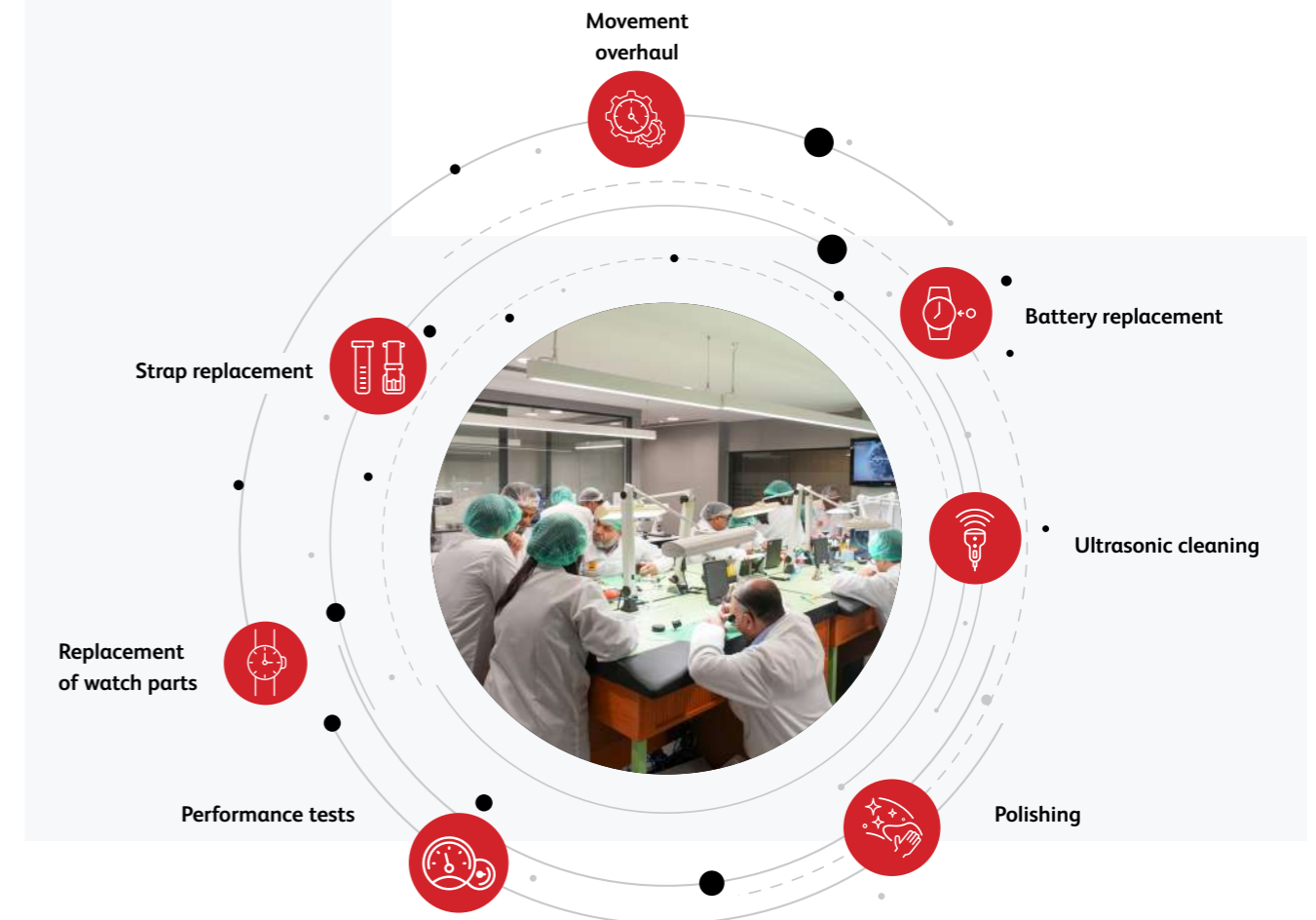
Of all the brands, 40 brands are exclusively available through Ethos in the Indian watch market. Our products span various price points, which include:

**Services**

At Ethos, we aim to serve our clients better through our robust repair and service facilities. Ethos Watch Care in New Delhi is equipped with state-of-the-art servicing and repairing technologies, along with highly skilled and certified technicians with a combined experience of over 100 years of handling premium timepieces.



Experts at our state-of-art repair and service facility



Our comprehensive service centres with specialised machineries providing one-stop solution for watch maintenance

BRAND PARTNERSHIPS

# Partnering with the best to offer timeless luxury

Over the years, we have cultivated robust and enduring collaborative alliances with renowned luxury watch brands, fostering a deep sense of partnership. Our commitment lies in portraying the essence of our brand collaborators to our esteemed clients, thereby paving the way for novel prospects.

Presently, we are affiliated with a distinguished cohort of 60+ globally acclaimed watch brands, a significant number in the Indian market. These partnerships not only drive our growth but also act as the driving force behind inspiring product innovation and the development of powerful strategies. As a result, they bolster our standing in the market and play a pivotal role in building our clientele.



### Bovet Boutique

Ethos is the sole retail collaborator for Bovet in India, establishing the inaugural and solitary Bovet Boutique within the nation. This exclusive boutique is situated at the prestigious Emporio Mall in Delhi.

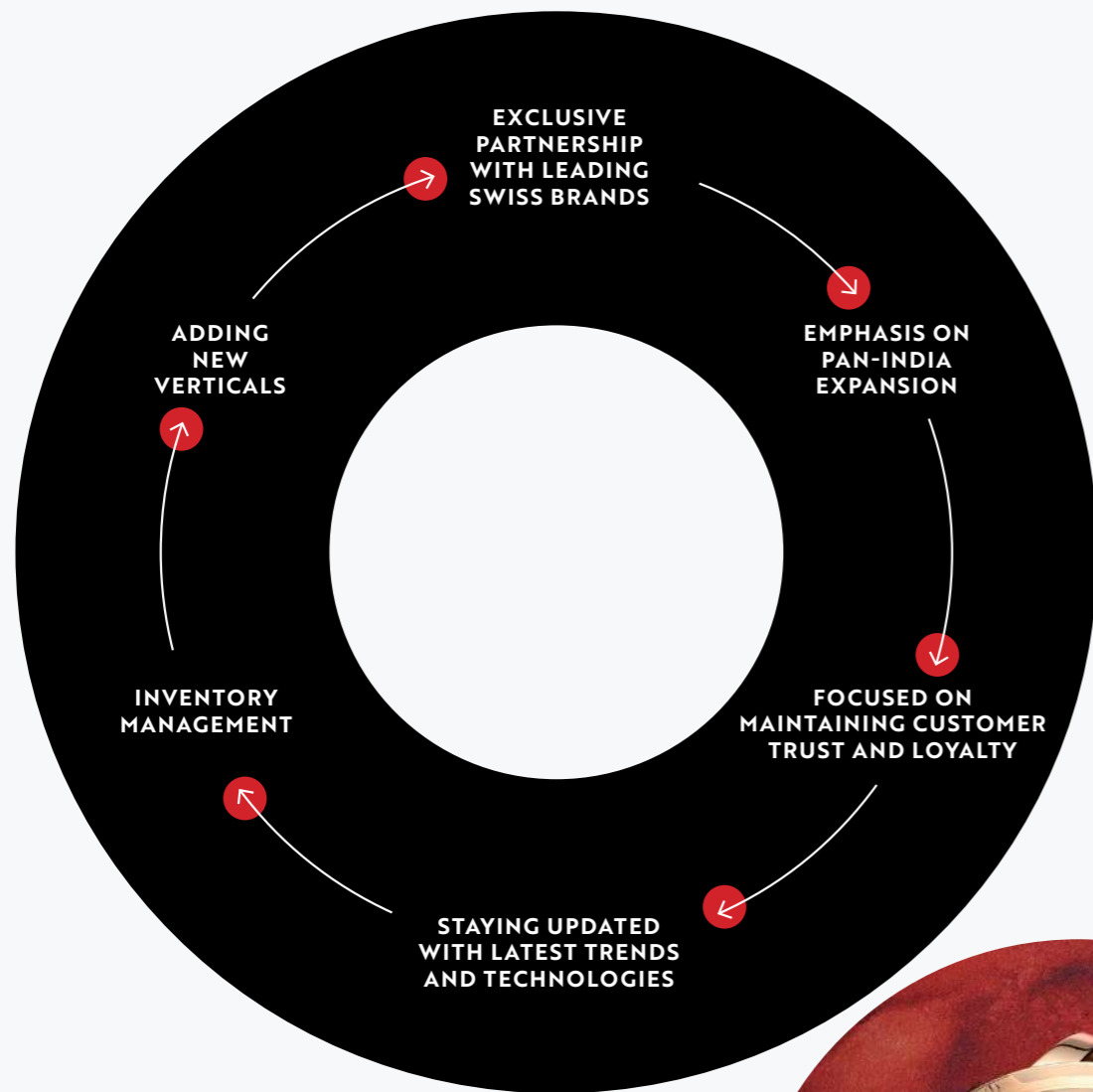


### Jacob Boutique

Ethos is the sole retail collaborator for Jacob & Co. in India, hosting the inaugural and singular Jacob & Co. Boutique within the nation. This distinctive boutique is positioned at Mumbai's Palladium Mall.



# Sharpening strategies in a dynamic market



### Exclusive partnership with leading Swiss brands

We have partnered with 60+ leading Swiss watch brands, which are exclusively available in India through Ethos. We have over 7,000 premium, bridge to luxury, luxury and high luxury watch collections. Moreover, we have continued to invest in new brand collections as part of our ongoing efforts to provide the most diverse range of brands to our consumers.

During FY23, we have entered into exclusive agreements with 6 prestigious brands. We aim to make sure that our platform remains a go-to premium and luxury watch retail destination for our diverse brand associations. Many of the world's leading watch brands do not yet have a presence in India, and we intend to collaborate with them to bring these brands to the country.



### Emphasis on pan-India expansion

At Ethos, we are expanding our geographic footprint to the Tier II and Tier III cities of India, where people are increasingly preferring premium and luxury brands. We are collecting relevant data from our websites and other sources, which reflects that the market is exhibiting a growing interest towards luxury brands. In the next two years, we have a plan to open 40 stores across the country. The stores will be a combination of non-brand boutiques as well as multi-brand stores according to the demand trend.

### Steadfast in maintaining customer trust and loyalty

The adherence to strong ethics and standards is an integral part of Ethos. We help our customers to choose the best timepieces, while protecting them from rampant malpractices. The customers are assured of the authenticity and genuineness of their purchase. Moreover, we have a dedicated team of qualified and trained personnel, along with great looking

boutique stores, which ensure a smooth shopping experience to our customers. We also provide 2 years of warranty for our servicing. Customers who participate in Ethos' Club ECHO Loyalty Programme not only receive redemption points that they may collect and use regularly, but they are also invited to watch collector events, wine tasting sessions, gifts and rewards.



### Staying updated with latest trends and technologies

Our merchandising capabilities are backed by a customer-centric analytical strategy that focuses on store profiling, productivity, trend analysis, seasonal variations and sales and inventory forecasting with the help of our ERP's extensive market trend analysis. Our product range depends on the nature of store and the product category; and it is regularly modified in line with our strategy and market conditions. We are constantly eyeing and taking initiatives in line with evolving customer expectations, social and environmental concerns, and geopolitical events.



STRATEGIES

**Inventory management**

We 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, in-store space allocation based on profits per metre, and more informed decisions based on current trends. We are constantly working to enhance inventory turnover, limit ageing inventory and align our product variety to match customers' tastes.



Robust inventory management mechanism which ensures availability of watches and fulfilment of customer demands.



**Adding new verticals**

At Ethos, we believe the true potential of the luxury watch market is not fully explored. Our first priority is to expand the business in the watch category. In addition, we are looking into other related luxury products such as luggage and branded jewellery. As a part of our continuing effort to enter into new markets, frequent research is being conducted to determine how such possible partners may benefit the Company.



Messika Jewellery



Rimowa

# Grand Prix d'Horlogerie de Genève (GPHG) to India

Often referred to as the 'Oscars' of the watch industry, the GPHG is a not-to-be-missed event in the watchmaking calendar and is among the industry's most famous showcases. Held in New Delhi on 8th and 9th of October, 2023. 81 of the world's most unique and exquisite timepieces contesting for awards, across 14 categories were on display. In addition, the event also presented a unique opportunity for Indian connoisseurs to meet renowned watch experts and brand leaders from around the world.

During his speech at the opening ceremony, Mr. Raymond Loretan, President of the GPHG Foundation, said, "The GPHG is particularly grateful to be able to count on Ethos Watches once again to showcase the watchmaking creativity of 2022 in India, a promising market for the years to come. Our mission is the promotion of watchmaking in all its facets; the largest democracy in the world is a fertile ground for the development of its values of tradition, precision and innovation, and we sincerely hope that our presence here will arouse the interest of enthusiasts as well as encourage vocations among up-and-coming generations."



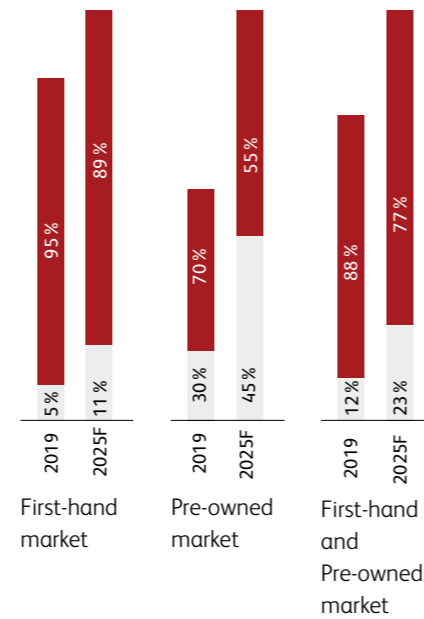
SECOND MOVEMENT

# Giving a fresh lease of life to time pieces

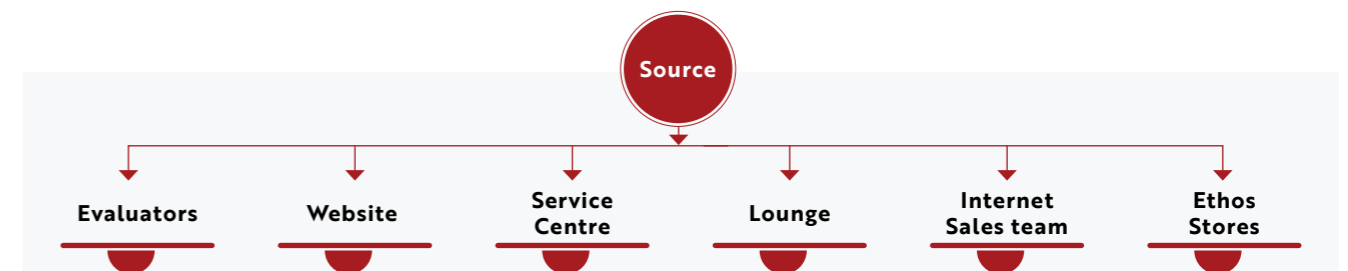
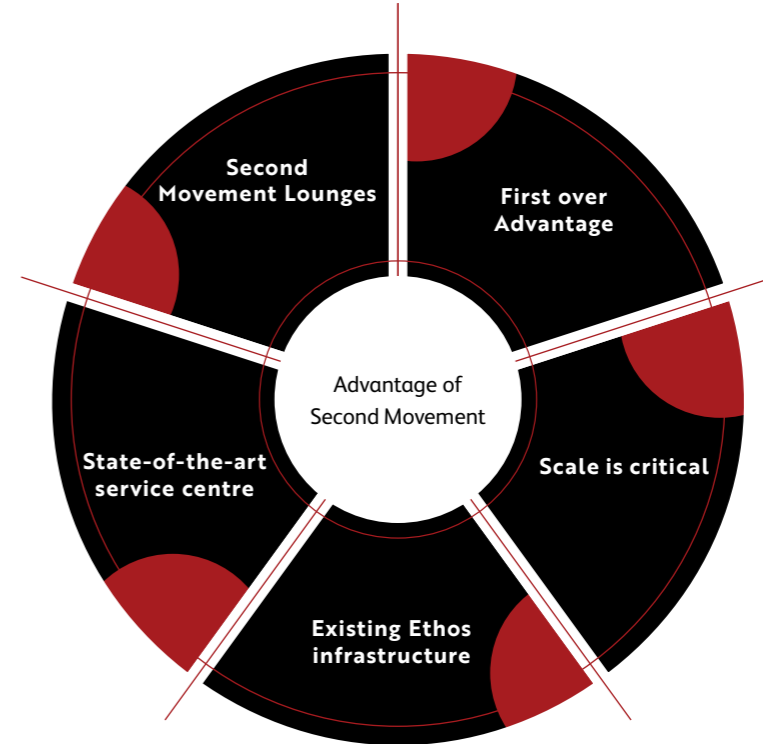
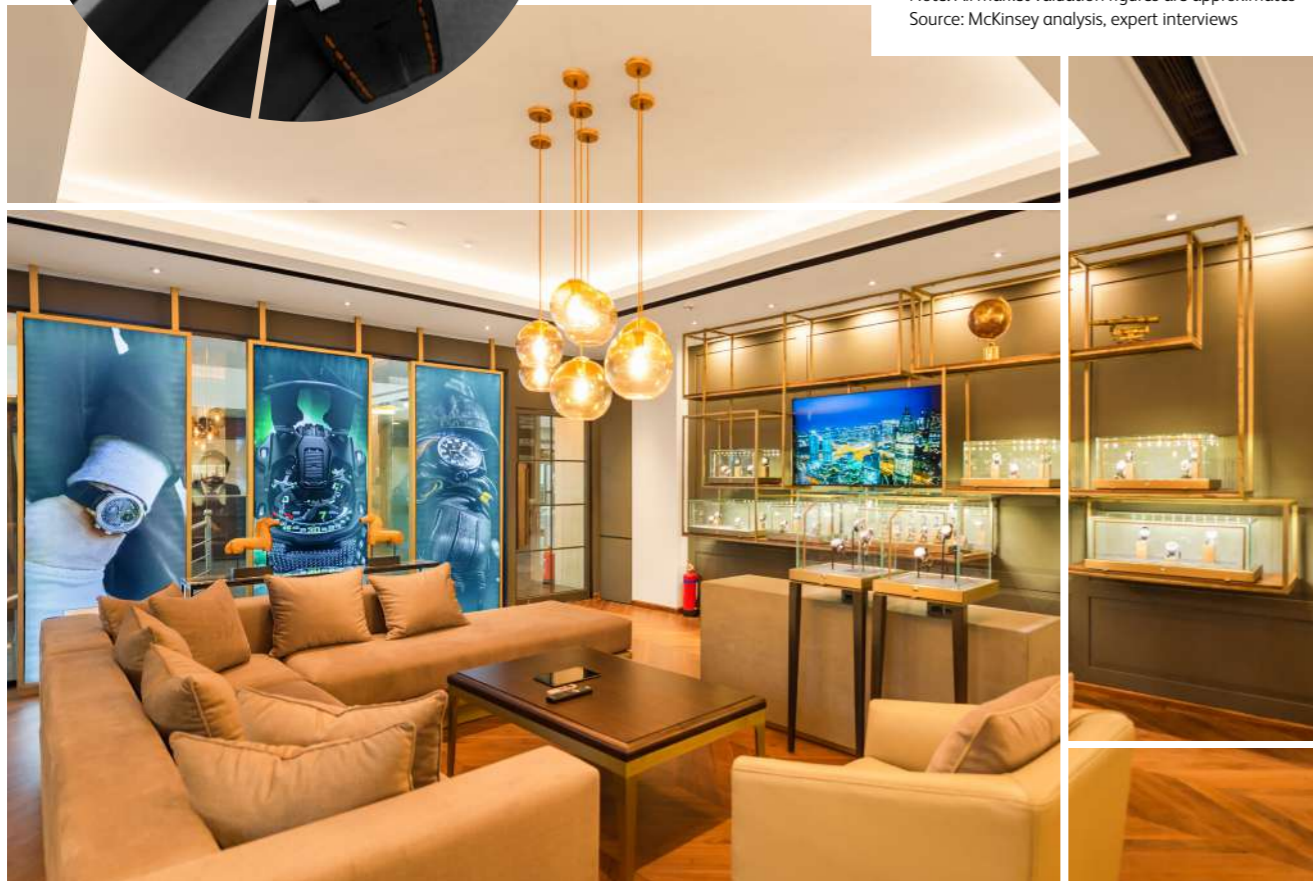
Ethos is one of the leading players in India that possesses the capacity to authenticate, procure, and refurbish pre-owned watches in an organised manner. A notable contender in this arena, **Second Movement**, has the most extensive assemblage of certified pre-owned luxury watches and accompanying accessories in India. Our state-of-the-art service centres not only facilitates watch servicing across all brands but also extends a comprehensive 2-year warranty. The provision of dedicated lounges designed for pre-owned products significantly enhances both their credibility and the overall customer experience.



Share of sales by channel (%)



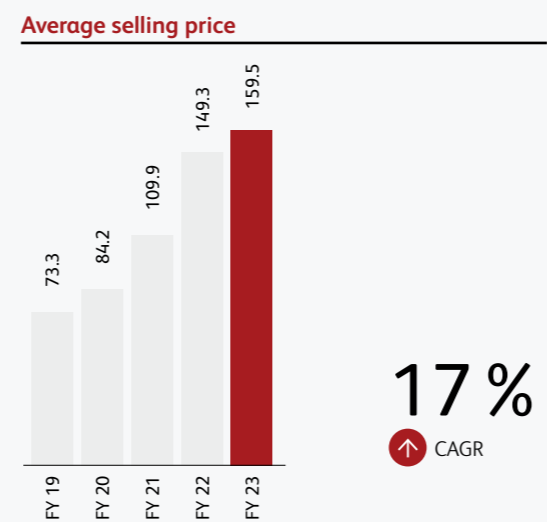
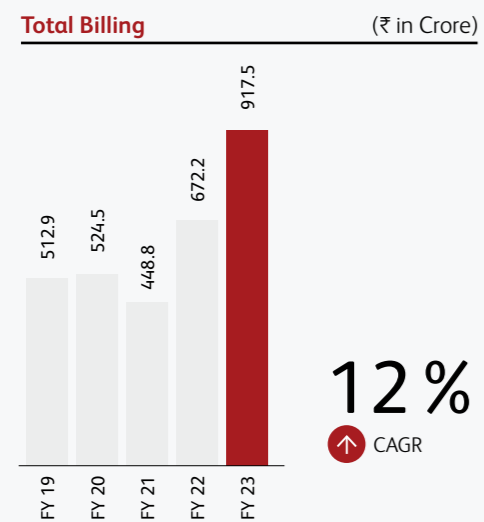
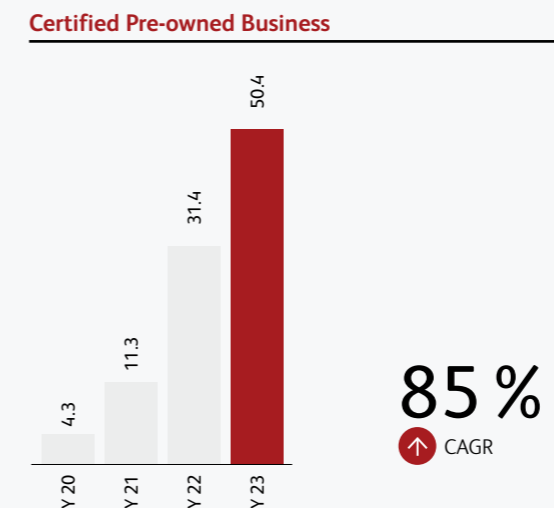
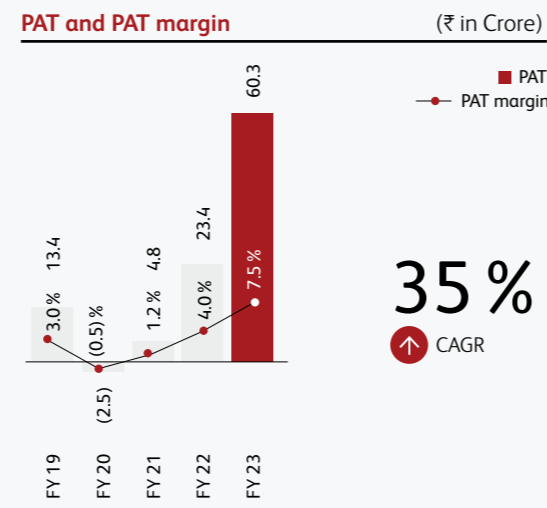
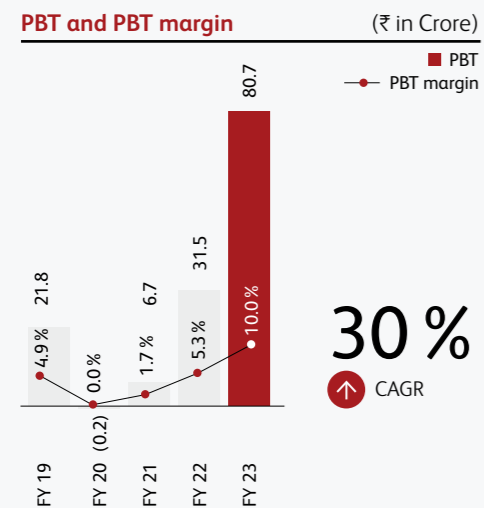
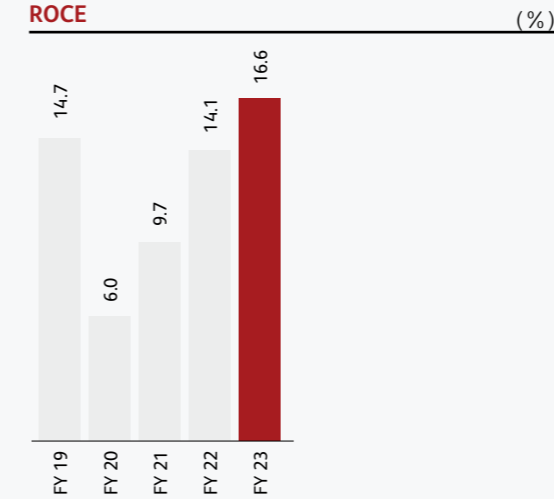
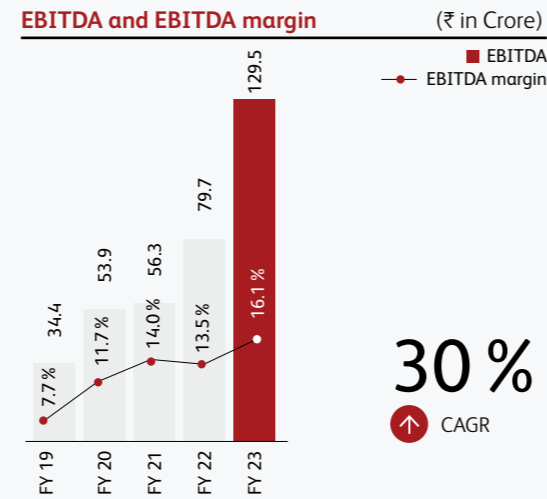
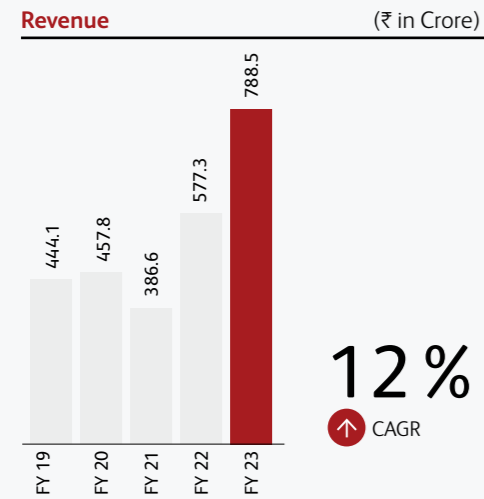
Note: All market valuation figures are approximates  
Source: McKinsey analysis, expert interviews



Log in to <https://www.secondmovement.com/> for more information

FINANCIAL PERFORMANCE

# Amplifying stakeholder value with long-term focus



**Margin maintenance**

Despite the COVID crisis earlier, and the global headwinds, India is showing resilient demand for luxury products. The Company continued to witness highest ever growth in FY23 on the back of robust demand and focused marketing initiatives. There has been a significant rise of high net-worth individuals across the country, which has resulted in accelerated demand for premium and luxury watches. To meet the demand and curtail the supply chain disruptions, our purchasing and production process was ramped up. A thorough check on all the processes, along with proper quality and inventory management resulted in enhancing the gross margin during the reporting year.

**Emerging investment opportunities**

At Ethos, we believe that catering to the unserved cities will help us achieve sustainable growth. We are penetrating into new cities across the country by expanding our watch boutique. We have

also accelerated our growth plans with a target of 40 new retail stores till FY25. These investments are being done with the view that the buying potential of the customers will be increasing across metros, Tier I, Tier II and even in Tier III cities of India. At the same time, we will be scaling up channels of certified pre-owned (CPO) or other luxury categories.

**Maximising value**

Being in the growth stage, we are maintaining an optimum balance in terms of our capital employed and the return that is being generated. It has been analysed that our expenditure and investments undertaken are proportionately lower than the revenue generated. Our certified pre-owned watch segment is playing a major role towards generating an increased return on capital employed because of its high demand as well as efficiency. We are intending to open additional stores in India, dedicated solely for this segment.





# Reaching out with our omnichannel approach

## Sales Channel

We have strengthened our leadership position and presence across India. With our robust omnichannel approach, we are reaching our customers both through our in-house sales stores as well as through our digital platforms.

With our wide network across metros, Tier I, Tier II and Tier III cities in India, we are serving a large number of customers by helping them to purchase the best collection of timepieces from the diverse choice of premium and luxury watches. It is our dedicated and skilled employees who play a major role in maintaining a good customer relationship.

It is because of the hospitality that we extend to our customers that 46% of our total customer base are repeat customers. We have a separate team entirely dedicated to control the inventory and maintain the stock of highly demanded timepieces at all times. Our stores are broadly categorised into Ethos Summit Stores, Ethos Multi Brand Outlets (MBOs), Ethos Exclusive Brand Outlets (EBOs) and Second Movement Lounge.

54  
Retail watch boutiques

20  
Cities in India



Our newly launched sales store in Ahmedabad



Our newly launched sales store in Bhopal

## Omnichannel

We are also accelerating our sales through online channels. During the year under review more than 23 million watch enthusiasts have engaged through our website. Our website provides a broad outlook of the products that we offer along with advanced search functions based on the features, price gender category to enhance customer convenience. We have in place a qualified team of watch specialists and skilled luxury watch consultants who provides support to the online traffic by responding to the enquiries of our clients, which are received through the web portal. Our omnichannel presence has helped expand our customer reach and strengthened our relationships.



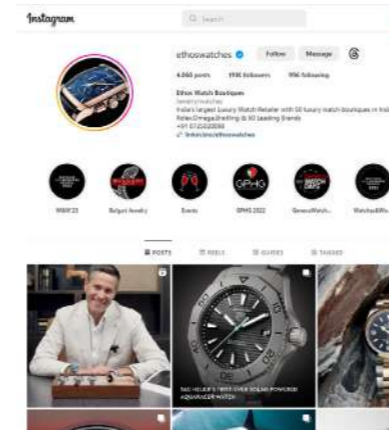
23+ million  
Watch enthusiasts engaged through website

## Marketing Initiatives

### Focused digital marketing

With the digital-first approach, Ethos, has largely focused on its omnichannel networks. This has enabled to increase its database of more than 8 lakhs, comprising watch enthusiasts and collectors, who have shown an interest towards our offerings. Ethos has gained an advantage by driving extensive marketing through emails, social media and search engine ads.

116  
Total video content posts through social media



Social media also played an important part in growing our customer base through video content. We shifted our online social media marketing by offering the potential audience with engaging video content. Out of a total of 116 videos, 76 were original videos that are completely conceptualised and produced in-house.

76  
Original videos that are completely conceptualised and produced in-house



### Total views

We have been able to retain a large base of existing customers through our channels of communication and CRM such as WhatsApp, along with enhancing our email communication to be at constant touch with our clients.

### Marketing plans of Ethos for FY 2024

- Establishing Ethos as a thought leader through pushing high quality and relevant content via all our marketing channels.
- Expanding overall targeting from only watches, to help create Ethos as India's luxury shopping destination
- Generating a high quality user-base on the Ethos Mobile App



Facilitating faster and more user-friendly interactions with customers through mobile app

### After-sales service

With our state-of-the-art service centre located at the heart of New Delhi, and because of the skilled watch engineers, we have been able to reduce customer complaints by 90%. After the service booking procedure, the customers are regularly updated through mails and WhatsApp regarding the status of their watches. With highest priority and care the timepieces are repaired by the skilled and qualified watch technicians, resulting in customer delight.



STAKEHOLDER'S ENGAGEMENT

# Fostering enduring relationships with stakeholders

	Why does the Company engage	How does the Company engage	Monitoring the impact of Company's engagement
<b>Investors and Shareholders</b>	<p>With so many changes happening around, Ethos understands the criticality and significance to engage investors effectively with a well thought out investor engagement strategy. Engagement with investors and shareholders results in:</p> <ul style="list-style-type: none"> <li>Ethos gets an opportunity to focus on factors that will deliver long term value</li> <li>Modern approach to governance</li> <li>Indispensable for long term growth survival</li> <li>Building mutual trust and solid relationships with investors</li> <li>Improvement in ESG performance</li> </ul>	<p>On an ongoing basis, Ethos engages with its investors and shareholders in the following ways:</p> <ul style="list-style-type: none"> <li>Regular and proactive communication and timely reporting</li> <li>Conducting quarterly earnings call</li> <li>Conducting statutory shareholder's meetings as and when required</li> <li>Hosting investor meetings on an ongoing basis</li> <li>Participating in annual investor conferences</li> <li>Conducting store visit events for our investors</li> <li>Relationship building</li> </ul>	<p>Cultivating strong relationships with investors is of prime importance, and the Company recognizes the significance of integrating feedback from them into its operations. Notably, discussions pertaining to Environmental, Social, and Governance (ESG) factors have taken on greater prominence, especially interactions with substantial institutional investors. Through adept utilisation of data, Ethos has successfully gleaned invaluable insights into the inclinations, actions, and investment trends of our investors. This proficiency empowers us to customise our strategies for targeting institutional investors, leading to more impactful engagement with potential shareholders.</p>

	Why does the Company engage	How does the Company engage	Monitoring the impact of Company's engagement
<b>Brand partners and other suppliers</b>	<p>Built on mutual trust and respect, Ethos recognises the responsibility to represent the brands and contribute to their long-term value appreciation. The Company maintains and continues to develop long-standing partnerships through following ways:</p> <ul style="list-style-type: none"> <li>Long-term collaboration on all areas of our business</li> <li>Ensuring and developing a socially and environmentally responsible supply chain</li> <li>Ongoing meetings and discussions for future prospects including events</li> <li>Building mutual trust and solid relationships</li> </ul>	<ul style="list-style-type: none"> <li>Conducting regular meetings locally and in brand partner head offices</li> <li>Attending brand partner and supplier events</li> <li>Ongoing dialogues for the launch of exclusive ranges and expanding the boutique's channel</li> <li>Actively identifying distribution opportunities across the market and partnering accordingly</li> <li>Collaborating to provide our colleagues with extensive training</li> <li>Sharing information on market trends, defining product assortment and providing long-term planning data at micro and macro level</li> </ul>	<p>Ethos's operational objectives revolve around ensuring the smooth and punctual movement of products, maintaining consistent communication with clients to synchronise with their preferences and actions. Company aim to enhance our business footprint by evaluating and enhancing our market share, all while prioritizing the establishment of an effective supply chain management system.</p>

	Why does the Company engage	How does the Company engage	Monitoring the impact of Company's engagement
<b>Customers</b>	<p>Customer engagement is an indispensable aspect of any retail business. Consumers are more likely to be loyal to brands when they feel a strong emotional connection. The only way to form such a bond is through repeated interactions typically across multiple channels. The benefits of such engagements are :</p> <ul style="list-style-type: none"> <li>Stronger connections with customers help us retain our hard-won customers.</li> <li>Successful customer engagement keeps us at the top of the customer's mind when it comes to the decision-making process.</li> <li>Customers become more responsive with the new initiative that the Company wish to undertake through our marketing efforts.</li> <li>Building mutual trust and solid relationships with customers.</li> </ul>	<p>On an ongoing basis, Ethos engages with its customers in the following ways:</p> <ul style="list-style-type: none"> <li>Solid omnichannel strategy</li> <li>Social interactions</li> <li>Hosting customer events</li> <li>Robust marketing strategies</li> <li>Delivering curated experiences using digital means</li> <li>Turning brick and mortar locations into destination experience centres</li> <li>Relationship building</li> </ul>	<p>The Company's operational approach involves consistently monitoring customer visit frequency across all its locations. This ongoing assessment is complemented by vigilant observation of the conversion rates stemming from foot traffic at diverse points. Moreover, the Company conducts comprehensive analyses of Customer Satisfaction Ratings received through various channels, allowing us to gauge sentiment effectively. Simultaneously, the Company delves into a thorough examination of our Company's website traffic patterns, concurrently tracking and assessing the corresponding conversion rates.</p>

	Why does the Company engage	How does the Company engage	Monitoring the impact of Company's engagement
<b>Regulators</b>	<p>One of the most important aspects of commercial awareness is engaging with regulators in the industry, who can influence reputation, compliance, and performance in the ecosystem. Ethos partners in nation building and understands its responsibility towards various communities entrusted with the task of national development. On an ongoing basis, the Company has to deal with various regulators working under the machinery of the Government. Our engagement with regulators aids in its essential function in respect of protection of public interest at large.</p>	<ul style="list-style-type: none"> <li>Mutual trust, respect and transparency in our interactions with the regulators</li> <li>Avoidance of conflicts and disputes, as and when any of them occurs</li> <li>Deciphering opportunities to partner with the regulator in various projects, initiatives or events that benefits both parties</li> <li>Joint research, innovation and advocacy on various matters</li> <li>Opportunities to work with the regulator in nation building</li> <li>Representing the industry on matters of concerns, as and when they arise</li> </ul>	<p>The Company's primary objective is to optimise the value delivered to our shareholders while also safeguarding the interests of all its stakeholders. The Company prioritises establishing streamlined communication channels with regulatory bodies to ensure our alignment with national development initiatives. Simultaneously, Company are dedicated to enhancing the ease of conducting business operations and upholding the welfare of all parties involved.</p>

# Fostering enduring relationships with stakeholders

	Why does the Company engage	How does the Company engage	Monitoring the impact of Company's engagement
 <b>Employees</b>	<ul style="list-style-type: none"> <li>The core values of Ethos revolves around respect for people, which emphasises its commitment to treat all employees with dignity and recognition. The Company also inculcates the spirit of integrity, excellence and transparency amongst its employees.</li> <li>Ethos believes that an engaged employee is one who is fully absorbed by and enthusiastic about his/her work and so takes positive action to further the organisations' goals and interests.</li> <li>Employee engagement, in Ethos, is recognised as an asset rather a liability whose acquisition goes through the path of employee welfare in terms of both social and economic contentment.</li> </ul>	<p>The following enlist the modes through which employees are engaged in the organisation:</p> <p><b>Employee welfare</b></p> <ul style="list-style-type: none"> <li>Working environment</li> <li>Training facilities</li> <li>Motivational schemes</li> <li>Recreational schemes</li> <li>Educational schemes</li> <li>Leave system</li> <li>Medical benefits</li> <li>Employee counselling</li> </ul> <p><b>Employee satisfaction through job</b></p> <ul style="list-style-type: none"> <li>Proper channels of communication</li> <li>Job and salary satisfaction</li> <li>Employer and employee relation</li> <li>Climate and culture of the organisation</li> </ul> <p><b>Fringe benefits</b></p> <ul style="list-style-type: none"> <li>Higher productivity</li> <li>Reliability</li> <li>Higher self-motivation</li> <li>Lower employee turnover</li> <li>Lower absenteeism</li> <li>High service quality</li> <li>High employee involvement</li> <li>High employee morale</li> </ul>	<p>Ethos firmly believes in the correlation between an employee's quality of life and the overall well-being of the Company. The Company has observed that employee engagement significantly influences outcomes – employees tend to stay longer, mitigating the need for costly and time-consuming replacements. Ethos' remarkable combination of low employee turnover and consistent growth underscores the idea that employees' longevity within the Company enhances their skills, thus contributing to overall productivity and subsequently influencing revenues.</p> <p>Central to Ethos' ethos is the recognition that employees within the organisation hold a strong sense of trust and belonging. This intrinsic commitment is palpable, driving their dedicated contributions. The Company actively fosters employee welfare through an array of initiatives, creating a ripple effect of positive word-of-mouth. These commendations not only augment the Company's reputation but also act as a magnet for prospective talent, eager to join a work environment that garners such praise.</p>

	Why does the Company engage	How does the Company engage	Monitoring the impact of Company's engagement
 <b>Community</b>	<ul style="list-style-type: none"> <li>Ethos believes in the democratic idea that everyone who is affected by an issue that impacts their community should have a say in the decision-making around it.</li> <li>Through community engagement, the Company seeks to engage the community to achieve sustainable outcomes, equitable decision-making processes, and deepen relationships and trust between government organisations and communities.</li> <li>Moreover, the 2030 Agenda for Sustainable Development — created using unprecedented participation involving more than 7.5 million people from over 190 countries — embeds inclusive democratic participation in the Sustainable Development Goals.</li> </ul>	<ul style="list-style-type: none"> <li>The Company has established a code of conduct policy that is grounded on six core value pillars. One of the primary core values is Respect for People, which emphasises the Company's commitment to treat all individuals with dignity and consideration.</li> <li>Our Million Tree Project aims to locate barren places for afforestation while also guaranteeing that the flora and biodiversity of such areas are preserved for the long-term survival of humans and animals.</li> <li>To ensure compliance with all our regulations, our Board members formed numerous committees that govern specific areas of the entire organisation.</li> <li>The Company has a well-defined anti-corruption policy to maintain transparency in all our operations.</li> </ul>	<p>Upon scrutinising the ramifications of community engagement, it becomes evident that such involvement facilitates a range of benefits. These encompass the establishment and endurance of harmonious communities, the enhancement of results, the assurance of accessibility and empowerment within these communities, and the provision of support to local governments and entities in promoting decisions that align with sustainability objectives. Moreover, community engagement acts as a catalyst for instigating social change and plays a pivotal role in fostering more profound democratic processes.</p>



# Accelerating with talent and teamwork

OUR BUSINESS MODEL IS SUPPORTED BY OUR GROWING TALENT POOL, BRINGS THE RIGHT EXPERTISE AND ACUMEN TO HANDLE OUR ESTEEMED CLIENTS ACROSS OUR OMNICHANNEL PLATFORMS.

## Talent management

Our hiring mechanism is driven by our core values. Individuals with a flair of maintaining customer relationships and having a passion for watches are hired through strong and fair on-boarding processes. While selection, the compatibility of the potential candidates is matched with the value system, discipline and customer first approach. We also conduct engagement programmes for the newly hired employees to ensure that they settle down smoothly in the new job and carries a long-lasting impression. The HR team ensures that all new joiners are properly onboarded and introduced to the team along with Company's Value and ethics



Product training for the new incumbents joining the bandwagon of Ethos

## Learning and development

We are dedicated towards regular training and development sessions for all our employees across various departments. The training is conducted by both internal faculty as well as external faculty both on sales as well as the technical specifications of the products. Also, an extensive training is provided the watch maker brands for a better understanding of their products. This enable our teams to take care of our esteemed clintes.

Through our extensive training program, we have achieved maximum success wherein, our people be able to sell product despite people joining from different industries.

Trained employees from the respective brands are also able to fix the complicated

watches after attaining technical training sessions. Employees were made to visit watch component manufacturing factories for increasing the technical know-how of watch components. Along with the trainings, evaluation through regular viva and live sales skill assessment is undertaken. Also, the employees are asked to brainstorm from time to time to come up with innovative ideas and business solutions for the overall growth of the organisation.

**17K+**  
Hours of training during FY23



## Rewards and recognition

With the belief that the employees are the most valuable asset of the organisation, we provide immediate recognition based on the performance and efficiency. We also conduct competition in terms of the sales target and the actual sales achieved. The top 20 sales person and the top 6 stores across the country are rewarded. Appreciation on any exceptional sales is announced on larger form and appropriately rewarded.

## Diversity and inclusion

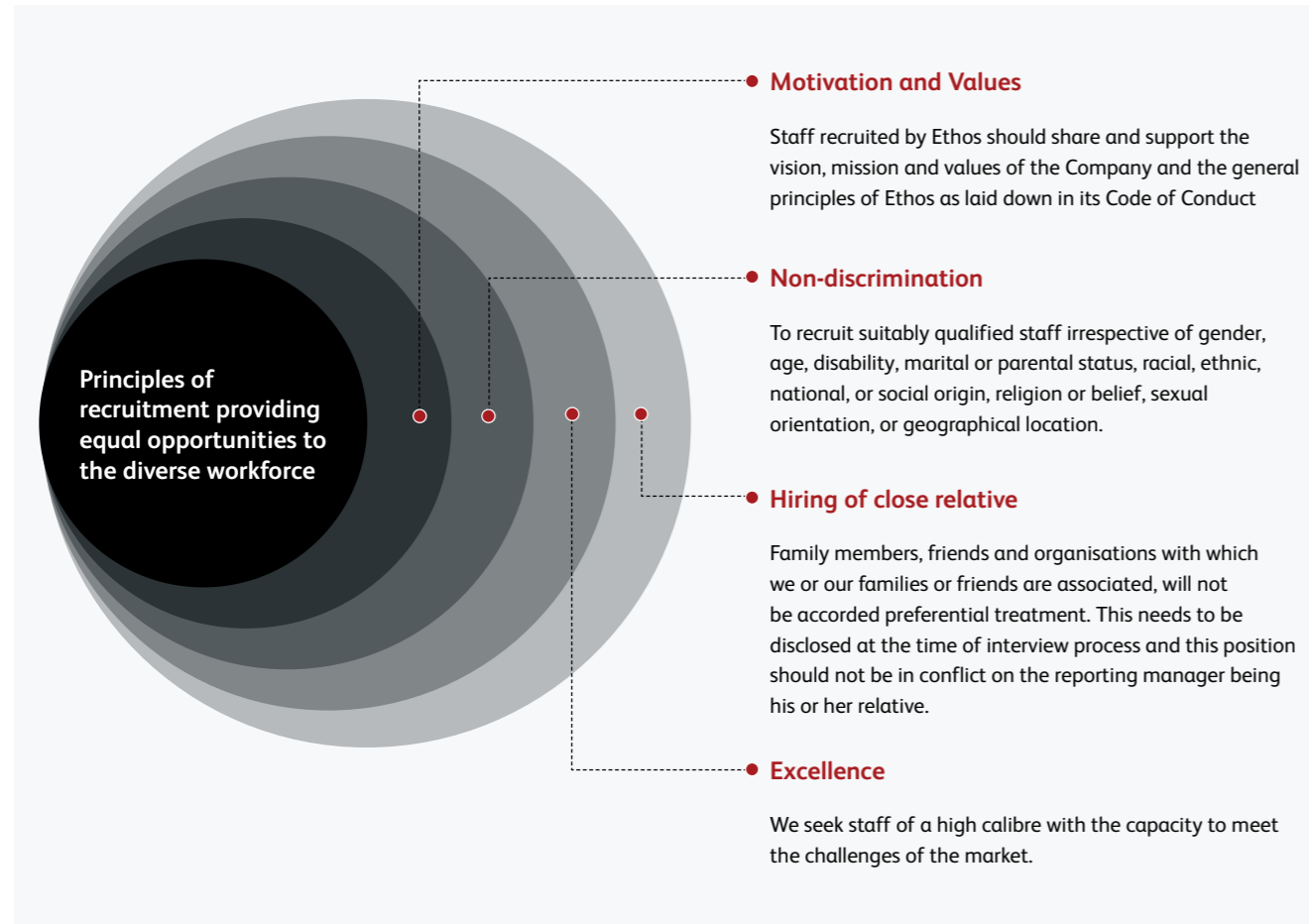
The Company has the policy of building a strong employee-base through merit and not on the basis of gender, caste, race, sexuality, nationality, colour, and so on. Ethos is increasingly hiring female employees as we believe that it is extremely important to maintain diverse working culture. Moreover, to enhance the environment of the watch boutiques at least 1 (one) female employee should be present. The courteous gesture and greetings will create a positive impact towards client relation. We are also continuing with a good gender diversity ratio at our back-end office at varied positions. Also, we are open to hire LGBTQ candidates who meets the job responsibility criteria based on merit. This will further enhance our diversity.

**525+**  
Employees during FY23

**18%**  
Female employees



**HUMAN RESOURCE**



**Our people strategy**



**Employee well-being and safety**

Ethos recognises that high standards of health, safety and environmental protection (HSE) are critical to the organisation's and for its people's progress. We are committed towards ensuring a safe and healthy work environment for all employees, as well as preventing any unforeseen incidents, accidents, injury, and/or ill-health of any employees or other relevant stakeholders.

The Company's senior management acknowledges the importance of HSE in achieving and maintaining excellence in our businesses; thus, we strive to continuously enhance our HSE Management System with the assistance of all workers. We conduct fire and safety evacuation drills on

a regular basis. This is done in partnership with Mall management across all of our stores and offices.

**Ethos have conducted an extensive safety drill programme and first aid training at its Head Office.**



**Caring for our employees**

Ethos places employee benefits at the foundation of our dedication to nurturing comprehensive employee growth. We cultivate a thriving atmosphere where individual advancement harmonises with the Company prosperity. Through all-encompassing benefits, we enable our team to excel, prioritising their welfare and contentment as fundamental elements of our organisational values.



HUMAN RESOURCE

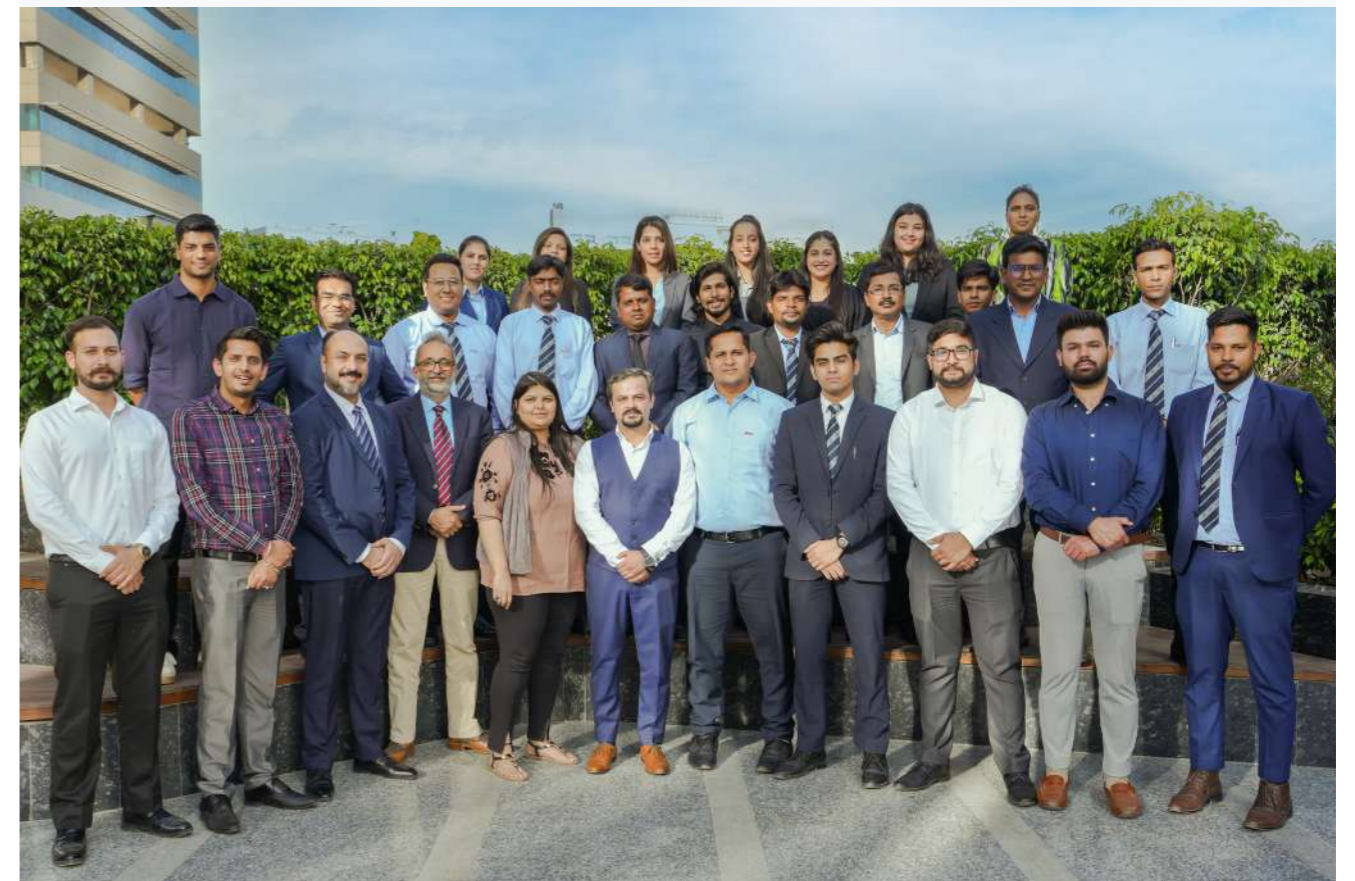


**Human rights**

The Company has established a code of conduct policy that is grounded in six core value pillars. One of the primary core values is Respect for People, which emphasises the Company’s commitment to treat all individuals with dignity and consideration. The Company encourages employees to promptly report any incidents of code of conduct violations to the designated compliance officer.

Additionally, HR conducts skip level meetings with employees on a regular basis. However, it is strongly encouraged that the initial point of contact for any grievance redressal should be the reporting manager, followed by the Head of Department.

During FY23, no human right violation was reported and all new team members have undergone Prevention of Sexual Harassment at Work place (PoSH) awareness sessions, along with existing employees by the HR representatives.



Watch Training program organised by the Company

# Embedding ESG in our corporate culture

WE AT ETHOS, ACTIVELY CONSULT WITH OUR STAKEHOLDERS ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) TOPICS THROUGH OUR VARIOUS DEPARTMENTS, ENSURING CONTINUOUS ENGAGEMENT. WE GATHER REGULAR FEEDBACK AND INTEGRATE IT INTO OUR STRATEGY, ALIGNING WITH OUR MISSION AND VISION.

We regularly review and update our stakeholder list from time to time to ensure that communication and engagement efforts remain relevant and effective. We follow a five-step process to identify our key stakeholder groups. During this process, we take into account a range of internal and external stakeholders by using both quantitative and qualitative data.

Material, concerning and critical issues are internally reviewed, prioritised and brought to relevant stakeholders for discussion, considering their impact on both the stakeholders and the business.



## Environment

### Circular economy

We have embraced the idea of circularity in all our operations. We have formulated a well-designed and thought-through Sustainable Procurement Policy to ensure safety and resource efficiency in the design and use of the products in a manner that creates value while minimising and mitigating their adverse impacts on the environment and society through all stages of their life cycle till their final disposal.

### Waste management

Being in the luxury watch business, recyclable or reusable wastes are limited to corrugated boxes, bubble wraps and papers. We are constantly striving for recycling measures and other waste reduction strategies. Corrugated boxes find further uses in warehouses for storage purposes. The rest is sold as a commodity to recyclers. Wherever possible, we emphasise our vendors to reduce bulky packaging on the products and also encourage them to use packaging materials which are recyclable or reusable.

### Integrating technology with environmental sustainability

During the year, we have made some new technological interventions in line with our vision of environmental sustainability. These are expanding the scope of digital operations, providing greater process efficiency as well as reducing the total consumption of paper. We are also investing in energy-efficient equipment such as variable refrigerant flow/5 star-rated air conditioners, LED lighting, LED signage, waterless urinals, sensor-based taps and aerators fitted taps and so on.

### Biodiversity

We have a negligible impact on areas with rich biodiversity. However, we intend to contribute towards improving biodiversity through our 'The Million Tree Project' initiative. This initiative is our pledge to support, in collaboration with different organisations, the plantation of **one million trees** over the next 10 years with an idea to plant one tree for every watch sold at Ethos.

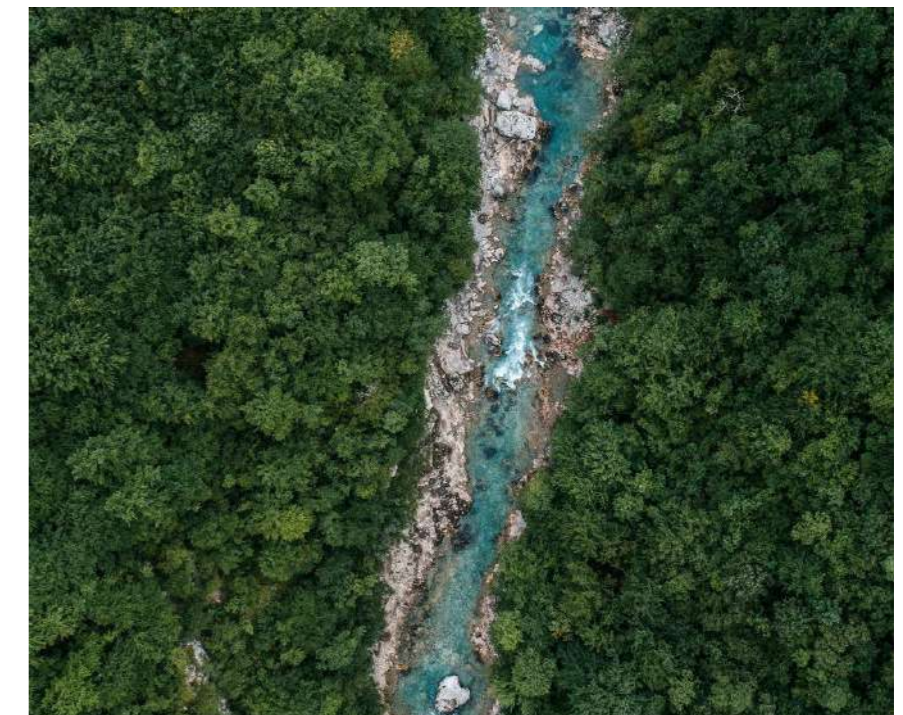
We understand that climate change is the greatest threat to our planet. Deforestation and forest degradation being the major contributor to climate change also cause the drying up of rivers. With fewer trees, especially around rivers, the rainfall in the region reduces. We have worked with Isha Foundation on the project 'Cauvery Calling' which aims at the revitalisation of the Cauvery River and transforming the lives of 84 million people around it. We aim to collaborating with other NGOs as well in our ambitious project in rejuvenating Mother Nature.

**10,00,000**

Total target of tree plantation

**131,555**

Trees planted as of March 2023 by Group



We Conserve Time, Together, Let Us Conserve The World

ENVIRONMENT, SOCIAL AND GOVERNANCE



Social

Social factors to consider in sustainable investing include a Company's strengths and weaknesses in dealing with social trends, labour, and politics. We understand that we operate in an eco-system comprising a number of stakeholders, beyond shareholders and investors and acknowledge our responsibilities towards the interests of all stakeholders especially those who may be vulnerable and marginalised. We have well defined policies in place to ensure all the social elements are factored profusely in such policies and implement them accordingly.

In order to fulfil our responsibility to maximise the positive impacts, we have formulated our governance structure in a manner to ensure transparency in their policies, decisions, products and impacts on all stakeholders and the natural environment.

Customers and community

Being in retail business, we understand the indispensability and our relationships with our customers. We believe in serving our customers and the community and have a robust grievance redressal mechanism. Customers can reach out to the team through various channels of communication. A dedicated phone number and email address have also been allocated for customers to register their grievances.

We duly recognise the principles laid down under the United Nations Convention on the rights of persons with disabilities and the Rights of Persons with Disabilities Act, 2016 for the empowerment of persons with disabilities. Retail stores and backend offices are located at various malls across the country whereby all kinds of facilities including accessible infrastructure, washrooms, transportation, information and technology are provided to persons with disabilities.

Equal opportunities

We have a robust Equal Opportunity Policy to ensure the provision of the equal opportunities at the time of recruitment, during the course of employment and at the time of separation without any discrimination. Further, we promote and respect the right to freedom of association, participation of employees and work-life balance. We have various policies and Internal Control Committee under POSH Act in place to provide employees access to appropriate grievance redressal mechanisms including sexual harassment.

Safety

Safety is considered as an utmost importance in all the systems of our organisation. We understand how important is it to work in a safe environment. We follow the international guidelines to follow human rights throughout our value chain and seek to continuously improve upon our policies. We acknowledge the significance of ensuring employee safety. We have taken measures to provide a safe working environment for all employees. We have equipped both backend and frontend offices with first aid kits, and a doctor is available on call to address any medical concerns. We have in place a Comprehensive Group Insurance Policy to ensure employees' safety while travelling during the course of their duty.



Governance

Our principle is to ensure complete transparency to all our stakeholders and we strive to improve upon our practices.

Our governance structure makes sure that the company complies with all legal obligations, and on top of that, procedures are being set up so that our value chain partners can do the same. We understand that ethical behaviour in all operations, functions and processes, is the cornerstone of businesses guiding their governance of economic, social and environmental responsibilities. We have formed a code of conduct for the Board of Directors and senior management, insider trading code, Business Responsibility and Sustainability Report (BRSR) policy, vigil mechanism and whistle-blower policy along with an anti-corruption and anti-bribery policy in order to ensure that the business is conducted and governed with integrity and in a manner that is ethical, transparent and accountable.

Ensuring governance

We are committed to developing a culture where it is safe for all employees to raise concerns about any unacceptable practice and any event of misconduct or violence of law in force. In line with the commitment and legal requirements, we have established Vigil/ Whistle Blower Mechanism and formulated a policy to provide a mechanism for employees of the Company to report any instance of unethical behaviour.

We safeguard the confidentiality of the whistle-blower from victimisation. We also communicate the existence of such mechanism, within the organisation and to outsiders. Further, the Company has formulated a policy to create a mechanism for the prevention, prohibition and redressal of sexual harassment so that women can work with dignity and equality in a safe environment.

6  
Independent Directors

1  
Woman Director

14.0%  
Return on Equity

Nil  
grievance  
received  
Stakeholder grievances  
addressed

13.0%  
Return on Capital Employed





BOARD OF DIRECTORS

# Providing visionary guidance and insight



**Yashovardhan Saboo**  
Chairman and Managing Director



**Anil Khanna**  
Independent Director



**Patrik Paul Hoffmann**  
Independent Director



**Dilpreet Singh**  
Independent Director



**Sundeep Kumar**  
Independent Director



**Chitranjan Agarwal**  
Non-Independent Non-Executive Director



**Mohaimin Altaf**  
Independent Director



**Manoj Gupta**  
Executive Director



**Charu Sharma**  
Independent Director



**Munisha Gandhi**  
Non-Independent Non-Executive (Woman) Director

LEADERSHIP TEAM

# Steering teams towards better outcomes



**Pranav Shankar Saboo**  
Chief Executive Officer



**Ritesh Kumar Agrawal**  
Chief Financial Officer



**Anil Kumar**  
Company Secretary and Compliance Officer



**Manoj Subramanian**  
Chief Operating Officer



**Juhi Chaturvedi**  
Head - Merchandising



**Rajesh Pandey**  
National Sales Head



**Sparsh Arun**  
VP - Strategy



**Sandeep Dutta**  
Head - Training



**Abhishek Kumar**  
VP - Human Resource

## BOARD OF DIRECTORS

**Mr. Yashovardhan Saboo**  
Chairman and Managing Director

**Mr. Anil Khanna**  
Independent Director

**Mr. Sundeep Kumar**  
Independent Director

**Mr. Dilpreet Singh**  
Independent Director

**Mr. Mohaimin Altaf**  
Independent Director

**Mr. Charu Sharma**  
Independent Director

**Mr. Patrik Paul Hoffmann**  
Independent Director

**Mr. Manoj Gupta**  
Executive Director

**Mrs. Munisha Gandhi**  
Non-Independent Non-Executive  
(Woman) Director

**Mr. Chitranjan Agarwal**  
Non-Independent Non-Executive Director

## Chief Executive Officer

**Mr. Pranav Shankar Saboo**

## Chief Financial Officer

**Mr. Ritesh Kumar Agrawal**

## Company Secretary and Compliance Officer

**Mr. Anil Kumar**

## COMMITTEES OF BOARD

### Audit Committee

Mr. Anil Khanna (Chairman)  
Mr. Mohaimin Altaf  
Mr. Chitranjan Agarwal

### Nomination & Remuneration Committee

Mr. Dilpreet Singh (Chairman)  
Mr. Anil Khanna  
Mr. Sundeep Kumar  
Mr. Chitranjan Agarwal

### 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. Munisha Gandhi  
Mr. Mohaimin Altaf  
Mrs. Malvika Saboo

### Risk Management Committee

Mr. Sundeep Kumar (Chairman)  
Mr. Manoj Gupta  
Mr. Pranav Shankar Saboo  
Mr. Ritesh Kumar Agrawal

### Bankers

State Bank of India  
Kotak Mahindra Bank Limited  
IDBI Bank Limited  
Jammu and Kashmir Bank Limited  
HDFC Bank Limited

### Auditors

**S.R. Batliboi & Co. LLP**  
Chartered Accountants  
4<sup>th</sup> Floor, Office 405, World Mark-2, Asset  
No. 8, IGI Airport Hospitality District  
Aerocity, New Delhi- 110 037  
Email: [sbrc@srb.in](mailto:sbrc@srb.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)

## Head Office

Global Gateway Towers A, First Floor  
Virendra Gram, MG Road,  
Near Guru Dronacharya Metro Station,  
Gurugram, Haryana - 122022  
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, India  
Silvercity Brands AG, Switzerland

## Joint Venture

Pasadena Retail Private Limited

# Notice to Members

Notice is hereby given that the **16<sup>th</sup> (Sixteenth) 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>	: Friday, September 29, 2023
<b>Time of the meeting</b>	: 10:00 a.m. IST
<b>Mode of the meeting</b>	: Through Video Conferencing ('VC')/ Other Audio Video Means (OAVM)

## 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, 2023 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, 2023 (including the Balance Sheet as at March 31, 2023; Statement of Profit and Loss for the year ended March 31, 2023; Cash Flow Statement for the year ended March 31, 2023; Statement of changes in Equity for the year ended March 31, 2023 along with summary of significant accounting policies and the accompanying notes forming an integral part of the financial statements) along with the Report of the Board of Directors and the Statutory Auditors' Report thereon, as 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 Mr. Chitranjan Agarwal (DIN - 00095715), 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. Chitranjan Agarwal (DIN - 00095715) Director 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 a **Special Resolution:**

*To consider and re-appoint Mr. Dilpreet Singh (DIN - 03042448) 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 and 25 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. Dilpreet Singh (DIN - 03042448), 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."

- 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 and 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 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."

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

To issue securities for an aggregate consideration not exceeding Rs. 250 crores

**"RESOLVED THAT** pursuant to Sections 23, 41, 42, 62, 71, 179 and other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder (including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014), each including any amendment(s), statutory modification(s), or re-enactment(s) thereof ("Companies Act") and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and the Foreign Exchange Management Act, 1999 and the Regulations made thereunder, including the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Depository Receipts Scheme, 2014 each as amended; the listing agreements entered into by the Company with the stock exchanges where the Equity Shares of face value of Rs. 10/- (Rupees Ten Only) of the Company are listed ("Stock Exchanges", and such Equity Shares, the Equity Shares"); and any other provisions of applicable law (including all other applicable statutes, clarifications, rules, regulations, circulars, notifications, and guidelines issued by the Government of India ("GoI"), Ministry of Corporate Affairs ("MCA"), Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), Stock Exchanges, and such other statutory / regulatory authorities), and subject to all approvals, permissions, consents, and / or sanctions as may be necessary or required from SEBI, the Stock Exchanges, RBI, MCA, GoI, or any other concerned Statutory / Regulatory Authority, and subject to such terms, conditions, or modifications as may be prescribed or imposed while granting such approvals, permissions, consents, and / or sanctions by any of the aforesaid authorities, which will be considered by the Board of Directors of the Company ("Board" which term shall include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers, including the powers conferred by this Resolution), approval of the Members of the Company be and is hereby accorded to the Board and the Board be and

is hereby authorised to offer, issue, and allot (including with provisions for reservations on firm and / or competitive basis, or such part of the issue and for such categories of persons as may be permitted) any instrument or security, including Equity Shares, fully / partly convertible debentures, non-convertible debentures, warrants (collectively, the "Securities"), or any combination of Securities, to all or any such investors, jointly and / or severally, that may be permitted to invest in such issuance of Securities, including resident or non-resident / foreign investors (whether institutions and / or incorporated bodies and / or trusts or otherwise) / foreign portfolio investors / mutual funds / pension funds / venture capital funds / banks / alternate investment funds / Indian and / or multilateral financial institutions / insurance Companies / any other Qualified Institutional Buyers as defined under the SEBI ICDR Regulations ("QIBs") / any other category of persons or entities who are authorised to invest in the Securities in terms of applicable law, as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are Members of the Company, for cash, in one or more tranches, with or without a Green Shoe Option, to raise funds for an aggregate consideration of up to Rs. 250 Crores (Rupees Two Hundred and Fifty Crores Only), through a public issue, rights issue, preferential allotment, or a private placement (including one or more Qualified Institutions Placements ("QIP") in accordance with the applicable provisions of the Companies Act and the SEBI ICDR Regulations), or through any other permissible mode and / or combination thereof as may be considered appropriate, to be subscribed to in Indian and / or any foreign currency by all eligible investors, through the issuance of an offer document / letter / circular / placement document, as permitted under applicable laws and regulations, at such price (including at a discount or premium to market price or prices permitted under applicable law), in such manner, and on such terms and conditions as may be deemed appropriate by the Board in its absolute discretion, including the discretion to determine to whom the offer, issue and allotment of Securities shall be made to the exclusion of others (including allotment to stabilising agent in terms of Green Shoe Option, if any, exercised by the Company); making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investors and / or in respect of different Securities; number of securities to be issued; face value; number of Equity Shares to be issued and allotted on conversion / redemption / extinguishment of debt(s); rights attached to the warrants; period of conversion; fixing of record date; and / or book closure dates subject to the applicable laws considering the prevailing market conditions and / or other relevant factors, and wherever necessary, in consultation with the book running lead managers and / or other advisors appointed and/or to be appointed, as the Board in its absolute discretion may deem fit and appropriate and without requiring any further approval or consent from the Members.

**RESOLVED FURTHER THAT** the relevant date for the purpose of pricing the Securities shall be as per applicable laws including but not limited to SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** in case of an issue and allotment of Securities by way of a QIP in terms of the SEBI ICDR Regulations: (i) the allotment of the Securities shall be completed within 365 days from the date of passing of the Special Resolution by the

Members of the Company; (ii) the Equity Shares to be offered, issued, and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares; (iii) no partly paid-up Equity Shares or other Securities shall be issued / allotted; (iv) the issuance of the Securities by way of the QIP shall be made at such price that is not less than the price determined in accordance with the pricing formula provided under Regulation 176(1) of the SEBI ICDR Regulations ("QIP Floor Price") or any other applicable provision subject to necessary adjustment if any under the provisions. However, subject to applicable laws the Board, may at its absolute discretion, may offer a discount of not more than 5% or such other percentage as may be permitted under applicable law on the QIP Floor Price; (v) no single allottee shall be allotted more than 50% of the issue size and the minimum number of allottees shall be in accordance with the SEBI ICDR Regulations; (vi) the Company shall not undertake any subsequent QIP until the expiry of two weeks from the date of the QIP to be undertaken pursuant to this Special Resolution. (vii) no single allottee shall be allotted more than 50% of the proposed QIP size and the minimum number of allottees shall not be less than two (in case the issue size is less than or equal to Rs. 250 crores) or five (in case the issue size is more than Rs. 250 crores), as applicable, or in a manner as may be prescribed from time to time under the ICDR Regulations (viii) the Company shall not undertake any subsequent QIP until the expiry of two weeks or such other time as may be prescribed in the ICDR Regulations, from the date of prior QIP made pursuant to one or more special resolutions;

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the Securities may have such features and attributes or any terms or combination of terms in accordance with Domestic and International practices to provide for the tradability and free transferability thereof as per prevailing practices and regulations in the Capital Markets and the Board be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed to.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the Board including committee thereof be and is hereby authorised to do such acts, deeds, and things, in its absolute discretion, as it deems necessary or desirable in connection with offering, issuing, and allotting the Securities, and to give effect to these resolutions, including, without limitation, the following:

- a) offer, issue and allot all / any of the Securities, subject to such terms and conditions, as the Board may deem fit and proper in its absolute discretion;
- b) determining the terms and conditions of the issuance, including among other things, (a) terms for issuance of additional Securities and for disposal of Securities which are not subscribed to by issuing them to Banks / Financial Institutions / Mutual Funds or otherwise, (b) terms as are provided in domestic offerings of this nature, and (c) terms and conditions in connection with payment of interest, dividend, voting rights, premium and redemption or early

redemption, conversion into Equity Shares, pricing, variation of the price or period of conversion, and / or finalising the objects of the issuance and the monitoring of the same;

- c) approve, finalise, and execute any preliminary as well as final offer document (including, among other things, any draft offer document, offering circular, registration statement, prospectus, placement document, private placement offer letter, letter of offer, and / or other letter or circular), and to approve and finalise any bid cum application form, abridged letter of offer, notices, including any advertisements and other documents or any term sheets or any other ancillary documents in this regard;
- d) decide the form, terms and timing of the issue(s) / offering(s), Securities to be issued and allotted, class of investors to whom Securities are to be offered, issued and allotted, number of Equity Shares to be issued and allotted in each tranche;
- e) issue and allot such number of Equity Shares, as may be required to be issued and allotted, upon conversion of any Securities, or as may be necessary in accordance with the terms of the issuance all such Equity Shares ranking pari-passu with the existing Equity Shares in all respects;
- f) approve, finalise, execute, and amend agreements and documents, including, any number of powers of attorney, lock-up letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and / or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s) / merchant banker(s), legal counsel, depository(ies), banker(s), advisor(s), registrar(s), trustee(s), and other intermediaries as required), and to pay any fees, commission, costs, charges and other expenses in connection therewith;
- g) provide such declarations, affidavits, certificates, consents and / or authorities as required from time to time;
- h) seek any consents and approvals, including, among others, the consent from the Company's lenders, customers, vendors, parties with whom the Company has entered into agreements, and from concerned statutory and regulatory authorities;
- i) file requisite documents with the SEBI, Stock Exchanges, the GOI, the RBI, and any other statutory and / or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;
- j) seeking the listing of the Securities on any Stock Exchange(s), submitting the listing application to such Stock Exchange(s) and taking all actions that may be necessary in connection with obtaining such listing approvals (both in-principle and final listing and trading approvals);
- k) open one or more bank accounts in the name of the Company, as may be required, subject to requisite approvals, if any, and to give such instructions including closure thereof as may be required and deemed appropriate by the Board;

- l) approving the issue price and finalise allocation and the basis of allotment of the Securities on the basis of the bids / applications and over subscription thereof as received, where applicable;
- m) acceptance and appropriation of the proceeds of the issue of the Securities;
- n) affix the common seal of the Company, as required, on any agreement, undertaking, deed or other document, in the presence of any one or more of the directors of the Company or any one or more of the officers of the Company as may be authorised by the Board in accordance with the Memorandum of Association and Articles of Association of the Company;
- o) further authorise and empower any committee and / or Director(s) and / or Officer(s) of the Company, to execute and deliver, for and on behalf of the Company, any and all other documents or instruments and doing or causing to be done any and all acts or things as the Committee / Director(s) / Officer(s) may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing, or in connection with the issuance of Securities, and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Committee / Director(s) / Officer(s) shall be conclusive evidence of the authority of the Committee / Director(s) / Officer(s) and the Company in doing so; and
- p) do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or settle any issues, questions, difficulties or doubts that may arise in regard to or in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions and the Members of the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint /engage book running lead manager(s), underwriters, depositories, custodians, registrars, bankers, lawyers,

advisors, escrow agents, monitoring agency(ies), debenture trustees, guarantors, stabilizing agents, and all such agencies as are or may be required to be appointed, involved or concerned in such offering and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses incurred by them and also to authorise Director(s) or Key Managerial Personnel or any other officer of the Company to enter into and to execute all such arrangements, agreements, memoranda, documents, etc. with such agencies and to seek the listing of such Securities issued on the Stock Exchanges where the Equity Shares of the Company are listed;

**RESOLVED FURTHER THAT** the Board or person(s) as may be authorized by the Board, be and is/are hereby severally authorized to do all such acts, deeds, matters and things as it/they may be considered necessary, desirable or expedient including to resolve and settle any questions and difficulties that may arise in connection with the proposed creation, offer, issue and allotment of the Securities (including in relation to the issue of such Securities in one or more tranches from time to time) and the utilization of the issue proceeds in such manner as may be determined by the Board, subject however, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may suo moto decide in its absolute discretion in the best interests of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of Securities as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred by this resolution to any Committee of the Board, or any such persons as it may deem fit in its absolute discretion, with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the offering and settle any questions or difficulties that may arise in this regard to the offering."

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

**Anil Kumar**  
Company Secretary  
Membership no. : F8023

September 5, 2023  
**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 160 009  
[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, 4 and 5 of the Notice is annexed hereto. Further, the relevant details with respect to item nos. 2 and 3 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. 10/2022 and 11/2022, other circulars issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC/OAVM, 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 2023.
  - B) AGM through VC/OAVM:-
    - a. Members are requested to join the AGM on Friday, September 29, 2023 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 voting 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) from Tuesday, September 26, 2023 at 9:00 a.m. IST to Thursday, September 28, 2023 upto 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 AGM 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 [jaspreeetdhawan1@gmail.com](mailto:jaspreeetdhawan1@gmail.com) with a copy marked to [investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com) and [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 29, 2023. Members seeking to inspect such documents can send an email to [investors.communication@ethoswatches.com](mailto:investors.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). 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 corresponding rules, Regulation 44 of the LODR Regulations 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 KFin Technologies Limited. 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 Friday, September 22, 2023 may cast their votes electronically. The e-voting period commences on Tuesday, September 26, 2023 (9:00 a.m. IST) and ends on Thursday, September 28, 2023 (5:00 p.m. IST). The e-voting module will be disabled by KFin Technologies Limited 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 Friday, September 22, 2023. 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/OAVM 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. Friday, September 22, 2023, 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/CDSL 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. Friday, September 22, 2023, may follow steps mentioned in the Notice under 'Instructions for e-voting'.
  13. In compliance with the Circulars, the Annual Report 2022-23, the Notice of the 16<sup>th</sup> (Sixteenth) 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 2022-23 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update bank account details for the receipt of dividend.
  15. Members may also note that the Notice of the 16<sup>th</sup> (Sixteenth) AGM and the Annual Report 2022-23 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 Share Transfer Agent, KFin Technologies Limited at <https://evoting.kfintech.com/>.
  16. Additional information, pursuant to Regulation 36 of the LODR Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.
  17. As an on-going measure to enhance the ease of doing business for investors in the securities market, SEBI, vide Circular nos. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 03, 2021 & SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/687 dated December 14, 2021, had prescribed the common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination. It shall be mandatory for all holders of physical securities to furnish PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers. 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 till September 30, 2023, Company's RTA are obligated to freeze such folios. The securities in the frozen folios shall be eligible to lodge grievance or avail any service request from the RTA only after furnishing the complete documents / details and for any payment including dividend, interest or redemption payment in respect of such frozen folios, only through electronic mode with effect from April 01, 2024. . Frozen folios shall be referred by the RTA / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.
  18. SEBI vide its letter no SEBI/HO/OIAE/2023/03391 dated January 27, 2023 had required the companies to intimate shareholders holding shares in physical form, either via email or SMS, about the availability of the Dispute Resolution Mechanism at Stock Exchanges. The same has already been intimated and as a good corporate governance, the same is being intimated again.
  19. The Scrutinizer will submit his report to the Chairman and Managing Director 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/CDSL and RTA, and will also be displayed on the Company's website, [www.ethoswatches.com](http://www.ethoswatches.com)
  20. 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.
    - (a) **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 is provided in the table given at the bottom of this document.
      - (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 [jaspreeetdhawan1@gmail.com](mailto:jaspreeetdhawan1@gmail.com) and [investor.communication@ethoswatches.com](mailto:investor.communication@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.
  - (b) **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. Friday, September 22, 2023 only shall be entitled to avail the facility of remote e-voting at the Annual General Meeting.
- (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, 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. Friday, September 22, 2023 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 Tuesday, September 26, 2023 at 9:00 a.m. IST and ends on Thursday, September 28, 2023 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 Friday, September 22, 2023 may cast their vote by remote e-voting.
 

The remote e-voting module shall be disabled by, KFin Technologies Limited ('KFINTECH') 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 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 i.e. Friday, September 22, 2023.
- (viii) CS 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 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 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 September 5, 2023**

**Item no. 3**

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 dated April 26, 2023 and the Board of Directors at its meeting held on May 12, 2023, the Board proposed the re-appointment of Mr. Dilpreet Singh (DIN – 03042448), being the proposed appointee, as his term of initial appointment shall expire at the conclusion of 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 appointee has provided a confirmation that he is not disqualified from being reappointed as a Director in terms of Section 164 of the Act and have given consent to act as Director of the Company for a further term of 5 (Five) years. He has also given a declaration that he meets 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 appointee is 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 appointee, is provided in **Annexure – I** to this Notice and forms part of the Statement.

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

None of the Directors of the Company, except for proposed 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. 3.

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

**Item no. 4**

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/renewing/continuing 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. 4 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. 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 No. 5**

The growth rate of the market for premium and luxury watches in India has increased sharply from the period prior to Covid, and the company anticipates the higher growth to continue due to favourable macroeconomic factors. Moreover, the growth is now no longer concentrated in the metro cities. As greater wealth is created across smaller cities, we see growth for our products emerging in Tier 2 and Tier 3 centres. In addition, several prominent brands, hitherto not present in India are planning their foray into India.

The company's growth in previous quarters has been higher than expectation, and anticipating the rapidly expanding opportunities the company has drawn up plans to accelerate its growth beyond what was planned at the time of the IPO last year. This includes faster expansion of number of stores, greater coverage in terms of number of cities, and the inducting of new brands in our brand offering bot exclusive and non-exclusive. It also covers more points of sales for categories other than watches, which are in advanced stages of discussion.

To implement this growth strategy the Company is hereby seeking approval for an enabling resolution to raise capital as might be needed, subject to compliance with applicable laws. Accordingly, the Company and Board of Directors of the Company propose for the approval of the Shareholders of the Company to raise Capital up to Rs. 250 Crores (Rupees Two Hundred and Fifty Crores Only) for the purposes of funding its Capital expenditures required for the long term growth of its businesses; investments in its Subsidiaries for their long term & short term business purposes; financing other long term and Working Capital requirements of the Company and/or its Subsidiaries; making strategic investments in joint ventures or acquisitions and general corporate purposes, as may be permissible under applicable law and approved by the Board of Directors of the Company.

The resolution proposed is an ENABLING RESOLUTION and the exact price, proportion, and timing of the issue of the Securities in one or more tranches and the remaining detailed terms and conditions for the issuance of Securities will be decided by the Board, in accordance with the SEBI ICDR Regulations, in consultation with book running lead manager(s) and / or other advisor(s) appointed in relation to the issuance of Securities and such other authorities and agencies as may be required to be consulted by the Company.

- (a) Particulars of the issuance of Securities: Considering the funding requirements and growth objectives of the Company and its businesses, the Board of Directors at its Meeting held on September 5, 2023, approved raising of funds/ capital for an aggregate amount not exceeding Rs. 250 crores, inter alia, by way of issue of Equity Shares, and/or any securities convertible or exchangeable into Equity Shares, including but not limited to preference shares, convertible debentures (compulsory and/ or optionally, fully and/ or partly), non- convertible debentures, or convertible securities other than warrants, and/ or any other financial instruments convertible into Equity Shares (including warrants, or otherwise) and/ or securities linked to Equity Shares and/ or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares, and/ or any combination of any of the aforementioned securities, secured/unsecured, listed on recognized stock exchanges in India or abroad (all of which are hereinafter collectively referred to as "Securities"), from time to time, in one or more tranches, and/ or one or more issuances simultaneously or collectively or otherwise through one or more public issue(s) or qualified institutions placement ("QIP") pursuant to Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"), and/ or any combination thereof or any other method as may be permitted under applicable laws through issue of prospectus, and/ or preliminary placement document, placement document and/ or other permissible/ requisite offer documents to any eligible investors ("Offering"). The Securities are proposed to be listed on one or more of the Stock Exchanges where the Equity Shares are listed and the allotment of Securities would be subject to regulatory approvals, if any.
- (b) Amount of the Offering: This Special Resolution enables the Board to issue Securities for an aggregate consideration not exceeding Rs. 250 crores (Rupees Two Hundred and Fifty crores only).
- (c) Relevant Date: In case of a QIP, the "Relevant Date" will be the date when the Board (including any Committee thereof) decides to open the Offering for subscription or any other date in accordance with applicable law. In case of other type of issuance, relevant date shall be as per applicable law.
- (d) Objects of the offering: The Company shall utilize the proceeds from the offering (after adjustment of expenses related to the offering, if any) at various stages for the usage of one or more, or any combination of the following: (i) working capital requirements of the Company (ii) investment in Subsidiaries through debt or equity, (iv) capital expenditure, (v) invest in organic and inorganic opportunities, (vi) general corporate purposes and any other object as may be decided by the Board. Pending utilization

of the proceeds from the Offering, the Company shall invest such proceeds in money market instruments including money market mutual funds, deposits in scheduled commercial banks or any other investment as permitted.

- (e) Basis or justification of pricing: The issue of Securities may be consummated through single or multiple offer documents, in one or more tranches, at such time or times, at such price, at a discount or premium to market price in such manner and on such terms and conditions as the Board may in its absolute discretion decide taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with the book running lead manager(s) and other agencies and subject to the ICDR Regulations and other applicable laws, regulations, rules and guidelines. The price at which Securities shall be allotted in the Offering shall not be less than the price determined in accordance with the ICDR Regulations, through either the book building mechanism (in case of a public offer) or a prescribed formula, as the case maybe. Provided that the Board may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the ICDR Regulations
- (f) Interest of Promoter, Directors and Key Managerial Personnel: If a QIP is undertaken in terms of Chapter VI of ICDR Regulations, the Promoter, member of the Promoter Group, Directors and Key Managerial Personnel of the Company will not subscribe to the QIP.
- (g) Schedule of the Offering: The detailed terms and conditions for the offering will be determined in consultation with the advisors, book running lead managers and underwriters and such other authority or authorities as may be required, considering the prevailing market conditions and other regulatory requirements for different kinds of issuances. The allotment of the Securities pursuant to the Offering shall be completed within such period as prescribed under the ICDR Regulations. In the event a QIP is undertaken, the allotment shall be completed within 365 days from the date of this resolution.

Other material terms:

- (h) The Equity Shares issued, if any, shall rank pari passu in all respects with the existing Equity Shares of the Company, including entitlement to dividend, if any.
- (i) None of the Directors or the Key Managerial Personnel of the Company and/ or their relatives are concerned or interested in the said resolution, other than to the extent of their shareholding in the Company. The Directors or Key Managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution to the extent of Equity Shares that may be subscribed by the companies/ institutions in which they are Directors or Members.
- (j) As the Offering may result in the issue of Securities of the Company to investors who may or may not be Members of the Company, consent of the Members is being sought pursuant to Sections 23, 42, 62(1)(c), 71 and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time

being in force and being applicable and in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

- (k) In connection with the proposed offering of Securities, the Company is required, inter-alia, to prepare various documentations and execute various agreements. The Company is yet to identify the investor(s) and decide the quantum of Securities to be issued to them. Hence, the details of the proposed allottees, percentage of post issue of Securities that may be held by them and other details are not available at this point of time and shall be disclosed by the Company under the applicable regulations

in due course (at appropriate time and mode). Accordingly, it is proposed to authorize the Board to identify the investor(s), issue such number of Securities, negotiate, finalize and execute such documents and agreements as may be required and do all such acts, deeds and things in this regard for and on behalf of the Company. The Securities allotted would be listed on the Stock Exchanges where the shares of the company are listed. The issue and allotment would be subject to the availability of regulatory approvals, if any.

- (l) The Board accordingly recommends the Special Resolution as set out in this Notice for approval of the Members.

By Order of the Board of Directors of Ethos Limited

**Anil Kumar**  
Company Secretary  
Membership no. : F8023

September 5, 2023  
**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 160 009  
[www.ethoswatches.com](http://www.ethoswatches.com)  
[investor.communication@ethoswatches.com](mailto:investor.communication@ethoswatches.com)

## Annexure – I to the Notice dated September 5, 2023

Information as required pursuant to Regulation 36 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 (“SS-2”), in respect of Directors seeking appointment/re-appointment at the Annual General Meeting

Name of Director	Chitranjan Agarwal	Dilpreet Singh
DIN	00095715	03042448
Date of Birth	January 28, 1967	June 17, 1958
Age (in years)	56	65
Date of first appointment on the Board	March 28, 2022	April 9, 2018
Qualifications	Bachelor of Commerce, L.L.B. and a qualified Chartered Accountant from Institute of Chartered Accountants of India	L.L.B from Delhi University and Master of Personal management and industrial relations, University Business School, Chandigarh
Experience and expertise in specific functional area	More than 31 years of experience in the field of Accountancy, Finance and Audits.	More than 37 years of experience in the field of Human Resource.
Terms and conditions of appointment	As per resolution 2	As per resolution 3
Remuneration last drawn in financial year 2022-23 (Rs. in lacs)	17.53	10.60
Number of Board meetings attended during the year 2022-23	9 (Nine)	7 (Seven)
Directorships held in other listed companies (as on March 31, 2023)	Nil	Nil
Directorships held in other companies (as on March 31, 2023) (excluding foreign companies and Section 8 companies)	1 (One)	Nil
Chairmanship/Membership of Committees of the Board of Directors of other Companies (as on March 31, 2023)	Nil	Nil
Shareholding as on March 31, 2023	Nil	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

# Board's Report

To  
The Members of  
**Ethos Limited**

Your Directors have pleasure in submitting the **16<sup>th</sup> (Sixteenth) Annual Report** of the Company together with the Audited Financial Statements of Accounts for the financial year ended on March 31, 2023.

## 1. Financial Results

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

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from operations and other Income	80,373.04	59,076.24	80,309.41	59,006.20
<b>Total expenditure</b>	<b>(67,530.20)</b>	<b>(51,149.91)</b>	<b>(67,412.29)</b>	<b>(51,037.87)</b>
Earnings before finance cost, tax, depreciation, and amortization (EBITDA)	12,842.84	7,926.33	12,897.12	7,968.33
Finance costs	(1,413.67)	(1,664.56)	(1,416.06)	(1,667.28)
Depreciation	(3,452.57)	(3,141.18)	(3,463.09)	(3,150.86)
Profit before share of joint venture and tax	7,976.60	3,120.59	8,017.97	3,150.19
Share of Profit of joint venture (net of income tax)	-	-	49.68	2.40
Profit before tax	7,976.60	3,120.59	8,067.65	3,152.59
Tax expenses	(1,997.00)	(784.29)	(2,037.83)	(813.79)
Profit for the year	5,979.60	2,336.30	6,029.82	2,338.80
Other comprehensive income/(loss)	(16.91)	1.34	(17.62)	1.24
<b>Total comprehensive income for the year</b>	<b>5,962.69</b>	<b>2,337.64</b>	<b>6,012.20</b>	<b>2,340.04</b>

## 2. Review of Business Operations and Future prospects

The FY 23 has been an excellent year for your Company. Your Company has witnessed a strong growth in revenue as well as profitability.

During the year, the Company has opened 6 (Six) new stores and closed 2 (Two) under-performing stores. The total count of stores increased to 54 (Fifty four) from 50 (Fifty). Your Company has ventured into 3 (Three) new cities (Indore, Bhopal and Siliguri); Your Company is now present in 20 (Twenty) cities compared to 17 (Seventeen) cities previous year.

On standalone basis, the revenue from operations and other income for FY 23 grew by 36.05% to Rs. 80,373.04 lakhs, and on consolidated basis grew by 36.1% to Rs. 80,309.41 lakhs.

On standalone basis, the net profit after tax (PAT) for financial year 2022-23 stood at Rs. 5,979.60 lakhs as compared to Rs. 2,336.30 lakhs in the previous year, thereby recording a strong growth by three folds. Net profit after tax (PAT) on consolidated basis for financial year 2022-23 amounted to Rs. 6,029.82 lakhs as compared to Rs. 2,338.80 lakhs in the previous year.

The Company leveraged its digital capabilities to strengthen its response to consumer demand. The Company is cognisant of the fact that digital led sales going forward is going to play a crucial role as many customers have now become comfortable to buy luxury watches online. Many customers start their journey digitally to look for watch and research more about the same. The Company will continue to innovate and spend on marketing through digital mediums to keep the overall engagement high. Ethos, being predominantly a luxury and premium focused player, will continue to benefit from the rise of digital platforms.

Luxury and high luxury watch segments also earn better margins, allowing your Company to have better profitability.

**Exclusive Brands:** Exclusive brands continue to play a pivotal role in the consumer strategy of the Company. Company's growth is galvanized by its portfolio of 40 brands, which are exclusively available at Ethos. During FY 23, exclusive brands contributed 27.4% for the topline and 37.9% to the gross margin of the Company.

**Certified Pre-Owned Business:** Certified pre-owned watches is a great growth pillar for the watch industry globally. The pre-owned watch sector does not cannibalize the new watch business. On the contrary it adds to the overall industry size by promoting multiple ownership of watches and adding a whole sector of first-time luxury enthusiasts. Globally, it is already 33% of the new watch business and according to industry experts it will become half the size of the new watch industry by 2026.

In India, your Company has the first mover advantage on this fast-growing sector and having the highest market share considering the only ones with a Pan India Presence to source watches. With a "state of the art" service centre which the Company recently opened, it restores each watch and provides a 2 years warranty on each watch. Company's new website <https://www.secondmovement.com> already has over 1.3 million visitors. Company has trained 17 (seventeen) watch technicians over the last 12 (twelve) months and are in a position to grow this business steadily.

During FY 23, your Company's pre-owned business has reported total sales of Rs. 5,041 lakhs against Rs.3,141 lakh in FY 22. The Company grew by 61% in Billing against the previous year. Over

the next two years your Company will expand the footprint along with the website to few major cities in India to continue driving strong growth in the pre-owned business.

**Loyalty Program:** Company's loyalty program, 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 the Company access to important buying trends, which further enables the Company to design appropriate communication strategies, leading to greater satisfaction and commitment. As on March 31, 2023, the Company had over 3,00,000 registered members in Club ECHO.

## 3. Dividend

In order to conserve profits of the current year for the several growth initiatives that the Company is pursuing, the Board of Directors do not propose dividend for current financial year.

As required under Regulation 43A of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company has formulated Dividend Distribution Policy and the same 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 was an allotment of 4,271,070 equity shares of Rs.10 each at a securities premium of Rs. 868 per share 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 on date of this report is Rs. 2,334.92 lakhs (Rupees Twenty three crores thirty four lakh ninety two thousand three hundred and thirty only) divided into 23,349,233 equity shares of Rs. 10 each.

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

During the year, the Company completed Initial Public Offering (IPO) of 45,81,500 equity shares comprising a fresh issue of 42,71,070 equity shares and an offer for sale of 3,10,430 equity shares by respective applicants in various categories for the face value of Rs.10 each at securities premium of Rs.868 per share. Pursuant to the IPO, the equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from 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 -

Pursuant to the recommendations of Nomination and Remuneration Committee and Audit Committee in

its meetings held on November 3, 2022, the Board of Directors (at its meeting held on November 3, 2022) recommended re-appointment of Mr. Yashovardhan Saboo (DIN – 00012158) as the Chairman and Managing Director of the Company with effect from December 1, 2022 for a term of 1 (one) year, that is, up to November 30, 2023 without remuneration as his earlier term of re-appointment was expiring on November 30, 2022. The said re-appointment was approved by the members by way of an ordinary resolution passed through Postal Ballot dated March 5, 2023. However, the members of Nomination and Remuneration Committee and Audit Committee at their meetings held on March 28, 2023 recommended that the current term of re-appointment of Mr. Yashovardhan Saboo, as approved by the members through Postal Ballot on March 5, 2023, be superseded. The Board, thereafter, at its meeting held on March 28, 2023 recommended supersession of the Ordinary Resolution passed by members through Postal Ballot on May 19, 2023 by re-appointing Mr. Yashovardhan Saboo as Chairman and Managing Director for a term of 3 (three) years with effect from April 1, 2023 upto March 31, 2026 along with the payment of remuneration.

Mrs. Munisha Gandhi (DIN – 09684474), who was appointed as an Additional Director, was regularised as a Non - Independent and Non- Executive (Woman) Director, by way of an Ordinary Resolution passed by the members of the Company through Postal Ballot on March 5, 2023.

Mr. Charu Sharma (DIN-02276310), who was appointed as an Additional Director, was regularised as an Independent Director of the Company with effect from November 3, 2022 for a term of 5 (five) consecutive years commencing from November 3, 2022, not liable to retire by rotation, by way of a Special Resolution passed by the members of the Company through Postal Ballot on March 5, 2023.

Mr. Patrik Paul Hoffmann (DIN-09208027) was regularised as an Independent Director of the Company with effect from September 27, 2022, not liable to retire by rotation, by way of a Special Resolution passed by the members of the Company through Postal Ballot on March 5, 2023.

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 approved the reappointments of Mr. Dilpreet Singh (DIN – 03042448 and Mr. Mohaimin Altaf (DIN – 08080751) as Independent Directors of the Company for a second term of 5 (five) years. However, Mr. Mohaimin Altaf (DIN – 08080751) vide his letter dated August 5, 2023 has conveyed to the Board his unwillingness to be re-appointed as an Independent Director of the Company for the second term. As such, the Board recommends the re-appointment of Mr. Dilpreet Singh (DIN – 03042448) for the approval of the members and Mr. Mohaimin Altaf (DIN – 08080751) shall cease to be the Director of the Company from the date of conclusion of the 16<sup>th</sup> (Sixteenth) Annual General Meeting of the Company.



In accordance with the provisions of Companies Act, 2013, Mr. Chitranjan Agarwal (DIN – 00095715) 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 2023 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 as a separate annexure in the Notice of the 16<sup>th</sup> (Sixteenth) Annual General Meeting (AGM).

Necessary resolutions for re-appointment of the aforesaid directors forms part of the Notice convening the 16<sup>th</sup> (Sixteenth) AGM.

The details on Directors' re-appointments / appointments and remuneration including criteria for determining qualifications and positive attributes, forms part of the Notice convening the 16<sup>th</sup> (Sixteenth) 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. All of the Independent Directors are exempt from the requirement of passing the proficiency test.

None of the Director has 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, there were no changes in the Key Managerial Personnel of the Company.

The Policy on Remuneration, Insider Trading, Familiarization Programme 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 commitments, 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.

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 and Sustainability Report**

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Business Responsibility and Sustainability 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 detailed review of operations, performance and future outlook of the Company, is annexed hereto and forming 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, Company had acquired 100% stake of Silvercity Brands AG, a Swiss stock corporation situated at Grenchen, Switzerland. Consequently, Silvercity Brands AG has become the wholly owned subsidiary body corporate of the Company with effect from March 31, 2023.

Also, the Company has made an application of investment of CHF 125,000 for subscribing to the shares of Haute-Rive Watches SA, a Swiss stock corporation situated at Corcelles, Switzerland.

**13. Related Party Transactions**

During the year under review, related party transactions entered into by the Company with related parties as defined under the Act 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.

During the year, the Company amended the Policy on Dealing with Related Parties in view of the amendments issued by SEBI and to simplify the process of transaction approval sought from the Audit Committee. 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, 2013, 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 five consecutive years at the 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 CS Vishal Arora, Practising 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 an integral part of this report as **Annexure - IV**. The above Secretarial audit report does not contain any qualifications, reservations or adverse or disclaimer remarks.

**16. Report on Corporate Governance**

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

Certificate from CS Jaspreet Singh Dhawan, a Practising 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 is annexed to the Corporate Governance Report and forms and 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, 2023 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, 9 (nine) 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, 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 this 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; and
  - 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.
  - 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. 422.06 lakh and its net profit stood at Rs. 73.39 lakh.

Silvercity Brands AG ('Silvercity') – Silvercity is a wholly owned subsidiary body corporate of the Company and is engaged in the business of acquisition and sale, holding and management of Intellectual property rights and license rights, especially in the watch industry and related areas; buying and selling, marketing and development of watches, related products and others luxury goods; it also provides services in these areas.

Pasadena Retail Private Limited ('Pasadena') - Pasadena is a joint venture of the Company and is engaged in the business of retail of watches. During the year under review, it has reported revenue from operations amounting to Rs. 1,069.17 lakh and its net profit stood at Rs. 99.35 lakh.

In terms of the provisions of Regulation 24(1) of the Listing Regulations, appointment of the Independent Director of the Company on the Board of material subsidiaries was not applicable to M/s. 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 Statement 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 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 following details of deposits, covered under Chapter V of the Companies Act, 2013 is given hereunder:-

		(Rs. in lakhs)
Deposits existing as on April 1, 2022	:	2,451.96
Deposits accepted during the year (from April 1, 2022 to March 31, 2023)	:	63.50
Deposits renewed during the year (from April 1, 2022 to March 31, 2023)	:	158.98
Deposits paid/pre-matured during the year (from April 1, 2022 to March 31, 2023)	:	1,993.50
Deposits outstanding at the end of year i.e. at March 31, 2023	:	680.94
Deposits that have matured but not claimed as at the end of the year i.e. at March 31, 2023	:	Nil
Deposits that have matured and claimed but not paid as at the end of the year i.e. at March 31, 2023	:	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

Note: The above details of deposits excludes 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 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, 2022	:	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, 2023	:	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 Directors, 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. Any 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 and actions are taken, whenever 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 provisions Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the said rules are provided in this Annual 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 the 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:

- Audit Committee,
- Nomination and Remuneration Committee,
- Stakeholders Relationship Committee,
- Corporate Social Responsibility Committee and
- 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 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 programmes against sexual harassment are conducted across the organisation. 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 Chairman and 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 upto March 31, 2023. However, the Board of Directors of the Company, vide its meeting held on March 28, 2023, approved re-appointment of Mr. Yashovardhan Saboo for a further term of 3 years commencing from April 1, 2023 upto March 31, 2026 along with payment of remuneration, by way of Special Resolution passed through Postal Ballot on May 19, 2023. Further, no subsidiary Company of the Company has paid any commission/remuneration to the Directors of the Company for the FY 23.

### 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 FY 23.

### 35. 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 16<sup>th</sup> (Sixteenth) AGM and the Annual Report of the Company for the FY 23, the said documents are being sent only by email to the 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.

### 36. 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.

By order of the Board of Directors of Ethos Limited

Date : August 5, 2023  
Place: Chandigarh

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN-00012158

# Annexure – I

## Business Responsibility & Sustainability Reporting

### Section A: General Disclosures

#### I. Details of listed entity

1.	Corporate Identity Number	L52300HP2007PLC030800	
2.	Name of the company	Ethos Limited	
3.	Year of Incorporation	November 5, 2007	
4.	Registered Address	Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh, India	
5.	Corporate Address	S.C.O. 88-89, Sector 8-C, Madhya Marg, Chandigarh 160 009, India	
6.	Email ID	investor.communication@ethoswatches.com	
7.	Telephone	0172-2548223/24	
8.	Website	www.ethoswatches.com	
9.	Financial Year for which reporting is being done	<b>Start Date</b>	<b>End Date</b>
	Current Financial Year	April 1, 2022	March 31, 2023
	Previous Financial Year	April 1, 2021	March 31, 2022
	Prior to Previous Financial Year	April 1, 2020	March 31, 2021
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited	
11.	Paid-up Capital	Rs. 23,34,92,330	
12.	Name and contact details of the person who may be contacted in case of any queries on the BRSR Report	Mr. Yashovardhan Saboo Chairman and Managing Director Email address – investor.communication@ethoswatches.com Contact details – 0172-2548223/24	
13.	Reporting Boundary	Standalone basis	

#### II. Products/Services

##### 14. Details of Business activities(accounting for 90 % of the turnover)

Sr No	Description of Main Activity	Description of Business Activity	% of turnover of the company
1.	Trade	Retail Trading	100

##### 15. Products/Services sold by the company(accounting for 90 % of the turnover)

Sr No	Product/Service	NIC Code	% of turnover contributed
1.	Watch & watch accessories	47732	100
2.	Services		

#### III. Operations

##### 16. Number of locations where plants and/or operations/offices of the Company are situated

Location	No of Plants	Number of Offices	Total
National	Nil	83	83*
International	Nil	2	2**

\*Includes 54 retail stores, 17 backend offices and 12 warehouses.

\*\*Includes a Branch Office and a newly incorporated Wholly Owned Subsidiary Company located at Switzerland.

17. Markets Served by the company

a. Number of locations

Location	Number
National(States)	14
International(Countries)	1

b. What is the contribution of exports as a percentage of the total turnover of the Company?

Nil. The Company does not export any of its goods.

c. A brief on the type of customers

Our customers constitute of retail consumers who have a passion for premium and high end luxury watches. Our customer base include passionate collectors and fashion-conscious buyers with an eye for quality time pieces. Ethos being India's leading luxury and premium watch retail player, caters to customers who wish to undergo a content-led luxury experience via a very strong online platform of the Company's website and social media channels, which is anchored by pan-India physical stores situated at 54 locations across the country.

IV. Employers

18. Details as at the end of March 31, 2023

a. Employees and Workers(Including differently abled)

Sr No	Particulars	Total(A)	Male		Female		Others	
			No(B)	%(B/A)	No(C)	%(C/A)	No(H)	%(H)
<b>Employees</b>								
1.	Permanent(D)	534	440	82.40%	94	17.6%	Nil	Nil
2.	Other than Permanent(E)	16	14	87.5%	2	12.5%	Nil	Nil
3.	<b>Total (D+E)</b>	<b>550</b>	<b>454</b>	<b>82.55%</b>	<b>96</b>	<b>17.45%</b>	<b>Nil</b>	<b>Nil</b>

Note : There are no workers in the Company

b. Differently abled Employees and workers

Sr No	Particulars	Total(A)	Male		Female		Others	
			No(B)	%(B/A)	No(C)	%(C/A)	No(H)	%(H)
<b>Differently Abled Employees</b>								
1.	Permanent(D)	2	Nil	Nil	2	100%	Nil	Nil
2.	Other than Permanent(E)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	<b>Total (D+E)</b>	<b>2</b>	<b>Nil</b>	<b>Nil</b>	<b>2</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>

Note : There are no workers in the Company

19. Participation/inclusion/representation of women

Sr No	Total(A)	Number and Percentage of Females	
		No(B)	%(B/A)
Board of Directors	10	1	10%
Key Managerial Personnel	5	Nil	Nil

20. Turnover rate of permanent employees and workers

(Disclose trends for the past 3 years)

Particulars	FY 2022-23				FY 2021-22				FY 2020-21			
	Male	Female	Others	Total	Male	Female	Others	Total	Male	Female	Others	Total
Permanent Employees	20%	8.8%	Nil	18.04%	20.6%	5.8%	Nil	17.84%	30%	6.7%	Nil	36.7%

V. Holding, subsidiary and associate companies (including joint ventures)

21. Name of holding/subsidiary/associate companies/joint ventures

Sr No	Name of the holding/ subsidiary associate companies /joint ventures(A)	Indicate whether Holding/Subsidiary/ Associate/Joint venture	% of shares held by the Company	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the Company (Yes/No)
1	KDDL Limited	Holding	51.31%	Yes
2	Cognition Digital LLP	Subsidiary	100%	No
3	Pasadena Retail Private Limited	Joint Venture	50%	No
4	Silvercity Brands AG	Subsidiary Body Corporate	100%	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act,2013:

Yes

(ii)

Turnover (in Rs) For the year ended March 31, 2022	57,728.37 lakhs
Net Worth (in Rs) As at March 31, 2022	23,186.04 lakhs

VII. Transparency and disclosures compliances

23. Complaints/Grievances on any of the principles (Principle 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom the complaint was recieved	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed	Number of complaints pending resolution during the end of the year	Remarks	Number of complaints filed	Number of complaints pending resolution during the end of the year	Remarks
Shareholders	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	<a href="https://www.ethoswatches.com/investors-information/corporate">https://www.ethoswatches.com/investors-information/corporate</a>	Nil	Nil	Nil	Nil	Nil	Nil
Communities		Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)		Nil	Nil	Nil	Nil	Nil	Nil
Customers		Nil	Nil	Nil	Nil	Nil	Nil
Value ChainPartners		Nil	Nil	Nil	Nil	Nil	Nil
Other		Nil	Nil	Nil	Nil	Nil	Nil

24. Overview of the entity's material business conduct pertaining to environmental and social matters that present a risk or an opportunity to the business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr No	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Customer engagement	Opportunity	Customer engagement represents a valuable opportunity for a retail company, as it enables the Company to build deeper connections with its customers, strengthen brand loyalty, and ultimately drive sales.	-	Positive implications
2	Financial Performance	Opportunity	As a public company, the Company is responsible to its shareholders to ensure maximum returns.	-	Positive implications
3	Retention Rate	Opportunity	A high retention rate can be viewed as an advantageous opportunity for a retail company, as it indicates the presence of a committed customer base. This, in turn, presents the Company with the potential to generate sustained revenue through repeat business and positive referrals.	-	Positive implications
4	Data security	Risk	As the level of reliance on technology has been increasing it is imperative for the Company to ensure the data security is high.	The Company regularly assesses the efficacy of the IT policy and make necessary updates as and when needed.	Positive implications
5	Compliance	Risk	Legal regulations are increasing with regards to sustainability and the Company strives to remain ahead of these changes.	The Company has a well read compliance team and on regular basis it consults, lawyers and other consultants to remain ahead of the curve.	Negative implications
6	Learning and Development	Opportunity	The Company realises the importance of a skilled workforce and it explores avenues to train their workforce.	-	Positive implications

Sr No	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Health and Safety	Risk	The Company is committed to ensuring high standards of health, safety and environmental practices in organisation. It aims to comply with all applicable health, safety and environmental regulations and other requirements in our operations. During Covid -19 period, the Company actively undertook to promote health, safety in workplace by providing support to our employees, such as a helpdesk, vaccination camp and a number of oxygen concentrators, among others. The Company is committed to ensuring that the appropriate resources are provided, and that appropriate actions are taken, to implement and maintain sustainable health, safety and environmental practices and effective management systems.	The Company regularly assesses the efficacy of their Occupational Health and Safety policy and makes necessary updates.	Positive implications
8	Diversity	Opportunity	Diverse employees lead to better Company performance. The hiring practices of the Company seek to improve their diversity gap.	-	Positive implications
9	Transparency	Opportunity	The Company's principle is to ensure complete transparency to all its stakeholders and seeks to improve upon its practices.	-	Positive implications
10	Green House Gases (GHG) Emissions	Risk	Tracking GHG emissions has become an important policy for a multitude of companies. This is so because of India's ambition to become a Net Zero emitter by 2070.	Even though the Company is into trading business but it understands the impact of GHG emissions. The Company aims to track and offset emissions through adopting energy efficient practices.	Negative implications
11	Waste Management	Opportunity	Since the Company operates out of a leased property, it does not have jurisdiction over the waste disposed. However, Company is constantly striving for recycling measures, and other waste reduction strategies to combat this issue.	-	Negative implications

Section B: Management and Process Disclosures

	<p><b>Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.</b></p> <p>The Company recognizes that ethical behaviour in all operations, functions and processes, is the cornerstone of businesses guiding their governance of economic, social and environmental responsibilities. The Company has formulated Code of Conduct for Board of Directors and Senior Management, Insider Trading Code, BRSR Policy, Vigil Mechanism and Whistle Blower Policy along with Anti Corruption and Anti Bribery Policy in order to ensure that the business is conducted and governed with integrity and in a manner that is ethical, transparent and accountable.</p>
	<p><b>Businesses should provide goods and services in a manner that is sustainable and safe.</b></p> <p>The Company believes that sustainable production and consumption are interrelated, contribute to enhancing the quality of life and towards protecting and preserving earth's natural resources. In view of this, Company has formulated Corporate Sustainability Policy to ensure safety and resource-efficiency in the design and use of the products in a manner that creates value while minimizing and mitigating its adverse impacts on environment and society through all stages of its life cycle till its final disposal. Over the time, the Company has embraced the idea of circularity on all its operations.</p>
	<p><b>Businesses should respect and promote the well-being of all employees, including those in their value chains.</b></p> <p>The Governance structure of the Company ensures that the business complies with all regulatory requirements pertaining to its employees and in addition to this systems are being put in place to enable this to be done by its value chain partners also. The Company has formulated Policy for equal opportunities in employment to ensure the provision for the equal opportunities at the time of recruitment, during the course of employment and at the time of separation without any discrimination. Further, the Company promotes and respects right to freedom of association, participation of employees and work-life balance. The Company has Vigil Mechanism/Whistle Blower Policy and Internal Complaints Committee formulated in accordance with the provisions laid down under Prevention of Sexual Harassment (POSH) Act and Company's Policy on POSH is in place to provide employees access to appropriate grievance redressal mechanism including sexual harassment.</p>
	<p><b>Businesses should respect the interests of and be responsive to all its stakeholders.</b></p> <p>The Company recognizes that it operates in an eco-system comprising a number of stakeholders, beyond shareholders and investors and acknowledges its responsibilities towards interests of all stakeholders especially those who may be vulnerable and marginalized. In order to fulfill its responsibility to maximize the positive impacts, the Company has formulated its governance structure in manner to ensure transparency in their policies, decisions, products and impacts on all stakeholders and the natural environment.</p>
	<p><b>Businesses should respect and promote human rights.</b></p> <p>The codes and policies formulated by the Company are inspired, informed and guided by the Constitution of India and recognizes that human rights are inherent, inalienable, interrelated, interdependent and indivisible to all human beings. The Company makes firm efforts to make its employees aware of their human rights and how they can address adverse human rights impacts.</p>
	<p><b>Businesses should respect and make efforts to protect and restore the environment.</b></p> <p>The Company acknowledges that environmental responsibility is a pre-requisite for sustainable economic growth and for the well-being of society and environmental issues are interconnected at the local, regional and global levels, which makes it imperative for businesses to address issues like pollution, biodiversity conservation, sustainable use of natural resources and climate change in a just, comprehensive and systematic manner. Therefore, Company is in a process to formulate appropriate policies, procedures and structures to assess, measure and address its adverse impacts on the environment at all its locations.</p>
	<p><b>Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.</b></p> <p>The Company operates within specified national and international legislative and policy framework, which guides the growth and also provides for certain desirable restrictions and boundaries. The Company legitimately engages with governments for redressal of grievances or for influencing public policy. The Company, to the extent possible, undertakes policy advocacy through trade and industry chambers and other similar collective platforms.</p>
	<p><b>Businesses should promote inclusive growth and equitable development.</b></p> <p>The Company recognizes the challenges of social and economic development faced by India, and builds upon the national and local agendas as articulated in government policies and priorities. In pursuance to this, Company has taken and takes appropriate actions to minimize adverse impacts, if any, that it has on social, cultural and economic aspects of society.</p>
	<p><b>Businesses should engage with and provide value to their consumers in a responsible manner.</b></p> <p>Keeping in mind the fact that the consumers have the freedom to choice in the selection and usage of goods and services, the Company strives to make available products that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their consumers.</p>

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Processes</b>										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs.(Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board?(Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	https://www.ethoswatches.com/investors-information/corporate								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance,Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	The Company's policies are based on NVG principles and conform to UNGC Principles, ILO Principles and United Nations SDGs.								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	In collaboration with socially responsible organizations, the Company has committed to plant one million trees within the next decade, beginning in 2021 by planting a tree for every watch purchased from Ethos.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons incase the same are not met.	The Company has successfully met a majority of the goals that were set at the beginning of the financial year 2022-23.								
<b>Governance, leadership and oversight</b>										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer to "Management Discussion and Analysis" forming an integral part of the Annual Report.								
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Yashovardhan Saboo Chairman and Managing Director Email id- investor.communication@ethoswatches.com Contact details – 0172-2548223/24								
9	Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Board oversees the entire ESG function. The Committee is proposed to be formed.								

10. Details of review of NGRBCs by the company

Subject for review	Indicate whether review was undertaken by Director /Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other –please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Committee of the Board									Annually								
Compliance with statutory requirements of relevance to the principles, and,rectification of any non-compliances	Committee of the Board									Annually								

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	The assessment was carried out internally at regular intervals of time and as per requirements.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
a.	The entity does not consider the Principles material to its business (Yes/No)									
b.	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
c.	The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not Applicable								
d.	It is planned to be done in the next financial year(Yes/No)									
e.	Any other reason (please specify)									

Section C: Principle Wise Performance Disclosure

**Principle 1** Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors/ Key Managerial Personnel	4 (Please refer note 1 below)	1. Corporate Social Responsibility 2. Prohibition of Insider Trading and sharing of UPSI 3. Structured Digital Database under SEBI (Prohibition of Insider Trading) Regulation, 2011 4. ESG and NGRBCs Principles 5. Familiarization programs for Independent Directors	100%
Employees other than Board of Directors and Key Managerial Personnel	6 (Please refer note 1 below)	1. Advance Product 2. Hybrid Product 3. Inductions & Refresher Trainings 4. Corporate Social Responsibility 5. Structured Digital Database under SEBI (Prohibition of Insider Trading) Regulation, 2011 6. ESG and NGRBCs Principles	100%

Note 1:-

- (a) During the FY 23, various presentations were made at Board and committee meetings at regular intervals whereby members of the Board as well as Key Managerial Personnel were informed on diverse topics pertaining to developments triggered by environmental, economic or regulatory changes along with the Company's obligations pertaining to ESG and CSR and key initiatives taken and proposed to be taken with respect to same.
- (b) The Company conducts orientation programs / presentations / training sessions, periodically at regular intervals, to familiarize the Independent Directors with the strategy, operations, and functions of the Company. Such orientation programs / presentations / training sessions provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's risk management strategy, governance policies, designated channels for flow of information and such other areas as deemed necessary.
- (c) During the FY 23, various sensitization programs were conducted as Structured Digital Database (SDD) Tool mandated under the SEBI guidelines, was made to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework to cater to changing dynamics of the market, whereby the concept of SDD was introduced keeping in mind that as and when the information starts taking shape of a price-sensitive information i.e. UPSI and such information is likely to "materially" affect the prices of the securities of the Company when published, sharing of such information shall be recorded in the Database to maintain the integrity of information.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies / judicial institutions in the financial year, in the following format.

Segment	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Monetary		Has an appeal be preferred (Yes/ No)
			Amount(in INR)	Brief of the Case	
Penalty/Fine					
Settlement			Nil		
Compounding fee					

Segment	NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Non-Monetary		Has an appeal be preferred(Yes/No)
			Brief of the Case		
Imprisonment					
Punishment			Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The Company has a robust Anti Corruption and Anti Bribery policy available on the Company's website and can be accessed at <https://www.ethoswatches.com/investors-information/corporate>.

The Company believes in strict adherence to principles of good corporate governance and managing its affairs in fair, honest, ethical and transparent manner as an integral part of its philosophy. In furtherance to its philosophy, the Company has formulated the Anti Corruption and Anti Bribery Policy to ensure that no employee of the Company indulges in and associates with any act of bribery, extortion or corruption with any governmental officials or any person for or on behalf of the Company.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors		
KMPs	Nil	Nil
Employees		

6. Details of complaints with regards to conflict of interest

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors				
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil		Nil	

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Since there were no complaints received in relation to conflict of interest, the Company was not necessitated to take any corrective action.

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the principles during the financial year**

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
3	Value chain partners are intimated on the Town Hall Meetings, Leadership Review Meetings and Internal departmental meetings.	100%

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, as part of the corporate governance practices, the Company receives Annual Disclosures/Declaration (as amended from time to time) from its Board members and Key Managerial Personnels on the entities they are interested in. In addition to this all members of the Board along with KMPs and SMPs affirm to the Code of Conduct formulated by the Company whereby they affirm to disclose potential conflicts of interest that they may have regarding any matter, if any, at the Board Meetings and any Director having such conflict of interest will abstain himself/herself from discussions and voting on the concerned matter.

Further, all related party transactions and engagements are reviewed by the Audit Committee, Board and the Auditors of the Company on a quarterly basis. Moreover, all the related party transactions and engagements in the last financial year and the preceding years were done on an arm's length basis and the Company did not engage in any transactions that could be considered as material in accordance with the Company's Policy on Materiality of and Dealing with Related Party Transactions.

Company's Code of Conduct for Board Directors and Senior Management and Policy on Materiality of the related party transactions are available on the website of the Company and can be accessed at <https://www.ethoswatches.com/investors-information/corporate>.

**Principle 2 | Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Considering the Company's nature of business, R&D outlay and capital expenditure were confined to investments in information technology. Accordingly, investments were made by way of addition to capital assets in the form of Information Technology infrastructure e.g. equipment, software and communication networks to give impetus to the Company's digital initiatives. The new technology additions expanded the scope of digital operations, introduced greater process efficiency as well as reduced the total consumption of paper across the Company departments. For environmental sustainability, we have initiated investment on energy efficient equipment deployment (Variable Refrigerant Flow/5 Star rated Air Conditioners), LED lighting, LED signage, waterless urinals, sensor-based taps and aerators fitted taps etc.

Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investment will be made available in our BRSR from FY 24 onwards.

b. If yes, what percentage of inputs were sourced sustainably?

Yes. To achieve goals and ensure ethical conduct, it is empirical that the suppliers share Company's values and vision; and raise the sustainability standards in the supply chain. The Company acknowledges that long-term sustainable development of its suppliers is critical to their joint success. In line with the Company's commitment, the Company has formulated a Sustainable Procurement Policy which is an extension of its values and is applicable to all the suppliers.

Company's Sustainable Procurement Policy is available on the website of the Company and can be accessed at <https://www.ethoswatches.com/investors-information/corporate>.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company is in Retail Sector. It procures the product from its supplier and deliver the same to its customer. The Company has started its Certified Pre-owned business in FY 19. In this segment, Company procure the pre-owned watches from customer, refurbishes the same to the fullest and supply to its intended customers. This helps in managing the recycle of the products.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is not applicable to the entity's activities as the Company is in retail sector.

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain(Yes/ No) If yes, provide the web-link.
----------	--------------------------	---------------------------------	---	---	--

Not applicable. The Company is engaged in retail and luxury products and does not manufacture any such products.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk/ concern	Action taken
-------------------------	----------------------------------	--------------

No, the Company does not perform life cycle assessments for its products so there were no social or environmental concerns observed.

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

The Company operates in Luxury Retail segment and therefore, the recyclable or reusable wastes are limited to corrugated boxes, bubble wraps and papers. Corrugated boxes find their further uses in the warehouses of the Company for the further storage purposes. The rest is sold as commodity to recyclers. Wherever possible the Company asks the vendors to reduce bulky packaging on the products and also encourages the use of packaging material which is recyclable or reusable. Altogether, percentage of recycled or reused input material to total material (by value) is negligible.

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	The Company operates in Luxury Retail segment and therefore, the recyclable or reusable wastes are limited to corrugated boxes, bubble wraps and papers. Corrugated boxes find their further uses in the warehouses of the Company for the further storage purposes. The rest is sold as commodity to recyclers. Wherever possible the Company asks the vendors to reduce bulky packaging on the products and also encourages the use of packaging material which is recyclable or reusable. Altogether, percentage of recycled or reused input material to total material (by value) is negligible.					
E-waste (in kgs)	Nil	Nil	605.4	Nil	Nil	Nil
Hazardous waste	No hazardous or other waste is generated as the Company is into Retail Industry.					
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
---------------------------	---

The Company does not manufacture the product and hence there is no reclaim. However, Company has pre-owned business section, where it procures the watch from customers those who want to sell it. Thereafter, the Company refurbishes the same watch as good as new at its state of the art service centre and make available to its prospective customers.



**Principle 3** | Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

1. a. Details of measures for the well-being of employees

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	440	440	100	440	100	-	-	-	-	-	-
Female	94	94	100	94	100	94	100	-	-	-	-
<b>Total</b>	<b>534</b>	<b>534</b>	<b>100</b>	<b>534</b>	<b>100</b>	<b>94</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non Permanent employees</b>											
Male	14	14	100	14	100	-	-	-	-	-	-
Female	2	2	100	2	100	2	100	-	-	-	-
<b>Total</b>	<b>16</b>	<b>16</b>	<b>100</b>	<b>16</b>	<b>100</b>	<b>2</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2. Details of retirement benefits, for Current FY and Previous FY.

	FY 2022-23		FY 2021-22	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.81%	Y	99.76%	Y
Gratuity	100%	Y	100%	Y
ESI	6.18%	Y	9.67%	Y

3. Accessibility of workplaces

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

The Company duly recognizes the principles laid down under United Nation Convention on Rights of Persons with Disabilities and Rights of Persons with Disabilities Act, 2016 for empowerment of persons with disabilities. Retail stores and Backend Offices of the Company are located at various malls across the country whereby all kinds of facilities including accessible infrastructure, accessible washrooms, accessible transportation, accessible information and technology are provided to the persons with disabilities.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, in pursuance of section 21 of Rights of Persons with Disabilities Act, 2016 read with relevant rules made thereunder, the Company has equal opportunity policy in place which is available on the website of the Company and can be accessed at <https://www.ethoswatches.com/investors-information/corporate>.

The Company duly recognizes the principles laid down under United Nation Convention on Rights of Persons with Disabilities and Rights of Persons with Disabilities Act, 2016 for empowerment of persons with disabilities. Retail stores and Backend Offices of the Company are located at various malls across the country whereby all kinds of facilities including accessible infrastructure, accessible washrooms, accessible transportation, accessible information and technology are provided to the persons with disabilities.

5. Return to work and retention rates of permanent employees that took parental leave.

Gender	Return to work	Retention rate
Male	Nil	Nil
Female	1	100%
<b>Total</b>	<b>1</b>	<b>100%</b>

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent employees	Yes, Ethos is committed to developing a culture where it is safe for all employees to raise concerns about any unacceptable practice and any event of misconduct or violence of law in force.
Other than permanent employees	In line with the commitment and legal requirements, Ethos has established Vigil/ Whistle Blower Mechanism and formulated policy- a) To provide a mechanism for employees of the Company to report any instance of unethical behaviour, actual or suspected fraud. To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization, who notice and report any unethical or improper practices. b) To appropriately communicate the existence of such mechanism, within the organization and to outsiders. Further, the Company has formulated a policy to create a mechanism for prevention, prohibition and redressal of sexual harassment so that women can work with dignity and equality in a safe environment. The policies mentioned above are available on the website of the Company and can be accessed at <a href="https://www.ethoswatches.com/investors-information/corporate">https://www.ethoswatches.com/investors-information/corporate</a> .

Note: The Company does not have permanent/ other than permanent workers

7. Membership of permanent employees in association(s) or Unions recognised by the listed entity

The Company focuses on establishing a positive and transparent relationship with its employees by prioritizing their welfare, fair compensation, and a safe working environment to encourage a collaborative work culture.

It recognizes employees' right to assemble, communicate and join associations of their choice in matters related to their employment within the purview of its policies and procedures. The Company respects the rights of the employees to associate or not associate through internal employee resource groups and seek representation, to bargain or not to bargain collectively in accordance with local laws.

8. Details of training given to employees

Category	Total (A)	FY 2022-23				FY 2021-22				
		On Health and safety measures		On Skill up gradation		Total (D)	On Health and safety measures		On Skill up gradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Male	26	1	3.85%	25	96.15%	23	3	13.04%	20	86.96%
Female	26	1	3.85%	25	96.15%	23	3	13.04%	20	86.96%
<b>Total</b>	<b>52</b>	<b>2</b>	<b>3.85%</b>	<b>50</b>	<b>96.15%</b>	<b>46</b>	<b>6</b>	<b>13.04%</b>	<b>40</b>	<b>86.96%</b>

Note : The above details relates to number of training programs conducted during the year.

9. Details of performance and career development reviews of employees

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Male	440	440	100%	345	345	100%
Female	94	94	100%	79	79	100%
<b>Total</b>	<b>534</b>	<b>534</b>	<b>100%</b>	<b>424</b>	<b>424</b>	<b>100%</b>

10. Health and safety management system:

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Despite the primary activity of Ethos being the sale of luxury watches, the Company acknowledges the significance of ensuring employee safety. Ethos has taken measures to provide a safe working environment for all employees. The Company has equipped both stores and offices with first aid kits, and a doctor is available on call to address any medical concerns. This demonstrates the Company's commitment to maintaining a secure and healthy workplace for its staff. The Company also has a Comprehensive Group Insurance Policy to ensure employee's safety while travelling during the course of their duty.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

As a retail business Ethos has minimal work related hazards. However, the management has aptly fixed any possible risks to its employees and routinely assesses for the same.

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Not Applicable, as the Company does not have workers.

**d. Do the to employees / workers of the entity have access to non-occupational medical and healthcare services?**

Yes.

**11. Details of safety related incidents by the employees, in the following format:**

Safety Incident/Number	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Nil	Nil
Total recordable work-related injuries		
No. of fatalities		
High consequence work-related injury or ill-health (excluding fatalities)		

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

- Ethos adheres to the Occupational Safety, Health and Working Conditions Amendment 2020 to prioritize employee safety.
- Employee health and safety are further ensured through benefits such as health and accident insurance.
- Regular sanitization of high-touch areas like doorknobs and desks is carried out to maintain a hygienic workplace.
- Employees undergo regular health check-ups to ensure their well-being.

**13. Number of Complaints on the following made by employees and workers**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

**14. Assessments for the year**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Safety related risks are minimized at the workplace given the nature of the Company. However, employee well-being is prioritized and consistent feedback from all employees is collected to assess the health and safety practices and amend them, if needed from time to time.

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers(Y/N)**

Yes, the Company offers Group Personal Accident Insurance and compensatory packages to its employees in case of death and supporting their families to avoid financial difficulties. The Company operates as a luxury watch retailer and has no workers; only employees are eligible for these benefits.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

Yes, the Company undertakes measures to ensure that statutory dues are deducted and deposited by its value chain partners. The Company requires its partners to provide relevant tax documents such as TDS and GST certificates to ensure compliance with tax regulations. Additionally, the Company conducts periodic audits to ensure that all necessary deductions have been made and remitted to the appropriate authorities. These measures are put in place to ensure that the Company and its value chain partners operate in accordance with legal requirements and avoid any potential legal or financial liabilities. The Company approaches the value chain partners on a regular interval for the reconciliation of the accounts maintained at their ends for plugging the gaps and ensuring proper reconciliation on an ongoing basis.

**3. Provide the number of employees having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family member have been placed in suitable employment**

No such incident reported in current financial year as well as previous year.

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?(Y/N)**

Yes. The Company ensures a smooth transition for all employees. The assistance is provided depending upon the nature of the incident of each employee.

**5. Details on assessment of value chain partners**

The Company requires its value chain partners, such as suppliers etc. to comply with all relevant regulations, including health and safety standards and working conditions. These expectations are clearly outlined in procurement contracts. While no specific assessments focusing solely on health and safety practices have been conducted, the Company conducts regular inspections of its partners to monitor their performance on various parameters, including health and safety compliances.

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

The Company has not identified any area of operation that pose risks or is of concern of health and safety practices from its value chain partners.

**Principle 4 | Businesses should respect the interests of and be responsive to all its stakeholders**

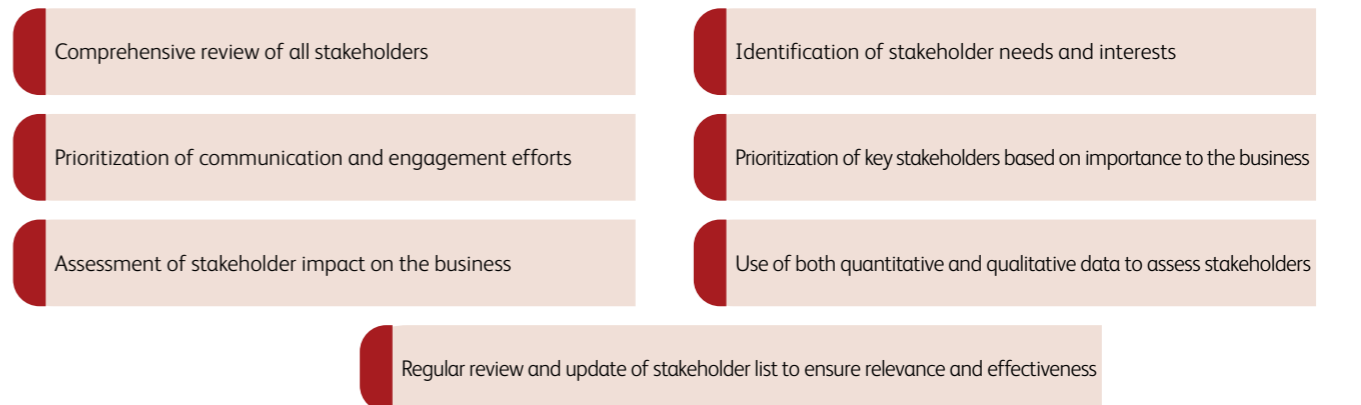
**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity**

The Company follows a five-step process to identify its key stakeholder groups. Firstly, the Company conducts a comprehensive review of all stakeholders to ensure a thorough understanding of its stakeholder landscape. Secondly, the Company determines the purpose of identifying key stakeholders and sets priorities for communication and engagement efforts. Thirdly, the Company assesses the impact of stakeholders on its business and considers their level of influence, interest, and expectations. Fourthly, the Company identifies the needs and interests of stakeholders to ensure effective communication and engagement. Lastly, the Company prioritizes the list of key stakeholders based on their level of importance to the business.

During this process, the Company takes into account a range of internal and external stakeholders, including customers, suppliers, investors, employees, and the local community. To ensure a comprehensive understanding of stakeholders, the Company uses both quantitative and qualitative data, such as surveys, interviews, and stakeholder mapping. The Company also regularly reviews and updates its stakeholder list to ensure that communication and engagement efforts remain relevant and effective.

**To summarize:**



2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/Quarterly / others –please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	General Meetings/Emails/ Website/Communication to stock exchanges	Continuous	To inform and discuss Company's performance, their participation and involvement and discussing future prospectus.  Further, to ensure transparency of disclosure and spread awareness about their rights.
Investors	No	Investor calls/ Investor meets/ emails	Continuous	To inform and discuss Company's performance, their participation and involvement and formulate future prospectus.
Customers	No	Direct contact/ email/ SMS/ Newspaper/ Magazines/ Website/ Advertisement	Continuous	To have better connect with them and to ensure proper services to the existing one including but not limited to acquiring new ones.
Government/ Regulatory Bodies	No	Emails/ personal meetings/ Video calls/Website	As per the statutory requirements	Compliance to legal & regulatory obligations. Discussions on policy, regulations & amendments, and approvals.
Community/NGOs/ CSR Organization	Partially Yes	Emails/calls/Direct contacts	As and when required	Support CSR and ESG projects
Employees	No	Direct Contact/ social intranet/ email/employee apps/ townhall meetings/website/ internal meetings	Continuous	To inform employees on key developments within the Company; to involve employees in decision making and aligning them to the shared purpose of the Company's Vision, Values and business strategy; to invigorate employees and enable delivery of the employee promise

### Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company actively consults with stakeholders on environmental, social, and governance (ESG) topics through its various departments, ensuring continuous engagement. The Company gathers feedback regularly and integrates it into its strategy, aligning with its mission and vision. Material issues are internally reviewed, prioritized, and brought to relevant stakeholders for discussion, considering their impact on both the stakeholders and the business.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is used to support the identification and management of environmental and social topics. The Company conducted a materiality assessment during the ESG reporting process to identify key stakeholders and their concerns. Stakeholder consultation is then carried out to understand their perspective on these issues. Inputs received from stakeholders are considered while developing policies and activities related to environmental and social topics. Such inputs are appropriately considered and relevant and crucial inputs are then implemented by way of a policy formulated by the Board.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company along with parent company has formulated KDDL-Ethos Foundation for fulfilling its Corporate Social Responsibility. The Company independently also engages in dedicated CSR Projects for adding value to the environmental and social sustainability.

### Principle 5 | Businesses should respect and promote human rights

#### Essential Indicators

1. Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format

Category	FY 2022-23			FY 2021-22		
	Total(A)	No. of employees covered(B)	%(B/A)	Total(C)	No. of employees covered(D)	%(D/C)
Permanent	534	534	100%	424	424	100%
Other than permanent	16	16	100%	17	17	100%
<b>Total employees</b>	<b>550</b>	<b>550</b>	<b>100%</b>	<b>441</b>	<b>441</b>	<b>100%</b>

2. Details of minimum wages paid to employees and workers, in the following format

Category	Total (A)	FY 2022-23				Total (D)	FY 2021-22			
		Equal to minimum wage		More than minimum wage			Equal to minimum wage		More than minimum wage	
		No. (B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No. (F)	%(F/D)
<b>Permanent</b>										
Male	The Company does not have workers. The Company is in compliance with payment of minimum wages to its employees.									
Female	The Company does not have workers. The Company is in compliance with payment of minimum wages to its employees.									
<b>Other than permanent</b>										
Male	The Company does not have workers. The Company is in compliance with payment of minimum wages to its employees.									
Female	The Company does not have workers. The Company is in compliance with payment of minimum wages to its employees.									

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration /salary/wages of respective category	Number	Median remuneration /salary/wages of respective category
Board of Directors (BoD)	10	11,16,426	2	3,30,923
Key Managerial Personnel (KMP)	3	1,09,07,816	Nil	Nil
Employees other than BoD and KMP	433	5,52,072	94	5,78,634

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, The Human Resources (HR) department of the Company is fully responsible for managing the impacts and addressing the concerns of the employees within the organization. HR is committed to creating a work environment that is inclusive, safe and free from any form of discrimination, harassment or unfair treatment. They have a proactive approach towards identifying and addressing employee concerns, and strive to resolve any grievances in a timely and effective manner. HR ensures that all employees are aware of their rights, and they provide a mechanism for employees to report any concerns or issues that they may have. The department works closely with senior management to ensure that policies and practices are in place to support a positive work culture, and that employees are treated fairly and with respect at all times.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a well-established employee grievance redressal system in place, which allows employees to raise any concerns or complaints they may have. Such grievances can be addressed with the HR department or escalated to the senior management for resolution. The Company places great emphasis on ensuring that any grievances are resolved effectively and efficiently, in order to promote a positive and healthy work environment.

6. Number of Complaints on the following made by employees and workers

Category	FY 2022-23		Remark	FY 2021-22		Remark
	Filed during the year	Pending resolution at the end of year		Filed during the year	Pending resolution at the end of year	
Sexual Harassment						
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour		Nil		Nil		
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has formed an Internal Complaints Committee under the POSH Act. Employees can raise their complaints with this committee and the committee further acts on it while maintaining complete confidentiality of the complainant until the committee arrives at a suitable verdict. The committee also organizes training and sensitization sessions for all the employees regularly in the form of 'induction workshops'.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

The Company does not currently incorporate human rights requirements within its business agreements and contracts. However, the Company places significant emphasis on the need to protect the human rights of its employees and carries out regular assessments to ensure that these are upheld. This approach is in line with the Company's commitment to ethical and responsible business practices, and reflects its belief that safeguarding human rights is a fundamental aspect of this. While the Company recognizes that there is room for improvement in this area, it remains committed in upholding human rights across all of its operations.

9. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	100 %
Discrimination at workplace	100 %
Child Labour	100 %
Forced Labour/Involuntary Labour	100 %
Wages	100 %
Other human rights related issues	100 %

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Comprehensive assessments are done by the Human Resource department and corrective actions for each significant risk identified are taken. The Human Resources department has formulated mechanism to address the same in case any risks arise.

**Leadership Indicators**

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company prioritizes human rights of its employees above all and is crucial to the organization. However, no business process requires any amendments / modifications as the policies and processes that the Company adhere to the requirements of Human rights.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

For the FY 23 the Company has commissioned human rights due-diligence internally by the HR Department of the Company. The areas covered include child labour, forced labour, discrimination, harassment at workplace, work- life balance, training and education, environmental, occupational health and safety.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, Company outlets that are situated in malls are accessible to differently abled visitors. Retail stores are leased in shopping malls across the country that try to ensure access to differently-abled employees and visitors.

4. Details on assessment of value chain partners

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	
Discrimination at workplace	
Child Labour	As of now, none of the value chain partners were assessed during the year. The Company is in the process of devising a mechanism for the same.
Forced Labour/Involuntary Labour	
Wages	
Other human rights related issues	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No such cases were reported and hence not applicable.

**Principle 6 | Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Units - GJ)	FY 2021-22 (Units - GJ)
Total electricity consumption (A)	3580.98	1876.66
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	444.79	303.89
<b>Total energy consumption (A+B+C)</b>	<b>4025.77</b>	<b>2180.55</b>

No independent assessment/ evaluation/assurance has been carried out by an external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	The Company has all its premises at leased locations. The water withdrawal is generally resorted through the invoices shared by the maintenance agency with our various stores.	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No, Company stores are leased in shopping malls which reduces the total water consumption. Moreover, the waste water is further treated by the mall management and property owners wherever possible.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Not Applicable

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	484	262

No independent assessment/ evaluation/assurance has been carried out by an external agency.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Company's stores are leased properties in shopping malls. As of now, Company does not have any project related to reduction in GHG emissions but the Company is in process of implementation.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Total waste generated (in kgs)</b>		
Plastic Waste (A)	The Company operates in Luxury Retail segment and therefore, the recyclable or reusable wastes are limited to corrugated boxes, bubble wraps and papers. Corrugated boxes find their further uses in the warehouses of the Company for the further storage purposes. The rest is sold as commodity to recyclers. Wherever possible the Company asks the vendors to reduce bulky packaging on the products and also encourages the use of packaging material which is recyclable or reusable. Altogether, percentage of recycled or reused input material to total material (by value) is negligible.	
E-waste (B)		
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Other Hazardous waste. Please specify, if any. (G)		
<b>Total</b>	605.4	Nil

No independent assessment/ evaluation/assurance has been carried out by an external agency.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company primarily operates out of malls and all the waste Management is being managed by the entity responsible for the maintenance operations of the Malls. Considering the nature of business of the Company, there is no hazardous waste that was generated during its Operations.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, please specify details in the following format:

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval /clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
			Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes /No)	Relevant Web link
Not Applicable				

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water(Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Company is compliant with all the applicable environmental laws/regulations/guidelines prevalent in India.

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>From renewable sources</b>		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources(C)	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	Nil	Nil
<b>From non-renewable sources</b>		
Category of waste		
Total electricity consumption (D)	3580.98	1876.66
Total fuel consumption (E)	Nil	Nil
Energy consumption through other sources (F)	444.79	303.89
<b>Total energy consumed from non-renewablesources (D+E+F)</b>	<b>4025.77</b>	<b>2180.55</b>

No independent assessment/ evaluation/assurance has been carried out by an external agency.

2. Provide the following details related to water discharged

Parameter	FY 2022-23	FY 2021-22
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
i) To surface water	As all our locations are at leased premises, the water discharged is at the behest of the maintenance agency appointed by the Lessors/ Licensors at the stores who are responsible for treating the water discharge at the location.	
- No treatment		
- With treatment – please specify level of treatment		
ii) To groundwater		
- No treatment		
- With treatment – please specify level of treatment		
iii) To seawater		
- No treatment		
- With treatment – please specify level of treatment		
iv) Others		
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged(in kilolitres)</b>		

No independent assessment/ evaluation/assurance has been carried out by an external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

No such area or location has been determined. by the Company to be possessed with water stress.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

As of now, the Company has no Scope 3 emissions.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remedial activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
		The Company is into retail business and shall endeavour to take steps to improve resource efficiency . The Company uses its major marketing initiative digitally, relying specifically on the omnichannel platform that it operates on.	

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

By giving our consumers both physical and digital shopping experiences through our Omnichannel model, we want to remain relevant at all the touchpoints of a consumer’s journey. Our Omnichannel content offers endless aisle and our loyalty program have helped us to offer our consumers a comprehensive buying experience across online and offline platforms. The owners of some of the luxury watch brands do not permit their watches to be sold online, but our digital platform features information about such watches online as part of its marketing strategy. Our website is custom-built with what we believe to be content rich, high- quality images and videos. Through our team responsible for e-commerce and web design, our Company has created landing pages for each of its luxury brands, with distinctive brand imagery.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company strives that its value chain operates without any negative environmental impacts. To ensure this, the Company conduct regular assessments to ensure environmentally conscious practices are being implemented. The Company also suggests corrective measures if needed. The downstream value chain will be governed by the ESG Risk Framework(the formulation for which is underway), which sets the minimum global standards that the Company must meet regarding environmental and social risk management. This framework helps to avoid, reduce, and responsibly mitigate potential business and reputational risks, as well as risks to people and the planet.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

31.5% of the suppliers were assessed for environmental impacts.

**Principle 7** | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

1 (One)

b. Number of affiliations with trade and industry chambers/ associations.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Retailers Association of India	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities

Name of authority	Brief of the case	Corrective action taken
	There was no case of anticompetitive conduct from the Company.	

Leadership Indicators

1. Details of public policy positions advocated by the entity

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board(Annually/ Half yearly/ Quarterly /Others – please specify)	Web Link, if available
1	Yes	As per the policy	Yes	Annually	<a href="https://www.ethoswatches.com/investors-information/corporate">https://www.ethoswatches.com/investors-information/corporate</a>

**Principle 8** | Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency(Yes / No)	Results communicated in public domain (Yes /No)	Relevant Weblink
					Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format

Sr No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
						Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

The Company believes in serving its customers and the community and have a robust grievance redressal mechanism. Customers can reach out to the team through various channels of communication. A dedicated phone number and email ID have also been allocated for customers to register their grievances.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	Nil	Nil
Sourced directly from within the district and neighbouring districts	Nil	Nil

Note : As the Company is in the business of retail of premium and luxury watches, all our products are imported and hence not applicable.

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments(Reference: Question 1 of Essential Indicators above)

Details of negative social impact identified	Corrective action taken
	Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies

Sr No	State	Aspirational District	Amount Spent(in INR Lakhs)
1	New Delhi	New Delhi	0.20
2		PAN INDIA	2.00
3		PAN INDIA	11.96*
4		PAN INDIA	9.28
5	Uttar Pradesh	Ghaziabad	2.50

\*Through KDDL-Ethos Foundation

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No)

The Company has implemented Corporate Sustainability Policy which profusely provides preferences to purchase from suppliers comprising marginalised/vulnerable groups as well.

(b) From which marginalized /vulnerable groups do you procure?

The procurement is based on many factors owing to the requirement of the organisation from time to time.

(c) What percentage of total procurement (by value) does it constitute?

The overall percentage is negligible.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Sr No.	Intellectual property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
				Nil

Note: Company has purchased the IPR from its parent company, KDDL Limited during the year pursuant to Deed of Assignment of Trademarks.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
		Nil

6. Details of beneficiaries of CSR Projects

Sr No	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	"Cauvery Calling" project, as a part of Million Tree project	As on date 74,595 saplings planted	100
2	Ecobricks Christmas Tree Project	approximately 20 to 30 persons	100
3	Promoting training and education	approximately 20 to 30 persons	100
4	'Unspecified'- Through KDDL-Ethos Foundation	To be determined	100%

**Principle 9 | Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

There are various mechanisms to receive and respond to consumer complaints and feedback on the website:

1. There is a dedicated Customer care number on the Home page
2. Online order helplines are there on the Home page
3. There is dedicated HELP CENTRE page which has all the helpline numbers and email addresses for customer feedback,grievances and Complaints
4. There is a dedicated REPAIR AND SERVICE page providing relevant options to the customer to request a call back or get in touch. Complaints received via social media are shared with complaints@ethoswatches.com internally and are addressed in a timely manner.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	Not Applicable
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil

4. Details of instances of product recalls on account of safety issues

	Number	Reasons for recall
Voluntary recalls	Nil	Not Applicable
Forced recalls	Nil	

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has an Information Technology (IT) policy.

trends and on time delivery of goods ordered by customers. The Company has a robust IT policy in place to ensure safety of cyber security. The Company constantly seeks to improve upon this IT policy.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company strives for a thriving customer experience by providing advertisements that are in line with the market

**Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

- Ethos Watches Website
- Ethos Watches Instagram Handle

- Ethos Watches Facebook Handle
- Ethos Watch Boutiques YouTube Channel
- Ethos Watch Boutiques LinkedIn

Sold on:

- Tata Cliq
- Ajio
- Nykaa Fashion
- Amazon India

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company utilises their communication channels with customers about the safe and responsible usage of their products, this includes during the time of sale if the product poses any risks.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

The Company maintains a regular catalogue of all products offered on their website, and the physical stores. This catalogue is updated regularly with the products in demand being highlighted. The Company also offers personalised updates to customers.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief.**

Yes, it does. Over and above the product information that is mandatory, we display the below information for enhancing consumer experience

1. Product attributes
2. Videos
3. Descriptions
4. Images

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

No such surveys were conducted.

**5. Provide the following information relating to data breaches:**

- a. **Number of instances of data breaches along-with impact**  
Nil
- b. **Percentage of data breaches involving personally identifiable information of customers**  
Nil

# Annexure –II

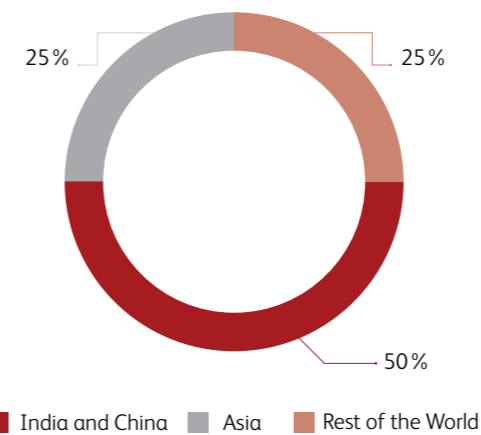
## Management discussion and analysis

### Global economic overview

Major economies across the world grappled with significant challenges in calendar year ('CY') 2022, including the geopolitical crisis in Europe and broadening inflationary pressures. Economic growth is being dampened by the persistent rise in interest rates by central banks to combat inflation. The recent reopening has made room for a quicker-than-anticipated recovery. In the course of CY 2023, economic growth in many economies and a decline in inflation are expected.

It is anticipated that the world's emerging and developing economies (EMDEs) will play a major role in global economic growth going forward. A reduction in global inflation from 7.0% in the year 2023 and 4.9% in the year 2024 is expected.<sup>1</sup>

**According to the IMF, India and China will be contributing over 50% of the global growth, while the rest of the Asian region will contribute 25%.**



### Outlook

Despite the inflationary pressures, the global economy is being buoyed by a solid labour market, increased domestic spending, an influx of foreign capital and a solid response to the energy crisis in Europe. The future of the global economy critically depends on the proper calibration of monetary policies, the course of the war in Ukraine and the removal of pandemic-induced supply-side constraints.

### Indian economic overview

The Indian economy achieved remarkable growth in FY22. With India celebrating its 75th year of independence, the country has emerged as the sixth-largest economy in the world, demonstrating sheer resilience in the face of global economic unrest. However, the rapid tightening of monetary policies in advanced economies has resulted in the depreciation of the Indian rupee against the US dollar. Additionally, India is forecasted to be among the top seven emerging markets and developing economies (EMDEs) according to the World Bank.<sup>2</sup> This expansion was an outcome of the strong domestic demand and robust investment activity.

In FY23, the Central Government and State governments increased their capex for infrastructure development, which has created numerous prospects for employment. The key growth drivers of the Indian economy are the Production Linked Incentive (PLI) scheme, PM Gati Shakti, the National Logistics Policy, the development of a public digital platform, the capital investment cycle and credit disbursement.

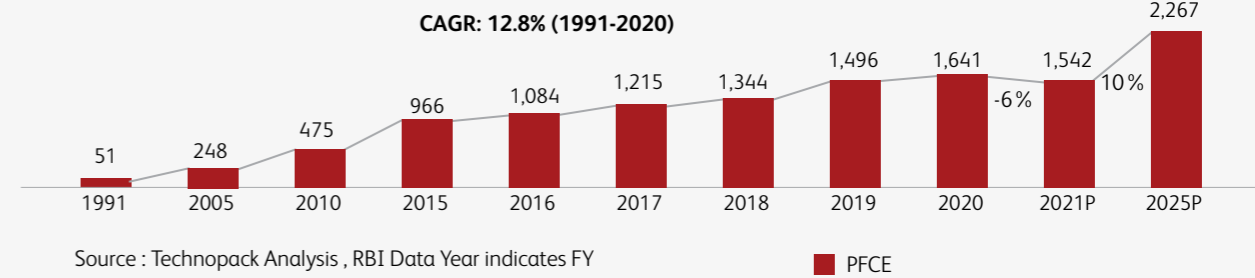
**7.2%** growth is expected for the Indian economy

### Outlook

India is undergoing a retail revolution powered by enhanced digitisation and retail consumption, primarily driven by an aspirational population. A Favourable fiscal policies have raised public investment while aiding the economic recovery. Increased retail consumption is expected to bolster the growth of the Indian economy going forward. Even though the post-Covid private investment recovery is still in its early stages, there are signs that India is in a sweet spot to experience a robust investment upcycle in the infrastructure, manufacturing and services sectors.

In summary, India's consumption outlook remains favourable for sustaining economic growth. India is well-prepared to face the upcoming fiscal year, backed by its strong economic fundamentals and overall economic stability. However, it remains vigilant about geopolitical and geo-economic concerns.

**Exhibit 7: India's Private Final Consumption Expenditure (In US\$ BN)**



<sup>1</sup><https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>

<sup>2</sup>Economic Times Delhi 11/01/2023

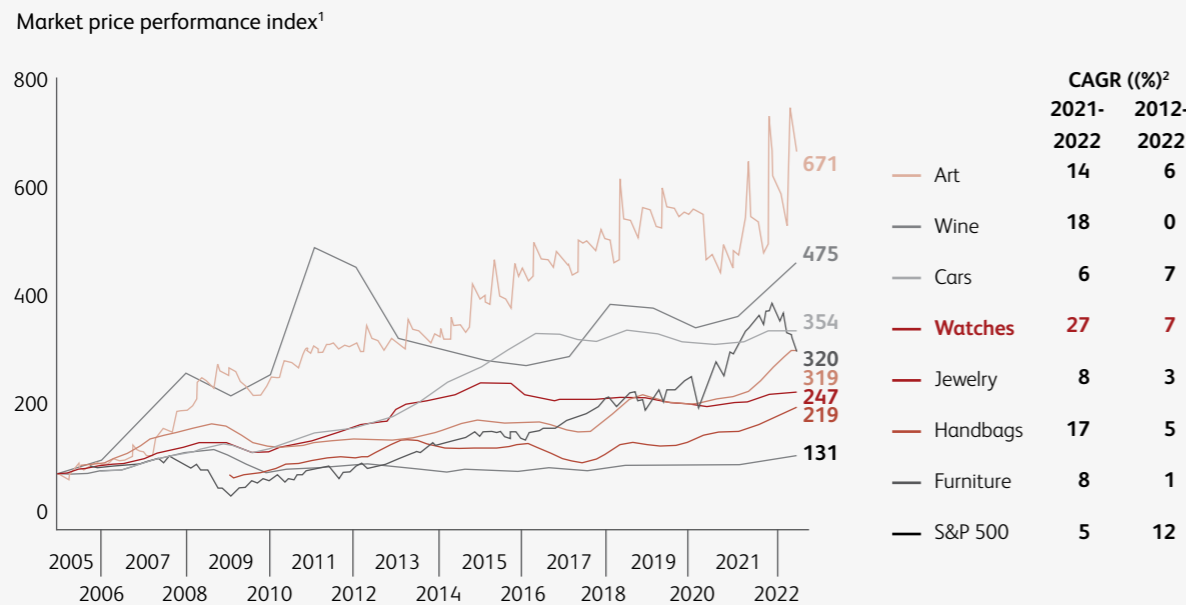


**Industry outlook**

**Global premium and Luxury Watch market**

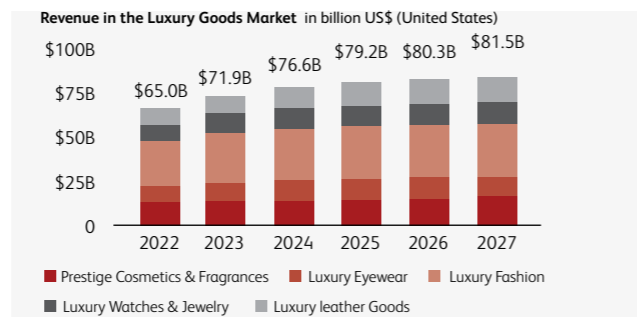
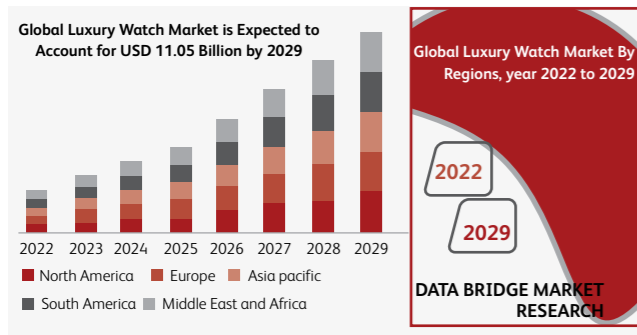
The demand for luxury goods, such as premium watches, is rising as consumer spending and disposable incomes increase. In addition, growing consumer preference for attractive luxury watches as a valuable asset and consumers' desire for luxury goods from a number of international brands are bolstering the market for high-end watches and are expected to hasten the rate of market expansion. The watches segment outperformed the segment of collectibles such as jewellery, handbags, wine, art and furniture over a period of ten years from 2013 to 2022, growing at an average annual rate of 7%. It increased in value by 27% from year 2020 to 2022. [Source: BCG]

**Exhibit 3- Among Alternative Asset Categories, Luxury Watches Have Demonstrated Consistent Growth over a Ten-Year Time horizon**



Sources: Art Market Research proprietary indexes; Live-ex; Yahoo Finance; Credit Suisses, BCG analysis.

The global luxury watch market is expected to expand at a CAGR of 4.40% between year 2022 and 2029.<sup>3</sup>



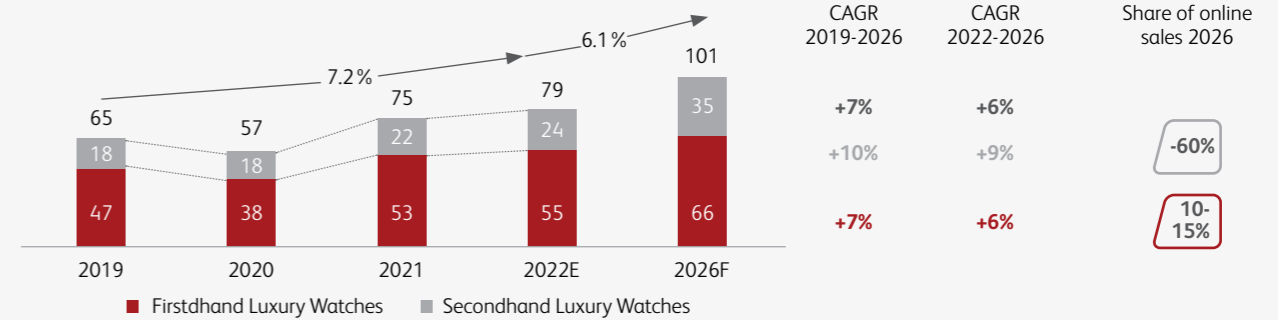
(Source: <https://commonthreadco.com/blogs/coachs-corner/fashion-ecommerce-industry-trends>)

**Rapid growth in the market for preowned watches**

The market for second-hand watches is backed by authentication services and powered by information available online. It includes savvy buyers and seasoned sellers. For collectors hunting for rare and special watches, the pre-owned market is essential because roughly 95% of watches are no longer produced. In CY 21, preowned watch sales reached USD 22 billion, or over one-third of the overall USD 75 billion luxury watch market.

By educating consumers, promoting price transparency and connecting buyers and sellers, third-party online platforms have contributed to market growth, particularly among Generation Z and millennial consumers who feel comfortable making purchases online. By the year 2026, online sales will have surpassed store and auction sales and make up about 60% of the market for preowned luxury watches. [Source: BCG].

**Exhibit 2- Luxury Watches Represent a \$75 Billion Market, of Which 30 is Secondhand and Growing**  
firsthand and second hand luxury watch market ( \$ billions)



Sources: FHS; Altagamma; Euromonitor; expert interviews; BCG analysis.

Notes: Market size for 2022 is estimated on the basis of partial data. Market growth from 2022 to 2026 and market size in 2026 are forecasts based on Switch watch exports company, annual reports, Euromonitor, expert interview, BCG's proprietary luxury market model, and BCG analysis DCG analysis. Data reported is for the total market, including entry level Luxury.

**Luxury industry remains enthusiastic about adopting a circular economy<sup>4</sup>**

Although the fashion and luxury industries have long been reprimanded for the environmental impact of their manufacturing and consumption procedures, companies dealing in luxury goods are increasingly embracing the circular economy and sustainable luxury.

Another step in this direction would be the adoption of a circular economy model, which would provide benefits such as reducing environmental pressure, improving raw material supply security, robust competition, fostering innovation, accelerating economic growth and creating new job opportunities. A new paradigm of luxury conception based on ESG criteria is being introduced as more and more organisations integrate sustainability principles into their fundamental business strategy. They are utilising technology to create eco-friendly new materials and to discover new strategies for more sustainable design, production, distribution and communication.

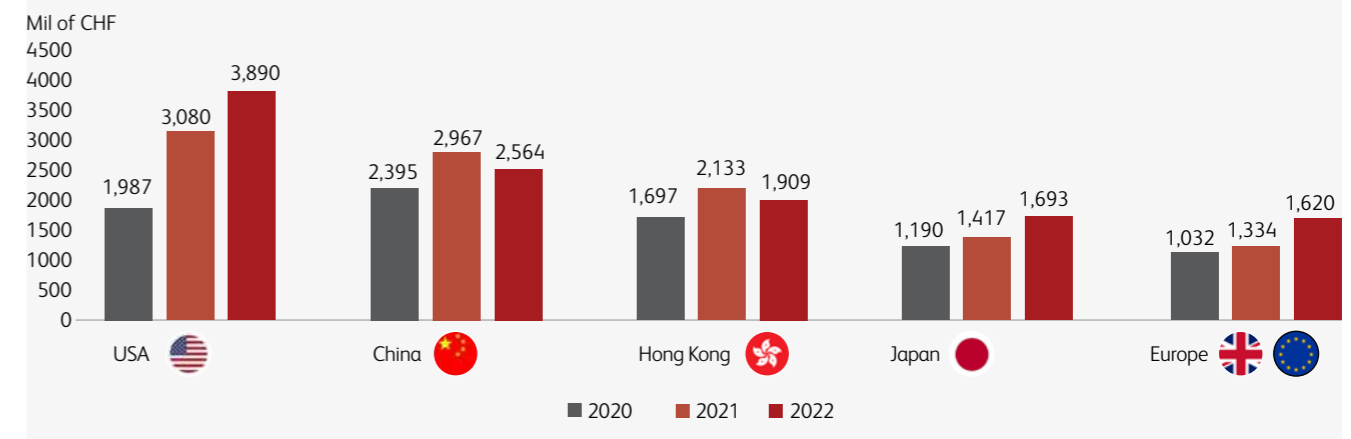
**The Swiss watch market**

As a key segment of the worldwide luxury watch market, Swiss watch exports witnessed a record-breaking year in CY 2022. The year's export sales totalled CHF23.7 billion, an all-time high record with a year-on-year growth rate of 11.6%.<sup>5</sup>

Swiss watch exports increased by more than 13.8% % to a total of 2.4 billion CHF in the month March2023, continuing a steady upward trend each month. All groups of watch materials saw a sharp increase in export values in March. Volumes were also up across all categories. In one month, the sector exported about 3,000,000 additional watches (23.9% greater sales than in March 2022), for a total of more than 1.5 million items .

Products	Units in mio.	Changes	Mil. of CHF	Changes
Wrist watches	1.5	+23.9%	2,264.9	+14.4%
Other products			120.8	+4.2%
<b>Total</b>			<b>2,385.6</b>	<b>+13.8%</b>

**Chart 4, Swiss watch exports, relative share of selected countries and regions (value based)**



<sup>3</sup> <https://www.databridgemarketresearch.com/reports/global-luxury-watch-market>

<sup>4</sup> Global Powers of Luxury Goods | Deloitte | Global Consumer & Industrial Products

<sup>5</sup> <https://watchesbyjx.com/2023/03/morgan-stanley-watch-industry-report-2023.html>

Swiss watch export by market

Particulars	CY 2020		CY 2021		CY 2022	
	Mil of CHF	%	Mil of CHF	%	Mil of CHF	%
USA	1,987	13%	3,080	14%	3,890	16%
China	2,395	15%	2,967	13%	2,564	10%
Hong Kong	1,697	11%	2,133	10%	1,909	8%
Japan	1,190	8%	1,417	6%	1,693	7%
United Kingdom	1,032	7%	1,334	6%	1,620	7%

The growth of watch exports to the United States (+7.8% in March 2023), which had been consistent for the previous 27 months, has slowed, although starting from a very high base. Hong Kong (+61.9% in March 2023) certainly benefited from the market's reopening, with a rapid acceleration throughout the first quarter of CY 2023. China (+14.0% in March 2023) has also experienced a major improvement in its status since the beginning of the year 2023. Singapore (+19.0% in March 2023) maintained its steady pace, while Japan (+1.5% in March 2023) underperformed. In Europe (+12.0% in March 2023), Germany (+11.4%) and France (+14.6%) recorded a steady performance.<sup>6</sup>

Main market

Markets	Mil. of CHF	Change	Share
USA	364.2	+7.8%	15.3%
Hong Kong	265.2	+61.9%	11.1%
China	259.2	+14.0%	10.9%
Singapore	156.7	+19.0%	6.6%
Japan	155.7	+1.5%	6.5%
United Kingdom	147.8	+7.5%	6.2%
<b>Total 6 markets</b>	<b>1,348.8</b>	<b>+17.1%</b>	<b>56.5%</b>

Comparison of Swiss watch import in India		
CY 2022	CY2021	CY 2020
187.6	156.8	97.0
Variation		
2022/2021	2022/2020	
+19.6%	+93.4%	

(Source: [http://www.fhs.swiss/pdf/mt3\\_220112\\_a.pdf](http://www.fhs.swiss/pdf/mt3_220112_a.pdf))

According to the World Distribution of Swiss Watch Exports for the period of January-December 2022, India has attained 23<sup>rd</sup> position globally. It has been witnessed that the exports have significantly increased over the last 2 years with a massive variation from CY 2020 to CY 2021 and from CY 2021 to CY 2022. Due to the rise in UHNWI and HNWI, there has been an increase in demand of the luxury watch collections which has boosted the Swiss watch exports.

Preference for luxury products in India

India is one of the fastest growing economies. Its growth stems from its strong domestic demand, physical and digital infrastructure, as well as global competitiveness.

The luxury products market in India is expected to grow 3.5 times its current size and reach USD 200 billion by the year 2030, driven by an increase in the number of UHNWIs (net assets of USD 30 million or more), growing entrepreneurship, a strong middle class, increased e-commerce penetration and demand from Tier II and Tier III cities. The enthusiasm of global luxury brands to get a foothold in India's burgeoning luxury market clearly demonstrates that the domestic luxury market is maturing and has embarked on a solid growth trajectory.<sup>7</sup>

India's watch industry

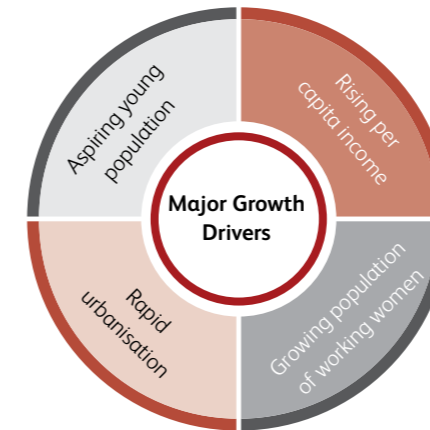
Due to their widespread availability premium watches are a preferred fashion option among consumers across the nation. As Indians prefer 'value-for-money' products, there is a sharp rise in the demand for watches and other luxury items due to the increase in disposable incomes coupled with a growing preference for fashion and style. Also, there is a surge in the number of consumers who have a keen interest in owning a collection of exclusive watches. This has bolstered the domestic watch market.

The mechanical watch market in India has been steadily expanding in recent years. Mechanical watches have gained considerable popularity among customers who value the craftsmanship and complexity of these timepieces. The mechanical watch market is expected to witness growth in the coming years due to the increasing number of luxury and premium watch brands. Going forward competition in the market is likely to increase, and there will be the emergence of new watch brands and trends. However, the existing brands will possess a higher growth potential by introducing new designs and innovations.

The Indian watch market is projected to register a CAGR of 20.32% over the forecast year of 2022-2027.<sup>8</sup>

Consumers' inclination towards the luxury watch segment

The demand for luxury watches is no longer limited to developed countries but is also gaining prominence in the developing countries of the Asia-Pacific region. Watches are increasingly being considered fashion accessories in India, driving consumer towards premium watches which offer excellent craftsmanship and aesthetics.



Price segmentation of India's watch market

Wrist watches, which constitute approximately 80% of the Indian watch industry, are projected to be worth INR 192.74 billion by the year 2024, growing at a CAGR of 13.21% during the forecast year (2019-2024).<sup>9</sup>

Increasing HNWIs and UHNWIs

Notwithstanding the global financial crisis, the number of UHNWIs (Ultra High Net Worth Individual) increased significantly during CY2022, according to the Wealth Report Outlook 2023. Over the past few years, mass savings have been spurred by changes in lifestyle and rising disposable incomes. The top five gainers for UHNWIs, in absolute terms, were the US, the Chinese Mainland, France, the UK and Japan.

In the year 2020, the number of UHNWI in India stood at 6884 and it is further projected to grow by 63%, reaching 11,198 by year 2025. The wealth held by UHNWIs is projected to increase in 2023 as India continues to remain on track for sustained growth. According to Knight Frank, 14% of UHNWIs bought a home in year 2022, while 10% are expected to do so in the year 2023.

With the world's population projected to rise above 8 billion by the year 2023, the number of HNWIs is expected to exceed 30.1 million. The wealth of the population is projected to total USD 82.2 trillion, equating to USD 20.9 trillion of newly created wealth in the next five

years.

Asia-Pacific is expected to see the greatest growth in HNWIs, with a CAGR of 7.6% from the year 2018 to the year 2023. This compares to 5.9% in the US and 5% in Europe, the Middle East and Africa (EMEA).<sup>10</sup>

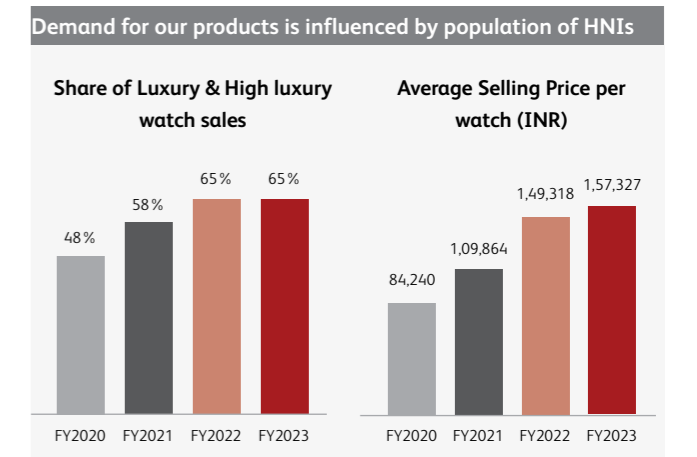
During FY2023, the UHNWIs in India witnessed a gradual increase in wealth which will be continuing further in the next fiscal year. Wealth held by UHNWIs is expected to grow in FY 23 as India emerges as a market of opportunity that is projected to continue to expand despite an impending global slowdown. Art, watches, and luxury handbags continue to be the most favoured investment of passion in FY 23, with 53% of UHNWIs likely to make a purchase in them.<sup>11</sup>

Company overview

Ethos Limited is the largest luxury and premium watch retailer in India. The Company began its journey back in FY 2003 and is currently present in 20 cities in India, with a chain of 54 physical stores. Customers can also avail of an omnichannel experience as the Company provides service through its website and social media platforms.

In India, the Company offers over 60 high-end premium and luxury watch brands, which include 40 exclusive brands that are available exclusively at Ethos. Customers are also offered more than 7,000 SKUs of premium, bridge to luxury, luxury and high-luxury watches. Since FY 2019, the Company also retails certified pre-owned luxury watches in addition to premium and luxury watches.

Ethos has also signed partnerships with Messika and Rimowa to sell their high-end jewellery and travel accessories, respectively, in India.



<sup>6</sup> [http://www.fhs.swiss/scripts/getstat.php?file=comm\\_230303\\_a.pdf](http://www.fhs.swiss/scripts/getstat.php?file=comm_230303_a.pdf)

<sup>7</sup> <https://retail.economicstimes.indiatimes.com/blog/indian-luxury-market-in-2023-and-beyond/97915880>

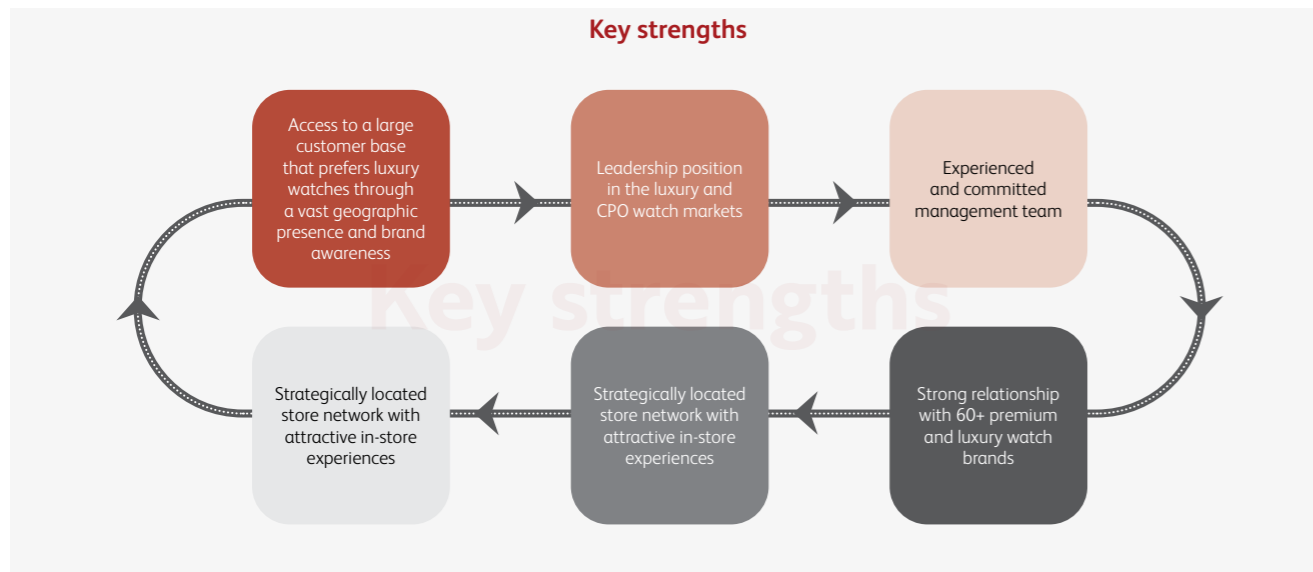
[http://www.fhs.swiss/pdf/mt3\\_220112\\_a.pdf](http://www.fhs.swiss/pdf/mt3_220112_a.pdf)

<sup>8</sup> <https://www.mordorintelligence.com/industry-reports/india-watch-market>

<sup>9</sup> <https://www.digitaljournal.com/pr/wrist-watch-market-analysis-size-share-growth-trends-and-forecast-2021-2030>

<sup>10</sup> <https://www.privatebankerinternational.com/news/8-million-millionaires-world-2023/>

<sup>11</sup> <https://www.outlookindia.com/business/wealth-of-ultra-wealthy-to-continue-to-rise-in-2023-knight-frank-news-254054>



**Certified pre-owned watches**

In addition to selling new watches, the Company sells Certified Pre-Owned (CPO) luxury watches via its website, www.secondmovement.com and a dedicated CPO luxury watch lounge in New Delhi. The Company purchases watches from genuine sellers and after an extensive process of investigation, validation and refurbishment by expert watchmakers at a cutting-edge technical facility, puts them up for sale. The sale is supported with certification and a two-year warranty.

During the year, the Company witnessed a growth of 61% in the sale of certified pre-owned watches.

**New partnerships in FY23**

**Jacob & Co. watches**

Ethos signed an exclusive partnership with the globally renowned watch and jewellery brand, Jacob & Co. The brand has started to gain popularity and has garnered a great deal of interest from people all across the globe with their sophisticated timepieces and dramatic displays.

**Bell & Ross**

A strategic alliance between French watchmaker Bell & Ross and Ethos Limited has made it possible for Indian clients to purchase reliable, high-precision watches. The brand is well known for designing functional and purpose-driven timepieces.

**NORQAIN**

NORQAIN, a wholly independent Swiss watch brand, makes its retail debut in India by collaborating with Ethos. With its in-house facilities and supreme craftsmanship, the brand focuses completely on making mechanical watches.

**Trilobe**

Ethos has partnered with the contemporary watch brand Trilobe with the objective of bringing haute watchmaking to the Indian market. Trilobe has made a mark in the watch industry with innovative timepieces featuring a three-ringed display.

**Tutima**

The German brand Tutima is all set to launch its retail presence in the Indian market by collaborating with Ethos through a strategic partnership. Tutima is famous for its athletic and performance-focused watches. The brand focuses on consistent innovation.

**Speake-Marin**

Ethos has collaborated with the Swiss watch manufacturer Speake-Marin, which specialises in 'beautiful watchmaking' through crafting bespoke and unique timepieces that perfectly blend the virtues of boldness, style and passion.

**Omnichannel presence**

The Company's omnichannel strategy is centred on the idea that clients now prefer a seamless shopping experience across digital and physical platforms and that retail businesses must accommodate this to stay ahead of the curve. In terms of visitors, the variety of brands and watches available, the Company's website, www.ethoswatches.com, is the largest one for premium and luxury watches in India. The Company's website had 23.64 million sessions in FY23, compared to 22.77 million sessions in FY22

**Indore, Bhopal, Siliguri**

Interested visitors accessing the website are assigned highly trained watch consultants who assist them in choosing from a wide range of premium and luxury watches. After choosing the watch, customers are encouraged to visit an Ethos store for the full boutique experience and touch and feel of the product in a professional curated sequence. However customer can also opt for home delivery. The digital platforms also allow the Company to cater to clients in cities where it does not have a physical presence, reaching customers in Tier III and Tier IV cities across India.

**New markets penetrated**

The Company had over 300,000 active email subscriptions, 1,86,000 Instagram followers, 1,58,029 Facebook followers and 13,500 YouTube subscriptions as of March 31, 2023. The Company also emphasises consumer awareness through digital content and newsletters, which are essential components of its business model. The in-house digital magazine 'The Watch Guide' assembles appropriate and exclusive content for watch enthusiasts.

**Comprehensive after-sales services**

The Company not only focuses on raising its sales volume but also ensures providing sincere care for its valuable clients through extensive after-sales service. Ethos Limited has a state of the art service centre in Delhi known as 'Ethos Watch Care' which facilitates repairs, restoration, overhauling, ultrasonic cleaning, engraving and adjustments of watches with its state-of-the-art technology and high-end equipment imported from Switzerland. The services are rendered by horological watch technicians who have vast experience working with major international and luxury watch brands.

During FY 23, Ethos has also started the first ever service centre for RIMOWA, which is a premium travel accessories brand.

**Data and information management**

Digitisation continues to transform the way organisations across the globe operate. The digital platform of the Company is thus a critical enabler and an important component of its enduring growth. The technology used by the Company is a blend of licenced and open source. The organisation benefits from licenced third-party information technology platforms, such as Navision, for financial reporting, inventory management, order fulfilment and merchandising. 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 are also included in the information technology systems. The Company's systems have been optimised to support its pan-India operations. Also, digital assets and CRM are shared across all sales channels and processes. A specialised team is assembled with the objective of improving the platform's capabilities and the customer shopping experience.

**Ethos Mobile App**

The company has developed and will soon launch its Mobile App to increase convenience, improve user engagement, and improve the overall customer experience. The application will feature auto-populated dynamic pages with details of the products along with their images. With an advanced search mechanism and gamified UI, the app will enhance customer engagement.

**Key features of the app**

- Content is displayed according to user preference.
- Chatbot to attain customer queries
- Virtual TRY IT ON

- Club Echo integration for checking and redeeming points
- Push and in-app notifications to engage and make users aware

**Strategic levers to ensure long-term business growth**

**Growing market presence-** The Company intends to grow sustainably by increasing the sales of premium and luxury watches in top Indian cities, along with expanding its market presence in unserved markets, especially in Tier II and Tier III cities such as Surat, Kochi, Raipur and many more. The Company also aspires to establish its business footprint in the neighbouring international countries where organised luxury retail is not commonplace.

**Expanding brand portfolio-** The Company strongly aims to stay ahead of other players by partnering with more leading watch brands that are yet to step into the Indian markets. This will strengthen the product portfolio of the Company and allow it to offer its customers an enriched assortment of luxury watches.

**Strengthening Certified Pre-Owned (CPO) business-** With the CPO market projected to grow extensively, the Company is indulging in efforts to expand its CPO business by bolstering its digital infrastructure, servicing and scale. Ethos has strengthened its strategies and customer relationships by enabling its clients to trade-in or sell their watches to the Company. Moreover, the Company, with the assistance of its service centre, inspects, assesses, repairs and certifies the used watches it receives. This helps the Company to buy more watches.

**Leveraging technology-** The Company regards its digital platform as a critical component of its business strategy. For financial reporting, inventory management, order fulfilment and merchandising, the Company employs a number of licenced and open-source technologies, including Navision. Retail space planning and traffic, master data management, inventory, omnichannel retail, warehouse management, CRM, financial, accounting, insurance, repair systems, business intelligence and other aspects of the Company's operations are also integrated into its IT system. The Company's systems have been optimised to support pan-India operations.

**Building an integrated luxury retail network-** Along with the luxury watch segment, the Company is also making efforts to expand its brand portfolio to other verticals such as luggage bags and jewellery. Along with a strong customer base, the expansion is backed by best-in-class operations, including marketing, merchandising, strong IT support and customer relationship management.

**Guarantee for authenticity-** The MBO model-led retailing model is the most successful distribution channel for luxury and premium watches because it gives the brand owner access to a larger customer base. Expanding the market with this strategy results in lower overall costs. The experience of purchasing a watch from Ethos is on par with or better than other retailers around the world. The customers who shop with Ethos have a special trust in the Company because they believe that the products offered are authentic.

**Financial review**

Financial Results	Standalone for the year ended March 31		Consolidated for the year ended March 31	
	2023	2022	2023	2022
Turnover (Including other Income) (Rs. in lakhs)	80,373.04	59,076.24	80,309.41	59,006.20
Earnings before Interest, tax, depreciation and amortisation expenses (EBITDA)	12,842.84	7,926.33	12,897.12	7,968.33
Profit before tax	7,976.60	3,120.59	8,067.65	3,152.59
Profit after tax	5,979.60	2,336.30	6,029.82	2,338.80
Earning Per Share (basic) (Rs.)	26.34	12.67	26.56	12.69
Earning Per Share (diluted) (Rs.)	26.34	12.67	26.56	12.69

**Details of significant ratio changes**

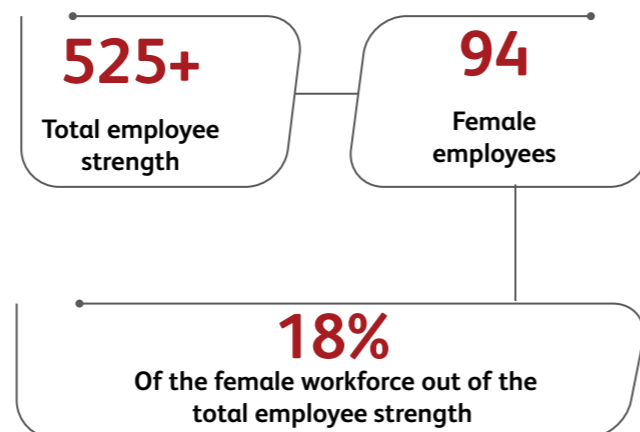
Standalone	As at March 31, 2023	As at March 31, 2022	Increase / decrease(%)
Inventory Turnover (Number of days)	157.32	158.03	(0.45%)
Interest Coverage Ratio	1.86	2.00	(7.11%)
Current Ratio	4.22	2.02	108.68%
Debt Equity Ratio	0.19	0.70	(72.68%)
Debtors Turnover (Number of days)	2.86	3.28	(12.82%)
Net Profit Margin (%)	7.44%	3.95%	88.12%
Return on Net Worth (%)	13.86%	12.01%	15.38%
Return on Capital Employed (%)	12.49%	12.17%	2.61%

Consolidated	As at March 31, 2023	As at March 31, 2022	Increase / decrease(%)
Inventory Turnover (Number of days)	157.32	158.03	(0.45%)
Interest Coverage Ratio	1.86	2.01	(7.35%)
Current Ratio	4.27	2.06	107.48%
Debt Equity Ratio	0.19	0.70	(72.68%)
Debtors Turnover (Number of days)	2.86	3.28	(12.82%)
Net Profit Margin (%)	7.51%	3.96%	89.43%
Return on Net Worth (%)	13.97%	12.04%	16.04%
Return on Capital Employed (%)	12.61%	12.27%	2.79%

**Human resources**

With a total of 525+ people employed on a full-time basis as of March 31, 2023, 94 are women, which accounts for 17.60% of the total employee strength.

Ethos Limited (the 'Company') has a proper human resource policy in place that strives towards bringing in skilled and qualified workers to the Company. Regular training and development programmes are scheduled to upskill them and assist them in their career expansion. Performances are regularly supervised and feedback is given on the scope of improvements. The Company also encourages its people through rewards and recognitions and organises frequent events to acknowledge and honour the workforce in a very diverse manner. For the safety and security of its people, the Company offers medical and accident insurance to its entire staff base. Regular wellness and physical health check-up camps are also conducted.



**Risk management**

The business risks of the Company are routinely reviewed by the Board of Directors and appropriate initiatives are being implemented to mitigate them at the earliest. The Senior Management Team, led by the Managing Director, is primarily responsible for the management of risks through the proper implementation of mitigation measures.

- **Risk-** The dynamism of consumer needs and preferences compels the Company to undergo rapid transformation in terms of its offerings. Non-adherence slowly leads to a loss of consumer base.

**Mitigation-** There is a very high degree of interaction through regular personal as well as e-meetings with brands by our strong merchandising team to keep abreast of the new products being launched and timely ordering to ensure availability across the stores of Ethos.

- **Risk-** Penetrating new geographies, especially in Tier II and Tier III cities, can pose challenges as the market for premium customers may be limited.

**Mitigation-** There is a complete process and location study that is carried out before entering a new city. Online consumer behaviour is a very strong indicator for estimating market size for premium products in the location which is mapped by studying data of online demand or searches originating from the location under consideration.

- **Risk-** Supply disruptions and the non-maintenance of an optimal level of inventory may pose a threat to fulfilling the demands of clients.

**Mitigation-** The stocking of a store and each brand is carried out scientifically by data analysis of stock turns, selling patterns, locational and zonal preferences of watches and adequate stocks are maintained at the stores to tide over any supply disruptions.

- **Risk-** The lack of availability of a commercial space in a proper location for setting up a new store and the lengthy process and formalities required for license registration and getting approvals for these properties may hamper business operations and growth.

**Mitigation-** Ethos is a preferred retail partner for most malls because of a large portfolio of brands as well as a plan to expand. In most malls and commercial complexes, space for a watch store is first offered to Ethos in the stages of mall construction, thus giving ample time to complete all formalities and approval processes for a timely launch.

- **Risk-** An ineffective product procurement process may hamper the authenticity and brand value.

**Mitigation-** The product procurement for Ethos stores and each brand is carried out scientifically by data analysis of stock turns, selling patterns, locational and zonal preferences of watches. Apart from this, inputs from brands on new products as well as products that sell well in markets like ours are considered when procuring stock. The policy is also reviewed periodically and modified and updated when required.

- **Risk-** The employee attrition rate may increase if they are not properly hired and trained. The loss of skilled employees will be a huge loss of human capital.

**Mitigation-** We have a robust hiring programme where people are hired through a specially designed DNA based assessment process. Once hired, we have a very strong internal as well as external training module. We have an internal faculty which carries out periodic trainings both on products as well as soft selling skills. Apart from this all brands have regular online as well as physical training programmes for our staff.

**Internal control system and their adequacy**

The Company has implemented internal control systems and a structured internal auditing standard to safeguard the organisation's assets and ensure the reliability and accuracy of accounting and other operational data. The internal audit team reports to the Board of Directors' Audit Committee.

Likewise, as a key operational control, the Company maintains a system of a monthly review of the business, in which the performance of units is reviewed, and corrective action is initiated. The Company also has a capital expenditure control system in place to authorise spending on new assets and projects. Accountability is established for completing projects on time and within budget.

The Audit Committee and the Senior Management Team are apprised of the latest information on the internal audit findings and periodic updates on the actions taken on the internal audit reports are provided. The Audit Committee examines the Company's quarterly, semi-annual and annual financial statements. The section on corporate governance in the Annual Report includes a detailed note on the functioning of the Audit Committee and the other committees of the Board.

Throughout the year, the Company conducted a comprehensive review of internal financial controls. The findings were satisfactory and improvement suggestions have been implemented. Policy guidelines and Standard Operating Procedures (SOPs) are updated as needed to keep up with business demands.

**Disclaimer**

Certain statements in the MDA section about future prospects may be forward-looking statements that involve a number of underlying identified and unknown risks and uncertainties that could cause actual results to differ materially. In addition to the aforementioned macro-environmental changes, the Company and the environment in which it operates face unprecedented, unforeseeable and constantly evolving risks. The outcomes of these assumptions, based on available internal and external information, serve as the foundation for determining certain facts and figures in the report. As the circumstances underlying these assumptions are subject to change over time, so are the estimates on which they are based. These forward-looking statements only represent the Company's current intentions, beliefs, or expectations and any forward-looking statement speaks only as of the date made. The Company expressly disclaims any commitment 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 2023 (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 meetings 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, Chairman and Managing Director	Chairman	1	1
2.	Mr. Mohaimin Altaf, Independent Director	Member	1	1
3.	Mrs. Munisha Gandhi, Non-Executive and Non-Independent (Woman) Director*	Member	-	-
4.	Mr. Pranav Shankar Saboo, Chief Executive Officer	Member	1	1
5.	Mrs. Malvika Saboo	Invitee	1	1

\* Mrs. Munisha Gandhi was appointed as the member of the CSR Committee with effect from November 18, 2022 in the Board Meeting held on November 18, 2022. Mrs. Neelima Tripathi ceased to be member of CSR Committee with effect from September 27, 2022

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 executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

--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 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 ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		---Not applicable---	
	<b>Total</b>		

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

Sl. No.	Net Profit for the year ended on	Amount in (₹ lakhs)
1.	As at March 31, 2022	: 3060.66
2.	As at March 31, 2021	: 649.94
3.	As at March 31, 2020	: 132.15
4.	Total (1+2+3)	: 3,842.75
5.	Average Net Profits (3,842.75/3)	: 1,280.92

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 25.62 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): ₹ 25.62 lakhs

### 8. (a) Amount spent on CSR Projects (both Ongoing Project and other than ongoing projects)

- (i) Details of CSR amount spent against ongoing projects for the financial year.

Sl. No.	Project ID	Item from the list of activities in Schedule VII	Name of the Project	Local area (Yes/No)	Location of the project		Project Duration (in months)	Amount spent in the financial year (in ₹ lakhs)	Mode of implementation – Direct (Yes/No)	Mode of Implementation -Through Implementation Agency	
					State	District				CSR Registration no.	Name
1.	-	Protection of flora and fauna	'Cauvery Calling' Project, as a part of Million Tree Project	No	Throughout India		48 months	11.46	No	CSR00009670	Isha Outreach
<b>Total</b>								<b>11.46</b>			

- (ii) Details of CSR amount spent against other than ongoing projects for the financial year.

Sl. No.	Item from the list of activities in Schedule VII	Name of the Project	Local area (Yes/No)	Location of the project		Amount spent in the financial year (in ₹ lakhs)	Mode of implementation – Direct (Yes/No)	Mode of Implementation -Through Implementation Agency	
				State	District			CSR Registration no.	Name
1.	Ensuring environmental sustainability	Ecobricks Christmas Tree Project	No	New Delhi	New Delhi	0.20	No	CSR00043497	Mrittika Earthy Talks Foundation
2.	Promoting training and education	Unspecified	No	Throughout India		2.00	No	CSR00039889	Youth Technical Training Society
3.	Various projects as per Schedule VII	Unspecified	No	Throughout India		11.96	No	CSR00045992	KDDL-Ethos Foundation
<b>Total</b>						<b>14.16</b>			

- (b) Amount spent in Administrative Overheads : Nil
- (c) Amount spent on Impact Assessment, if applicable : Not applicable
- (d) Total amount spent for the financial year (8a + 8b + 8c) : ₹ 25.62 lakhs
- (e) **CSR amount spent or unspent for the Financial Year:**

Total amount spent for the Financial Year (in ₹ lakhs)	Total amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount Unspent (in Rs. lakhs)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
25.62		Not applicable			Not applicable

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹ lakhs)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	25.62
(ii)	Total amount spent for the Financial Year	25.62
(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

8. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹ lacs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹ lacs)	Amount spent in the Financial Year (in ₹ lacs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso of sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Year (in ₹ lacs)	Deficiency, if any
					Amount (in ₹ lacs)	Date of Transfer		
1.	FY2021-22	5.54	Nil	5.54	Nil	N.A.	Nil	Nil
2.	FY2020-21	Nil	Nil	Nil	Nil	N.A.	Nil	Nil
3.	FY2019-20	Nil	Nil	Nil	Nil	N.A.	Nil	Nil

9. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If yes, enter the number of Capital assets created/acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No. (1)	Short particulars of the property or assets(s) [including complete address and location of the property] (2)	Pincode of the property or asset(s) (3)	Date of creation (4)	Amount of CSR amount spent (5)	Details of entity/Authority/beneficial of the registered owner (6)			
					CSR Registration no., if applicable	Name	Registered address	
								--Not Applicable--

10. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135.

Not Applicable

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

# Annexure – IV

## Form No. MR-3

### Secretarial Audit Report

For the Financial Year ended 31<sup>st</sup> March 2023

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

TO  
THE MEMBERS  
**ETHOS LIMITED**  
PLOT NO. 3, SECTOR- III  
PARWANOO, HIMACHAL PRADESH- 173220

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ETHOS LIMITED** (hereinafter referred to as "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 our 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 our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 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, 2023 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - 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, 2015;

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulation, 2021; - NA
- The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021; - NA
- 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;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and -NA
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;-NA
- The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

(vi) OTHER APPLICABLE ACTS :

- The Finance Act, 2021
- Prevention of Money Laundering Act, 2002 and the prevention of Money-Laundering (Amendment) Act 2012.
- Payment of Wages Act, 1936, and rules made thereunder
- The Minimum Wages Act, 1948, and rules made thereunder
- Employee's State Insurance act, 1948, and rules made thereunder
- The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and rules made thereunder
- The Payment of Bonus Act, 1956, and rules made thereunder.
- The Air (Prevention & Control of Pollution) Act 1981.
- The Air (Prevention & Control of Pollution) Act, 1974.
- The Industrial Disputes Act, 1947

- (k) The Payment of Gratuity Act, 1972
- (l) Indian Contract Act, 1872
- (m) The Apprentices Act, 1961
- (n) The Workmen's Compensation Act, 1923
- (o) Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- (p) The Factories Act, 1948 (Act No. 63 of 1948), as amended by the Factories (Amendment) Act, 1987 (Act 20 of 1987)
- (q) The Environment (Protection) Act, 1986
- (r) Conservations of Foreign Exchange And Prevention of Smuggling Activities Act, 1974
- (s) The Indian Copyright Act, 1957
- (t) The Patents Act, 1970
- (u) The Trade Marks Act, 1999
- (v) Goods & Service Tax Act, 2017
- (w) Other Miscellaneous Acts and rules as applicable

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

- (i) Secretarial Standards issued by "The Institute of Company Secretaries of India"
- (ii) The Listing Agreements and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited, (Bombay Stock Exchange)

**I further report that**

The Board of Directors of the Company is duly constituted. There have been changes in the composition of the Board of Directors that took

place during the period under review and these changes were carried out in compliance with the provisions of the Act

Adequate notice is given to all the directors to schedule the board meeting, agenda were sent at least seven days in advance and system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaning full participation at the meeting; and

All decisions at the board meetings and committees meetings are carried out unanimously or with requisite majority as recorded in the minutes of meeting of the board of directors or committees of the board, as the case may be;

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.

The certification with respect to the other Statutory Acts as applicable apart from the Companies Act 2013, are based upon the confirmation received from various departmental heads of the Company regarding the compliances done under the Acts.

I further report that 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.

This report is to be read with my letter of even date which is annexed as "Annexure A" and forms and integral part of this report.

PLACE: CHANDIGARH  
DATE: MAY 12, 2023

**(VISHAL ARORA)**  
COMPANY SECRETARY  
FCS NO. 4566  
CP NO.3645  
UDIN: F004566E000298332  
PEER REVIEW NO. 1219/2021

## Annexure – A

TO  
THE MEMBERS,  
**ETHOS LIMITED**  
PLOT NO. 3, SECTOR- III, PARWANOO  
HIMACHAL PRADESH-173220

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 were 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: MAY 12, 2023

**(VISHAL ARORA)**  
COMPANY SECRETARY  
FCS NO. 4566  
CP NO.3645  
UDIN: F004566E000298332  
PEER REVIEW NO. 1219/2021

# 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 54 stores across 20 cities in India that retails over 60 premium luxury watch brands. The Company takes pride in helping our customers choose the best and most perfect of watches for themselves and 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 enhance stakeholder value by application of 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 was 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 ('SEBI Listing Regulations'), 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 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 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 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 SEBI Listing Regulations.

The Board of Directors comprised of 10 (Ten) Directors as on March 31, 2023. The name of the directors, their DIN, category of their directorship along with other relevant details are given hereunder: -

Name of the Director	DIN	Designation	Category
Mr. Yashovardhan Saboo	00012158	Chairman and Managing Director	Promoter, Executive, Chairman
Mr. Anil Khanna	00012232	Independent	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	Independent	Non-Executive
Mr. Chitranjan Agarwal	00095715	Non-Independent	Non-Executive
Mrs. Munisha Gandhi	09684474	Non-Independent	Non-Executive
Mr. Charu Sharma	02276310	Independent	Non-Executive

Notes:-

- Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi retired as Independent Directors at the 15<sup>th</sup> (Fifteenth) Annual General Meeting of the Company held on September 27, 2022.
- Mr. Chitranjan Agarwal was appointed as Non - Executive and Non - Independent Director with effect from April 1, 2022.
- Mrs. Munisha Gandhi was appointed as a Non - Independent and Non- Executive (Woman) Director with effect from September 27, 2022.
- Mr. Patrik Paul Hoffmann was re-designated as Independent Director of the Company with effect from September 27, 2022.
- Mr. Charu Sharma was appointed as an Independent Director with effect from November 3, 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, 2023, 9 (nine) Board meetings were held. The Board met atleast once in each calendar quarter and the gap between two consecutive meetings did not exceed 120 (one hundred and 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 15<sup>th</sup> AGM) was held on September 27, 2022. 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									Attendance at the Annual General meeting September 27, 2022
	April 7, 2022	May 30, 2022	July 26, 2022	September 27, 2022	November 3, 2022	November 18, 2022	February 3, 2023	March 17, 2023	March 28, 2023	
Mr. Yashovardhan Saboo	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Mr. Anil Khanna	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Mr. Sundeep Kumar	✓	✓	✓	✓	✓	✗	✓	✓	✓	Yes
Mr. Dilpreet Singh	✓	✗	✓	✓	✓	✓	✓	✗	✓	Yes
Mr. Mohaimin Altaf	✗	✓	✓	✓	✗	✓	✓	✓	✓	Yes
Mr. Manoj Gupta	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Mr. Patrik Paul Hoffmann	✓	✓	✗	✓	✓	✓	✓	✓	✓	Yes
Mr. Chitranjan Agarwal	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Mrs. Munisha Gandhi	-	-	-	✓	✓	✗	✓	✗	✓	-
Mr. Charu Sharma	-	-	-	-	✗	✓	✗	✓	✓	-
Mr. Nagarajan Subramanian	✓	✓	✓	-	-	-	-	-	-	Yes
Mrs. Neelima Tripathi	✓	✓	✓	-	-	-	-	-	-	Yes

Notes:-

- Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi retired as Independent Directors at the 15<sup>th</sup> (Fifteenth) Annual General Meeting of the Company held on September 27, 2022.
- Mr. Chitranjan Agarwal was appointed as Non - Executive and Non - Independent Director with effect from April 1, 2022.
- Mrs. Munisha Gandhi was appointed as a Non - Independent and Non- Executive (Woman) Director with effect from September 27, 2022.
- Mr. Patrik Paul Hoffmann was re-designated as Independent Director of the Company with effect from September 27, 2022.
- Mr. Charu Sharma was appointed as an Independent Director with effect from November 3, 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, 2023 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	3	Nil	1	KDDL Limited – Chairman and Managing Director
Mr. Anil Khanna	1	2	2	KDDL Limited – Independent Director
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
Mrs. Munisha Gandhi	Nil	Nil	Nil	None
Mr. Charu Sharma	Nil	Nil	Nil	None

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

Notes:-

- Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi retired as Independent Directors at the 15<sup>th</sup> (Fifteenth) Annual General Meeting of the Company held on September 27, 2022.
- Mr. Chitranjan Agarwal was appointed as Non - Executive and Non - Independent Director with effect from April 1, 2022.
- Mrs. Munisha Gandhi was appointed as a Non - Independent and Non- Executive (Woman) Director with effect from September 27, 2022.
- Mr. Patrik Paul Hoffmann was re-designated as Independent Director of the Company with effect from September 27, 2022.
- Mr. Charu Sharma was appointed as an Independent Director with effect from November 3, 2022.

None of the Directors on the Board holds directorships in more than ten public companies and/or twenty private companies. Necessary disclosures regarding Directorship positions in public and private companies as on March 31, 2023 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.

None of the Directors of the Company are related inter-se as on March 31, 2023.

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. Sundeep Kumar	✓	✓	✓	✓	✓	✓	✓
Mr. Dilpreet Singh	✓	✓	✓	✓	✓	✓	✓
Mr. Mohaimin Altaf	✓	✓	✓	✓	✓	✓	✓
Mr. Manoj Gupta	✓	✓	✓	✓	✓	✓	✓

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. Patrik Paul Hoffmann	✓	✓	✓	✓	✓	✓	✓
Mr. Chitranjan Agarwal	✓	✓	✓	✓	✓	✓	✓
Mrs. Munisha Gandhi	✓	✓	✓	✓	✓	✓	✓
Mr. Charu Sharma	✓	✓	✓	✓	✓	✓	✓

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 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 the Directors

Non-Executive Directors including the Chairman and 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 04, 2014. The details of remuneration paid to the Directors during the year under review are as follows:-

Name of the Director	Sitting fees	Salary	Profit sharing Commission	(Rs. in lakhs)
				Total
Mr. Yashovardhan Saboo	5.33	Nil	Nil	5.33
Mr. Anil Khanna	5.48	Nil	16.99	22.47
Mr. Sundeep Kumar	2.43	Nil	9.27	11.70
Mr. Dilpreet Singh	2.10	Nil	8.50	10.60
Mr. Mohaimin Altaf	2.50	Nil	10.82	13.32
Mr. Nagarajan Subramanian	1.95	Nil	5.41	7.35
Mrs. Neelima Tripathi	0.60	Nil	2.31	2.91
Mr. Manoj Gupta	Nil	69.53	Nil	69.53
Mr. Patrik Paul Hoffmann	1.45	Nil	6.18	7.63
Mr. Chitranjan Agarwal	2.85	Nil	14.68	17.53
Mrs. Munisha Gandhi	0.60	Nil	3.09	3.69
Mr. Charu Sharma	0.55	Nil	2.32	2.86

Notes:-

- Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi retired as Independent Directors at the 15<sup>th</sup> (Fifteenth) Annual General Meeting of the Company held on September 27, 2022.
- Mr. Chitranjan Agarwal was appointed as Non - Executive and Non - Independent Director with effect from April 1, 2022.
- Mrs. Munisha Gandhi was appointed as a Non - Independent and Non- Executive (Woman) Director with effect from September 27, 2022.
- Mr. Patrik Paul Hoffmann was re-designated as Independent Director of the Company with effect from September 27, 2022.
- Mr. Charu Sharma was appointed as an Independent Director with effect from November 3, 2022.

The appointments of Chairman and 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 and Key Managerial Personnel**

The number of shares and convertible instruments held by Directors and Key Managerial Personnel ('KMP') of the Company as at March 31, 2023 are as under:-

Name of the Director or Key Managerial Personnel	Designation	Number of equity shares	Number of convertible instruments
Mr. Yashovardhan Saboo	Chairman and Managing Director (KMP)	1,50,138	Nil
Mr. Anil Khanna	Independent Director	6,071	Nil
Mr. Sundeep Kumar	Independent Director	Nil	Nil
Mr. Dilpreet Singh	Independent Director	Nil	Nil
Mr. Mohaimin Altaf	Independent Director	Nil	Nil
Mr. Manoj Gupta	Executive Director (KMP)	10,250	Nil
Mr. Patrik Paul Hoffmann	Independent Director	Nil	Nil
Mr. Chitranjan Agarwal	Non-Independent and Non-Executive Director	Nil	Nil
Mr. Munisha Gandhi	Non-Independent and Non-Executive Director	Nil	Nil
Mr. Charu Sharma	Independent Director	Nil	Nil
Mr. Pranav Shankar Saboo	Chief Executive Officer (KMP)	1,00,201	Nil
Mr. Ritesh Kumar Agrawal	Chief Financial Officer (KMP)	51	Nil
Mr. Anil Kumar	Company Secretary and Compliance Officer (KMP)	32	Nil

**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, 2023 in terms of Regulation 26(3) of the SEBI Listing Regulations and a declaration from the Chairman and 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 Chairman and 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, 2023, 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 09, 2008. The Audit Committee was re-constituted vide passing the board resolution dated October 31, 2018. The Audit Committee was further re-constituted vide passing board resolution dated July 26, 2022 and by circulation dated October 7, 2022. As on March 31, 2023 the Committee comprises of 3 Directors including 2 (two) 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 Act and LODR Regulations. 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								
	April 7, 2022	May 30, 2022	July 26, 2022	September 27, 2022	November 3, 2022	November 18, 2022	February 3, 2023	March 17, 2023	March 28, 2023
Mr. Anil Khanna (Chairman – Independent Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Yashovardhan Saboo* (Member – Chairman and Managing Director)	✓	✓	✓	✓	-	-	-	-	-
Mr. Nagarajan Subramanian (Member - Independent Director) *	✓	✓	✓	-	-	-	-	-	-
Mr. Mohaimin Altaf (Member - Independent Director)	x	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Chitranjan Agarwal (Non-Executive/Non-Independent Director) **	-	-	-	✓	✓	✓	✓	✓	✓

\*Mr. Nagarajan Subramanian ceased to be the member of the Committee with effect from September 27, 2022. Mr. Yashovardhan Saboo ceased to be member of the Audit Committee with effect from October 7, 2022.

\*\*Mr. Chitranjan Agarwal was appointed as member to the Audit Committee with effect from July 26, 2022.

Mr. Anil Khanna, Chairman of the Committee was present at the previous Annual General Meeting of the Company held on September 27, 2022.

**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, intercorporate 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.
  - The audit committee shall also 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 (zc) 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 04, 2014. The Committee was re-constituted vide board resolution dated July 26, 2022 and by way of a

resolution passed by circulation dated October 7, 2022. As on March 31, 2023 the Committee comprises of 4 (four) Directors including 3 (three) Independent Directors. The composition of the Committee and its terms of reference are in compliance with the Act and LODR Regulations. 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			
	July 26, 2022	September 27, 2022	November 3, 2022	March 28, 2023
Mr. Dilpreet Singh (Chairman – Independent Director)	✓	✓	✓	✓
Mr. Yashovardhan Saboo* (Member – Chairman and Managing Director)	✓	✓	✓	–
Mr. Anil Khanna (Member - Independent Director)	✓	✓	✓	✓
Mr. Nagarajan Subramanian* (Member - Independent Director)	✓	–	–	–
Mr. Sundeep Kumar (Member - Independent Director)	✓	✓	✓	✓
Mr. Chitranjan Agarwal ** (Non-Executive/Non-Independent Director)	–	✓	✓	✓

\*Mr. Nagarajan Subramanian ceased to be the member of the Committee with effect from September 27, 2022. Mr. Yashovardhan Saboo ceased to be member of the Audit Committee with effect from October 7, 2022.

\*\*Mr. Chitranjan Agarwal was appointed as member to the Audit Committee with effect from July 26, 2022.

Mr. Dilpreet Singh, Chairman of the Committee was present at the previous Annual General Meeting of the Company held on September 27, 2023.

**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 in compliance with provisions laid down under Regulation 25 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with Schedule IV of Companies Act, 2013. 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 include 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.

Based on the said evaluation forms, the Independent Directors in their meeting held on March 17, 2023 reviewed the performance of non-independent directors and the board of directors as a whole, reviewed the performance of the Chairperson of the Company, taking into account the views of executive and non-executive directors and assessed the quality, quantity and timeliness of flow of information between management and Board of Directors that is necessary for them to effectively and reasonably perform their duties. Subsequently, the Nomination and Remuneration Committee and Board took note of the same 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 LODR Regulations. 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	
	February 3, 2023	March 3, 2023
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 September 27, 2022.

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

#### Terms of Reference of Stakeholder 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 the security holders of the listed entity including complaints related to transfer of shares or debentures or deposits from shareholders/ public deposits, including non-receipt of share or debenture certificates 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;

Details of Shareholder's/Investor's complaints received and resolved during the year:-

Complaints pending as on April 1, 2022	Received during the year	Resolved during the year	Complaints pending as on March 31, 2023
Nil	Nil	Nil	Nil

The Company has designated an e-mail id viz. [investors.communications@ethoswatches.com](mailto:investors.communications@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 LODR Regulations.

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 Risk Management Committee is as follows:

Name and Category	Meetings and attendance of members thereof	
	February 3, 2023	March 3, 2023
Mr. Sundeep Kumar (Chairman – Independent Director)	✓	✓
Mr. Manoj Gupta (Member - Executive Director)	✓	✓
Mr. Pranav Shankar Saboo (Member - Chief Executive Officer)	✓	✓
Mr. Ritesh Kumar Agrawal (Invitee – Chief Financial Officer)	✓	✓

#### 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 said committee was further re-constituted vide board resolution dated November 3, 2022. Currently, 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 Act.

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
	July 26, 2022
Mr. Yashovardhan Saboo (Chairman – Chairman and Managing Director)	✓
Mrs. Neelima Tripathi* (Member – Independent Director)	✗
Mr. Mohaimin Altaf (Member - Independent Director)	✓
Mrs. Munisha Gandhi ** (Member – Independent Director)	✗
Mr. Pranav Shankar Saboo (Member – Chief Executive Officer)	✓
Mrs. Malvika Saboo (Member – Special Invitee)	✗

\*Mrs. Neelima Tripathi ceased to be member of the Corporate Social Responsibility Committee with effect from September 27, 2022.

\*\* Mrs. Munisha Gandhi was appointed as member of the said committee with effect from November 3, 2022.

**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**

Financial Year	Date and Time	Venue/Deemed Venue	Special Resolutions passed
2021-22	September 27, 2022 at 10.00 a.m. (15 <sup>th</sup> Annual General Meeting)	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh (Conducted through Video Conferencing/ Other Audio Visual Means in compliance with the applicable provisions of the Act, and the Listing Regulations read with MCA Circulars and SEBI Circular, the AGM of the Company was convened as an e-AGM)	Re-appointment of Mr. Anil Khanna (DIN – 00012232) as an Independent Director  Re-appointment of Mr. Sundeep Kumar (DIN – 02750717) as an Independent Director

Financial Year	Date and Time	Venue/Deemed Venue	Special Resolutions passed
	February 22, 2022 (Extraordinary General meeting)	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh (Conducted through Video Conferencing/ Other Audio Visual Means in compliance with the applicable provisions of the Act, and the Listing Regulations read with MCA Circulars and SEBI Circular, the AGM of the Company was convened as an e-AGM)	Further issue of equity shares (Pre-IPO placement)
	January 18, 2022 at 1.00 p.m. (Extraordinary General Meeting)	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh (Conducted through Video Conferencing/ Other Audio Visual Means in compliance with the applicable provisions of the Act, and the Listing Regulations read with MCA Circulars and SEBI Circular, the AGM of the Company was convened as an e-AGM)	Revision in the remuneration payable to Mr. Pranav Shankar Saboo as Chief Executive Officer (non-Director) of the Company along with re-appointment thereof Alteration to the main objects clause of the Memorandum of Association of the Company Adoption of revised Articles of Association of the Company Approval for raising of capital through an Initial Public Offering
2020-21	July 31, 2021 at 10.00 a.m. (14 <sup>th</sup> Annual General Meeting)	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. (13 <sup>th</sup> Annual General Meeting)	Registered office of the Company at Plot no. 3, Sector III, Parwanoo 173 220, Himachal Pradesh	Nil

**b) Postal Ballot**

Pursuant to Section 110 and Section 108 of the Act, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, during the year under review, 4 (four) resolutions including 2 (two) special resolutions, were passed by members of the Company through Postal Ballot exercise.

Resolutions for which approval was sought from the members through the Postal Ballot:

Financial Year	Date and Time	Special Resolutions passed through Postal Ballot
2022-23	February 3, 2023	Appointment of Mr. Patrik Paul Hoffmann (DIN – 09208027) as an Independent Director of the Company Appointment of Mr. Charu Sharma (DIN – 02276310) as an Independent Director of the Company

The Board of Directors of the Company had appointed CS Jaspreet Singh Dhawan, Practicing Company Secretary (Membership no. FCS 9372 and Certificate of Practice no. 8545) as the Scrutinizer for conducting the Postal Ballot through remote e-voting process in a fair and transparent manner. All e-votes received up to 5.00 p.m. on Sunday March 5, 2023 were considered for scrutiny. E-votes received after this date were not considered for scrutiny. The results of the Postal Ballot were announced on Monday, March 6, 2023 declaring that the special resolutions set out in the Postal Ballot Notice were duly passed by the Members of the Company, with requisite majority.

**Procedure adopted for Postal Ballot:**

- The Company conducted the Postal Ballot by remote e-voting process as set out in the aforesaid Notice pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Companies Act, 2013, ('Act') (including any statutory modification or re-enactment thereof for the time being in force), read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, ('Rules'), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'),

Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India ('SS-2'), each as amended, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs ('MCA') for holding general meetings/conducting postal ballot process through e-voting vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, Circular No. 20/2021 dated December 8, 2021, General Circular Nos. 03/2022 dated May 5, 2022, General Circular no. 11/2022 dated September 28, 2022 and General Circular no. 11/2022 dated December 28, 2022.

- The Company had on February 04, 2023 sent Postal Ballot Notice dated February 03, 2023 through electronic mode to the Members whose e-mail ids were registered with the Company, Registrar & Share Transfer Agents (RTA), Central Depository Services (India) Limited ("CDSL")/ National Securities Depository Limited (NSDL) as on Friday, January 27, 2023 ('Cut-off date').
- The Company had on Sunday, February 05, 2023 published an advertisement in Financial Express (English) and Himachal Times, Shimla (Hindi).
- The e-voting facility was provided by Registrar and Share Transfer Agent – KFin Technologies Limited.
- The remote e-voting process commenced on Sunday, February 5, 2023 at 9:00 a.m. (IST) and concluded on Sunday, March 5, 2023 at 5:00 p.m. (IST).
- The resolutions were approved by the members with requisite majority as per the Consolidated Scrutinizer's Report issued by CS Jaspreet Singh Dhawan, Scrutinizer vide his Report dated March 6, 2023.

#### IV. Subsidiary Companies

The Company has 2 (two) subsidiary body corporates, namely Cognition Digital LLP and Silvercity Brands AG and a joint venture company, namely Pasadena Retail Private Limited, as at March 31, 2023.

Cognition Digital LLP is a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 and Silvercity Brands AG is a company incorporated under the provisions of Swiss Laws at Switzerland. None of the said body corporates is 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 SEBI LODR Regulations with regard to subsidiary companies have been complied with to the extent applicable.

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

In terms of Regulation 17(8) of LODR Regulations, the Certificate by Chairman and Managing Director and Chief Financial Officer of the Company for the financial year ended March 31, 2023 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 parties 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 37 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, the Company has not raised the funds through preferential allotment. However, there was an allotment of 4,271,070 equity shares of Rs. 10 each at a securities premium of Rs. 868 per share and an 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.

There was no deviation or variation in use of proceeds of 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

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, 2022	:	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, 2023	:	Nil

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

The equity shares of the Company have been 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 SEBI LODR Regulations since its listing on the stock exchanges with effect from May 30, 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

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.

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.

##### 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 for Prevention of Insider Training' to regulate, monitor and report trading by Designated Persons and their Immediate Relatives.

#### IX. Means of Communication

a. **Financial Results:** The Company's quarterly financial results are submitted to the stock exchanges within forty five days from the end of the quarter and the audited annual results are announced within sixty days from the end of the financial year as required under the SEBI Listing Regulations which are also available on the website of your Company at <https://www.ethoswatches.com/investor-information>.

b. The results are usually published in Financial Express (English) newspaper having country-wide circulation and in Himachal Times, Shimla (Hindi) newspaper where the registered office of the Company is situated.

c. **Website:** The Company has maintained a functional website at <https://www.ethoswatches.com/investor-information>, which contains the basic information about the company along with other information as prescribed under regulation 46 of SEBI (Listing Obligation and Disclosure Requirements), Regulation, 2015 under a separate section for dissemination to the public.

**d. Investors Calls/analysts Meets:** 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. Company's officials interact on a regular basis with stakeholders through investor meetings, investor calls, media interactions, interviews, etc. Intimation and outcome of such meets are sent to the stock exchanges and displayed on the Company's website at <https://www.ethoswatches.com/investors-information/investors>.

**e. Press/Media releases:** Official news and press/media releases are sent to the stock exchanges and displayed on the Company's website at <https://www.ethoswatches.com/investors-information/investors>.

Annual Report, notice of the meetings and other communications shall be sent to Members through e-mail, post or courier. Pursuant to the General Circulars no. 10/2022 and 11/2022, other circulars issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC/OAVM, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the Annual General Meeting of the Company is being held through Video conference (VC) / Other Audio video Means during the calendar year 2023. Also, the Companies are permitted to send the Annual Report only by e-mail to Members of the Company. Therefore, Annual Report for

FY2022-23 including Notice of 16<sup>th</sup> (Sixteenth) AGM of the Company is being sent to Members at their registered e-mail addresses in accordance with MCA and SEBI Circulars.

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

#### X. General Shareholder Information

##### a) Annual General Meeting

Day and date	: Friday, September 29, 2023
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 in compliance with the applicable provisions of the Act, and the Listing Regulations read with MCA Circulars and SEBI Circular, the AGM of the Company is being convened as an e-AGM)

##### b) Financial year

April 1 to March 31

##### c) Date of Book Closure

March 31, 2023

##### 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

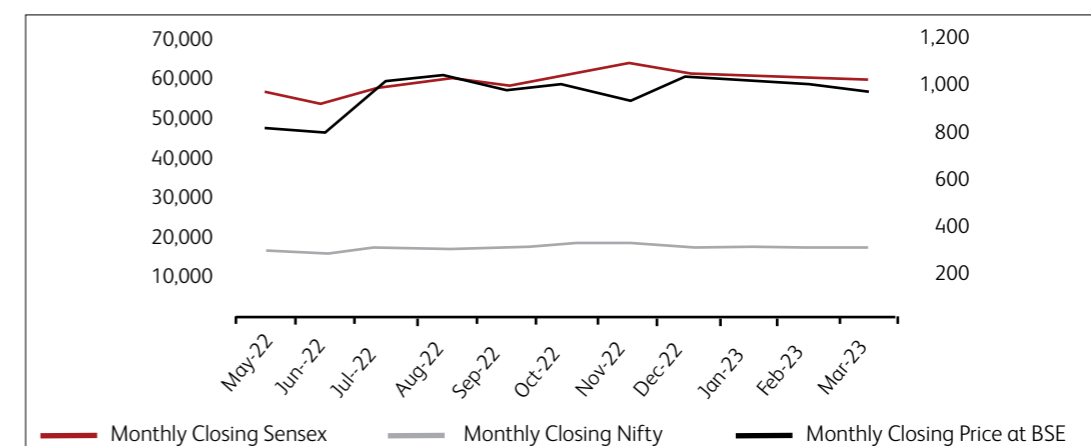
Note: The Company has already paid the annual listing fee for the financial year 2023-24 to both the stock exchanges.

##### f) Market Price data – high, low during each month in last financial year

Month	Price at BSE Limited (₹)		Price at National Stock Exchange of India Limited (₹)	
	High	Low	High	Low
May 2022	839.65	774.00	839.95	773.00
June 2022	820.00	711.60	821.00	707.45
July 2022	1,073.80	766.00	1,075.00	770.05
August 2022	1,145.35	928.65	1,147.00	965.90
September 2022	1,077.00	940.50	1,086.80	940.00
October 2022	1,039.95	946.60	1,030.00	945.05
November 2022	1,065.00	846.00	1,068.35	844.55
December 2022	1,054.25	910.85	1,054.00	909.65
January 2023	1,073.35	946.15	1,075.00	947.00
February 2023	1,055.95	946.85	1,060.00	947.80
March 2023	1,020.00	918.00	1,023.00	915.05

Note: The Company had listed on the aforesaid stock exchanges with effect from May 30, 2022. As such, the data is presented from May 2022.

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



##### h) Suspension from trading

No securities of the Company were suspended from trading during the financial year 2022-23.

##### i) Registrar and 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  
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

##### j) Share Transfer System

In terms of Regulation 40(1) of LODR Regulations, 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.

##### k) Distribution of shareholding

The distribution of shareholding of the Company as at March 31, 2023 is as under:-

Sl. No.	Category (Shares)	No. of holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	14,608	99.48	9,75,433	4.18
2	5001 - 10000	23	0.16	1,83,531	0.79
3	10001 - 20000	11	0.07	1,60,692	0.69
4	20001 - 30000	6	0.04	1,49,370	0.64
5	30001 - 40000	1	0.01	31,111	0.13
6	40001 - 50000	1	0.01	50,000	0.21
7	50001 - 100000	12	0.08	9,09,892	3.90
8	100001 and above	23	0.16	2,08,89,204	89.46
<b>Total</b>		<b>14,685</b>	<b>100.00</b>	<b>2,33,49,233</b>	<b>100.00</b>

##### l) Shareholding Pattern

The shareholding pattern of the Company as at March 31, 2023 is as under:-

Category	No. of Shareholders	No. of shares (Fully paid-up)	No. of shares (Partly paid-up)	Total no. of shares	%
A. Promoter and Promoter Group					
a. Individuals					
(i) Domestic	9	3,23,225	--	3,23,225	1.38
(ii) Foreign	1	1,03,422	--	1,03,422	0.44
b. Body Corporate	6	1,46,74,767	--	1,46,74,767	62.85
Total promoter and promoter group shareholding	16	1,51,01,414	--	1,51,01,414	64.68

Category	No. of Shareholders	No. of shares (Fully paid-up)	No. of shares (Partly paid-up)	Total no. of shares	%
B. Public Shareholding					
a. Institutional (Domestic)			--		
(i) Mutual Funds	2	16,51,789	--	16,51,789	7.07
(ii) Alternate Investment Funds	5	6,26,017	--	6,26,017	2.68
b. Institutional (Foreign)	12	17,14,004	--	17,14,004	7.34
c. Individuals	14,266	30,43,357	--	30,43,357	13.03
d. Body Corporate	98	11,69,951	--	11,69,951	5.01
e. Others	286	42,701	--	42,701	0.18
<b>Total public shareholding</b>	<b>14,669</b>	<b>82,47,819</b>	<b>--</b>	<b>82,47,819</b>	<b>35.32</b>
<b>Total (A+B)</b>	<b>14,685</b>	<b>2,33,49,233</b>	<b>--</b>	<b>2,33,49,233</b>	<b>100</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 Numbers (ISINs) of the Company is INE04TZO1018 obtained from National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2023 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	2,26,07,550	96.82%
Central Depository Services (India) Limited	6,21,802	2.66%

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, 2023.

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, 2023.

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 ₹ lacs
As Auditor:-	
Statutory audit	16.50
Limited review of special purpose quarterly results	7.50
In other capacity:-	
Certification work	2.43
Reimbursement of expenses	1.48
<b>Total</b>	<b>27.91</b>

Note : The above fee is excluding applicable taxes.

q) Credit rating

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

Fixed Deposits	: [ICRA] A- (Stable)
----------------	----------------------

r) Store Locations

The Company has 54 retail stores across 20 cities, 17 back-end offices and 12 warehouses. The details of these locations are available at <https://www.ethoswatches.com/locatestore/>

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)

## 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, Chairman and 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, 2023.

For **Ethos Limited**

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN – 00012158

Date : May 12, 2023  
Place : Chandigarh



## 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, Chairman and 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, 2023 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 correct 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**  
Chairman and Managing Director  
DIN – 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

Date : May 12, 2023  
Place : Chandigarh

## 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, 2023 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:-

Sl. No.	DIN	Name of the Director	Designation	Initial date of appointment
1	00012158	Mr. Yashovardhan Saboo	Chairman and Managing Director	November 5, 2007
2	00012232	Mr. Anil Khanna	Independent Director	November 5, 2007
3	09684474	Mrs. Munisha Gandhi	Non-Executive and Non-Independent Director (Woman)	September 27, 2022
4	02276310	Mr. Charu Sharma	Independent Director	November 3, 2022
5	02750717	Mr. Sundeep Kumar	Independent Director	October 6, 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	Whole time Director	February 12, 2020
9	09208027	Mr. Patrik Paul Hoffmann	Non Executive and Non-Independent Director	June 11, 2021
10	00095715	Mr. Chitranjan Agarwal	Non-Executive and Non-Independent Director	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. F9372  
CP no. 8545  
UDIN - F009372E000294822

Date: May 12, 2023  
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, 2023 as stipulated in Regulation 17 to 27 and 34(3) read with Schedule-V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations').

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India and 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.

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**  
Prop.  
Membership no. F9372  
CP no. 8545  
UDIN - F009372E000294877

Date: May 12, 2023  
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)

(Rs. in lakhs)

Name of the subsidiary	Cognition Digital LLP (Wholly owned subsidiary LLP)	Silvercity Brands AG (Wholly owned subsidiary body corporate)
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	: March 31, 2023	: March 31, 2023
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	: Indian Rupees	: SWISS Franc (CHF) Ex rate: 89.821
Share Capital i.e. Partner's capital contribution	: 42.93	: 45.12
Reserves and Surplus	: 436.02	: (0.15)
Total assets	: 544.18	: 44.97
Total liabilities	: 65.22	: -
Investments	: -	: -
Turnover	: 422.06	: -
Profit before taxation	: 114.21	: -
Provision for taxation	: 40.83	: -
Profit after taxation	: 73.39	: -
Proposed Dividend	: -	: -
% of shareholding	: 100%	: 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

(Rs. in lakhs)

Name of associate	Pasadena Retail Private Limited
1. Latest audited balance sheet date	: March 31, 2023
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	: 207.15
6. Profit/Loss for the year	:
- Considered in consolidation	: 207.15
- 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 2022-23 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	Chairman and Managing Director (KMP)	0.85	Nil
Mr. Anil Khanna	Independent Director	1.86	34.09%
Mr. Nagarajan Subramanian*	Independent Director	1.45	Nil
Mrs. Neelima Tripathi*	Independent Director	0.75	Nil
Mr. Sundeep Kumar	Independent Director	0.76	78.96%
Mr. Dilpreet Singh	Independent Director	1.04	19.72%
Mr. Mohaimin Altaf	Independent Director	1.03	54.13%
Mr. Patrik Paul Hoffmann^	Independent Director	0.48	87.27%
Mr. Manoj Gupta	Whole time Director (KMP)	9.95	10%
Mr. Chitranjan Agarwal#	Non - Independent and Non- Executive Director	1.04	100%
Mrs. Munisha Gandhi^	Non - Independent and Non- Executive (Woman) Director	0.75	100%
Mr. Charu Sharma^	Independent Director	0.75	100%
Mr. Pranav Shankar Saboo	Chief Executive Officer (KMP)	N.A.	10%
Mr. Ritesh Kumar Agrawal	Chief Financial Officer (KMP)	N.A.	10%
Mr. Anil Kumar	Company Secretary and Compliance Officer (KMP)	N.A.	10%

- \*Mr. Nagarajan Subramanian and Mrs. Neelima Tripathi retired as Independent Directors at the 15<sup>th</sup> (Fifteenth) Annual General Meeting of the Company held on September 27, 2022.
- #Mr. Chitranjan Agarwal was appointed as Non - Executive and Non - Independent Director with effect from April 1, 2022.
- ^Mrs. Munisha Gandhi was appointed as a Non - Independent and Non- Executive (Woman) Director with effect from September 27, 2022. Mr. Charu Sharma was appointed as an Independent Director with effect from November 3, 2022. Mr. Patrik Paul Hoffmann was appointed as an Independent Director with effect from September 27, 2022.

### Notes:

- Remuneration to Independent Directors comprises of sitting fees and 1% profit sharing commission. Remuneration to Chairman and 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 2022-23, 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 2022-23 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 534 (Five hundred and thirty four) permanent employees on the roll of Company as at March 31, 2023. This excludes 16 (Sixteen) contractual employees as at March 31, 2023.
- 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)	Not applicable
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.	Nil
(iv)	the expenditure incurred on Research and Development	

### C. Foreign Exchange earnings and outgo

	(Rs. in lakhs)	
	March 31, 2023	March 31, 2022
Foreign Exchange earnings	981.12	553.97
Foreign Exchange outgo	27,943.91	20,235.56

# 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, 2023, 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, 2023, 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, 2023. 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

### How our audit addressed the key audit matter

#### Inventory (as described in Note 11 of the standalone Ind AS financial statements)

The total value of inventory as at March 31, 2023 is INR 33,987.29 lakhs. These inventories mainly consist of watches at various stores of the 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.

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, 2023. We read and assessed Company's accounting policy with regard to inventories and its compliance with applicable accounting standards.
- We analyzed the ageing and quantitative movement to analyze any significant variances.

# Standalone Financial Statements

**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 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 36 of the standalone Ind AS financial statements)

As described in Note 36 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.

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 and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based

on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the 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, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to 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, 2023 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 35(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 which were 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 46 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 46 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.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 23087921BGXATX6197  
Place of Signature: New Delhi  
Date: May 12, 2023

## 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, 2023.
- (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 inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2023 and no discrepancies were noticed in respect of such confirmations. No discrepancies of 10% or more were noticed on physical verification of inventory.
- (ii) (b) 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. However, as informed to us, all the sanctioned working capital limits are surrendered during the month of June 2022, hence no quarterly returns/statements have been filed by the Company in respect of such sanctioned working capital limits. The Company at the year end, does not have sanctioned working capital limits in excess of Rs. five crores in aggregate from financial institutions during the year on the basis of security of current assets 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	44.55
Balance outstanding as at balance sheet date in respect of above loans	28.30

- (iii) (b) During the year the investments made and the terms and conditions of the grant of all loans and investments 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) The Company is regular in depositing with appropriate authorities 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. 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 (INR in lakhs)	Amount deposited (INR 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	299.57	124.79	Assessment year 2013-14, 2014-15, 2017-18, 2021-22	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	43.74	24.34	Assessment year 2019-20, 2020-21	Asst. Director of Income Tax, CPC, Bengaluru
Delhi Value added tax Act, 2004	VAT and CST	3,330.03	-	Financial Year 2016-17	Assistant Commissioner, Department of Trade and Taxes
Central Excise Act, 1944	Excise Duty	47.08	1.77	Financial year 2014-15 to June, 2017	Commissioner of Central Tax (Appeals), Mumbai- III
Goods and Services Tax Act, 2017	GST	12.15	1.01	July 2017 to March 2019	Commissioner of Customs (Appeals), Chennai

(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.

required for immediate utilization have been temporarily invested in deposits with scheduled bank. The maximum amount of idle/surplus funds invested during the year was Rs 32,217.05 lakhs, of which Rs 19,500.00 lakhs was outstanding at the end of the year.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(x) (b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(ix) (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(ix) (c) Term loans were applied for the purpose for which the loans were obtained.

(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.

(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.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(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.

(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.

(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.

(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.

(x) (a) Monies raised during the year by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle/surplus funds which were not

(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 45-1A 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 is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order are not applicable to the Company.

(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. The Company has not incurred cash losses 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 43 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 39 to the financial statements.

(xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of Section 135 of Companies Act. This matter has been disclosed in note 39 to the financial statements.

(xx) 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: 23087921BGXATX6197

Place of Signature: New Delhi

Date: May 12, 2023

# 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, 2023 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, 2023, 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: 23087921BGXATX6197  
Place of Signature: New Delhi  
Date: May 12, 2023



## Standalone Balance Sheet as at March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,277.79	3,672.24
Capital work-in-progress	3	401.45	-
Intangible assets	4	4,070.65	66.30
Right-of-use assets	36	10,345.04	9,159.13
<b>Financial assets</b>			
- Investments	5	699.07	581.11
- Loans	6	5.67	3.67
- Other financial assets	7	2,452.01	1,106.96
Non-current tax assets (net)	8	231.82	185.35
Deferred tax assets (net)	9	846.01	893.98
Other non-current assets	10	255.24	1,479.39
<b>Total non-current assets</b>		<b>24,584.75</b>	<b>17,148.13</b>
<b>Current assets</b>			
Inventories	11	33,987.29	24,993.29
<b>Financial assets</b>			
- Trade receivables	12	617.74	518.26
- Cash and cash equivalents	13	2,701.41	3,726.94
- Other bank balances	14	19,767.61	209.09
- Loans	6	25.28	26.94
- Other financial assets	7	1,494.45	708.13
Other current assets	15	4,855.36	3,404.20
<b>Total current assets</b>		<b>63,449.14</b>	<b>33,586.85</b>
<b>Total Assets</b>		<b>88,033.89</b>	<b>50,734.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	2,334.92	1,907.82
Other equity	17	60,782.76	21,278.22
<b>Total equity</b>		<b>63,117.68</b>	<b>23,186.04</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	18	711.77	2,764.42
- Lease liabilities	36	8,916.80	7,948.57
- Other financial liabilities	19	47.15	66.90
Provisions	20	185.63	134.00
<b>Total non-current liabilities</b>		<b>9,861.35</b>	<b>10,913.89</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	18	87.25	3,177.81
- Lease liabilities	36	2,356.75	2,238.40
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	21	50.95	86.93
- total outstanding dues of creditors other than micro enterprises and small enterprises	21	9,758.83	8,605.57
- Other financial liabilities	19	1,052.50	943.86
Other current liabilities	22	1,370.59	1,268.67
Provisions	20	377.99	313.81
<b>Total current liabilities</b>		<b>15,054.86</b>	<b>16,635.05</b>
<b>Total liabilities</b>		<b>24,916.21</b>	<b>27,548.94</b>
<b>Total Equity and Liabilities</b>		<b>88,033.89</b>	<b>50,734.98</b>
Summary of Significant accounting policies	2		
<b>The accompanying notes form an integral part of the standalone financial statements.</b>			

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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Kumar**  
Company Secretary

Place: Chandigarh  
Date: May 12, 2023

Place: New Delhi  
Date: May 12, 2023

## Standalone Statement of Profit and Loss for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	23	78,853.37	57,728.37
Other income	24	1,519.67	1,347.87
<b>Total Income (I)</b>		<b>80,373.04</b>	<b>59,076.24</b>
<b>Expenses</b>			
Purchase of stock-in-trade		63,432.49	46,328.61
Changes in inventory of stock-in-trade	25	(8,994.00)	(5,216.17)
Employee benefits expense	26	5,094.33	4,075.23
Finance costs	27	1,413.67	1,664.56
Depreciation and amortization expense	28	3,452.57	3,141.18
Other expenses	29	7,997.38	5,962.24
<b>Total expenses (II)</b>		<b>72,396.44</b>	<b>55,955.65</b>
<b>Profit before tax (III= I-II)</b>		<b>7,976.60</b>	<b>3,120.59</b>
<b>Tax expense, comprising</b>			
- Current tax	30	1,943.34	866.90
- Deferred tax credit	30	53.66	(82.61)
<b>Total tax expense (IV)</b>		<b>1,997.00</b>	<b>784.29</b>
<b>Profit for the year (V= III-IV)</b>		<b>5,979.60</b>	<b>2,336.30</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		(22.60)	1.79
- Income tax relating to items that will not be re-classified to profit and loss		5.69	(0.45)
<b>Total other comprehensive income/ (loss) for the year</b>		<b>(16.91)</b>	<b>1.34</b>
<b>Total comprehensive income for the year</b>		<b>5,962.69</b>	<b>2,337.64</b>
<b>Earnings per equity share [nominal value of Rs. 10 (previous year Rs. 10)]</b>	31		
Basic (Rs.)		26.34	12.67
Diluted (Rs.)		26.34	12.67
<b>Summary of Significant accounting policies</b>	2		
<b>The accompanying notes form an integral part of the standalone financial statements.</b>			

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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Kumar**  
Company Secretary

Place: Chandigarh  
Date: May 12, 2023

Place: New Delhi  
Date: May 12, 2023

## Standalone Cash Flow Statement for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. OPERATING ACTIVITIES</b>		
Profit before tax	7,976.60	3,120.59
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortization expense	3,452.57	3,141.18
Write off / loss on sale of property, plant & equipment	-	23.72
Profit on Sale of property, plant & equipment (net)	(11.98)	-
Share of profit in partnership firm	(72.84)	(70.37)
Interest expense	1,402.17	1,608.97
Interest income	(1,186.76)	(203.10)
Provisions/liabilities no longer required written back	(146.27)	(106.86)
Share options lapsed	-	(9.41)
Unrealized foreign exchange (gain)	(2.15)	(9.35)
Allowance for doubtful debts/(written back)	(5.73)	(86.70)
Rent waiver on lease liabilities	-	(804.46)
Gain on termination of lease contracts	(26.84)	(34.42)
Allowance for doubtful advances/recoverable	-	15.00
Advances / deposits / Bad debts written off	15.98	269.19
<b>Cash generated from operations before working capital changes</b>	<b>11,394.75</b>	<b>6,853.98</b>
<b>Movements in working capital:</b>		
(Increase) in loans	(0.34)	(2.69)
(Increase) in other financial assets	(955.43)	(1.96)
(Increase) in other assets	(1,434.86)	(1,505.43)
(Increase) in inventories	(8,994.00)	(5,216.17)
(Increase)/Decrease in trade receivables	(108.22)	693.82
Increase in provisions	93.21	62.20
Increase in trade payables	1,217.97	1,310.75
Increase in other financial liabilities	149.81	37.15
Increase in other current liabilities	147.39	388.00
<b>Cash flow from operations</b>	<b>1,510.28</b>	<b>2,619.65</b>
Income tax paid (net)	(1,989.81)	(934.00)
<b>Net cash (used in)/flow from operating activities (A)</b>	<b>(479.53)</b>	<b>1,685.65</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)	(5,663.60)	(2,320.83)
Proceeds from sale of property, plant and equipment	71.45	19.76
Payment towards purchase of investments	(157.88)	(75.00)
Investment in bank deposits (having original maturity of more than three months)	(20,408.15)	(10.59)
Interest received	753.50	61.32
<b>Net Cash (used in) investing activities (B)</b>	<b>(25,404.68)</b>	<b>(2,325.34)</b>
<b>C. FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including premium)	37,500.00	5,144.36
Share issue expenses	(3,531.05)	(384.58)
Proceeds from non-current borrowings	178.60	2,225.63
Repayment of non-current borrowings	(3,081.45)	(1,084.32)
Proceeds from/repayments of other current borrowings (net)	(2,240.36)	(397.91)
Payment of principal portion of lease liabilities	(2,402.72)	(1,204.74)
Interest paid on lease liabilities	(1,152.91)	(1,020.83)
Interest expense paid	(411.43)	(624.83)
<b>Net cash flow from financing activities (C)</b>	<b>24,858.68</b>	<b>2,652.78</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,025.53)</b>	<b>2,013.09</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,726.94</b>	<b>1,713.85</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,701.41</b>	<b>3,726.94</b>

## Standalone Cash Flow Statement for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Notes:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1. Cash and cash equivalents include:		
Balance with banks in current accounts	1,770.11	3,540.04
Cheques and drafts on hand	71.94	4.81
Cash on hand	106.53	64.18
Credit cards receivable	252.83	117.91
Fixed Deposits with original maturity of less than three months	500.00	-
<b>Cash and cash balance at the end of the year (Refer Note 13)</b>	<b>2,701.41</b>	<b>3,726.94</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 18 for reconciliation of movements of liabilities to cash flows arising from financing activities.
- Refer note 36 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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Anil Kumar**  
Company Secretary

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

Place: New Delhi  
Date: May 12, 2023

Place: Chandigarh  
Date: May 12, 2023

## Standalone Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### a. Equity share capital

Particulars	Note	Number	Amount
Balance as at April 01, 2021	16	1,82,12,812	1,821.28
Issue of share capital during the year		8,65,351	86.54
<b>Balance as at March 31, 2022</b>	16	<b>1,90,78,163</b>	<b>1,907.82</b>
Issue of share capital during the year		42,71,070	427.10
<b>Balance as at March 31, 2023</b>	16	<b>2,33,49,233</b>	<b>2,334.92</b>

### b. Other Equity

Particulars	Deemed capital contribution	Reserves and surplus				Total
		Share options outstanding account	Capital reserve	Securities premium	Retained earnings	
<b>Balance as at April 01, 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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,337.64</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>-</b>	<b>1.67</b>	<b>18,006.46</b>	<b>3,219.58</b>	<b>21,278.22</b>
- Profit for the year	-	-	-	-	5,979.60	5,979.60
- Other comprehensive (loss) (net of tax)	-	-	-	-	(16.91)	(16.91)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,962.69</b>	<b>5,962.69</b>
- Issue of equity shares for cash *	-	-	-	33,541.85	-	33,541.85
<b>Balance as at March 31, 2023</b>	<b>50.51</b>	<b>-</b>	<b>1.67</b>	<b>51,548.31</b>	<b>9,182.27</b>	<b>60,782.76</b>

\* Net of share issue expenses of Rs. 3,531.05

### 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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Anil Kumar**  
Company Secretary

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

Place: New Delhi  
Date: May 12, 2023

Place: Chandigarh  
Date: May 12, 2023

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 1. Corporate Information

Ethos Limited ('Ethos' or 'the Company'), a subsidiary of KDDL Limited, is a public limited company and was incorporated on November 5, 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 has completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on May 30, 2022.

The Company's business consists of retail trading of premium and luxury watches, accessories and other 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 12, 2023.

### 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 convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The 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

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

### Recognition criteria

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

- (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 and furniture & fixture of display furniture at stores which are depreciated over the estimated life of three years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at note no. '2.2 (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 off).

### Derecognition

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

### 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.

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

## Notes to the standalone financial statements for the year ended March 31, 2023

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

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

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

### 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 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 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 34(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

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 retail trading of premium and luxury watches, accessories and other 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 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

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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.

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 customer's 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.

### 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 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

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

#### Current tax

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

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The 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.

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

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

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

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

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

Expenses and assets are recognised net of the amount of sales tax / GST 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.

#### 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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)

##### 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

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 Profit or 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 Profit or 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 180 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 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 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.

### 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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 INR. 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.

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.



## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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.

### 2.3 Changes in accounting policies and disclosures

#### New and amended standards

- Proceeds before Intended Use – Amendments to Ind AS 16 (Property, Plant and Equipment): The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.
- Fees in the '10 per cent' test for derecognition of financial liabilities - Ind AS 109 Financial Instruments: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

All aforesaid amendments had no impact on the standalone financial statement of the Company for the year ended March 31, 2023.

### 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.

#### 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, 2023 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

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

#### b) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

#### c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The 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 35 – 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**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 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 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, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 3. Property, plant and equipment and capital work-in-progress

Particulars	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount (at deemed cost/ cost)</b>							
Balance as at April 01, 2021	2,360.53	349.39	1,750.33	235.56	296.73	4,992.54	375.73
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)	(3.06)	(55.73)	(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>
Additions during the year	933.43	53.60	730.83	223.40	608.91	2,550.17	401.45
Disposals/Capitalisation during the year	(234.41)	(30.83)	(128.84)	(120.19)	(85.00)	(599.27)	-
<b>Balance as at March 31, 2023</b>	<b>3,422.09</b>	<b>376.12</b>	<b>2,780.28</b>	<b>545.42</b>	<b>921.95</b>	<b>8,045.86</b>	<b>401.45</b>
<b>Accumulated Depreciation</b>							
Balance as at April 01, 2021	1,084.30	25.43	562.87	164.63	97.93	1,935.16	-
Depreciation charge for the year	353.69	19.76	179.16	72.31	38.77	663.69	-
Disposals for the year	(122.77)	-	(26.09)	(2.50)	(24.77)	(176.13)	-
<b>Balance as at March 31, 2022</b>	<b>1,315.22</b>	<b>45.19</b>	<b>715.94</b>	<b>234.44</b>	<b>111.93</b>	<b>2,422.72</b>	<b>-</b>
Depreciation charge for the year	418.16	21.46	257.46	110.70	77.37	885.15	-
Disposals for the year	(234.41)	(30.83)	(126.45)	(107.11)	(41.00)	(539.80)	-
<b>Balance as at March 31, 2023</b>	<b>1,498.97</b>	<b>35.82</b>	<b>846.95</b>	<b>238.03</b>	<b>148.30</b>	<b>2,768.07</b>	<b>-</b>
<b>Net carrying amount</b>							
<b>At March 31, 2022</b>	<b>1,407.85</b>	<b>308.16</b>	<b>1,462.35</b>	<b>207.77</b>	<b>286.11</b>	<b>3,672.24</b>	<b>-</b>
<b>At March 31, 2023</b>	<b>1,923.12</b>	<b>340.30</b>	<b>1,933.33</b>	<b>307.39</b>	<b>773.65</b>	<b>5,277.79</b>	<b>401.45</b>

**Notes:**

- Refer note 18 for information on property, plant and equipment pledged as security by the Company.
- Refer note 35 (ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Addition amount is net of reimbursement received for property, plant and equipment of Rs. 1.09 as at March 31, 2023 (March 31, 2022: NIL) from brands.
- Deletion amount includes re-imbursement received for property, plant and equipment of Rs. 2.36 as at March 31, 2023 (March 31, 2022: Nil) from brands.
- The Company has capitalized 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, 2023	As at March 31, 2022
<b>Opening balances brought forward</b>	<b>-</b>	<b>53.67</b>
Rent	95.98	39.50
Power and fuel	1.56	0.35
Rates and taxes	27.17	4.11
Repair and maintenance - Others	24.15	15.68
Legal and professional fees	29.98	-
<b>Sub Total</b>	<b>178.84</b>	<b>113.31</b>
Less: Allocated to property, plant and equipment	(136.99)	(113.31)
<b>Closing balance included under Capital Work in Progress</b>	<b>41.85</b>	<b>-</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 3. Property, plant and equipment and capital work-in-progress (Contd..)

#### Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2023	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	401.45	-	-	-	401.45
<b>Total</b>	<b>401.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401.45</b>

As at March 31, 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 4. Intangible assets

Particulars	Brand	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development*
<b>Gross carrying amount (at deemed cost/ cost)</b>						
Balance as at April 01, 2021	-	45.54	41.90	53.67	141.11	5.61
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>-</b>	<b>51.14</b>	<b>41.90</b>	<b>51.10</b>	<b>144.14</b>	<b>-</b>
Additions during the year	4,017.00	-	-	6.34	4,023.34	-
Disposals/Capitalisation during the year	-	-	-	(1.14)	(1.14)	-
<b>Balance as at March 31, 2023</b>	<b>4,017.00</b>	<b>51.14</b>	<b>41.90</b>	<b>56.30</b>	<b>4,166.34</b>	<b>-</b>
<b>Accumulated Amortisation</b>						
Balance as at April 01, 2021	-	12.94	14.02	49.67	76.63	-
Amortisation for the year	-	8.33	6.98	2.02	17.33	-
Disposals during the year	-	-	-	(16.12)	(16.12)	-
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>21.27</b>	<b>21.00</b>	<b>35.57</b>	<b>77.84</b>	<b>-</b>
Amortisation for the year	-	8.52	6.98	3.49	18.99	-
Disposals during the year	-	-	-	(1.14)	(1.14)	-
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>29.79</b>	<b>27.98</b>	<b>37.92</b>	<b>95.69</b>	<b>-</b>
<b>Net carrying amount</b>						
At March 31, 2022	-	29.87	20.90	15.53	66.30	-
At March 31, 2023	4,017.00	21.35	13.92	18.38	4,070.65	-

\* included development of business intelligence software

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 5. Investments^

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current investment		
<b>Subsidiary:</b>		
Unquoted investment		
- Cognition Digital LLP, Partnership firm (at cost) ^^	42.94	42.94
- Silvercity Brands AG (at cost), 50,000 equity shares of CHF 1 each fully paid up) ^^	45.12	-
- Share of profit receivable from Partnership firm	436.01	363.17
	<b>524.07</b>	<b>406.11</b>
<b>In equity shares of Joint venture:</b>		
Unquoted, fully paid up		
- Pasadena Retail Private Limited 17,50,000 equity shares of Rs. 10 each fully paid up	175.00	175.00
	<b>699.07</b>	<b>581.11</b>

^ Refer Note 40

^^ Investment in Cognition Digital LLP

As at March 31, 2023	As at March 31, 2023		As at March 31, 2022	
	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>

^^^ The Company has acquired 100% stake in Silvercity Brands AG, the Swiss stock corporation having its registered seat in Grenchen, Switzerland from Philipp Schaller, c/o Badertscher Rechtsanwälte AG Mühlebachstrasse 32 8008 Zürich during March 2023. The Share Capital of the company is CHF 100,000, divided into 100,000 registered shares with a nominal value of CHF 1 each and paid-up Share Capital is 50,000 shares for CHF 1 each. The purchase consideration for acquisition of shares is at CHF 50,000 in an all-cash deal. The Company has paid 50,000 CHF on March 31, 2023.

### 6. Loans\* (at amortised cost)

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
(unsecured, considered good)		
Loan to employees		
- to others	5.67	3.67
	<b>5.67</b>	<b>3.67</b>

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
(unsecured, considered good)		
Loan to employees		
- to related party (refer note no. 37)	-	7.18
- to others	25.28	19.76
	<b>25.28</b>	<b>26.94</b>

\*The Company's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 32.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 7. Other financial assets (at amortised cost)

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits		
- to others	1,469.00	1,090.92
Fixed Deposits with maturity of more than 12 months from the Balance sheet date <sup>#</sup>	865.45	15.82
Interest accrued but not due on fixed deposits.	4.80	0.22
Application Money in a company <sup>##</sup>	112.76	-
	<b>2,452.01</b>	<b>1,106.96</b>

<sup>#</sup>These deposits include restricted bank deposits amounting to Rs.115.24 (March 31, 2022 : Rs.9.61) on account of deposits pledged as security for bank guarantees.

<sup>##</sup>The Company has applied for equity rights of 6.25% , Switzerland based Company "HAUTE-RIVE WATCHES SA". The Company has received the letter for allotment of equity shares on April 28, 2023.

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Security deposits		
- to related parties (refer note no. 37)	-	6.77
- to others	969.99	421.33
Right of return assets	6.84	34.74
Interest accrued but not due on fixed deposits <sup>*</sup>	323.26	7.86
Advances Recoverable	204.87	226.58
Others <sup>**</sup>	-	21.36
Less: Allowance for bad and doubtful advances recoverable		
- Advances Recoverable	(10.51)	(10.51)
	<b>1,494.45</b>	<b>708.13</b>

<sup>\*</sup> Includes interest for the period from May 30, 2022 to March 31, 2023 on unutilised proceeds from IPO received amounting to Rs.306.25 Lakhs which have been temporarily invested in deposits with scheduled banks and kept in current account with scheduled bank and monitoring agency bank account. Refer note 48.

<sup>\*\*</sup> related to claim receivable for disputed bank charges as March 31, 2022. During the year, this claim got settled.

### 8. Non-current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current tax assets (net of provision)	231.82	185.35
	<b>231.82</b>	<b>185.35</b>

### 9. Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Significant components of the Company's net deferred tax assets are as follows:		
Deferred tax assets	853.28	901.25
Deferred tax liabilities	(7.27)	(7.27)
<b>Net deferred tax assets</b>	<b>846.01</b>	<b>893.98</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 9. Deferred tax assets (net) (Contd..)

Year ended March 31, 2023	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 equipment and Intangible assets	379.48	(186.96)	-	192.52
Allowance for doubtful debts and advances	13.50	(8.74)	-	4.76
Provision for employee benefits	137.44	96.10	5.69	239.23
Provision - other expenses	37.95	0.62	-	38.57
Lease liabilities and Right of use assets (Net)	328.35	44.30	-	372.65
Others <sup>#</sup>	4.53	1.02	-	5.55
<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>893.98</b>	<b>(53.66)</b>	<b>5.69</b>	<b>846.01</b>

<sup>#</sup>Include primarily deposits amortisation and interest income thereon as per Ind AS 109.

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 equipment and Intangible assets	360.78	18.70	-	379.48
Allowance for doubtful debts and advances	25.79	(12.29)	-	13.50
Provision for employee benefits	117.49	20.40	(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 <sup>#</sup>	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>

<sup>#</sup>Include primarily deposits amortisation and interest income thereon as per Ind AS 109.

### 10. Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Capital advances (Refer note no 37 for related party)	144.05	1,351.90
Advances other than capital advances		
- Prepaid expenses	7.06	23.36
- CENVAT credit receivable	104.13	104.13
	<b>255.24</b>	<b>1,479.39</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 11. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
(At lower of cost and net realisable value)		
Stock-in-trade [including goods-in-transit Rs.120.75 (March 31, 2022: Rs.203.11)]	33,987.29	24,993.29
	<b>33,987.29</b>	<b>24,993.29</b>

#### Note:-

- As on March 31, 2023, Rs.40.40 (March 31, 2022: Rs.40.40) was recognised as an expense for inventories carried at net realisable value.
- The Company mainly is in business of retail trading of premium and luxury watches, accessories & other 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.

### 12. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Trade receivables #		
- Related parties (Refer note no 37)	220.12	247.39
- Others	397.62	270.87
	<b>617.74</b>	<b>518.26</b>
<b>Break-up of trade receivables:</b>		
Trade Receivables		
Considered good	617.74	518.26
Significant increase in credit risk	3.91	15.79
	<b>621.65</b>	<b>534.05</b>
Impairment Allowance (allowance for doubtful debts)		
Significant increase in credit risk	(3.91)	(15.79)
	<b>617.74</b>	<b>518.26</b>

Trade receivables are non-interest bearing and generally on terms of 0 to 120 days.

#### Trade receivables ageing schedule

As at March 31, 2023	Outstanding for following periods from 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	443.93	10.27	0.02	-	163.52	617.74
Undisputed Trade Receivable- which have significant increase in credit risk	3.91	-	-	-	-	3.91
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	-	-
<b>Total</b>	<b>447.84</b>	<b>10.27</b>	<b>0.02</b>	<b>-</b>	<b>163.52</b>	<b>621.65</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 12. Trade receivables (Contd..)

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>

\*The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 32.

\* Disputed amount mainly included amount recoverable on account of open reconciliations items with e-commerce platforms.

### 13. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in		
- Current accounts*	1,770.11	3,540.04
- Fixed Deposits with original maturity of less than three months**	500.00	-
Cheques and drafts on hand	71.94	4.81
Cash on hand	106.53	64.18
Others		
- Credit cards receivable	252.83	117.91
	<b>2,701.41</b>	<b>3,726.94</b>

\* Balance as on March 31, 2022 included Rs.2,500 received on account of allotment of equity shares towards Pre-IPO placement. Balance as on March 31, 2023 includes Rs.133.09 balance of unutilised Initial Public Offer (IPO) proceed with monitoring agency bank account. Refer note 48.

\*\* Fixed deposits include balance of Initial Public Offer (IPO) proceeds of Rs.500 which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on March 31, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 48.

### 14. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	19,767.61	209.09
	<b>19,767.61</b>	<b>209.09</b>

#These deposits include restricted bank deposits amounting to Rs.473.45 (March 31, 2022 : Rs. 209.09) on account of deposits pledged as security for bank guarantees and earmarked against deposits from shareholders. Also, fixed deposits include balance of Initial Public Offer (IPO) proceeds of Rs.19,000 which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on March 31, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 48.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 15. Other current assets

Particulars	As at	
	March 31, 2023	March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	52.82	23.14
Advances for supply of goods		
- Related parties (Refer note 37)	1,372.57	5.76
- Others	484.07	404.02
Advances to employees		
- Related parties (Refer note 37)	6.35	16.14
- Others	27.95	39.32
GST credit receivable	2,797.84	1,442.71
VAT recoverable	3.40	3.40
Unamortised share issue expenses*	-	384.58
Deposit under protest	52.53	49.76
Duty Credit Scrips	16.17	1,010.94
Other recoverable #	46.15	51.77
Less: Allowance for bad and doubtful advances/recoverable		
- Other recoverable	-	(22.85)
- Advance for supply of goods	(4.49)	(4.49)
	<b>4,855.36</b>	<b>3,404.20</b>

# includes primarily claims receivable and includes Rs. Nil as allowance for doubtful advances as at March 31, 2023 (March 31, 2022: Rs.22.85)

\*During the year ended March 31, 2022, the 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 that date, except for listing fees which has been solely borne by the Company, all other expenses have been 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.

### 16. Share capital

Particulars	As at March 31, 2023	
	Number of shares	Amount
<b>Authorised</b>		
Equity shares of Rs. 10 each	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs.130 each	5,76,924	750.00
12% cumulative redeemable preference shares of Rs.110 each	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs.100 each	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>
Issued subscribed and fully paid up		
Equity shares of Rs.10 each fully paid up	2,33,49,233	2,334.92
	<b>2,33,49,233</b>	<b>2,334.92</b>

Particulars	As at March 31, 2022	
	Number of shares	Amount
<b>Authorised</b>		
Equity shares of Rs. 10 each	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs.130 each	5,76,924	750.00
12% cumulative redeemable preference shares of Rs.110 each	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs.100 each	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>
Issued subscribed and fully paid up		
Equity shares of Rs.10 each fully paid up	1,90,78,163	1,907.82
	<b>1,90,78,163</b>	<b>1,907.82</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 16. Share capital (Contd..)

#### (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

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up		
At the beginning of the year	1,90,78,163	1,907.82
Add: Issued during the year*	42,71,070	427.11
Add: Issued on exercise of employee stock options	-	-
Add: Issued on rights issue basis	-	-
Add: Issued on preferential allotment basis	-	-
<b>At the end of the year</b>	<b>2,33,49,233</b>	<b>2,334.92</b>

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up		
At the beginning of the year	1,82,12,812	1,821.28
Add: Issued on exercise of employee stock options	1,04,750	10.48
Add: Issued on rights issue basis	4,57,938	45.79
Add: Issued on preferential allotment basis	3,02,663	30.27
<b>At the end of the year</b>	<b>1,90,78,163</b>	<b>1,907.82</b>

\* The Company, at its IPO meeting held on May 26, 2022 approved allotment of 42,71,070 Equity Shares of Rs.10 each pursuant to Initial Public Offering at a securities premium of Rs.868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs.878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. Refer Note 48.

#### (c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited (holding company and ultimate holding company)	1,19,79,507	1,197.95
Mahen Distribution Limited (fellow subsidiary)	22,79,142	227.91

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited (holding company and ultimate holding company)	1,21,19,588	1,211.96
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 16 .Share capital (Contd..)

#### (d) Particulars of shareholders holding more than 5% shares of the Company

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited	1,19,79,507	51.31%
Mahen Distribution Limited	22,79,142	9.76%
ICICI Prudential Flexicap Fund	14,60,304	6.25%

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up held by		
KDDL Limited	1,21,19,588	63.53%
Mahen Distribution Limited	22,93,150	12.02%
ICICI Prudential Flexicap Fund	-	-

#### (e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding March 31, 2023).

During the five years immediately preceding March 31, 2023 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

- The Company had, during the year ended March 31, 2018, converted 1,100,010 12% cumulative compulsory convertible preference shares of face value of Rs.110 into 1,100,010 equity shares of Rs.10 each at a premium of Rs.100 each. Further, 21,250 equity shares of Rs.10 each had been issued under employee stock option plan for which exercise price has been received in cash.
- During the year ended March 31, 2020, 576,293 14% cumulative compulsory convertible preference shares of Rs.130 each were converted into 576,923 equity shares of Rs.10 each at a premium of Rs.120 per share. Further, 15,000 equity shares of Rs.10 each had been issued under employee stock option plans for which only exercise price had been received in cash.
- During the year ended March 31, 2022, 104,750 equity shares of Rs.10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

#### (f) Employee stock options

Terms attached to stock options granted to employees of the Company and its holding company are described in note 34(iv) regarding employee share based payments.

#### (g) Promoters Shareholdings

Equity shares of Rs.10 each fully paid up held by

Promoter's name	As at March 31, 2023		
	No. of shares	% of total shares	% change during the year
1) KDDL Limited	1,19,79,507	51.31%	(12.22%)
2) Mahen Distribution Limited	22,79,142	9.76%	(2.26%)
3) Mr. Yashovardhan Saboo	1,50,138	0.64%	(1.34%)
<b>Total</b>	<b>1,44,08,787</b>	<b>61.71%</b>	

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 16 .Share capital (Contd..)

Equity shares of Rs.10 each fully paid up held by

Promoter's name	As at March 31, 2022		
	No. of shares	% of total shares	% change during the year
1) KDDL Limited	1,21,19,588	63.53%	0.88%
2) Mahen Distribution Limited	22,93,150	12.02%	(0.57%)
3) Mr. Yashovardhan Saboo	3,77,383	1.98%	0.43%
<b>Total</b>	<b>1,47,90,121</b>	<b>77.53%</b>	

### 17. 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.

#### Nature and purpose of reserves

#### (ii) Share options outstanding account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

#### (iii) Capital reserve

Reserve created under the scheme of arrangement (Business Combination). This will be utilised in accordance with the provisions of the Companies Act, 2013.

#### (iv) 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.

The Company, at its IPO meeting held on May 26, 2022 approved allotment of 42,71,070 Equity Shares of Rs.10 each pursuant to Initial Public Offering at a securities premium of Rs. 868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs. 878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. The total offer expenses in relation to share issued amounting to Rs. 3,531.05 has been adjusted against securities premium. Refer Note 48.

#### (v) 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 18. Borrowings

#### i) Non-current borrowings

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Term-loans			
From banks (secured)	(a)	118.08	1,080.58
Deposits from shareholders (unsecured)(refer to note 37 for related party disclosure)	(b)	637.07	2,577.42
Total non-current borrowings (including current maturities)		755.15	3,658.00
Less : Current maturities of non-current borrowings [refer to note 18 (ii)]		(43.38)	(893.58)
		<b>711.77</b>	<b>2,764.42</b>

#### Notes:

- a) Vehicle loans from banks amounting to Rs. 118.08 (March 31, 2022: Rs.194.75) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2022: 7.10% to 9.25%). The above loans are repayable in monthly instalments within a period of next one to four years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. NIL (March 31, 2022: Rs.389.00) carried interest rate equal to NIL (March 31, 2022: 7.50%). The loan was availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same was secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Company. It was also secured by 360,000 shares of holding company held by Mr. Yashoverdan Saboo, Managing Director of the Company and second charge on entire property, plant and equipment of the Company. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 48 equal monthly instalments of Rs.8.10 as per the repayment schedule commencing from April 30, 2022 with one year of moratorium from the drawdown. However, during the year, the Company has repaid all the outstanding loan amount.

Term loan from IDBI Bank Limited amounting to Rs. NIL (March 31, 2022: Rs.320.83) carried interest rate equal to Nil (March 31, 2022 : 8.80%). The loan was availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan was secured by second charge on all the current assets on pari passu basis of the Company both present and future and second charge on the fixed assets of the Company both present and future. It was also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 35 equal monthly instalments of Rs. 9.17 and 36th Instalment of Rs.9.05 as per the repayment schedule commencing from March 31, 2022 with one year of moratorium from the drawdown. However, during the year, the Company has repaid all the outstanding loan amount.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.176.00) carried interest rate equal to Nil (March 31, 2022: 8.20%) was secured by Second charge on the stock and receivables on pari passu basis of the Company. These limits were also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). It was further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 36 equal monthly instalments commencing from March 31, 2022 with one year of moratorium from the first drawdown. However, during the year, the Company has repaid all the outstanding loan amount.

- b) Deposits from Shareholders carry an interest rate ranging between 10.25% to 10.75% (March 31, 2022: 8% to 11.25%) per annum and carry a maturity period from 24 to 36 months from the respective date of deposits.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 18. Borrowings (Contd..)

#### ii) Current borrowings

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Loan repayable on demand			
- From banks (secured)	c)	-	1,676.27
Other Loans			
- Inter-corporate deposit (unsecured)	d)	-	500.00
- Deposits from shareholders (unsecured) (refer to note 37 for related party disclosure)	e)	43.87	107.96
Current maturities of non-current borrowings [refer note 18(ii)]		43.38	893.58
		<b>87.25</b>	<b>3,177.81</b>

#### Notes

- c) Loan repayable on demand from IDBI Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.633.09) were repayable on demand and were secured by first pari passu charge on all the current assets of the Company both present and future and second pari passu charge on the fixed assets of the Company both present and future. These limits were also secured by exclusive mortgage and charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits were guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the Company and relative of the director. The rate of interest as on March 31, 2023 is NIL (March 31, 2022: 9.50% to 10.50%) per annum. However, during the year, the Company has repaid the outstanding amounts and closed the loan facility with Bank.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.454.34) were repayable on demand and were secured by first pari passu charge on the stock and receivables of the Company. These limits were also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This was further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans were also guaranteed by the Holding Company and personal guarantees of the director of the Company. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 8.35%) per annum. However, during the year, the Company has repaid the outstanding amounts and closed the loan facility with Bank.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. Nil (March 31, 2022: Rs.588.84) were repayable on demand and were secured by first pari passu charge by way of hypothecation on entire current assets of the Company. These limits were 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 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, 2023 is Nil (March 31, 2022: 11.00%) per annum. During the year, the company has repaid the outstanding amounts and closed the loan facility with Bank.

- d) Inter corporate deposit amounting to Rs. Nil (March 31, 2022: Rs.500) carried an interest rate of Nil (March 31, 2022: 10% - 12%) per annum. During the year, the Company has repaid the outstanding amount and closed the loan facility.
- e) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 9.50% per annum (March 31, 2022: 8% to 9.50% per annum).

#### Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Balance as at the beginning of the year (including current and non-current borrowings)</b>	<b>5,942.23</b>	<b>5,198.83</b>
Proceeds from non-current borrowings	178.60	2,225.63
Repayment of non-current borrowings	(3,081.45)	(1,084.32)
Proceeds from/repayments of other current borrowings (net)	(2,240.36)	(397.91)
<b>Balance as at the end of the year (including current and non-current borrowings)</b>	<b>799.02</b>	<b>5,942.23</b>



## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 18. Borrowings (Contd..)

#### Movement of Interest accrued

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>214.68</b>	<b>251.37</b>
Interest Expense	1,402.17	1,608.97
Interest Paid	(1,564.34)	(1,645.66)
<b>Balance as at the end of the year</b>	<b>52.51</b>	<b>214.68</b>

### 19. Other financial Liabilities

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Interest Accrued but not due on deposits*	47.15	66.90
	<b>47.15</b>	<b>66.90</b>

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
Refund Liabilities	12.38	60.66
Capital creditors	190.99	87.49
Salaries, wages and bonus and other employee payable *	846.02	647.93
Interest accrued but not due on borrowings *	3.11	147.78
	<b>1,052.50</b>	<b>943.86</b>

\* Refer note 37 for related parties disclosure

### 20. Provisions

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 34)	185.63	134.00
	<b>185.63</b>	<b>134.00</b>

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 34)	36.20	28.68
Provision for compensated absences	341.79	285.13
	<b>377.99</b>	<b>313.81</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 21. Trade payables\*

Particulars	As at March 31, 2023	As at March 31, 2022
- Micro enterprises and small enterprises #	50.95	86.93
- Trade payables to related parties (Refer to note 37)	241.12	375.88
- Other trade payables	9,517.71	8,229.69
	<b>9,809.78</b>	<b>8,692.50</b>

#### Trade payables ageing schedule

As at March 31, 2023	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 year	1 year to 2 years	2 years to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	50.95	-	-	-	50.95
Total outstanding dues of creditors other than micro enterprises and small enterprises	948.42	8,323.41	-	-	-	9,271.83
Disputed dues of creditors other than micro enterprises and small enterprises	-	0.77	76.96	268.23	141.04	487.00
<b>Total</b>	<b>948.42</b>	<b>8,375.13</b>	<b>76.96</b>	<b>268.23</b>	<b>141.04</b>	<b>9,809.78</b>

As at March 31, 2022	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 year	1 year to 2 years	2 years 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>

# There is Rs.30.53 for March 31, 2023 (March 31, 2022: Nil) of 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.

\*\*Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

### includes unbilled dues of Rs.454.68 (March 31, 2022: Rs.499.79).

Particulars	As at March 31, 2023	As at March 31, 2022
(a) The principal amount remaining unpaid to any supplier at the end of the year	50.95	86.93
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	2.25	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 21. Trade payables\* (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	2.25	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

\* The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 32.

### 22. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue	422.84	262.65
Corporate Social Responsibility payable (Refer note 39)	-	5.54
Statutory dues	190.86	240.27
Advances from customers	754.64	732.63
Interest payable-others	2.25	-
Other Payables	-	27.58
	<b>1,370.59</b>	<b>1,268.67</b>

Below is the movement of Deferred revenue:-

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>262.65</b>	<b>213.28</b>
Add: Loyalty points created during the year	494.01	260.61
Less: Loyalty points redeemed/expired during the year	(333.82)	(211.24)
<b>Balance as at the end of the year</b>	<b>422.84</b>	<b>262.65</b>

### 23. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customers</b>		
Sale of products (net of applicable tax)	78,380.01	57,289.42
Sale of services	473.36	438.95
	<b>78,853.37</b>	<b>57,728.37</b>

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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 23. Revenue from operations (Contd..)

Reconciliation of revenue recognised in the Standalone Statement of Profit and Loss with the contracted price.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price	79,013.56	57,777.74
Less: (Creation)/Redemption of loyalty points	(160.19)	(49.37)
	<b>78,853.37</b>	<b>57,728.37</b>

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables (Refer Note No. 12)	617.74	518.26
Deferred revenue (Refer Note No. 22)	422.84	262.65
Advances from customers (Refer Note No. 22)	754.64	732.63

### 24. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income under the effective interest rate method on		
- Fixed Deposits	1,073.48	57.79
- Security Deposits at amortised cost	113.28	143.77
- Others	-	1.54
Share of profit in Partnership Firm	72.84	70.37
Provisions/liabilities no longer required written back	146.27	106.86
Rent waiver on lease liabilities	-	804.46
Allowance for doubtful debts written back	5.73	86.70
Profit on disposal of property, plant & equipment (Net)	11.98	-
Miscellaneous Income*	96.09	76.38
	<b>1,519.67</b>	<b>1,347.87</b>

\*includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

### 25. Changes in inventory of stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	24,993.29	19,777.12
Less: Inventory at the end of the year	(33,987.29)	(24,993.29)
<b>(Increase)/Decrease in inventory</b>	<b>(8,994.00)</b>	<b>(5,216.17)</b>

### 26. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	4,676.50	3,773.47
Contribution to provident and other funds (Refer Note 34)	212.55	179.44
Share based payments (Refer Note 34)	-	(9.41)
Staff welfare expenses	205.28	131.73
	<b>5,094.33</b>	<b>4,075.23</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 27. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on borrowings	243.08	568.23
Interest on lease liabilities (Refer note 36)	1,152.91	1,020.83
Interest on delay in deposit of income tax	6.18	19.91
Other borrowing cost	11.50	55.59
	<b>1,413.67</b>	<b>1,664.56</b>

### 28. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 3)	885.15	663.69
Amortisation of intangible assets (Refer note 4)	18.99	17.33
Depreciation of Right-of-use of assets (Refer note 36)	2,548.43	2,460.16
	<b>3,452.57</b>	<b>3,141.18</b>

### 29. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	201.72	115.27
Service cost expense	449.20	183.76
Insurance	100.62	86.75
Rent (net of reimbursements of Rs. 58.93 (March 31, 2022: Rs. 57.55)) (Refer note 36)	936.73	481.00
Rates and taxes	66.54	126.77
Repair and maintenance- Others	667.00	535.10
Foreign exchange loss (net)	280.53	107.92
Travelling and conveyance	461.26	198.31
Advertisement and sales promotion (Refer note 37)	3,067.75	2,561.53
Directors sitting fees and commission	105.43	56.06
Printing and stationery	32.67	24.06
Recruitment expenses	45.87	44.66
Telephone and telex	73.01	51.81
Postage and telegram	296.60	231.19
Legal and professional fees <sup>(a)</sup>	280.77	188.05
Bank charges	601.79	480.51
Advances/deposits/Bad debts written off (Net) <sup>(b)</sup>	15.98	269.19
Loss on sale of property, plant and equipment	-	11.77
Property, plant and equipment written off	-	11.95
Allowance for doubtful advances/recoverable	-	15.00
Corporate Social Responsibility expenditure (Refer note 39)	25.63	17.32
Donation	-	2.50
Miscellaneous expenses	288.28	161.76
	<b>7,997.38</b>	<b>5,962.24</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 29. Other expenses (Contd..)

#### (a) Includes payment to auditors (excluding taxes as applicable)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As auditor		
Statutory audit	16.50	11.00
Limited review of special purpose quarterly results	7.50	6.00
In other capacity		
Certification work etc.*	2.43	3.93
Reimbursement of expenses	1.48	0.65
	<b>27.91</b>	<b>21.58</b>

\* Excluding Rs.51.38 (March 31, 2022: Rs.82.55) which are considered as part of offer expenses under initial public offer (Refer Note 48)

#### (b) Details of Advances/deposits/Bad debts written off (Net)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad debts / Advances written off	44.98	269.19
Less: Provision for doubtful debts / advances adjusted	(29.00)	-
	<b>15.98</b>	<b>269.19</b>

### 30. Tax expense

#### a) Income tax recognised in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax</b>		
Current year	1,957.32	884.67
Changes in estimates related to prior years	(13.98)	(17.77)
	<b>1,943.34</b>	<b>866.90</b>
Attributable to-		
<b>Deferred tax</b>		
Origination and reversal of temporary differences	40.47	(89.72)
Changes in estimates related to prior years	13.19	7.11
	<b>53.66</b>	<b>(82.61)</b>
<b>Total tax expense recognised during the year</b>	<b>1,997.00</b>	<b>784.29</b>

The above tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	<b>7,976.60</b>	<b>3,120.59</b>
Tax at the Indian tax rate*	2,007.55	785.39
Effect of expenses that are not deductible in determining taxable profit	8.57	27.27
Effect of loss/(profit) that are exempt from tax	(18.33)	(17.71)
Effect of tax (benefit) / expense pertaining to prior years	(0.79)	(10.66)
<b>Income tax expenses/(credit) recognised in statement of profit and loss</b>	<b>1,997.00</b>	<b>784.29</b>

\*The tax rate used for the current year 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 30. Tax expense (Contd..)

#### b) Income tax expense recognised in other comprehensive income

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<b>Deferred tax assets/(liabilities)</b>		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	5.69	(0.45)
<b>Total income tax recognised in other comprehensive income</b>	<b>5.69</b>	<b>(0.45)</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	5.69	(0.45)
	<b>5.69</b>	<b>(0.45)</b>

### 31. Earnings per share

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<b>A. Basic earnings per share</b>		
i Profit for basic earning per share of Rs.10 each		
Profit for the year	5,979.60	2,336.30
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,90,78,163	1,82,12,812
Effect of fresh issue of shares	36,27,484	2,22,678
	<b>2,27,05,647</b>	<b>1,84,35,490</b>
Basic Earnings per share (face value of Rs.10 each)	26.34	12.67
<b>B. Diluted earnings per share</b>		
i Profit for diluted earning per share of Rs.10 each	5,979.60	2,336.30
ii Weighted average number of equity shares for diluted		
Opening Balance	1,90,78,163	1,82,12,812
Effect of fresh issue of shares	36,27,484	2,22,678
	<b>2,27,05,647</b>	<b>1,84,35,490</b>
Diluted earnings per share (face value of Rs.10 each)	26.34	12.67

### 32. Financial instruments - fair values and risk management

#### I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at March 31, 2023			As at March 31, 2022		
			FVPL	Amortised cost	FVOCI	FVPL	Amortised cost	FVOCI
<b>Financial assets</b>								
<b>Non-current</b>								
Investments	(c)	3	-	699.07	-	-	581.11	-
Loans	(d)	3	-	5.67	-	-	3.67	-
Other financial assets	(d)	3	-	2,452.01	-	-	1,106.96	-
<b>Current</b>								
Trade receivables	(a)	3	-	617.74	-	-	518.26	-
Cash and cash equivalents	(a)	3	-	2,701.41	-	-	3,726.94	-
Other bank balances	(a)	3	-	19,767.61	-	-	209.09	-
Loans		3	-	25.28	-	-	26.94	-
Other financial assets		2	-	1,494.45	-	-	708.13	-
<b>Total</b>			-	<b>27,763.24</b>	-	-	<b>6,881.10</b>	-

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Financial instruments - fair values and risk management (Contd..)

Financial instruments by category and fair values	Note	Level of hierarchy	As at March 31, 2023			As at March 31, 2022		
			FVPL	Amortised cost	FVOCI	FVPL	Amortised cost	FVOCI
<b>Financial liabilities</b>								
<b>Non-current</b>								
Borrowings	(b)	3	-	711.77	-	-	2,764.42	-
Other Non current financial Liabilities	(d)	2	-	47.15	-	-	66.90	-
<b>Current</b>								
Borrowings (including current maturities)	(b)	3	-	87.25	-	-	3,177.81	-
Trade payables	(a)	3	-	9,809.77	-	-	8,692.50	-
Other financial liabilities	(a)	2	-	1,052.50	-	-	943.86	-
<b>Total</b>			-	<b>11,708.44</b>	-	-	<b>15,645.49</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, if any.
- The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2023 and March 31, 2022

#### II. Financial risk management

##### (i) Risk management framework

The Company's Risk management Committee 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 ad hoc 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Financial instruments - fair values and risk management (Contd..)

#### 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, 2023	As at March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>15.79</b>	<b>102.48</b>
Provision created during the year	-	2.50
Provision utilised/reversed during the year	(11.88)	(89.19)
<b>Balance as at the end of the year</b>	<b>3.91</b>	<b>15.79</b>

The movement in the allowance for doubtful advances/recoverable is as follows: (Refer Note 7 & 15)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>37.85</b>	<b>22.85</b>
Provision created during the year	-	15.00
Provision utilised/reversed during the year	(22.85)	-
<b>Balance as at the end of the year</b>	<b>15.00</b>	<b>37.85</b>

#### Cash and cash equivalents

The Company holds cash and cash equivalents of Rs.2,701.41 as at March 31, 2023 (March 31, 2022: Rs.3,726.94). 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. Post completion of Initial Public Offer, the Company has repaid all working capital loans / limits and part of shareholder deposits and also, surrendered the sanctioned borrowing limits.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Financial instruments - fair values and risk management (Contd..)

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

#### March 31, 2023

Particulars	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	799.02	981.73	100.54	881.19	-
- Trade payables	9,809.77	9,809.77	9,809.77	-	-
- Lease Liabilities	11,273.55	15,110.97	3,478.47	9,156.18	2,476.32
- Capital creditors	190.99	190.99	190.99	-	-
- Salaries, wages and bonus and other employee payable	846.02	846.02	846.02	-	-
- Interest accrued but not due on borrowings	50.26	50.26	3.11	47.15	-
- Refund Liabilities	12.38	12.38	12.38	-	-
	<b>22,981.99</b>	<b>27,002.12</b>	<b>14,441.28</b>	<b>10,084.52</b>	<b>2,476.32</b>

#### March 31, 2022

Particulars	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,942.23	6,097.67	3,252.27	2,845.40	-
- Trade payables	8,692.50	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>

#### (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 premium and luxury watch 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 vendor 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.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Financial instruments - fair values and risk management (Contd..)

#### 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. As on March 31, 2023, all the borrowings at have fixed rate of interest. 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, 2023	As at March 31, 2022
Fixed rate borrowings	799.02	4,265.96
Floating rate borrowings	-	1,676.27
	<b>799.02</b>	<b>5,942.23</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.

Particulars	Profit / (Loss) before tax	
	Strengthening	Weakening
<b>For the year ended March 31, 2023</b>		
Interest rate (0.5% movement)	-	-
<b>For the year ended March 31, 2022</b>		
Interest rate (0.5% movement)	(8.38)	8.38

#### 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 :

Particulars	As at March 31, 2023	As at March 31, 2022
<b>CHF</b>		
Trade payables (net of receivable)	1,693.59	1,362.68
<b>Net exposure of recognised financial liability</b>	<b>1,693.59</b>	<b>1,362.68</b>
<b>USD</b>		
Trade payables (net of receivable)	175.48	144.85
Less: Cash & Cash equivalents	4.28	4.14
<b>Net exposure of recognised financial liability</b>	<b>171.20</b>	<b>140.71</b>
<b>AED</b>		
Cash & Cash equivalents	-	0.39
<b>Net surplus of recognised financial Assets</b>	<b>-</b>	<b>0.39</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Financial instruments - fair values and risk management (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>AUD</b>		
Cash & Cash equivalents	-	0.13
<b>Net surplus of recognised financial Assets</b>	<b>-</b>	<b>0.13</b>
<b>CAD</b>		
Cash & Cash equivalents	-	1.82
<b>Net surplus of recognised financial Assets</b>	<b>-</b>	<b>1.82</b>
<b>GBP</b>		
Trade payables (net of receivable)	-	19.76
<b>Net exposure of recognised financial liability</b>	<b>-</b>	<b>19.76</b>
<b>SGD</b>		
Trade payables (net of receivable)	129.06	466.37
<b>Net exposure of recognised financial liability</b>	<b>129.06</b>	<b>466.37</b>
<b>EUR</b>		
Trade payables (net of receivable)	216.53	195.87
Less: Cash & Cash equivalents	1.96	0.98
<b>Net exposure of recognised financial liability</b>	<b>214.57</b>	<b>194.89</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, AED, AUD, CAD, GBP, SGD and EUR against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

As at March 31, 2023	Profit / (Loss) (before tax)	
	Strengthening	Weakening
CHF (1% movement)	(16.94)	16.94
SGD (1% movement)	(1.29)	1.29
EUR (1% movement)	(2.15)	2.15
USD (1% movement)	(1.71)	1.71
GBP (1% movement)	-	-
AED (1% movement)	-	-
AUD (1% movement)	-	-
CAD (1% movement)	-	-

As at March 31, 2023	Equity (net of tax)	
	Strengthening	Weakening
CHF (1% movement)	(12.67)	12.67
SGD (1% movement)	(0.97)	0.97
EUR (1% movement)	(1.61)	1.61
USD (1% movement)	(1.28)	1.28
GBP (1% movement)	-	-
AED (1% movement)	-	-
AUD (1% movement)	-	-
CAD (1% movement)	-	-

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Financial instruments - fair values and risk management (Contd..)

As at March 31, 2022	Profit / (Loss) (before tax)	
	Strengthening	Weakening
CHF (1% movement)	(13.63)	13.63
SGD (1% movement)	(4.66)	4.66
EUR (1% movement)	(1.95)	1.95
USD (1% movement)	(1.41)	1.41
GBP (1% movement)	(0.20)	0.20
AED (1% movement)	0.00	(0.00)
AUD (1% movement)	0.00	(0.00)
CAD (1% movement)	0.02	(0.02)

As at March 31, 2022	Equity (net of tax)	
	Strengthening	Weakening
CHF (1% movement)	(10.20)	10.20
SGD (1% movement)	(3.49)	3.49
EUR (1% movement)	(1.46)	1.46
USD (1% movement)	(1.05)	1.05
GBP (1% movement)	(0.15)	0.15
AED (1% movement)	0.00	(0.00)
AUD (1% movement)	0.00	(0.00)
CAD (1% movement)	0.01	(0.01)

CHF: Swiss Franc, USD: US Dollar, SGD: Singapore Dollar, EUR: Euro, GBP: Pound Sterling, AED: Emirati Dirham, AUD: Australian dollar, CAD: Canadian Dollar

### 33. 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, 2023	As at March 31, 2022
Total Debts including trade payable	21,882.35	24,821.70
Less: cash and cash equivalents	(2,701.41)	(3,726.94)
<b>Adjusted net debt</b>	<b>19,180.94</b>	<b>21,094.76</b>
Total equity	63,117.68	23,186.04
<b>Adjusted net debt to equity ratio</b>	<b>0.30</b>	<b>0.91</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 34. Employee benefits

#### I. Assets and liabilities relating to employee benefits

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-Current</b>		
Liability for gratuity	185.63	134.00
	<b>185.63</b>	<b>134.00</b>
<b>Current</b>		
Liability for gratuity	36.20	28.68
Liability for compensated absences	341.79	285.13
	<b>377.99</b>	<b>313.81</b>
<b>Total</b>	<b>563.62</b>	<b>447.81</b>

For details about the related party employee benefit expenses, refer to note no. 37.

#### 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, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>186.94</b>	<b>186.72</b>
Benefits paid	(22.12)	(38.85)
Current service cost	35.91	27.54
Interest cost	13.50	13.32
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	22.40	(1.79)
<b>Balance at the end of the year</b>	<b>236.63</b>	<b>186.94</b>

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 34. Employee benefits (Contd..)

#### c) Reconciliation of the present value of plan assets

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Balance at the beginning of the year</b>	<b>24.26</b>	<b>36.04</b>
Contributions paid into the plan	11.10	24.00
Interest Income	1.75	3.07
Benefits paid	(22.12)	(38.85)
Return on plan assets recognised in other comprehensive income	(0.20)	-
<b>Balance at the end of the year</b>	<b>14.79</b>	<b>24.26</b>

#### d) Expense recognised in profit or loss

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Current service cost	35.91	27.54
Interest Income	(1.75)	(3.07)
Interest cost	13.50	13.32
<b>Balance at the end of the year</b>	<b>47.66</b>	<b>37.79</b>

#### e) Remeasurements recognised in other comprehensive income

Particulars	As at	
	March 31, 2023	March 31, 2022
Actuarial (Gain)/loss on defined benefit obligation	22.40	(1.79)
Actuarial (Gain)/loss on defined plan assets	0.20	-
<b>Balance at the end of the year</b>	<b>22.60</b>	<b>(1.79)</b>

#### f) Plan assets

100% of the plan assets are managed by LIC

#### g) Actuarial assumptions

Particulars	As at	
	March 31, 2023	March 31, 2022
Discount rate (per annum)	7.36% p.a.	7.22% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	56 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2023	
	Increase	Decrease
Discount rate (0.5% movement)	(6.87)	7.27
Future salary growth rate (0.5% movement)	6.71	(6.40)

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 34. Employee benefits (Contd..)

Particulars	As at March 31, 2022	
	Increase	Decrease
Discount rate (0.5% movement)	(5.33)	5.64
Future salary growth rate (0.5% movement)	5.23	(4.98)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### h) Expected benefit payments

Amount of expected benefit payments for next 10 years are as follows:

Particulars	As at	
	March 31, 2023	March 31, 2022
Within 1 year	36.20	28.68
1-2 year	30.86	27.15
2-3 year	15.35	11.91
3-4 year	13.82	10.62
4-5 year	15.36	10.99
5-10 years	125.05	97.60

#### i) Weighted average duration of the defined benefit plan

Particulars	As at	
	March 31, 2023	March 31, 2022
Weighted average duration (in years)	8.33	16.32

### 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.162.61 during the period (March 31, 2022: Rs.139.10) as expense towards contribution to these plans.

### IV. Share based payments

#### a) Description of share-based payment arrangement

As at March 31, 2023, the Company does not have any share-based payment arrangements. Details of earlier share based payment arrangements are mentioned below.

#### b) Employee Stock Option Scheme (equity-settled)

In the Extraordinary General Meeting held on March 10, 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.



## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 34. Employee benefits (Contd..)

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 01, 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 August 4, 2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013

The Company, at its 14th Annual General Meeting, approved variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013 by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before August 16, 2021. The aforesaid scheme expired on August 16, 2021.

#### c) Reconciliation of outstanding share option

##### For the year ended March 31, 2023

Particulars	Options (numbers)	Weighted average exercise price per option (Rs.)
<b>Ethos Employee Stock Option Scheme - 2013</b>		
Option outstanding at the beginning of the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-
<b>Ethos Employee Stock Option Scheme - 2013</b>		
Option outstanding at the beginning of the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 34. Employee benefits (Contd..)

##### For the year ended March 31, 2022

Particulars	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	1,27,750	120
Exercised during the year	1,04,750	120
Lapsed during the year	23,000	120
Options outstanding at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-
<b>Ethos Employee Stock Option Scheme - 2013</b>		
Option outstanding at the beginning of the year	3,500	120
Lapsed during the year	3,500	120
Options exercisable at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-

#### d) Expense recognized in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expense arising from equity-settled share based payment transaction (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:

Assumptions	As at March 31, 2023	As at March 31, 2022
Fair value at grant date	-	35.54/56.08
Share price at grant date	-	120.00
Exercise price	-	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	-	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	-	4.56/4.16
Expected Annual Volatility of Shares*	-	40%-60%
Expected dividend yield (in %)	-	1.58%

\*Expected volatility has been based on an evaluation of the historical volatility of the 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, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 35. Contingent liabilities, commitments and other matters

#### i) Claims against the Company not acknowledged as debts, under dispute

	As at March 31, 2023	As at March 31, 2022
a) Income Tax matters	364.86	318.77
b) Excise Duty matters	47.08	47.08
c) Value Added Tax matters	3,330.03	3,330.03
d) Customs duty matters	12.97	12.90
e) Goods and Services Tax matter	12.15	-

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

	As at March 31, 2023	As at March 31, 2022
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	471.71	2,600.00

iii) In addition, the 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, 2023, there is one open legal proceedings involving disputed amount of Rs. 110.22 (March 31, 2022: Rs. 110.22) against which the Company is carrying liability of Rs. 49.26 (March 31, 2022: Rs. 49.26)

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated 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. Further, management also believes that the impact of the same on the Company will not be material.

### 36. Leases

#### A. Company as a lessee

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 01, 2021</b>	<b>8,122.03</b>	-	<b>8,122.03</b>
Additions	3,562.34	152.79	3,715.13
Deletions	(217.87)	-	(217.87)
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, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 36. Leases (Contd..)

Particulars	Building	Furniture	Total
Additions	3,995.74	-	3,995.74
Deletions	(261.40)	-	(261.40)
Depreciation expense	(2,514.79)	(33.64)	(2,548.43)
<b>As at March 31, 2023</b>	<b>10,239.92</b>	<b>105.12</b>	<b>10,345.04</b>

The carrying amounts of lease liabilities and the movements during the year:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At the beginning of the year</b>	<b>10,186.97</b>	<b>8,819.37</b>
Additions	3,774.47	3,591.35
Accretion of interest	1,152.91	1,020.83
Deletions	(285.17)	(214.55)
Payments (Principal and interest)*	(3,555.63)	(2,225.57)
Rent Concession	-	(804.46)
<b>At the closing of the year</b>	<b>11,273.55</b>	<b>10,186.97</b>
Current lease liabilities	2,356.75	2,238.40
Non-current lease liabilities	8,916.80	7,948.57
<b>Total</b>	<b>11,273.55</b>	<b>10,186.97</b>

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	3,478.47	3,176.78
After one year but not more than five years	9,156.18	8,188.90
More than five years	2,476.32	2,044.16
<b>Total</b>	<b>15,110.97</b>	<b>13,409.84</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	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use assets	2,548.43	2,460.16
Interest expense on lease liabilities	1,152.91	1,020.83
Expense relating to short-term leases and variable rent (included in other expenses)**	995.66	538.55
<b>Total amount recognised in profit or loss</b>	<b>4,697.00</b>	<b>4,019.54</b>

\*The Company had total cash outflows for leases excluding rent concession of Rs. 3,555.63 (March 31, 2022: Rs. 2,225.57).

The Company also had non-cash additions to right of use assets and liabilities of Rs. 3,624.47 (March 31, 2022: Rs.3,591.35)

\*\* Gross of reimbursement received of Rs. 58.93 (March 31, 2022: Rs. 57.55).

**Notes to the standalone financial statements** for the year ended March 31, 2023  
(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**37. Related parties**

<b>(i) Holding Company:</b>	
KDDL Limited (KDDL)	
<b>(ii) Joint venture:</b>	
Pasadena Retail Private Limited	
<b>(iii) Subsidiary body Corporate:</b>	
Cognition Digital LLP	
Silvercity Brands AG (w.e.f. March 31, 2023)	
<b>(iv) Entities under common control (where transactions have taken place during the year / balances outstanding):</b>	
Mahen Distribution Limited	
Pylania SA	
VBL Innovations Private Limited	
Vardhan Properties & Investment Private Limited	
Anacott Trading SA (upto December 22, 2021)	
Dream Digital Technology Private Limited (DDTPL)	
Saboo Ventures LLP	
Saboo Housing Projects LLP	
Saveeka Family Trust	
KDDL Ethos Foundation	
<b>(v) 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)
	Mrs. Usha Devi Saboo (Mother)
	Mrs. Anuradha Saboo (Spouse)
	Mr. Jai Vardhan Saboo (Brother)
	Mr. Pranav Shankar Saboo (CEO) (Son)
	Mrs. Satvika Suri (Daughter)
Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse)
	Mr. Saahil Khanna (Son)
	Mrs Poonam Prakash (Sister)
Mr. Sundeep Kumar - Independent Director	
Mr. Dilpreet Singh - Independent Director	
Mr. Mohaimin Altaf - Independent Director	Mrs Nighat Altaf (Mother)
Mr. Patrik Paul Hoffman - Independent Director	
Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse)
	Mr. Amol Gupta (Son)
	Mrs. Saneh Lata (Mother)
	Mr. Deepak Gupta (Brother)
	Mrs. Pallavi Agarwal (Spouse)
Mr. Chitranjan Agarwal - Non Independent and Non Executive Director (w.e.f. April 1, 2022)	
Mr. Charu Sharma - Independent Director (w.e.f. November 3, 2022)	
Mrs. Munisha Gandhi - Non Independent and Non Executive Director (w.e.f. September 27, 2022)	Mr. Viraj Gandhi (Son)
	Ms. Shabnam Nath (Daughter)
Ms. Susanne Hurni	Director of Estima AG, Fellow Subsidiary
Mr. N. Subramanian - Independent Director (upto September 27, 2022)	
Mrs. Neelima Tripathi - Independent Director (upto September 27, 2022)	Mr Apoorv P. Tripathi (Son)
	Ms Sanam Tripathi (Daughter)
Mr. Ritesh Kumar Agrawal (CFO w.e.f. August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)
Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)

**Notes to the standalone financial statements** for the year ended March 31, 2023  
(All amounts in Rs. lakhs, except for share data and if otherwise stated)

**37. Related parties (Contd..)**

(vi)

Particulars	Joint venture/ Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>For the Year ended</b>								
<b>Transactions:</b>								
Sale of goods	-	-	3.93	-	104.03	172.54	33.68	19.39
Other Income	72.84	71.90	-	-	-	-	43.68	40.00
Rent income	12.00	12.00	1.20	0.60	-	-	-	-
Purchases of stock-in-trade	-	-	-	2.10	18.00	64.25	17.68	-
Short term employee benefits	-	-	-	-	645.15	487.37	-	-
Legal and professional fees	-	-	-	-	27.78	20.49	-	0.60
Advertisement and sales promotion	412.85	365.63	42.00	30.00	-	-	-	-
Recovery of expenses incurred	184.50	114.55	-	0.09	8.02	-	-	4.27
Reimbursement to selling shareholders of IPO proceed (Net of share issue expenses)	-	-	468.06	-	834.92	-	1,111.78	-
Rent expenses	-	-	12.35	7.00	-	9.55	27.99	21.98
Directors sitting fees and commission	-	-	-	-	105.41	56.06	-	-
Reimbursement of expenses	-	-	-	1.37	-	-	10.29	4.14
Interest Expenses	-	-	4.16	15.81	61.22	103.35	-	-
Financial guarantee expenses	-	-	-	-	-	-	4.97	29.83
Sale of Property, Plant and Equipment	-	-	-	-	5.32	-	-	-
Purchase of Property, Plant and Equipment & Intangible Assets	-	-	-	-	-	-	3,900.00	-
Investment in subsidiaries / Joint venture	45.12	75.00	-	-	-	-	-	-
Loan taken	-	-	-	295.00	-	618.14	-	-
Loan repaid	-	-	95.00	200.00	865.05	342.35	-	-
Loan given	-	-	-	-	-	5.50	-	-
Security Premium received	-	-	-	55.18	-	176.39	-	1,940.99
CSR Expenses	-	-	11.96	-	-	-	-	-
Equity shares issued	-	-	-	1.02	-	8.95	-	35.94
<b>Balances:</b>								
Investments	699.07	581.11	-	-	-	-	-	-
Receivable against sale of goods	-	-	152.03	247.39	68.09	-	-	-
Advances against Supply of Goods / services	12.41	3.96	1,342.98	-	6.35	16.14	17.18	1.81
Advance for capital goods	-	-	-	-	-	-	-	1,300.00
Loans	-	-	-	-	-	7.18	-	-
Security deposits paid	-	-	-	-	-	-	-	6.77
Payable for Employee Benefits	-	-	-	-	117.65	42.51	-	-
Payable for Director Fees	-	-	-	-	79.59	30.19	-	-

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 37. Related parties (Contd..)

Particulars	Joint venture/ Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Payable for services received	161.53	343.10	-	2.59	-	0.01	-	-
Interest accrued but not due	-	-	-	-	14.27	93.49	-	-
Guarantees taken by the company	-	-	-	-	-	10,320.00	-	5,635.00
Unsecured loans	-	-	-	95.00	136.81	991.86	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51

#### Notes:

- 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 KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.
- Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.
- Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.
- 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.

### 38. Segment information

#### 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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker of the Company. As the chief operating decision maker of the Company assess the financial performances and position of the Company as a whole and makes strategic decision, the management considers retail trading of premium and luxury watches, accessories and other luxury items and including related after sale services as a single operating segment as per Ind AS 108, hence separate segment disclosure, have not been furnished.

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 39. 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. 25.63 (March 31, 2022: Rs 17.32) for CSR activities carried out during the current year.

S. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i	Amount required to be spent by the company during the period	25.63	17.32
ii	Amount of expenditure incurred		
a.	In cash	25.63	11.78
b.	Yet to be paid in Cash	-	-
c.	Balance for the remaining period	-	5.54
iii	Shortfall at the end of the year	-	5.54*
iv	Total of previous years shortfall	-	-
v	Reason for shortfall	NIL	To be incurred in the ongoing project for the forthcoming year
vi	Nature of CSR activities	Isha Foundation-Towards Million Tree projects Youth Technical Training Society - Towards promoting education Mrittika Earthy Talks Foundation - Towards waste management	Isha Foundation-Towards Million Tree projects Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Contribution to KDDL Ethos Foundation**	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable

\*The unspent amount of Rs. 5.54 for the financial year ended March 31, 2022 as per sub section (5) of Section 135 of Companies Act, was spent in the ongoing project - Million Tree Project on September 30, 2022.

\*\*During the year ending March 31, 2023, the Company has transferred an amount of Rs. 11.96 to KDDL Ethos Foundation, a CSR registered implementing agency towards various objects as mentioned in Section 135 of the Companies Act, 2013. The CSR obligation transferred by the Company as at March 31, 2023 which has been set off with liability towards CSR activities and shall be utilised in various objects namely environmental sustainability, training etc.

### 40. Disclosures pursuant to Section 186 of the Companies Act, 2013:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investment</b>		
<b>Investment in joint venture: Investment in Pasadena Retail</b>		
Balance as at the year end	175.00	175.00
Maximum amount outstanding at any time during the year	175.00	175.00
<b>Investment in Subsidiary: Investment in Cognition Digital LLP (Partnership firm)</b>		
Balance as at the year end	478.95	406.11
Maximum amount outstanding at any time during the year	478.95	406.11
<b>Investment in Subsidiary: Investment in Silvercity Brands AG (Registered Company in Switzerland)</b>		
Balance as at the year end	45.12	-
Maximum amount outstanding at any time during the year	45.12	-

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 41. Details of subsidiary and joint venture with ownership % and place of business :

#### Subsidiary

Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2023	99.99 %
Proportion of Ownership as at March 31, 2022	99.99 %
Method used to account for the investment	At cost

Name of the entity	Silvercity Brands AG
Principal Place of Business	Switzerland
Proportion of Ownership as at March 31, 2023	100.00 %
Proportion of Ownership as at March 31, 2022	NIL
Method used to account for the investment	At cost

#### Joint venture

Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2023	50.00 %
Proportion of Ownership as at March 31, 2022	50.00 %
Method used to account for the investment	At cost

42. 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.

### 43. Ratio Analysis\*

Ratios	Unit of Measurement	As at 31 March 2023	As at 31 March 2022	% change **
a. Current Ratio	No. of times	4.22	2.02	108.78 %
b. Debt Equity Ratio	No. of times	0.19	0.70	(72.50 %)
c. Debt Service Coverage Ratio	No. of times	1.86	2.00	(7.11 %)
d. Return on Equity Ratio	Percentage (%)	13.86 %	12.01 %	15.40 %
f. Inventory Turnover Ratio	No. of times	1.85	1.84	0.51 %
g. Trade Receivable turnover Ratio	No. of times	138.83	66.50	108.77 %
h. Trade Payable turnover Ratio	No. of times	6.86	5.74	19.44 %
i. Net Capital Turnover Ratio	No. of times	1.63	3.41	(52.16 %)
j. Net Profit Ratio	Percentage (%)	7.59 %	4.05 %	87.44 %
k. Return on Capital Employed	Percentage (%)	12.49 %	12.17 %	2.63 %
l. Return on Investment	Percentage (%)	10.67 %	12.11 %	(11.92 %)

#### \* Ratio Numerator and Denominator

- Current Ratio = Current Assets / Current Liabilities
- Debt Equity Ratio = Total Debt / Shareholder's Equity
- Debt Service Coverage Ratio = Earnings available for debt service (Net profit before taxes + Non-cash operating expenses + Finance Cost) / Debt Service (Interest & Lease Payments + Principal Repayments)
- Return on Equity Ratio = Net Profit / Average Shareholder's Equity
- Inventory Turnover Ratio = Cost of goods sold / Average Inventory
- Trade Receivables turnover ratio = Net Sales (Net sales = Total sales - sales return) / Average Trade Receivable
- Trade payables turnover ratio = Net Purchase (Gross purchases - purchase return) / Average Trade Payable

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 43. Ratio Analysis\* (Contd..)

- Net capital turnover ratio = Net Sales (Net sales = Total sales - sales return) / Working Capital (Current assets – Current liabilities)
- Net Profit Ratio = Net Profit after tax / Net Sale (Net sales = Total sales - sales return)
- Return on Capital Employed = Earnings before interest and taxes / Capital employed (Capital Employed = total equity + total debt)
- Return on Investment = Income on Investment (includes investment in joint venture) / Investment (includes investment in joint venture)

#### \*\* Explanation for variance in ratios

- Current Ratio - Increase in Other Bank balances (IPO Monitoring account) due to proceed from IPO and increase in inventory value due to new stores and expansion in existing operations
- Debt Equity Ratio - Increase in profitability of Business and fresh issue of equity shares through IPO and reduction in debts.
- Trade Receivables turnover Ratio - Better management of debtors resulting in efficient trade receivables with the increase in Sales.
- Net capital turnover Ratio - Increase in working capital due to proceed from IPO parked in monitoring bank account to be applied in order to improve the efficient utilisation of funds in future.
- Net Profit Ratio - Company has increased its sale substantially alongwith better control of expenses.

44. The Company has entered into an agreement dated January 1, 2022 with its Holding company i.e. KDDL Limited to purchase its brand-name "Ethos" and "Summit" (including trademarks, trade names, logos and all related rights) for an agreed amount of Rs.3,900 lakhs. The aforesaid brands have been capitalized as intangible assets during the year ended March 31, 2023.

45. During the previous year, The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 458,000 equity shares of face value Rs.10 each, to the existing shareholders of the 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'.

### 46. Other Statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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:
  - 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 to or on behalf of the Ultimate Beneficiaries.
- 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:
  - 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.
- 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).

## Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 46. Other Statutory Information (Contd..)

- 8) The Company is not declared as wilful defaulter by any bank or financial institution.
- 9) The Company does not projects as CWIP and Intangible assets under development where completion is overdue, exceeded its cost or activity is suspended.

47. During the previous year, 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.

48. During the year ended March 31, 2023, the Company has completed its Initial Public Offering ('IPO') of 45,81,500 equity shares of face value of Rs. 10 each at an issue price of Rs. 878 per share (including securities premium of Rs. 868 per share). The issue comprised of fresh issue of 42,71,070 equity shares aggregating to Rs. 37,500.00 and offer for sale of 3,10,430 equity shares aggregating to Rs. 2,725.58. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022.

Consequent to allotment of fresh issue, the paid-up equity share capital of the Company stands increased from Rs. 1,907.82 consisting of 1,90,78,163 equity shares of Rs.10 each to Rs. 2,334.92 consisting of 2,33,49,233 Equity Shares of Rs. 10 each.

The total offer expenses in relation to the fresh issue are Rs. 3,531.05 (excluding taxes). The utilization of IPO proceeds from fresh issue (net of IPO related expense of Rs. 3,531.05 is summarized below:

Particulars	Amount
Amount received from fresh issue	37,500.00
Less: Offer related expenses in relation to the Fresh Issue	(3,531.05)
<b>Net Proceeds available for utilisation</b>	<b>33,968.95</b>

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2023	Unutilized as on March 31, 2023**
Repayment or pre-payment certain borrowings	2,989.09	2,989.09	-
Funding working capital requirements	23,496.22	8,682.66	14,813.56
Financing the establishment of new stores and renovation of the certain existing stores added	3,327.28	450.48	2,876.80
Financing the upgradation of ERP	198.01	-	198.01
General corporate purpose*	3,958.35	2,213.63	1,744.72
<b>Total</b>	<b>33,968.95</b>	<b>14,335.86</b>	<b>19,633.09</b>

\*Amount of Rs.3,609.87 was original proposed in offer document as part of general corporate purpose has been increased by Rs. 348.48 on account of saving in offer expenses.

\*\* Net unutilised proceeds as on March 31, 2023 have been temporarily invested in deposits with scheduled banks and monitoring agency bank account.

As per our report of even date

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

**Anil Gupta**

Partner

Membership No. 87921

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

**Yashovardhan Saboo**

Chairman and Managing Director

DIN 00012158

**Anil Khanna**

Director

DIN 00012232

**Ritesh Kumar Agrawal**

Chief Financial Officer

**Anil Kumar**

Company Secretary

**Pranav Shankar Saboo**

Chief Executive Officer

Place: New Delhi

Date: May 12, 2023

Place: Chandigarh

Date: May 12, 2023



# Independent Auditor's Report

To  
The Members of  
**Ethos Limited**

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

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture comprising of the consolidated Balance sheet as at March 31 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

### Key audit matters

#### Inventory (as described in Note 11 of the consolidated Ind AS financial statements)

The total value of inventory as at March 31, 2023 is INR 33,987.29 lakhs. These inventories mainly consist of watches at various stores of the Holding Company. The Holding Company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the Holding Company's management analyses the ageing of inventories to identify slow-moving and obsolete inventories and then estimates the amount of allowance.

### 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

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.

### How our audit addressed the key audit matter

- Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2023. We read and assessed Group's accounting policy with regard to inventories and its compliance with applicable accounting standards.
- We analyzed the ageing and quantitative movement to analyze any significant variances.
- We understood how the Holding Company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories.
- We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements.
- We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future salability.
- We read and assessed the adequacy of relevant disclosures related to inventories in the consolidated Ind AS financial statements.

#### Accounting of Leases as per Ind AS 116 (as described in Note 37 of the consolidated Ind AS financial statements)

As described in Note 37 to the consolidated Ind AS financial statements, the Group and its joint venture is following Ind AS 116 Leases (Ind AS 116 or the 'standard') for accounting various leases entered by the Group. In case of the Holding Company, the application and accounting of leases under Ind AS 116 is complex and is an area of focus in our audit as the company has a large number of leases with different contractual terms which involves evaluation as per the provisions of Ind AS 116 in case of any changes in terms of existing leases.

Ind AS 116 requires the Group to recognize a right-of-use (ROU) asset and a lease liability arising from a lease arrangement on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Application of the Standard involves significant judgements and estimates including, determination of the discount rates and the lease term.

Additionally, the Standard mandates remeasuring the carrying amount of lease liabilities and right of use assets to reflect any re-assessment or lease modification as per Ind AS 116 for any changes in lease terms.

We have identified accounting of leases as a key audit matter as the application of this Standard is complex considering the number of leases with different contractual terms and adjustment to the carrying amount of lease liabilities and right of use assets on the balance sheet date to reflect changes in terms of existing leases.

Our audit procedures amongst others included the following:

- We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116);
- We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;
- We have evaluated the basis of determination of lease modification/re-assessment and related adjustments in case of lease terminations/modifications;
- We tested the lease data by evaluating the reconciliation of company's lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management;
- We read and assessed the key terms and conditions of lease with the underlying lease contracts on a sample basis;
- We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term;
- We assessed the adequacy of Group's presentation and disclosures related to Ind AS 116.

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of their respective companies.

## Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

- We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 544.18 lakhs as at March 31, 2023, and total revenues of Rs 422.06 lakhs and net cash inflows of Rs 1.11 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's report have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of Rs. 49.68 lakhs for the year ended March 31, 2023, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the reports of such other auditors.
- The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of Rs 44.97 lakhs as at March 31, 2023, and total revenues of Rs Nil and net cash inflows of Rs 44.97 lakhs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

- 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(xxii) of the Order.
- 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:
  - 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;
  - 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;
  - 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;
  - 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;
  - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint venture, none of the directors of the Holding Company and its joint venture, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its subsidiaries and joint venture;



- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its subsidiaries and joint venture;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its consolidated Ind AS financial statements – Refer Note 36 (i) to the consolidated Ind AS financial statements;
  - ii. The Group and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India during the year ended March 31, 2023.
  - iv. a) The respective managements of the Holding Company and its subsidiary and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 47 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary and joint venture to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b) The respective managements of the Holding Company and its subsidiary and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint venture respectively that, to the best of its knowledge and belief, as disclosed in the note 47 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries and joint venture from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
  - v) No dividend has been declared or paid during the year by the Holding Company, its subsidiary and joint venture company, incorporated in India.
  - vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiary and joint venture company incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 23087921BGXATY1214  
Place of Signature: New Delhi  
Date: May 12, 2023

## ANNEXURE 1 REFERRED TO IN ARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR AUDIT REPORT OF EVEN DATE

Re: Ethos Limited ("the Holding Company")

**In terms of the information and explanations sought by us and given by the Group and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:**

- (xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxii) of the order is not applicable to the Holding Company.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 23087921BGXATY1214  
Place of Signature: New Delhi  
Date: May 12, 2023

# ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ETHOS 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, 2023, we have audited the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company, which is company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference

to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

### Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the

essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**  
Partner  
Membership Number: 87921  
UDIN: 23087921BGXATY1214  
Place of Signature: New Delhi  
Date: May 12, 2023

## Consolidated Balance Sheet as at March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,284.41	3,726.02
Capital work-in-progress	3	401.45	-
Intangible assets	4	4,070.65	66.30
Right-of-use assets	37	10,345.04	9,159.13
Investment in joint venture	5	207.15	157.47
<b>Financial assets</b>			
- Loans	6	5.67	3.67
- Other financial assets	7	2,452.01	1,106.96
Non-current tax assets (net)	8	234.79	188.32
Deferred tax assets (net)	9	860.62	906.17
Other non-current assets	10	255.24	1,479.39
<b>Total non-current assets</b>		<b>24,117.03</b>	<b>16,793.43</b>
<b>Current assets</b>			
Inventories	11	33,987.29	24,993.29
<b>Financial assets</b>			
- Trade receivables	12	617.74	518.26
- Cash and cash equivalents	13	2,788.87	3,768.32
- Other bank balances	14	20,074.43	215.58
- Loans	6	25.28	26.94
- Other financial assets	7	1,500.93	710.52
Other current assets	15	4,858.06	3,409.35
<b>Total current assets</b>		<b>63,852.60</b>	<b>33,642.26</b>
<b>Total Assets</b>		<b>87,969.63</b>	<b>50,435.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	2,334.92	1,907.82
Other equity	17	60,814.72	21,260.67
<b>Equity attributable to owners of the Company</b>		<b>63,149.64</b>	<b>23,168.49</b>
Non controlling interest		0.00	0.00
<b>Total equity</b>		<b>63,149.64</b>	<b>23,168.49</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	18	711.77	2,764.42
- Lease liabilities	37	8,916.80	7,948.57
- Other financial liabilities	19	47.15	66.90
Provisions	20	192.35	142.35
<b>Total non-current liabilities</b>		<b>9,868.07</b>	<b>10,922.24</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	18	87.25	3,177.81
- Lease liabilities	37	2,356.75	2,238.40
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	21	50.95	86.93
- total outstanding dues of creditors other than micro enterprises and small enterprises	21	9,607.39	8,267.15
- Other financial liabilities	19	1,058.00	952.64
Other current liabilities	22	1,380.25	1,276.88
Provisions	20	390.56	324.90
Current tax liabilities (net)	23	20.77	20.25
<b>Total current liabilities</b>		<b>14,951.92</b>	<b>16,344.96</b>
<b>Total liabilities</b>		<b>24,819.99</b>	<b>27,267.20</b>
<b>Total Equity and Liabilities</b>		<b>87,969.63</b>	<b>50,435.69</b>
<b>Summary of Significant accounting policies</b>	2		
<b>The accompanying notes form an integral part of the consolidated financial statements.</b>			

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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Anil Kumar**  
Company Secretary

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

Place: New Delhi  
Date: May 12, 2023

Place: Chandigarh  
Date: May 12, 2023

## Consolidated Statement of Profit and Loss for year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	24	78,853.37	57,728.37
Other income	25	1,456.04	1,277.83
<b>Total Income (I)</b>		<b>80,309.41</b>	<b>59,006.20</b>
<b>Expenses</b>			
Purchase of stock-in-trade		63,432.49	46,328.61
Changes in inventory of stock-in-trade	26	(8,994.00)	(5,216.17)
Employee benefits expense	27	5,268.17	4,238.15
Finance costs	28	1,416.06	1,667.28
Depreciation and amortization expense	29	3,463.09	3,150.86
Other expenses	30	7,705.63	5,687.28
<b>Total expenses (II)</b>		<b>72,291.44</b>	<b>55,856.01</b>
<b>Profit before share of joint venture and tax (III= I-II)</b>		<b>8,017.97</b>	<b>3,150.19</b>
Share of profit of joint venture (net of income tax) (IV)		49.68	2.40
<b>Profit before tax (V= III-IV)</b>		<b>8,067.65</b>	<b>3,152.59</b>
<b>Tax expense, comprising</b>			
- Current tax	31	1,986.29	898.57
- Deferred tax	31	51.54	(84.78)
<b>Total tax expense (VI)</b>		<b>2,037.83</b>	<b>813.79</b>
<b>Profit for the year (VII = V-VI)</b>		<b>6,029.82</b>	<b>2,338.80</b>
<b>Other comprehensive income / (expense)</b>			
Items that will be reclassified subsequently to profit or loss:			
- Exchange Differences on translation of foreign operations		(0.16)	-
- Income tax relating to foreign Currency translation differences		-	-
Items that will not be reclassified subsequently to profit or loss:			
- Re-measurement of income/(loss) on defined benefit plans		(23.45)	1.63
- Income tax relating to defined benefit plans		5.99	(0.39)
<b>Total other comprehensive income/(loss) for the year</b>		<b>(17.62)</b>	<b>1.24</b>
<b>Total comprehensive income for the year</b>		<b>6,012.20</b>	<b>2,340.04</b>
Earnings per equity share [nominal value of Rs. 10 (previous period Rs. 10)]	32		
Basic (Rs.)		26.56	12.69
Diluted (Rs.)		26.56	12.69
<b>Summary of Significant accounting policies</b>	2		
<b>The accompanying notes form an integral part of the consolidated financial statements</b>			

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 12, 2023

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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Anil Kumar**  
Company Secretary

Place: Chandigarh  
Date: May 12, 2023

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

# Consolidated Cash Flow Statement

for the year ended March 31, 2023  
(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. OPERATING ACTIVITIES</b>		
Profit before income tax	8,067.65	3,152.59
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and amortization expense	3,463.09	3,150.86
Write off / loss on sale of property, plant & equipment	-	23.72
Profit on Sale of property, plant & equipment (net)	(12.81)	-
Interest expense	1,404.56	1,611.28
Effect of exchange rates on translation of operating cash flows	(0.16)	-
Interest income	(1,193.99)	(203.43)
Provisions/liabilities no longer required written back	(147.42)	(106.86)
Share of profit of joint venture	(49.68)	(2.40)
Share options lapsed	-	(9.41)
Unrealized foreign exchange gain	(2.15)	(9.35)
Rent waiver on lease liabilities	-	(804.46)
Gain on termination of lease contracts	(26.84)	(34.42)
Allowance for doubtful debts/(written back)	(5.73)	(86.70)
Allowance for doubtful advances/recoverable	-	15.00
Advances / deposits / Bad debts written off	15.98	269.19
<b>Cash generated from operations before working capital changes</b>	<b>11,512.50</b>	<b>6,965.61</b>
<b>Movements in working capital:</b>		
(Increase) in loans	(0.34)	(2.69)
(Increase) in other financial assets	(953.36)	(4.06)
(Increase) in other assets	(1,432.41)	(1,504.05)
(Increase) in inventories	(8,994.00)	(5,216.17)
(Increase)/ Decrease in trade receivables	(108.22)	693.82
Increase in provisions	92.21	62.34
Increase in trade payables	1,406.13	1,220.43
Increase in other financial liabilities	146.53	39.62
Increase in other current liabilities	148.67	387.06
<b>Cash flow from operations</b>	<b>1,817.71</b>	<b>2,641.91</b>
Income tax paid (net)	(2,032.24)	(977.31)
<b>Net cash (used in) / flow from operating activities (A)</b>	<b>(214.53)</b>	<b>1,664.60</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)	(5,663.64)	(2,373.36)
Proceeds from sale of property, plant and equipment	108.95	19.76
Payment towards purchase of investments	(112.76)	(75.00)
Investment in bank deposits (having original maturity of more than three months)	(20,708.48)	(10.93)
Interest received	754.56	62.03
<b>Net cash (used in) investing activities (B)</b>	<b>(25,621.37)</b>	<b>(2,377.50)</b>
<b>C. FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including premium)	37,500.00	5,144.36
Share issue expenses	(3,531.05)	(384.58)
Proceeds from non-current borrowings	178.60	2,225.63
Repayment of non-current borrowings	(3,081.45)	(1,084.32)
Proceeds from/repayments of other current borrowings (net)	(2,240.36)	(397.91)
Payment of principal portion of lease liabilities	(2,402.73)	(1,204.74)
Interest paid on lease liabilities	(1,152.91)	(1,020.83)
Interest expense paid	(413.65)	(627.22)
<b>Net cash flow from financing activities (C)</b>	<b>24,856.45</b>	<b>2,650.39</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(979.45)</b>	<b>1,937.49</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,768.32</b>	<b>1,830.83</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,788.87</b>	<b>3,768.32</b>

# Consolidated Cash Flow Statement

for the year ended March 31, 2023  
(All amounts in Rs. lakhs, except for share data and if otherwise stated)

Notes :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1. Cash and cash equivalents include :		
Balance with banks in current accounts	1,857.57	3,581.42
Cheques and drafts on hand	71.94	4.81
Cash on hand	106.53	64.18
Credit cards receivable	252.83	117.91
Fixed Deposits with original maturity of less than three months	500.00	-
<b>Cash and cash balance at the end of the year (Refer Note 13)</b>	<b>2,788.87</b>	<b>3,768.32</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 18 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 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

**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Anil Khanna**  
Director  
DIN 00012232

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Pranav Shankar Saboo**  
Chief Executive Officer

**Anil Kumar**  
Company Secretary

Place: New Delhi  
Date: May 12, 2023

Place: Chandigarh  
Date: May 12, 2023

# Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

## a. Equity share capital

Particulars	Note	Number	Amount
Balance as at April 01, 2021		1,82,12,812	1,821.28
Issue of share capital during the year		8,65,351	86.54
<b>Balance as at March 31, 2022</b>	16	<b>1,90,78,163</b>	<b>1,907.82</b>
Issue of share capital during the year		42,71,070	427.10
<b>Balance as at March 31, 2023</b>	16	<b>2,33,49,233</b>	<b>2,334.92</b>

## b. Other Equity

Particulars	Deemed capital contribution	Reserves and surplus				Other comprehensive Income Exchange differences on translation of foreign operations	Total
		Share options outstanding account	Capital reserve	Securities premium	Retained earnings		
<b>Balance as at April 01, 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>2,340.04</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>
- Profit for the year	-	-	-	-	6,029.82	-	6,029.82
- Other comprehensive (loss) (net of tax)	-	-	-	-	(17.46)	(0.16)	(17.62)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>6012.36</b>	<b>(0.16)</b>	<b>6,012.20</b>
- Issue of equity shares for cash*	-	-	-	33,541.85	-	-	33,541.85
<b>Balance as at March 31, 2023</b>	<b>50.51</b>	-	<b>1.67</b>	<b>51,548.31</b>	<b>9,214.39</b>	<b>(0.16)</b>	<b>60,814.72</b>

\* Net of share issue expenses of Rs. 3,531.05

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

**Anil Gupta**

Partner

Membership No. 87921

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

**Yashovardhan Saboo**

Chairman and Managing Director

DIN 00012158

**Ritesh Kumar Agrawal**

Chief Financial Officer

**Anil Kumar**

Company Secretary

Place: Chandigarh

Date: May 12, 2023

**Anil Khanna**

Director

DIN 00012232

**Pranav Shankar Saboo**

Chief Executive Officer

Place: New Delhi

Date: May 12, 2023

# Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

## 1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on November 05, 2007 under the provisions of the Companies Act applicable in India. These consolidated financial statements comprise the Company, its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

Parent Company has completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on May 30, 2022.

The Group's business consists of retail trading of premium and luxury watches, accessories and other luxury items, marketing and support services and rendering of related after sale services.

Information on the Group's structure is provided in Note 2.2. Information on other related party relationships of the Group is provided in Note 38.

The consolidated Ind AS financial statements (CFS) were approved for issue in accordance with a resolution of the directors on May 12, 2023.

## 2. Significant accounting policies

### 2.1 Basis of preparation

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

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

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

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

### Basis of measurement

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

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

### 2.2 Basis of Consolidation

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

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

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

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

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

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

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

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

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

### Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of

equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

The details of the consolidated entities are as follows:

Name of the Entity	Principal Activities	Relationship	Country of incorporation	% of holding (March 31, 2023)	% of holding (March 31, 2023)
Cognition Digital LLP*	IT based business solutions	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Trading of Watches	Joint Venture	India	50.00%	50.00%
Silvercity Brands AG ***	Trading of Watches and invest in/create related brands	Subsidiary	Switzerland	100%	100%

\* The percentage of holding denotes the Share of Profits in LLP.

\*\* w.e.f. May 03, 2019

\*\*\* w.e.f. March 31, 2023

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.

- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 2.3 Summary of significant accounting policies

#### a. Investment in Joint Venture

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

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

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

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

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the

Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

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

#### b. Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

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

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### c. Property, plant and equipment ('PPE')

#### Recognition and measurement

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

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

#### Recognition criteria

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

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

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

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

#### Subsequent expenditure

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

#### Depreciation

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

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to

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

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at note no. '2.3(p)' below for period of leases.

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

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

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

#### Derecognition

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

### d. Intangible assets

#### Acquired Intangible

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

#### Subsequent expenditure

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

#### Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP), Business Intelligence software and Website is 6 years.

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

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

#### Derecognition

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

### e. Inventories

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

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

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

### f. Retirement and other employee benefits

#### Short-term employee benefits

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

#### Post-employment benefits

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered

scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### Defined benefit plans

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

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

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

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

#### Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### g. Shares-based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 35(IV).

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

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

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

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

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

### h. Provisions

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

### i. Financial guarantee contracts

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

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

### j. Contingent liabilities and contingent assets

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

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

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

### k. Commitments

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

### l. Revenue from contract with customers

The Group earns revenue primarily from retail trading of premium and luxury watches, accessories and other luxury items, marketing

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

and support services and rendering of related after sale services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls goods or services before transferring them to the customers.

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

- 1) identify the contract with a customer,
- 2) identify the performance obligations in the contract,
- 3) determine the transaction price,
- 4) allocate the transaction price to the performance obligations in the contract, and
- 5) recognize revenues when a performance obligation is satisfied.

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

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

#### Sale of goods

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

#### Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and

constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

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

#### Right of return assets

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

#### Refund liabilities

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

#### Customer loyalty programmes

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

#### Sale of services

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



## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Contract balances

#### Trade Receivable

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

#### Contract liabilities

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

### m. Recognition of interest income or expense

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

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

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

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

### n. Borrowing costs

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

### o. Taxes

Income tax expenses comprises of current and deferred tax. It is recognised in statement of profit or loss except to the extent that

it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

#### Current tax

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

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

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

#### Deferred tax

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

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

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

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

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

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

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

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

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

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

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

### p. Leases

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

#### Group as a lessee

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

#### Right-of-use assets

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

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section (s) Impairment of non-financial assets.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### Lease Liabilities

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

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

### Short-term leases and leases of low-value assets

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

## q. Financial instruments

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

### Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics

and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (l) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

#### Subsequent measurement

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

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

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

#### Debt instrument at FVOCI

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

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding 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 Profit or Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

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

#### Impairment of financial assets

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

Evidence that the financial asset is credit-impaired includes the following observable data:

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

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

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

### Measurement of expected credit losses

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

### Presentation of allowance for expected credit losses in the balance sheet

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

### Write-off

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

### Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's

continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### Financial liabilities

#### Initial recognition and measurement

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

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

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

#### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

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

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

#### Derecognition of financial liabilities

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

#### Derivative financial instruments

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

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

assets when the fair value is positive and as financial liabilities when the fair value is negative.

### Offsetting

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

### r. Impairment of non-financial assets

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

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

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

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

### s. Foreign currency transactions

#### Initial recognition

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

### Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

### t. Operating segments

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

### u. Cash and cash equivalents

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

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

### v. Cash flow statement

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

### w. Earnings per share

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

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### x. Measurement of fair values

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

### 2.4 Changes in accounting policies and disclosures

#### New and amended standards

- Proceeds before Intended Use – Amendments to Ind AS 16 (Property, Plant and Equipment): The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.
- Fees in the '10 per cent' test for derecognition of financial liabilities - Ind AS 109 Financial Instruments: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

All aforesaid amendments had no impact on the consolidated financial statement of the Group for the year ended March 31, 2023.

### 2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2023 is included in the following notes:

### a) Revenue from contracts with customers

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the

application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

### b) Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

### c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

### d) Contingencies

Refer Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

### e) Impairment of non-financial assets

Refer Note 2.3 (r)– Impairment test of non-financial assets: key assumptions underlying recoverable amounts;

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### f) Impairment of financial assets

Refer Note 2.3 (q)- Impairment of financial assets.

### g) Fair value measurement

Refer Note 2.3 (x) for Fair value measurement

### h) Share based payments

Refer Note 2.3 (g) for Share based payments

### i) Determining the lease term of contracts with renewal and termination options – Group as lessee:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Leases – Estimating the incremental borrowing rate:** The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are

available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

### j) Useful life of Property, plant and equipment and intangibles:

The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

### k) Provision for slow and obsolete inventory:

The Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net realisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the Parent Company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 3. Property, plant and equipment and capital work-in-progress

Particulars	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount (at deemed cost/ cost)</b>							
Balance as at April 01, 2021	2,360.53	349.39	1,774.05	240.76	296.74	5,021.47	375.73
Additions during the year	485.31	3.96	463.73	214.13	202.03	1,369.16	590.43
Disposals/Capitalisation during the year	(122.77)	-	(32.64)	(3.04)	(55.74)	(214.19)	(966.16)
<b>Balance as at March 31, 2022</b>	<b>2,723.07</b>	<b>353.35</b>	<b>2,205.14</b>	<b>451.85</b>	<b>443.03</b>	<b>6,176.44</b>	<b>-</b>
Additions during the year	933.43	53.60	730.83	223.40	608.91	2,550.17	401.45
Disposals/Capitalisation during the year	(234.41)	(30.83)	(128.84)	(120.19)	(129.98)	(644.25)	-
<b>Balance as at March 31, 2023</b>	<b>3,422.09</b>	<b>376.12</b>	<b>2,807.13</b>	<b>555.06</b>	<b>921.96</b>	<b>8,082.36</b>	<b>401.45</b>
<b>Accumulated Depreciation</b>							
Balance as at April 01, 2021	1,084.29	25.43	576.92	168.57	97.94	1,953.15	-
Depreciation charge for the year	353.69	19.77	182.18	74.30	43.43	673.37	-
Accumulated depreciation on disposals	(122.77)	-	(26.07)	(2.50)	(24.76)	(176.10)	-
<b>Balance as at March 31, 2022</b>	<b>1,315.21</b>	<b>45.20</b>	<b>733.03</b>	<b>240.37</b>	<b>116.61</b>	<b>2,450.42</b>	<b>-</b>
Depreciation charge for the year	418.16	21.46	263.89	111.17	80.99	895.67	-
Accumulated depreciation on disposals	(234.41)	(30.83)	(126.45)	(107.11)	(49.34)	(548.14)	-
<b>Balance as at March 31, 2023</b>	<b>1,498.96</b>	<b>35.83</b>	<b>870.47</b>	<b>244.43</b>	<b>148.26</b>	<b>2,797.95</b>	<b>-</b>
<b>Net carrying amount</b>							
<b>At March 31, 2022</b>	<b>1,407.86</b>	<b>308.15</b>	<b>1,472.11</b>	<b>211.48</b>	<b>326.42</b>	<b>3,726.02</b>	<b>-</b>
<b>At March 31, 2023</b>	<b>1,923.13</b>	<b>340.29</b>	<b>1,936.66</b>	<b>310.63</b>	<b>773.70</b>	<b>5,284.41</b>	<b>401.45</b>

#### Notes:

- Refer note 18 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.
- Addition amount is net of reimbursement received for property, plant and equipment of Rs.1.09 as at March 31, 2023 (March 31, 2022: Nil) from brands.
- Deletion amount includes re-imbursement received for property, plant and equipment of Rs.2.36 as at March 31, 2023 (March 31, 2022: Nil) from brands.
- The Group has capitalized following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP) in relation to stores opened/in process of opening.

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening balances brought forward</b>	<b>-</b>	<b>53.67</b>
Rent Expense	95.98	39.50
Power and Fuel	1.56	0.35
Rates and Taxes	27.17	4.11
Repair and maintenance - Others	24.15	15.68
Legal and professional fees	29.98	-
<b>Sub Total</b>	<b>178.84</b>	<b>113.31</b>
Less: Allocated to property, plant and equipment	(136.99)	(113.31)
<b>Closing balance included under Capital Work in Progress</b>	<b>41.85</b>	<b>-</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 3. Property, plant and equipment and capital work-in-progress (Contd..)

#### Capital work in progress (CWIP) Ageing Schedule

As at March 31, 2023	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	401.45	-	-	-	401.45
<b>Total</b>	<b>401.45</b>	-	-	-	<b>401.45</b>

As at March 31, 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

### 4. Intangible assets

Particulars	Brand	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development*
<b>Gross carrying amount (at deemed cost/ cost)</b>						
Balance as at April 01, 2021	-	45.54	41.90	53.67	141.11	5.61
Additions during the year	-	5.61	-	13.68	19.29	-
Disposals/Capitalisation during the year	-	-	-	(16.24)	(16.24)	(5.61)
<b>Balance as at March 31, 2022</b>	-	<b>51.15</b>	<b>41.90</b>	<b>51.11</b>	<b>144.16</b>	-
Additions during the year	4,017.00	-	-	6.34	4,023.34	-
Disposals/Capitalisation during the year	-	-	-	(1.14)	(1.14)	-
<b>Balance as at March 31, 2023</b>	<b>4,017.00</b>	<b>51.15</b>	<b>41.90</b>	<b>56.31</b>	<b>4,166.36</b>	-
<b>Accumulated Amortisation</b>						
Balance as at April 01, 2021	-	12.94	14.02	49.67	76.63	-
Amortisation for the year	-	8.34	6.98	2.01	17.33	-
Disposals during the year	-	-	-	(16.10)	(16.10)	-
<b>Balance as at March 31, 2022</b>	-	<b>21.28</b>	<b>21.00</b>	<b>35.58</b>	<b>77.86</b>	-
Amortisation for the year	-	8.52	6.98	3.49	18.99	-
Disposals during the year	-	-	-	(1.14)	(1.14)	-
<b>Balance as at March 31, 2023</b>	-	<b>29.80</b>	<b>27.98</b>	<b>37.93</b>	<b>95.71</b>	-
<b>Net carrying amount</b>						
<b>At March 31, 2022</b>	-	<b>29.87</b>	<b>20.90</b>	<b>15.53</b>	<b>66.30</b>	-
<b>At March 31, 2023</b>	<b>4,017.00</b>	<b>21.35</b>	<b>13.92</b>	<b>18.38</b>	<b>4,070.65</b>	-

\* included development of business intelligence software

### 5. Investments \*

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current investment (Investment carried at equity method of accounting)		
<b>In equity shares of Joint venture</b>		
<b>Unquoted, fully paid up</b>		
- Pasadena Retail Private Limited 17,50,000 equity shares of Rs. 10 each fully paid up	175.00	175.00
- Share of Profit / (Loss) in Joint Venture	32.15	(17.53)
	<b>207.15</b>	<b>157.47</b>

\* Refer Note 41

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 6. Loans\* (at amortised cost)

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
(unsecured, considered good)		
Loan to employees		
- to others	5.67	3.67
	<b>5.67</b>	<b>3.67</b>

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
(unsecured, considered good)		
Loan to employees		
- to related party (refer note no. 38)	-	7.18
- to others	25.28	19.76
	<b>25.28</b>	<b>26.94</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.

### 7. Other financial assets (at amortised cost)

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits		
- to others	1,469.00	1,090.92
Fixed Deposits with maturity of more than 12 months from the Balance sheet date#	865.45	15.82
Interest accrued but not due on fixed deposits	4.80	0.22
Application Money in a company##	112.76	-
	<b>2,452.01</b>	<b>1,106.96</b>

#These deposits include restricted bank deposits amounting to Rs.115.24 (March 31, 2022 : Rs.9.61) on account of deposits pledged as security for bank guarantees.

## The Company has applied for equity rights of 6.25% , Switzerland based Company "HAUTE-RIVE WATCHES SA". The Company has received the letter for allotment of equity shares on April 28, 2023.

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Security deposits		
- to related parties (refer note no. 38)	-	6.77
- to others	969.99	423.41
Right of return assets	6.84	34.74
Interest accrued but not due on fixed deposits*	329.74	8.17

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 7. Other financial assets (at amortised cost) (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances Recoverable		
- to others.	204.87	226.58
Others **	-	21.36
Less: Allowance for bad and doubtful advances recoverable		
- Advances Recoverable	(10.51)	(10.51)
	<b>1,500.93</b>	<b>710.52</b>

\* Includes interest for the period from May 30, 2022 to March 31, 2023 on unutilised proceeds from IPO received amounting to Rs.306.25 which have been temporarily invested in deposits with scheduled banks and kept in current account with scheduled bank and monitoring agency bank account. Refer note 49.

\*\* related to claim receivable for disputed bank charges as March 31, 2022. During the year, this claim got settled.

### 8. Non-current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current tax assets (net of provision)	234.79	188.32
	<b>234.79</b>	<b>188.32</b>

### 9. Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Significant components of the Group's net deferred tax assets are as follows:		
Deferred tax assets	867.89	913.44
Deferred tax liabilities	(7.27)	(7.27)
<b>Net deferred tax assets</b>	<b>860.62</b>	<b>906.17</b>

Year ended March 31, 2023	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 equipment and Intangible assets	383.80	(186.00)	-	197.80
Allowance for doubtful debts and advances	13.50	(8.74)	-	4.76
Provision for employee benefits	145.30	97.27	5.99	248.56
Provision - other expense	37.95	0.62	-	38.57
Lease liabilities and Right of use assets (Net)	328.36	44.30	-	372.66
Others #	4.53	1.01	-	5.54
<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>906.17</b>	<b>(51.54)</b>	<b>5.99</b>	<b>860.62</b>

# Include primarily deposits amortisation and interest income thereon as per Ind AS 109.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 9. Deferred tax assets (net) (Contd..)

Year ended March 31, 2022	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
<b>Deferred tax assets:</b>				
<b>Deferred tax assets on</b>				
Property, plant and equipment and Intangible assets	364.05	19.75	-	383.80
Allowance for doubtful debts and advances	25.79	(12.29)	-	13.50
Provision for employee benefits	124.17	21.52	(0.39)	145.30
Provision - other expense	36.41	1.54	-	37.95
Lease liabilities and Right of use assets (Net)	258.07	70.29	-	328.36
Others #	20.56	(16.03)	-	4.53
<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>

# Include primarily deposits amortisation and interest income thereon as per Ind AS 109.

### 10. Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Capital advances (Refer note no 38 for related party)	144.05	1,351.90
Advances other than capital advances		
- Prepaid expenses	7.06	23.36
- CENVAT credit receivable	104.13	104.13
	<b>255.24</b>	<b>1,479.39</b>

### 11. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
(At lower of cost and net realisable value)		
Stock-in-trade [including goods-in-transit Rs.120.75 (March 31, 2022: Rs.203.11)]	33,987.29	24,993.29
	<b>33,987.29</b>	<b>24,993.29</b>

**Note:-** As on March 31, 2023, Rs.40.40 (March 31, 2022: Rs.40.40) was recognised as an expense for inventories carried at net realisable value.

The Parent Company mainly is in business of retail trading of premium and luxury watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the Parent Company. The Parent Company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the Parent Company mainly is into the business of trading of high-end luxury watches, the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 12. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
<i>(Unsecured, considered good unless otherwise stated)</i>		
Trade receivables #		
- Related parties (Refer note no. 38)	220.12	247.39
- Others	397.62	270.87
	<b>617.74</b>	<b>518.26</b>
<b>Break-up of trade receivables:</b>		
Trade Receivables		
Considered good	617.74	518.26
Significant increase in credit risk	3.91	15.79
	<b>621.15</b>	<b>334.05</b>
Impairment Allowance (allowance for doubtful debts)		
Significant increase in credit risk	(3.91)	(15.79)
	<b>617.74</b>	<b>518.26</b>

Trade receivables are non-interest bearing and generally on terms of 0 to 120 days.

#### Trade Receivables Ageing Schedule

As at March 31, 2023	Outstanding for following periods from due date of payment*					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	443.93	10.27	0.02	-	163.52	617.74
Undisputed Trade Receivable- which have significant increase in credit risk	3.91	-	-	-	-	3.91
Disputed Trade Receivable- which have significant increase in credit risk	-	-	-	-	-	-
<b>Total</b>	<b>447.84</b>	<b>10.27</b>	<b>0.02</b>	<b>-</b>	<b>163.52</b>	<b>621.65</b>

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>

\*The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.

\* Disputed amount mainly included amount recoverable on account of open reconciliations items with e-commerce platforms.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 13. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in		
- Current accounts*	1,857.57	3,581.42
- Fixed Deposits with original maturity of less than three months**	500.00	-
Cheques and drafts on hand	71.94	4.81
Cash on hand	106.53	64.18
Others		
- Credit cards receivable	252.83	117.91
	<b>2,788.87</b>	<b>3,768.32</b>

\* Balance as on March 31, 2022 included Rs.2500 received on account of allotment of equity shares towards Pre-IPO placement. Balance as on March 31, 2023 included Rs.133.09 balance of unutilised Initial Public Offer (IPO) proceed with monitoring agency bank account. Refer note 49.

\*\* Fixed deposits include balance of Initial Public Offer (IPO) proceeds of Rs.500 which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on March 31, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 49.

### 14. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	20,074.43	215.58
	<b>20,074.43</b>	<b>215.58</b>

# These deposits include restricted bank deposits amounting to Rs.480.27 (March 31, 2022 : Rs.209.09) on account of deposits pledged as security for bank guarantees, credit card limit and earmarked against deposits from shareholders. Also, fixed deposits includes balance of Initial Public Offer (IPO) proceeds of Rs.19,000 which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on March 31, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 49.

### 15. Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
<i>(Unsecured, considered good unless otherwise stated)</i>		
Prepaid expenses	52.82	23.14
Advances for supply of goods		
- Related parties (Refer note 38)	1,372.57	5.76
- Others	484.57	404.03
Advances to employees		
- Related parties (Refer note 38)	6.35	17.88
- Others	30.15	42.69
GST credit receivable	2,797.84	1,442.74
VAT recoverable	3.40	3.40
Unamortised share issue expenses*	-	384.58
Deposit under protest	52.53	49.76
Duty Credit Scrips	16.17	1,010.94
Other recoverable #	46.15	51.77
Less: Provision for bad and doubtful advances/recoverable		
- other recoverable	-	(22.85)
- Advance for supply of goods	(4.49)	(4.49)
	<b>4,858.06</b>	<b>3,409.35</b>

# includes primarily claims receivable and includes Rs. Nil as allowance for doubtful advances as at March 31, 2023 (March 31, 2022: Rs.22.85)

\* During the year ended March 31, 2022, the Parent Company incurred expenses in connection with the Initial Public Offer (IPO) of equity shares of the Parent Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till that date, except for listing fees which has been solely borne by the Parent Company, all other expenses have been shared between the Parent Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by the Parent Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale.



## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 16. Share capital

Particulars	As at March 31, 2023	
	Number of shares	Amount
<b>Authorised</b>		
Equity shares of Rs.10 each	3,07,00,000	3,070.00
14 % cumulative compulsory convertible preference shares of Rs.130 each	5,76,924	750.00
12 % cumulative redeemable preference shares of Rs.110 each	12,00,000	1,320.00
12 % non-cumulative redeemable preference shares of Rs.100 each	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>
<i>Issued subscribed and fully paid up</i>		
Equity shares of Rs.10 each fully paid up	2,33,49,233	2,334.92
	<b>2,33,49,233</b>	<b>2,334.92</b>

Particulars	As at March 31, 2022	
	Number of shares	Amount
<b>Authorised</b>		
Equity shares of Rs.10 each	3,07,00,000	3,070.00
14 % cumulative compulsory convertible preference shares of Rs.130 each	5,76,924	750.00
12 % cumulative redeemable preference shares of Rs.110 each	12,00,000	1,320.00
12 % non-cumulative redeemable preference shares of Rs.100 each	10,00,000	1,000.00
	<b>3,34,76,924</b>	<b>6,140.00</b>
<i>Issued subscribed and fully paid up</i>		
Equity shares of Rs.10 each fully paid up	1,90,78,163	1,907.82
	<b>1,90,78,163</b>	<b>1,907.82</b>

#### (a) Right preferences and restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Company. The Parent Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the 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

Particulars	As at March 31, 2023	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up		
At the beginning of the year	1,90,78,163	1,907.82
Add: Issued during the year*	42,71,070	427.10
Add: Issued on exercise of employee stock options	-	-
Add: Issued on rights issue basis	-	-
Add: Issued on preferential allotment basis	-	-
<b>At the end of the year</b>	<b>2,33,49,233</b>	<b>2,334.92</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 16. Share capital (Contd..)

Particulars	As at March 31, 2022	
	Number of shares	Amount
Equity shares of Rs.10 each fully paid up		
At the beginning of the year	1,82,12,812	1,821.28
Add: Issued on exercise of employee stock options	1,04,750	10.48
Add: Issued on rights issue basis	4,57,938	45.79
Add: Issued on preferential allotment basis	3,02,663	30.27
<b>At the end of the year</b>	<b>1,90,78,163</b>	<b>1,907.82</b>

\* The Parent Company, at its IPO meeting held on May 26, 2022 approved allotment of 42,71,070 Equity Shares of Rs.10 each pursuant to Initial Public Offering at a securities premium of Rs.868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs.878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited. The equity shares of the Parent Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. Refer Note 49

#### (c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

Particulars	As at March 31, 2023	
	Number of shares	Amount
<i>Equity shares of Rs.10 each fully paid up held by</i>		
KDDL Limited (holding company and ultimate holding company)	1,19,79,507	1,197.95
Mahen Distribution Limited (fellow subsidiary)	22,79,142	227.91

Particulars	As at March 31, 2022	
	Number of shares	Amount
<i>Equity shares of Rs.10 each fully paid up held by</i>		
KDDL Limited (holding company and ultimate holding company)	1,21,19,588	1,211.96
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32

#### (d) Particulars of shareholders holding more than 5% shares of the Parent Company

Particulars	As at March 31, 2023	
	Number of shares	Amount
<i>Equity shares of Rs.10 each fully paid up held by</i>		
KDDL Limited	1,19,79,507	51.31 %
Mahen Distribution Limited	22,79,142	9.76 %
ICICI Prudential Flexicap Fund	14,60,304	6.25 %

Particulars	As at March 31, 2022	
	Number of shares	Amount
<i>Equity shares of Rs.10 each fully paid up held by</i>		
KDDL Limited	1,21,19,588	63.53 %
Mahen Distribution Limited	22,93,150	12.02 %
ICICI Prudential Flexicap Fund	-	-

#### (e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding March 31, 2023).

During the five years immediately preceding March 31, 2023 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

- The Parent Company had, during the year ended March 31, 2018, converted 1,100,010 12% cumulative compulsory convertible preference shares of face value of Rs.110 into 1,100,010 equity shares of Rs.10 each at a premium of Rs.100 each. Further, 21,250 equity shares of Rs.10 each had been issued under employee stock option plan for which exercise price has been received in cash.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 16. Share capital (Contd..)

- (ii) During the year ended March 31, 2020, 576,293 14% cumulative compulsory convertible preference shares of Rs.130 each were converted into 576,923 equity shares of Rs.10 each at a premium of Rs.120 per share. Further, 15,000 equity shares of Rs.10 each had been issued under employee stock option plans for which only exercise price had been received in cash.
- (iii) During the year ended March 31, 2022, 104,750 equity shares of Rs.10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

#### (f) Employee stock options

Terms attached to stock options granted to employees of the Parent Company and its holding company are described in note 35(iv) regarding employee share based payments.

#### (g) Promoters Shareholdings

##### Equity shares of Rs.10 each fully paid up held by

Promoter's name	As at March 31, 2023		
	No. of shares	% of total shares	% change during the year
1) KDDL Limited	1,19,79,507	51.31%	(12.22%)
2) Mahen Distribution Limited	22,79,142	9.76%	(2.26%)
3) Mr. Yashovardhan Saboo	1,50,138	0.64%	(1.34%)
<b>Total</b>	<b>1,44,08,787</b>	<b>61.71%</b>	

##### Equity shares of Rs.10 each fully paid up held by

Promoter's name	As at March 31, 2022		
	No. of shares	% of total shares	% change during the year
1) KDDL Limited	1,21,19,588	63.53%	0.88%
2) Mahen Distribution Limited	22,93,150	12.02%	(0.57%)
3) Mr. Yashovardhan Saboo	3,77,383	1.98%	0.43%
<b>Total</b>	<b>1,47,90,121</b>	<b>77.53%</b>	

### 17. Other equity

(also refer to Statement of Changes in Equity)

#### (i) Deemed capital contribution

- a) Includes Rs.14.51 towards fair value of guarantees given by the holding company of parent company in the earlier years.
- b) Includes Rs.36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

##### Nature and purpose of reserves

#### (ii) Share options outstanding account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

#### (iii) Capital reserve

Reserve created under the scheme of arrangement (Business Combination). This will be utilised in accordance with the provisions of the Companies Act, 2013.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 17. Other equity (Contd..)

#### (iv) Securities premium

Securities premium represents the excess consideration received by the Group over the face value of the shares issued to shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

The Group Company, at its IPO meeting held on May 26, 2022 approved allotment of 42,71,070 Equity Shares of Rs. 10 each pursuant to Initial Public Offering at a securities premium of Rs.868 per share under Fresh Issue and offer for sale of 3,10,430 Equity Shares at an Offer Price of Rs.878 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representative of BSE Limited. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022. The total offer expenses in relation to share issued amounting to Rs.3,531.05 has been adjusted against securities premium. Refer note 49.

#### (v) Retained earnings

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

#### (vi) Exchange differences on translation of foreign operations

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

### 18. Borrowings

#### i) Non-current borrowings

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<i>Term-loans</i>			
From banks (secured)	(a)	118.08	1,080.58
Deposits from shareholders (unsecured)(refer to note 38 for related party disclosure)	(b)	637.07	2,577.42
<b>Total non-current borrowings (including current maturities)</b>		<b>755.15</b>	<b>3,658.00</b>

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Less : Current maturities of non-current borrowings [refer to note 18(ii)]		(43.38)	(893.58)
		<b>711.77</b>	<b>2,764.42</b>

#### Notes:

- a) Vehicle loans from banks amounting to Rs.118.08 (March 31, 2022: Rs.194.75 ) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 7.10% to 9.25% per annum (March 31, 2022: 7.10% to 9.25%). The above loans are repayable in monthly instalments within a period of next two to four years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. Nil (March 31, 2022: Rs.389.00) carried interest rate equal to Nil (March 31, 2022: 7.50%). The loan was availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same was secured by second charge by way of hypothecation on entire current assets on pari passu basis of the Parent Company. It was also secured by 360,000 shares of holding company held by Mr. Yashoverdan Saboo, Managing Director of the Parent Company and second charge on entire property, plant and equipment of the Parent Company. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 48

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 18. Borrowings (Contd..)

equal monthly instalments of Rs.8.10 as per the repayment schedule commencing from April 30, 2022 with one year of moratorium from the drawdown. However, during the year, the Parent Company has repaid all the outstanding loan amount.

Term loan from IDBI Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.320.83) carried interest rate equal to NIL (March 31, 2022: 8.80%). The loan was availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan was secured by second charge on all the current assets on pari passu basis of the Company both present and future and second charge on the fixed assets of the Parent Company both present and future. It was also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 35 equal monthly instalments of Rs.9.17 and 36th Instalment of Rs.9.05 as per the repayment schedule commencing from March 31, 2022 with one year of moratorium from the drawdown. However, during the year, the Parent Company has repaid all the outstanding loan amount.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.176.00) carried interest rate equal to Nil (March 31, 2022: 8.20%) was secured by Second charge on the stock and receivables on pari passu basis of the Parent Company. These limits were also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). It was further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, it was compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan was to be repaid in 36 equal monthly instalments commencing from March 31, 2022 with one year of moratorium from the first drawdown. However, during the year, the Parent Company has repaid all the outstanding loan amount.

- b) Deposits from Shareholders carry an interest rate ranging between 10.25% to 10.75% (March 31, 2022: 8% to 11.25%) per annum and carry a maturity period from 24 to 36 months from the respective date of deposits.

#### ii) Current borrowings

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<i>Loan repayable on demand</i>			
- From banks (secured)	(c)	-	1,676.27
<i>Other Loans</i>			
- Inter-corporate deposit (unsecured)	(d)	-	500.00
- Deposits from shareholders (unsecured)	(e)	43.87	107.96
[Refer Note 38 for related parties disclosure]			
Current maturities of non-current borrowings [refer note 18 (i)]		43.38	893.58
		<b>87.25</b>	<b>3,177.81</b>

#### Notes

- (c) Loan repayable on demand from IDBI Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.633.09) were repayable on demand and were secured by first pari passu charge on all the current assets of the Parent Company both present and future and second pari passu charge on the fixed assets of the Company both present and future. These limits were also secured by exclusive mortgage and charge on all the immovable property, plant and equipment of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits were guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the Parent Company and relative of the director. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 9.50% to 10.50%) per annum. However, during the year, the Parent Company has repaid the outstanding amounts and closed the loan facility with Bank.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. Nil (March 31, 2022: Rs.454.34) were repayable on demand and were secured by first pari passu charge on the stock and receivables of the Parent Company. These limits were also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This was further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans were also guaranteed by the Holding Company and personal guarantees of the director of the Parent Company. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 8.35%) per annum. However, during the year, the Parent Company has repaid the outstanding amounts and closed the loan facility with Bank.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. Nil (March 31, 2022: Rs.588.84) were repayable on demand and were secured by first pari passu charge by way of hypothecation on entire current assets of the Parent Company. These limits were also secured by 360,000 shares of holding company held by Mr. Y.Saboo, Managing Director of the Parent Company and second pari passu

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 18. Borrowings (Contd..)

charge on entire fixed assets of the Parent Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the Parent Company and relative of the director. The rate of interest as on March 31, 2023 is Nil (March 31, 2022: 11.00%) per annum. During the year, the Parent Company has repaid the outstanding amounts and closed the loan facility with Bank.

- (d) Inter corporate deposit amounting to Rs. Nil (March 31, 2022: Rs.500) carried an interest rate of Nil (March 31, 2022: 10% - 12%) per annum. During the year, the Parent Company has repaid the outstanding amount and closed the loan facility.
- (e) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is 9.5% per annum (March 31, 2022: 8% to 9.50% per annum).

#### Reconciliation of movement of liabilities to cash flows arising from financing activities

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Balance as at the beginning of the year (including current and non-current borrowings)</b>	<b>5,942.23</b>	<b>5,198.83</b>
Proceeds from non-current borrowings	178.60	2,225.63
Repayment of non-current borrowings	(3,081.45)	(1,084.32)
Proceeds from/repayments of other current borrowings (net)	(2,240.36)	(397.91)
<b>Balance as at the end of the year (including current and non-current borrowings)</b>	<b>799.02</b>	<b>5,942.23</b>

#### Movement of Interest accrued

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>216.10</b>	<b>252.87</b>
Interest Expense	1,404.56	1,611.28
Interest Paid	(1,566.56)	(1,648.05)
<b>Balance as at the end of the year</b>	<b>54.10</b>	<b>216.10</b>

### 19. Other financial Liabilities

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Interest Accrued but not due on deposits*	47.15	66.90
	<b>47.15</b>	<b>66.90</b>

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
Refund Liabilities	12.38	60.66
Capital creditors	190.99	87.49
Salaries, wages and bonus and other employee payable *	851.52	656.71
Interest accrued but not due on borrowings *	3.11	147.78
	<b>1,058.00</b>	<b>952.64</b>

\* Refer note 38 for related parties disclosure

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 20. Provisions

#### i) Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 35)	192.35	142.35
	<b>192.35</b>	<b>142.35</b>

#### ii) Current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 35)	37.79	29.91
Provision for compensated absences	352.77	294.99
	<b>390.56</b>	<b>324.90</b>

### 21. Trade payables\*

Particulars	As at March 31, 2023	As at March 31, 2022
- Micro enterprises and small enterprises #	50.95	86.93
- Trade payables to related parties (Refer to note 38)	79.60	32.78
- Other trade payables	9,527.79	8,234.37
	<b>9,658.34</b>	<b>8,354.08</b>

#### Trade Payable Ageing Schedule

As at March 31, 2023	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 year	1 year to 2 years	2 years to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	50.95	-	-	-	50.95
Total outstanding dues of creditors other than micro enterprises and small enterprises	948.43	8,171.92	0.04	-	-	9,120.39
Disputed dues of creditors other than micro enterprises and small enterprises	-	0.77	76.96	268.23	141.04	487.00
<b>Total</b>	<b>948.43</b>	<b>8,223.64</b>	<b>77.00</b>	<b>268.23</b>	<b>141.04</b>	<b>9,658.34</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 21. Trade payables\* (Contd..)

As at March 31, 2022	Outstanding for following periods from due date of payment**					Total
	Not due ##	< 1 year	1 year to 2 years	2 years 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>

# There are Rs.30.53 for March 31, 2023 (March 31, 2022: Nil) of micro enterprises and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the group.

\*\*Note: Disputed dues of creditors mentioned above includes certain balances which are not paid on account of pending reconciliation with vendor. Payment for these balances will be released after final reconciliation with vendors.

## includes unbilled dues of Rs.454.68 (March 31, 2022: Rs.499.79).

Particulars	As at March 31, 2023	As at March 31, 2022
(a) The principal amount remaining unpaid to any supplier at the end of the year	50.95	86.93
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	2.25	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	2.25	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

\* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

### 22. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue	422.84	262.65
Corporate Social Responsibility payable (Refer note 40)	-	5.54
Statutory dues	198.93	247.06
Advances from customers	754.64	732.63
Interest payable-others	3.84	1.42
Other Payables	-	27.58
	<b>1,380.25</b>	<b>1,276.88</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 22. Other current liabilities (Contd..)

Below is the movement of Deferred revenue:-

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>262.65</b>	<b>213.28</b>
Add: Loyalty points created during the year	494.01	260.61
Less: Loyalty points redeemed/expired during the year	(333.82)	(211.24)
<b>Balance as at the end of the year</b>	<b>422.84</b>	<b>262.65</b>

### 23. Current tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax (net)	20.77	20.25
	<b>20.77</b>	<b>20.25</b>

### 24. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customers</b>		
Sale of products (net of applicable tax)	78,380.01	57,289.42
Sale of services	473.36	438.95
	<b>78,853.37</b>	<b>57,728.37</b>

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

Reconciliation of revenue recognised in the Consolidated Statement of Profit and Loss with the contracted price.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price	79,013.56	57,777.74
Less: (Creation)/Redemption of loyalty points	(160.19)	(49.37)
	<b>78,853.37</b>	<b>57,728.37</b>

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from customers

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables (Refer Note No. 12)	617.74	518.26
Deferred revenue (Refer Note No. 22)	422.84	262.65
Advances from customers (Refer Note No. 22)	754.64	732.63

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 25. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<i>Interest income under the effective interest rate method on</i>		
- Fixed Deposits	1,080.71	58.12
- Security deposits at amortised cost	113.28	143.77
- Others	-	1.54
Provisions/liabilities no longer required written back	147.42	106.86
Allowance for doubtful debts written back	5.73	86.70
Profit on disposal of property, plant & equipment (Net)	12.81	-
Rent waiver on lease liabilities	-	804.46
Miscellaneous Income*	96.09	76.38
	<b>1,456.04</b>	<b>1,277.83</b>

\* mainly includes gain on early termination of lease liabilities and income on account of cross charge of certain services.

### 26. Changes in inventory of stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	24,993.29	19,777.12
Less: Inventory at the end of the year	(33,987.29)	(24,993.29)
<b>(Increase)/ Decrease in inventory</b>	<b>(8,994.00)</b>	<b>(5,216.17)</b>

### 27. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	4,839.58	3,925.83
Contribution to provident and other funds (Refer Note 35)	218.22	185.03
Share based payments (Refer Note 35)	-	(9.41)
Staff welfare expenses	210.37	136.70
	<b>5,268.17</b>	<b>4,238.15</b>

### 28. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on borrowings	243.14	568.23
Interest on lease liabilities (Refer note 37)	1,152.91	1,020.83
Interest on delay in deposit of income tax	8.51	22.22
Other borrowing cost	11.50	56.00
	<b>1,416.06</b>	<b>1,667.28</b>

### 29. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 3)	895.67	673.37
Amortisation of intangible assets (Refer note 4)	18.99	17.33
Depreciation of Right-of-use of assets (Refer note 37)	2,548.43	2,460.16
	<b>3,463.09</b>	<b>3,150.86</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 30. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	202.11	115.71
Service cost expense	449.20	183.76
Insurance	101.36	86.75
Rent (net of reimbursements of Rs. 46.93 (March 31, 2022: Rs. 45.55)) (Refer note 37)	955.65	502.02
Rates and taxes	66.54	126.78
Repair and maintenance- Others	667.08	541.95
Foreign exchange loss (net)	280.53	107.92
Travelling and conveyance	517.27	220.08
Advertisement and sales promotion (Refer note 38)	2,683.39	2,225.30
Directors sitting fees and commission	105.43	56.06
Printing and stationery	32.69	24.17
Recruitment expenses	45.87	44.66
Telephone and telex	75.58	54.25
Postage and telegram	296.60	231.19
Legal and professional fees <sup>(a)</sup>	293.25	195.24
Bank charges	601.80	480.51
Advances/deposits/Bad debts written off (Net) <sup>(b)</sup>	15.98	269.19
Allowance for doubtful advances/recoverable	-	15.00
Loss on sale of property, plant and equipment	-	11.77
Property, plant and equipment written off (net)	-	11.95
Corporate Social Responsibility expenditure (Refer note 40)	25.63	17.32
Donation	-	2.50
Miscellaneous expenses	289.67	163.20
	<b>7,705.63</b>	<b>5,687.28</b>

#### (a) Includes payment to auditors (excluding taxes as applicable)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As auditor		
Statutory audit	17.10	11.60
Limited review of special purpose quarterly results	7.50	6.00
In other capacity		
Certification work etc.*	2.43	3.93
Reimbursement of expenses	1.48	0.65
	<b>28.51</b>	<b>22.18</b>

\* Excluding Rs.51.38 (31 March 2022: Rs.82.55) which are considered as part of offer expenses under initial public offer (Refer Note 49)

#### (b) Movement of Advances / deposits/Bad debts written off

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad debts / Advances written off	44.98	269.19
Less: Provision for doubtful debts / advances adjusted	(29.00)	-
	<b>15.98</b>	<b>269.19</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 31. Tax expense

#### a) Income tax recognised in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<i>Current tax</i>		
Current year	2,001.09	922.64
Changes in estimates related to prior years	(14.80)	(24.07)
	<b>1,986.29</b>	<b>898.57</b>
<i>Attributable to-</i>		
Deferred tax		
Origination and reversal of temporary differences	38.35	(91.89)
Changes in estimates related to prior years	13.19	7.11
	<b>51.54</b>	<b>(84.78)</b>
<b>Total tax expense recognised during the period</b>	<b>2,037.83</b>	<b>813.79</b>

The above tax expense for the period can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	<b>8,067.65</b>	<b>3,152.59</b>
Tax at the Indian tax rate *	2,029.12	802.61
Effect of expenses that are not deductible in determining taxable profit	10.31	28.15
Effect of tax (benefit) / expense pertaining to prior years	(1.60)	(16.97)
<b>Income tax expense recognised in statement of profit and loss</b>	<b>2,037.83</b>	<b>813.79</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, 2023	For the year ended March 31, 2022
<b>Deferred tax assets/(liabilities)</b>		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	5.99	(0.39)
<b>Total income tax recognised in other comprehensive income</b>	<b>5.99</b>	<b>(0.39)</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	5.99	(0.39)
	<b>5.99</b>	<b>(0.39)</b>

### 32. Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Basic earnings per share</b>		
i Profit for basic earning per share of Rs.10 each		
Profit for the year	6,029.82	2,338.80
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,90,78,163	1,82,12,812
Effect of fresh issue of shares	36,27,484	2,22,678
	<b>2,27,05,647</b>	<b>1,84,35,490</b>
Basic Earnings per share (face value of Rs.10 each)	26.56	12.69

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 32. Earnings per share (Contd..)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>B. Diluted earnings per share</b>		
i Profit for diluted earning per share of Rs.10 each	6,029.82	2,338.80
ii Weighted average number of equity shares for diluted		
Opening Balance	1,90,78,163	1,82,12,812
Effect of fresh issue of shares	36,27,484	2,22,678
	<b>2,27,05,647</b>	<b>1,84,35,490</b>
Diluted earnings per share (face value of Rs.10 each)	26.56	12.69

### 33. Financial instruments - fair values and risk management

#### I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at March 31, 2023			As at March 31, 2022		
			FVPL	Amortised cost	FVOCI	FVPL	Amortised cost	FVOCI
<b>Financial assets</b>								
<b>Non-current</b>								
Loans	(c)	3	-	5.67	-	-	3.67	-
Other financial assets	(c)	3	-	2,452.01	-	-	1,106.96	-
<b>Current</b>								
Trade receivables	(a)	3	-	617.74	-	-	518.26	-
Cash and cash equivalents	(a)	3	-	2,788.87	-	-	3,768.32	-
Other bank balances	(a)	3	-	20,074.43	-	-	215.58	-
Loans		3	-	25.28	-	-	26.94	-
Other financial assets		2	-	1,500.93	-	-	710.52	-
<b>Total</b>			-	<b>27,464.93</b>	-	-	<b>6,350.25</b>	-
<b>Financial liabilities</b>								
<b>Non-current</b>								
Borrowings	(b)	3	-	711.77	-	-	2,764.42	-
Other Non current financial Liabilities	(c)		-	47.15	-	-	66.90	-
<b>Current</b>								
Borrowings (including current maturities)	(b)	3	-	87.25	-	-	3,177.81	-
Trade payables	(a)	3	-	9,658.33	-	-	8,354.08	-
Other financial liabilities	(a)	2	-	1,058.00	-	-	952.64	-
<b>Total</b>			-	<b>11,562.50</b>	-	-	<b>15,315.85</b>	-

#### Notes:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. The own non-performance risk as at balance sheet date was assessed to be insignificant.
- (c) The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2023 and March 31, 2022.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 33. Financial instruments - fair values and risk management (Contd..)

#### II. Financial risk management

##### (i) Risk management framework

The Parent Company's risk management committee has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii));and
- Market risk (see (iv))

##### (ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans.

Trade receivables and Loans

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>15.79</b>	<b>102.48</b>
Provision created during the year	-	2.50
Provision utilised/reversed during the year	(11.88)	(89.19)
<b>Balance as at the end of the year</b>	<b>3.91</b>	<b>15.79</b>

The movement in the allowance for doubtful advances/recoverable is as follows: (Refer Note 7 & 15)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance as at the beginning of the year</b>	<b>37.85</b>	<b>22.85</b>
Provision created during the year	-	15.00
Provision utilised/reversed during the year	(22.85)	-
<b>Balance as at the end of the year</b>	<b>15.00</b>	<b>37.85</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 33. Financial instruments - fair values and risk management (Contd..)

#### Cash and cash equivalents

The Group holds cash and cash equivalents of Rs.2,788.87 at March 31, 2023 (March 31, 2022: Rs.3,768.32). The cash and cash equivalents are mainly held with scheduled banks.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary. Post completion of Initial Public Offer, The Company has repaid all working capital loans / limits and part of shareholder deposits and also, surrendered the sanctioned borrowing limits.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

#### March 31, 2023

Particulars	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	799.02	981.73	100.54	881.19	-
- Trade payables	9,658.33	9,658.33	9,658.33	-	-
- Lease liabilities	11,273.55	15,110.97	3,478.47	9,156.18	2,476.32
- Capital creditors	190.99	190.99	190.99	-	-
- Salaries, wages and bonus and other employee payable	851.52	851.52	851.52	-	-
- Interest accrued but not due on borrowings	50.26	50.26	3.11	47.15	-
- Refund Liabilities	12.38	12.38	12.38	-	-
	<b>22,836.05</b>	<b>26,856.18</b>	<b>14,295.34</b>	<b>10,084.52</b>	<b>2,476.32</b>

#### March 31, 2022

Particulars	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings	5,942.23	6,097.67	3,252.27	2,845.40	-
- Trade payables	8,354.08	8,354.08	8,354.08	-	-
- Lease liabilities	10,186.97	13,409.83	3,176.78	8,188.90	2,044.16
- Capital creditors	87.49	87.49	87.49	-	-
- Salaries, wages and bonus and other employee payable	656.71	656.71	656.71	-	-
- Interest accrued but not due on borrowings	214.68	214.68	147.78	66.90	-
- Refund Liabilities	60.66	60.66	60.66	-	-
	<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 financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 33. Financial instruments - fair values and risk management (Contd..)

#### (iv) Market Risk

##### a) Product price risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in premium and luxury category watches, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavourably from the markets, the Group negotiates with its vendor for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

##### b) Interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Fixed rate borrowings	799.02	4,265.96
Floating rate borrowings	-	1,676.27
	<b>799.02</b>	<b>5,942.23</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.

Particulars	Profit / (Loss) before tax	
	Strengthening	Weakening
<b>For the year ended 31 March 2023</b>		
Interest rate (0.5 % movement)	-	-
<b>For the year ended 31 March 2022</b>		
Interest rate (0.5 % movement)	(8.38)	8.38

##### c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are CHF, USD, GBP, AED, AUD, CAD, SGD and EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.



## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 33. Financial instruments - fair values and risk management (Contd..)

#### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the group is as follows :

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>CHF</b>		
Trade payables (net of receivable)	1,693.59	1,362.68
<b>Net exposure of recognised financial liability</b>	<b>1,693.59</b>	<b>1,362.68</b>
<b>USD</b>		
Trade payables (net of receivable)	175.48	144.85
Less: Cash & Cash equivalents	4.28	4.14
<b>Net exposure of recognised financial liability</b>	<b>171.20</b>	<b>140.71</b>
<b>AED</b>		
Cash & Cash equivalents	-	0.39
<b>Net surplus of recognised financial Assets</b>	<b>-</b>	<b>0.39</b>
<b>AUD</b>		
Cash & Cash equivalents	-	0.13
<b>Net surplus of recognised financial Assets</b>	<b>-</b>	<b>0.13</b>
<b>CAD</b>		
Cash & Cash equivalents	-	1.82
<b>Net surplus of recognised financial Assets</b>	<b>-</b>	<b>1.82</b>
<b>GBP</b>		
Trade payables (net of receivable)	-	19.76
<b>Net exposure of recognised financial liability</b>	<b>-</b>	<b>19.76</b>
<b>SGD</b>		
Trade payables (net of receivable)	129.06	466.37
<b>Net exposure of recognised financial liability</b>	<b>129.06</b>	<b>466.37</b>
<b>EUR</b>		
Trade payables (net of receivable)	216.53	195.87
Less: Cash & Cash equivalents	1.96	0.98
<b>Net exposure of recognised financial liability</b>	<b>214.57</b>	<b>194.89</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, GBP, AED, AUD, CAD, SGD and EUR against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

As at March 31, 2023	Profit / (Loss) (before tax)	
	Strengthening	Weakening
CHF (1% movement)	(16.94)	16.94
SGD (1% movement)	(1.29)	1.29
EUR (1% movement)	(2.15)	2.15
USD (1% movement)	(1.71)	1.71
GBP (1% movement)	-	-
AED (1% movement)	-	-
AUD (1% movement)	-	-
CAD (1% movement)	-	-

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 33. Financial instruments - fair values and risk management (Contd..)

As at March 31, 2023	Equity (net of tax)	
	Strengthening	Weakening
CHF (1% movement)	(12.67)	12.67
SGD (1% movement)	(0.97)	0.97
EUR (1% movement)	(1.61)	1.61
USD (1% movement)	(1.28)	1.28
GBP (1% movement)	-	-
AED (1% movement)	-	-
AUD (1% movement)	-	-
CAD (1% movement)	-	-

As at March 31, 2022	Profit / (Loss) (before tax)	
	Strengthening	Weakening
CHF (1% movement)	(13.63)	13.63
SGD (1% movement)	(4.66)	4.66
EUR (1% movement)	(1.95)	1.95
USD (1% movement)	(1.41)	1.41
GBP (1% movement)	(0.20)	0.20
AED (1% movement)	(0.00)	0.00
AUD (1% movement)	(0.00)	0.00
CAD (1% movement)	(0.02)	0.02

As at March 31, 2022	Equity (net of tax)	
	Strengthening	Weakening
CHF (1% movement)	(10.20)	10.20
SGD (1% movement)	(3.49)	3.49
EUR (1% movement)	(1.46)	1.46
USD (1% movement)	(1.05)	1.05
GBP (1% movement)	(0.15)	0.15
AED (1% movement)	(0.00)	0.00
AUD (1% movement)	(0.00)	0.00
CAD (1% movement)	(0.01)	0.01

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar, EUR: Euro, AED: Emirati Dirham, AUD: Australian dollar, CAD: Canadian Dollar.

### 34. Capital Management

#### Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings and trade payables including lease liabilities net of cash and cash equivalents. Equity comprises all components of equity (as shown in the Balance Sheet). The Group always tries to minimize its adjusted net debt to equity ratio.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 34. Capital Management (Contd..)

The Group's adjusted net debt to equity ratio was as follows.

Particulars	As at March 31, 2023	As at March 31, 2022
Total Debt including trade payable	21,730.91	24,483.28
Less: cash and cash equivalents	(2,788.87)	(3,768.32)
<b>Adjusted net debt</b>	<b>18,942.04</b>	<b>20,714.96</b>
Total equity	63,149.64	23,168.49
<b>Adjusted net debt to equity ratio</b>	<b>0.30</b>	<b>0.89</b>

### 35. Employee benefits

#### I. Assets and liabilities relating to employee benefits

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Liability for gratuity	192.35	142.35
	<b>192.35</b>	<b>142.35</b>
<b>Current</b>		
Liability for gratuity	37.79	29.91
Liability for compensated absences	352.77	294.99
	<b>390.56</b>	<b>324.90</b>
	<b>582.91</b>	<b>467.25</b>

For details about the related employee benefit expenses, refer to note no. 38.

#### II. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

##### Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

##### Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

#### a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 35. Employee benefits (Contd..)

#### b) Reconciliation of present value of defined benefit obligation

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period/ year	199.61	197.42
Benefits paid	(22.12)	(38.85)
Current service cost	37.09	28.55
Interest cost	14.42	14.03
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	23.37	(1.54)
<b>Balance at the end of the year</b>	<b>252.37</b>	<b>199.61</b>

#### c) Reconciliation of the present value of plan assets

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period/ year	27.35	36.04
Contributions paid into the plan	15.11	27.00
Interest Income	0.22	3.07
Benefits paid	(22.12)	(38.85)
Return on plan assets recognised in other comprehensive income	36.03	0.09
<b>Balance at the end of the year</b>	<b>56.59</b>	<b>27.35</b>

#### d) Expense recognised in profit or loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	37.09	28.55
Interest Income	(0.22)	(3.07)
Interest cost	14.41	14.03
	<b>51.28</b>	<b>39.51</b>

#### e) Remeasurements recognised in other comprehensive income

Particulars	As at March 31, 2023	As at March 31, 2022
Actuarial (Gain)/loss on defined benefit obligation	23.37	(1.54)
Actuarial (Gain)/loss on defined plan assets	(36.03)	(0.09)
	<b>(12.66)</b>	<b>(1.63)</b>

#### f) Plan assets

100% of the plan assets are managed by LIC

#### g) Actuarial assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate (per annum)	7.36% p.a.	7.22% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	56 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 35. Employee benefits (Contd..)

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2023	
	Increase	Decrease
Discount rate (0.5% movement)	(7.21)	7.63
Future salary growth rate (0.5% movement)	7.07	(6.74)

Particulars	As at March 31, 2022	
	Increase	Decrease
Discount rate (0.5% movement)	(5.60)	5.92
Future salary growth rate (0.5% movement)	5.72	(5.25)
Attrition rate (5% movement)		

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### h) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Within 1 year	37.79	29.91
1-2 year	38.08	33.13
2-3 year	15.97	12.40
3-4 year	14.40	11.07
4-5 year	15.89	11.40
5-10 years	130.24	101.70

#### i) Weighted average duration of the defined benefit plan

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average duration (in years)	8.33	16.39

### III. Defined contribution plans

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs.166.33 during the period (March 31, 2022: Rs.142.90) as expense towards contribution to these plans.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 35. Employee benefits (Contd..)

#### IV. Share based payments

##### a) Description of share-based payment arrangement

As at March 31, 2023, the Parent Company does not have any share-based payment arrangements. Details of earlier share based payment arrangements are mentioned below.

##### b) Employee Stock Option Scheme (equity-settled)

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees and directors of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees and directors deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50% of the options granted to the selected employee shall vest on 1st October, 2017 in case there is continuation of his service till the date of vesting.

2. 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on August 04, 2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013".

The Parent Company, at its 14th Annual General Meeting, approved variation/modification in the terms of 'Ethos Employee Stock Option Plan 2013' by allowing the option grantees to exercise their vested options as per Clause 7.1 and 7.2 of the scheme on or before August 16, 2021. The aforesaid scheme expired on August 16, 2021.

##### c) Reconciliation of outstanding share option

#### For the year ended March 31, 2023

Particulars	Options (numbers)	Weighted average exercise price per option (Rs.)
<b>Ethos Employee Stock Option Scheme - 2013</b>		
Option outstanding at the beginning of the year	-	-
Exercised during the period/year	-	-
Lapsed during the period/year	-	-
Options outstanding at the end of the period/year	-	-
No. of shares arising out of the options outstanding	-	-
<b>Ethos Employee Stock Option Scheme - 2013</b>		
Option outstanding at the beginning of the year	-	-
Lapsed during the period/year	-	-
Options outstanding at the end of the period/year	-	-
Options available for grant at the end of year	-	-
Options exercisable at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 35. Employee benefits (Contd..)

For the year ended March 31, 2022

Particulars	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	1,27,750	120
Exercised during the period/year	1,04,750	120
Lapsed during the period/year	23,000	120
Options outstanding at the end of the period/year	-	-
No. of shares arising out of the options outstanding	-	-
<b>Ethos Employee Stock Option Scheme - 2013</b>		
Option outstanding at the beginning of the year	3,500	120
Lapsed during the period/year	3,500	120
Options outstanding at the end of the period/year	-	-
Options available for grant at the end of year	-	-
Options exercisable at the end of the year	-	-
No. of shares arising out of the options outstanding	-	-

#### d) Expense recognized in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expense arising from equity-settled share based payment transaction	-	(9.41)

#### e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair values of the equity settled share based payment plan are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Assumptions</b>		
Fair value at grant date	-	35.54/56.08
Share price at grant date	-	120.00
Exercise price	-	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	-	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	-	4.56/4.16
Expected Annual Volatility of Shares*	-	40%-60%
Expected dividend yield (in %)	-	1.58%

\*Expected volatility has been based on an evaluation of the historical volatility of the Parent Company's share price, particularly over the historical period commensurate with the expected term.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 36. Contingent liabilities, commitments and other matters

#### i) Claims against the Group not acknowledged as debts, under dispute

Particulars	As at March 31, 2023	As at March 31, 2022
a) Income Tax matters	364.86	318.77
b) Excise Duty matters	47.08	47.08
c) Value Added Tax matters	3,330.03	3,330.03
d) Customs duty matters	12.97	12.90
e) Goods and Services Tax matters	12.15	-

Based on the discussion with the solicitors/legal opinion taken by the Group, the management believes that the Group has a good chance of success in above mentioned case and hence, no provision there against was considered necessary.

#### ii) Commitments

Particulars	As at March 31, 2023	As at March 31, 2022
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	471.71	2,600.00

iii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition. As on March 31, 2023, there is one open legal proceedings involving disputed amount of Rs.110.22 (March 31, 2022: Rs.110.22) against which the Group is carrying liability of Rs.49.26 (March 31, 2022: Rs.49.26)

iv) Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Group has not recognised any provision. Further, management also believes that the impact of the same on the Group will not be material.

### 37. Leases

#### A. Group as a lessee

The Group has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
<b>As at April 01, 2021</b>	<b>8,122.03</b>	-	<b>8,122.03</b>
Additions	3,562.34	152.79	3,715.13
Deletions	(217.87)	-	(217.87)
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>
Additions	3,995.74	-	3,995.74
Deletions	(261.40)	-	(261.40)
Depreciation expense	(2,514.79)	(33.64)	(2,548.43)
<b>As at March 31, 2023</b>	<b>10,239.92</b>	<b>105.12</b>	<b>10,345.04</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 37. Leases (Contd.)

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At the beginning of the year</b>	<b>10,186.97</b>	<b>8,819.37</b>
Additions	3,774.47	3,591.35
Accretion of interest	1,152.91	1,020.83
Deletions	(285.17)	(214.55)
Payments (Principal and interest)*	(3,555.63)	(2,225.57)
Rent Concession	-	(804.46)
<b>At the closing of the year</b>	<b>11,273.55</b>	<b>10,186.97</b>
Current lease liabilities	2,356.75	2,238.40
Non-current lease liabilities	8,916.80	7,948.57
<b>Total</b>	<b>11,273.55</b>	<b>10,186.97</b>

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	3,478.47	3,176.78
After one year but not more than five years	9,156.18	8,188.90
More than five years	2,476.32	2,044.16
<b>Total</b>	<b>15,110.97</b>	<b>13,409.84</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	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use assets	2,548.43	2,460.16
Interest expense on lease liabilities	1,152.91	1,020.83
Expense relating to short-term leases and variable rent (included in other expenses)**	1,002.58	547.57
<b>Total amount recognised in profit or loss</b>	<b>4,703.92</b>	<b>4,028.56</b>

\*The Company had total cash outflows for leases excluding rent concession of Rs.3,555.63 (March 31, 2022: Rs.2,225.57).

The Company also had non-cash additions to right of use assets and liabilities of Rs.3,624.47 (March 31, 2022: Rs.3,591.35)

\*\* Gross of reimbursement received of Rs.46.93 (March 31, 2022: Rs.45.55).

### 38. Related parties

<b>(i) Holding Company:</b>	
KDDL Limited (KDDL)	
<b>(ii) Joint venture:</b>	
Pasadena Retail Private Limited	
<b>(iii) Subsidiary body Corporate:</b>	
Cognition Digital LLP	
Silvercity Brands AG (w.e.f. March 31, 2023)	

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 38. Related parties

<b>(iii) Entities under common control (where transactions have taken place during the year / balances outstanding):</b>	
Mahen Distribution Limited	
Pylania SA	
VBL Innovations Private Limited	
Vardhan Properties & Investment Limited	
Anacott Trading SA (upto December 22, 2021)	
Dream Digital Technology Private Limited (DDTPL)	
Saboo Ventures LLP	
Saboo Housing Projects LLP	
Saveeka Family Trust	
KDDL Ethos Foundation	
<b>(iv) 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)
	Mrs. Usha Devi Saboo (Mother)
	Mrs. Anuradha Saboo (Spouse)
	Mr. Jai Vardhan Saboo (Brother)
	Mr. Pranav Shankar Saboo (CEO) (Son)
	Mrs. Satvika Suri (Daughter)
Mr. Pranav Shankar Saboo (CEO)	Mrs. Malvika Saboo (Spouse)
Mr. Anil Khanna - Independent Director	Mrs Alka Khanna (Spouse)
	Mr. Saahil Khanna (Son)
	Mrs Poonam Prakash (Sister)
Mr. Sundeep Kumar - Independent Director	
Mr. Dilpreet Singh - Independent Director	
Mr. Mohaimin Altaf - Independent Director	Mrs Nighat Altaf (Mother)
Mr. Patrik Paul Hoffman - Independent Director	
Mr. Manoj Gupta (Executive Director)	Mrs. Lalit Gupta (Spouse)
	Mr. Amol Gupta (Son)
	Mrs. Saneh Lata (Mother)
	Mr. Deepak Gupta (Brother)
Mr. Chitranjan Agarwal - Non Independent and Non Executive Director (w.e.f. April 01, 2022)	Mrs. Pallavi Agarwal (Spouse)
Mr. Charu Sharma - Independent Director (w.e.f. November 03, 2022)	
Mrs. Munisha Gandhi - Non Independent and Non Executive Director (w.e.f. September 27, 2022)	Mr. Viraj Gandhi (Son)
	Ms. Shabnam Nath (Daughter)
Ms. Susanne Hurni	Director of Estima AG, Fellow Subsidiary
Mr. N. Subramanian - Independent Director (upto September 27, 2022)	
Mrs. Neelima Tripathi - Independent Director (upto September 27, 2022)	Mr Apoorv P. Tripathi (Son)
	Ms Sanam Tripathi (Daughter)
Mr. Ritesh Kumar Agrawal (CFO w.e.f. August 17, 2021)	Mrs. Jyoti Agrawal (Spouse)
Mr. Anil Dhiman (CS)	Mrs. Navita Verma (Spouse)
Mr. C. Raja Sekhar (CFO upto August 16, 2021)	Mrs. Anju Chilumuri (Spouse)

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 38. Related parties (Contd..)

(v)

Particulars	Joint venture		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>For the Year ended</b>								
<b>Transactions:</b>								
Sale of goods	-	-	3.93	-	104.03	172.54	33.68	19.39
Other Income	-	1.53	-	-	-	-	43.68	40.00
Rent income	-	-	1.20	0.60	-	-	-	-
Purchases of stock-in-trade	-	-	-	2.10	18.00	64.25	17.68	-
Short term employee benefits	-	-	-	-	645.15	487.37	-	-
Legal and professional fees	-	-	-	-	27.78	20.49	-	0.60
Advertisement and sales promotion	-	-	42.00	30.00	-	-	-	-
Recovery of expenses incurred	39.96	30.19	-	0.09	8.02	-	-	4.27
Reimbursement to selling shareholders of IPO proceed (Net of share issue expenses)	-	-	468.06	-	834.92	-	1,111.78	-
Rent expenses	-	-	12.35	7.00	-	9.55	27.99	21.98
Directors sitting fees and commission	-	-	-	-	105.41	56.06	-	-
Reimbursement of expenses	-	-	-	1.37	-	-	11.00	4.14
Interest Expenses	-	-	4.16	15.81	61.22	103.35	-	-
Financial guarantee expenses	-	-	-	-	-	-	4.97	29.83
Sale of Property, Plant and Equipment	-	-	-	-	5.32	-	-	-
Purchase of Property, Plant and Equipment & Intangible Assets	-	-	-	-	-	-	3,900.00	-
Investment in Joint venture	-	75.00	-	-	-	-	-	-
Loan taken	-	-	-	295.00	-	618.14	-	-
Loan repaid	-	-	95.00	200.00	865.05	342.35	-	-
Loan given	-	-	-	-	-	5.50	-	-
Security Premium received	-	-	-	55.18	-	176.39	-	1,940.99
CSR Expenses	-	-	11.96	-	-	-	-	-
Equity shares issued	-	-	-	1.02	-	8.95	-	35.94
<b>Balances outstanding:</b>								
Investments	175.00	175.00	-	-	-	-	-	-
Receivable against sale of goods	-	-	152.03	247.39	68.09	-	-	-
Advances against Supply of Goods / services	12.41	3.96	1,342.98	-	6.35	16.14	17.18	1.81
Advance for capital goods	-	-	-	-	-	-	-	1,300.00
Loans	-	-	-	-	-	7.18	-	-
Security deposits paid	-	-	-	-	-	-	-	6.77
Payable for Employee Benefits	-	-	-	-	117.65	42.51	-	-
Payable for Director Fees	-	-	-	-	79.60	30.19	-	-
Payable for services received	-	-	-	2.59	-	0.01	-	-

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 38. Related parties (Contd..)

Particulars	Joint venture		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest accrued but not due	-	-	-	-	14.27	93.49	-	-
Guarantees taken by the company	-	-	-	-	-	10,320.00	-	5,635.00
Unsecured loans	-	-	-	95.00	136.81	991.86	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51

#### Notes:

- 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.
- 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 KDDL Limited (Holding Company) for loans taken from IDBI Bank Limited by providing exclusive mortgage and charge on all the immovable property, plant and equipments of the tool room unit (Eigen) of KDDL Limited (Holding Company) at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.
- Security being provided by KDDL Limited (Holding Company) for loans taken from The Jammu & Kashmir Bank Limited by providing exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding Company). This is further secured by first and exclusive charge over land and building & specific machinery and office equipment of the Parwanoo unit of KDDL Limited. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.
- Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 3,60,000 shares of KDDL Limited held by him. The loan was repaid during the year ended March 31, 2023 and the securities were released from Bank.
- All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

### 39. Segment information

#### Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker of the Group. As the chief operating decision maker of the Group assess the financial performances and position of the Group as a whole and makes strategic decision, the management considers retail trading of premium and luxury watches, accessories and other luxury items and including related after sale services as a single operating segment as per Ind AS 108, hence separate segment disclosure, have not been furnished.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 40. Corporate Social Responsibility

In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs.25.62 (March 31, 2022: Rs.17.32) for CSR activities carried out during the current year.

S.No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i	Amount required to be spent by the company during the period	25.62	17.32
ii	Amount of expenditure incurred		
a	In cash	25.62	11.78
b	Yet to be paid in Cash	-	-
c	Balance for the remaining period	-	5.54
iii	Shortfall at the end of the year	-	5.54*
iv	Total of previous years shortfall	-	-
v	Reason for shortfall	To be incurred in the ongoing project for the forthcoming year	To be incurred in the ongoing project for the forthcoming year
vi	Nature of CSR activities	Isha Foundation-Towards Million Tree project Youth Technical Training Society - Towards promoting education Mrittika Earthy Talks Foundation - Towards waste management	Isha Foundation-Towards Million Tree project Bharatiyam, New Delhi - Support for a specific project for forestation of a waste area in Ghaziabad.
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Contribution to KDDL Ethos Foundation**	Not applicable
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	Not applicable	Not applicable

\*The unspent amount of Rs.5.54 lacs for the financial year ended March 31, 2022 as per sub section (5) of Section 135 of Companies Act, was spent in the ongoing project - Million Tree Project on September 30, 2022.

\*\*During the year ending March 31, 2023, the Company has transferred an amount of Rs.11.96 to KDDL Ethos Foundation, a CSR registered implementing agency towards various objects as mentioned in Section 135 of the Companies Act, 2013. The CSR obligation transferred by the Company as at March 31, 2023 which has been set off with liability towards CSR activities and shall be utilised in various objects namely environmental sustainability, training etc.

### 41. Interest in Joint Venture

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Particulars	As at March 31, 2023	As at March 31, 2022
Non-Current Assets, including right-of-use assets of Rs.47.67 (March 31, 2022: Rs.84.95)	82.09	121.36
Current Assets, including inventories of Rs.249.97 (March 31, 2022: Rs.238.58)	299.49	290.20
Non-Current Liabilities, including only lease liabilities	(8.73)	(50.69)
Current Liabilities, including lease liabilities of Rs.51.33 (March 31, 2022: Rs.50.13) and trade payables of Rs.95.76 (March 31, 2022: Rs.115.72)	(165.70)	(203.40)
<b>Equity</b>	<b>207.15</b>	<b>157.47</b>

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 41. Interest in Joint Venture (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
<i>Proportion of the Group's ownership</i>		
Share in Equity	207.15	157.47
Carrying value of the investment	207.15	157.47

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	1,064.76	858.27
Other income	4.41	25.43
	<b>1,069.17</b>	<b>883.70</b>
Purchase of stock-in-trade	756.49	692.63
Changes in inventory of stock-in-trade	(22.79)	(37.25)
Finance costs	25.40	42.20
Depreciation and amortization expense	88.59	88.67
Other expenses	88.06	91.04
	<b>935.75</b>	<b>877.29</b>
Profit before tax	133.42	6.41
Tax expense	34.07	1.61
Profit for the year	99.35	4.80
<b>Group's share of profit for the year (Share 50%)</b>	<b>49.68</b>	<b>2.40</b>

### 42. Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities	Share in profit or loss	Share in other comprehensive income	Share in total comprehensive income
<b>Parent</b>				
Ethos Limited				
As at March 31, 2023	100%	63,117.68	99%	5,979.60
As at March 31, 2022	100%	23,186.04	100%	2,336.30
<b>Subsidiaries</b>				
Cognition Digital LLP				
As at March 31, 2023	1%	478.95	1%	73.39
As at March 31, 2022	2%	406.12	3%	70.47
<b>Silvercity Brands AG**</b>				
As at March 31, 2023	0%	45.12	0%	-
As at March 31, 2022	0%	-	0%	-
<b>Joint Venture (Investments as per the equity method)*</b>				
Pasadena Retail Private Limited				
As at March 31, 2023	0%	207.15	1%	49.68
As at March 31, 2022	1%	157.47	0%	2.40

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 42. Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture (Contd..)

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
<b>Eliminations</b>								
As at March 31, 2023	(1%)	(699.26)	(1%)	(72.84)	1%	(0.16)	(1%)	(73.00)
As at March 31, 2022	(3%)	(581.14)	(3%)	(70.36)	1%	0.01	(3%)	(70.35)
As at March 31, 2023	100%	63,149.64	100%	6,029.82	100%	(17.62)	100%	6,012.20
As at March 31, 2022	100%	23,168.49	100%	2,338.80	100%	1.24	100%	2,340.04

\* Amounts given here in respect of joint venture is the share of the group in the net assets of the joint venture.

\*\* The Parent Company has acquired 100% stake in Silvercity Brands AG, the Swiss stock corporation having its registered seat in Grenchen, Switzerland from Philipp Schaller, c/o Badertscher Rechtsanwälte AG Mühlebachstrasse 32 8008 Zürich during March 2023. The Share Capital of the company is CHF 100,000, divided into 100,000 registered shares with a nominal value of CHF 1 each and paid-up Share Capital is 50,000 shares for CHF 1 each. The purchase consideration for acquisition of shares is at CHF 50,000 in an all-cash deal. The Parent Company has paid 50,000 CHF on March 31, 2023.

43. Details of subsidiary and joint venture with ownership % and place of business :

#### Subsidiary

Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2023	99.99%
Proportion of Ownership as at March 31, 2022	99.99%
Method used to account for the investment	At cost

Name of the entity	Silvercity Brands AG
Principal Place of Business	Switzerland
Proportion of Ownership as at March 31, 2023	100.00%
Proportion of Ownership as at March 31, 2022	Nil
Method used to account for the investment	At cost

#### Joint venture

Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2023	50.00%
Proportion of Ownership as at March 31, 2022	50.00%
Method used to account for the investment	At cost

44. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

45. The Company has entered into an agreement dated January 1, 2022 with its Holding company i.e. KDDL Limited to purchase its brand-name "Ethos" and "Summit" (including trademarks, trade names, logos and all related rights) for an agreed amount of Rs.3,900 lakhs. The aforesaid brands have been capitalized as intangible assets during the year ended March 31, 2023.

46. During the previous year, The Board of Directors, at its meeting held on November 01, 2021, accorded its in-principle consent to offer, issue and allot upto 458,000 equity shares of face value Rs.10 each, to the existing shareholders of the Parent Company as on the record date i.e.

## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

### 46. (Contd..)

October 31, 2021, at a premium of Rs.540 per share, on Rights Issue basis, aggregating to upto an amount not exceeding Rs.2,550.00 for raising funds for the Parent Company in the ratio of 1 rights equity share of Rs.10 each for every 40 equity shares of Rs.10 each held by the eligible equity shareholder of the Parent Company as on the record date with the right to renounce.

Based on above, the Board of Directors, at its meeting held on December 01, 2021, approved the allotment of 457,938 equity shares of Rs.10 each at a premium of Rs.540 per share for an amount totalling to Rs.2,518.66 after taking into consideration the share subscriptions and renunciations received from the existing shareholders of the Parent Company upto November 24, 2021 (the date of close of offer), in pursuance to 'Ethos – Rights Issue 2021'.

### 47. Other Statutory Information

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The Group does not have any transactions with companies struck off.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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:
  - 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
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- 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:
  - 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,
- 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
- The Group is not declared as wilful defaulter by any bank or financial institution
- The Group does not have projects as CWIP and Intangible assets under development where completion is overdue, exceeded its cost or activity is suspended
- During the previous year, The Board of the Directors of the Parent Company, at its meeting held on March 28, 2022 has approved the allotment of 302,663 equity shares of Rs. 10 each at a premium of Rs. 816 per share aggregating to Rs. 2,499.99, towards Pre-IPO placement through Preferential allotment. The paid up equity share capital of the Parent Company, after such allotment, stands revised to Rs.1,907.82.



## Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts in Rs. lakhs, except for share data and if otherwise stated)

49. During the year ended March 31, 2023, the Parent Company has completed its Initial Public Offering ('IPO') of 45,81,500 equity shares of face value of Rs. 10 each at an issue price of Rs. 878 per share (including securities premium of Rs.868 per share). The issue comprised of fresh issue of 42,71,070 equity shares aggregating to Rs. 37,500.00 and offer for sale of 3,10,430 equity shares aggregating to Rs.2,725.58. The equity shares of the Parent Company were listed on BSE Limited and National Stock Exchange of India Limited on May 30, 2022.

Consequent to allotment of fresh issue, the paid-up equity share capital of the Parent Company stands increased from Rs.1,907.82 consisting of 1,90,78,163 equity shares of Rs.10 each to Rs.2,334.92 consisting of 2,33,49,233 Equity Shares of Rs.10 each.

The total offer expenses in relation to the fresh issue are Rs.3,531.05 (excluding taxes). The utilization of IPO proceeds from fresh issue (net of IPO related expense of Rs. 3,531.05) is summarized below:

Particulars	Amount
Amount received from fresh issue	37,500.00
Less: Offer related expenses in relation to the Fresh Issue	(3,531.05)
Net Proceeds available for utilisation	33,968.95

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2023	Unutilized as on March 31, 2023**
Repayment or pre-payment certain borrowings	2,989.09	2,989.09	-
Funding working capital requirements	23,496.22	8,682.66	14,813.56
Financing the establishment of new stores and renovation of the certain existing stores	3,327.28	450.48	2,876.80
Financing the upgradation of ERP	198.01	-	198.01
General corporate purpose*	3,958.35	2,213.63	1,744.72
<b>Total</b>	<b>33,968.95</b>	<b>10,968.66</b>	<b>19,633.09</b>

\*Amount of Rs.3,609.87 was original proposed in offer document as part of general corporate purpose has been increased by Rs.348.48 on account of saving in offer expenses.

\*\* Net unutilised proceeds as on March 31, 2023 have been temporarily invested in deposits with scheduled banks and monitoring agency bank account.

### As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI firm registration no.: 301003E/E300005

**Anil Gupta**  
Partner  
Membership No. 87921

Place: New Delhi  
Date: May 12, 2023

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

**Yashvardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Anil Kumar**  
Company Secretary

Place: Chandigarh  
Date: May 12, 2023

**Anil Khanna**  
Director  
DIN 00012232

**Pranav Shankar Saboo**  
Chief Executive Officer

# ethos

WATCH BOUTIQUES

## Registered Office

Plot No. 3, Sector-III, Parwanoo,  
Himachal Pradesh- 173220

## Corporate Office

S.C.O. 88-89, Sector 8-C, Madhya Marg,  
Chandigarh - 160009

## Head Office

Global Gateway Towers A, First Floor Virendra  
Gram, MG Road,  
Near Guru Dronacharya Metro Station,  
Gurugram, Haryana - 122022

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

