

Ref. no. : Ethos/Secretarial/2023-24/22

Dated: May 12, 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 : Report of the Monitoring Agency with respect to utilization of proceeds of the Initial Public Offering of Ethos Limited for the quarter ended March 31, 2023**

Dear Sir/Ma'am

Greetings from Ethos.

Pursuant to Regulation 41(4) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018 and Regulation 32 (6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Monitoring Agency Report with respect to utilization of proceeds of the Initial Public Offering of the Company for the quarter ended on March 31, 2023, issued by CRISIL Ratings Limited, Monitoring Agency.

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

Thanking you

Yours truly  
For **Ethos Limited**



**Anil Kumar**  
**Company Secretary & 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

**Monitoring Agency Report  
for Ethos Limited  
for the quarter ended March 31, 2023**

CRI/MAR/ETHOSLO/2022-23/1017

May 12, 2023

To

**Ethos Limited**

Plot no. 3, Sector- III, Parwanoo,  
Himachal Pradesh - 173220

Dear Sir,

**Monitoring Agency Report for the quarter ended March 31, 2023 - in relation to the Initial Public Offer  
("IPO") of Ethos Limited ("the Company")**

Pursuant to Regulation 41 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("*ICDR Regulations*") and Monitoring Agency Agreement dated October 17, 2022 entered with the Company, we enclose herewith the Monitoring Agency Report, issued by CRISIL Ratings Limited, as per Schedule XI of the SEBI ICDR Regulations towards utilization of IPO proceeds for the quarter ended March 31, 2023.

Request you to kindly take the same on records.

Thanking you,

**For and on behalf of CRISIL Ratings Limited**



**Sushant Sarode**  
Director, Ratings (LCG)

## Report of the Monitoring Agency (MA)

**Name of the issuer:** Ethos Limited

**For quarter ended:** March 31, 2023

**Name of the Monitoring Agency:** CRISIL Ratings Limited

(a) Deviation from the objects: Not applicable

(b) Range of Deviation: Not applicable

### **Declaration:**

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

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

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

**Signature:** 

**Name and designation of the Authorized Signatory:** Sushant Sarode

**Designation of Authorized person/Signing Authority:** Director, Ratings (LCG)

# Ratings

## 1) Issuer Details:

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

## 2) Issue Details

<b>Issue Period:</b>	Wednesday, May 18, 2022 to Friday, May 20, 2022
<b>Type of issue (public/rights):</b>	Initial Public Offer (IPO)
<b>Type of specified securities:</b>	Equity Shares
<b>IPO Grading, if any:</b>	NA
<b>Issue size:</b>	Upto Rs 40,226 lakh Issue size comprises of fresh issuance/gross proceeds of Rs 37,500 lakh (net proceeds of Rs 33,968.95 lakh*) and an offer for sale of Rs 2,726 lakh)

\*CRISIL Ratings shall be monitoring the net proceeds amount revised as below:

<b>Particulars</b>	<b>Amount (Rs in lakh)</b>
<i>Net proceeds as per offer document</i>	33,620.47
<i>Add: Surplus from offer expenses added to GCP resulting in increase in net proceeds during the quarter ended September 30, 2022</i>	347.92
<i>Revised Net Proceeds at the end of quarter</i>	33,968.39
<i>Add: Surplus from offer expenses added to GCP resulting in increase in net proceeds during the quarter ended March 31, 2023</i>	0.56
<b>Revised Net Proceeds as at the quarter ended March 31, 2023</b>	<b>33,968.95</b>

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

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Management undertaking, Independent Chartered Accountant Certificate*, Final Offer Document, Bank Statements	No Comments	No Comments
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA		No Comments	No Comments
Whether the means of finance for the disclosed objects of the issue has changed?	No		No Comments	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	NA	Management undertaking, Independent Chartered Accountant Certificate*	No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	NA		No Comments	No Comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	NA		No Comments	No Comments
Are there any favorable events improving the viability of these object(s)?	NA		No Comments	No Comments
Are there any unfavorable events affecting the viability of the object(s)?	No		No Comments	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	NA		No Comments	No Comments

NA represents Not Applicable

\*Certificate dated May 2, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered Accountant

# Ratings

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

### i. Cost of the object(s):

Sr. No.	Item Head	Source of information/certifications considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in lakh)	Revised Cost (Rs in lakh)	Comments of the MA	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company	Independent Chartered Accountant Certificate*, Management undertaking, Final Offer Document, Bank Statements	2,989.09	NA	No Comments	No Comments		
2	Funding working capital requirements of the Company		23,496.22	NA	No Comments	No Comments		
3	Financing the establishment of new stores and renovation of certain existing stores		3,327.28	NA	No Comments	No Comments		
4	Financing the upgradation of enterprise resource planning software		198.01	NA	No Comments	No Comments		
5	General Corporate Purposes (GCP)#		3,609.87	3,958.35	Refer note^	No Comments		

\*Certificate dated May 2, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered Accountant

#The amount utilised for general corporate purposes does not exceed 25% (Rs 9,375 lakh) of the Gross Proceeds from the fresh Issue.

^The actual cost incurred by the Company towards offer related expenses is lower against the estimated cost disclosed in the final offer document hence the surplus proceeds available from offer expenses is added to GCP during the quarter ended September 30, 2022 and March 31, 2023 in following manner:

# Ratings

Particulars	Amount (Rs in lakh)
GCP as per offer document	3,609.87
Add: Surplus from offer expenses added to GCP during the quarter ended September 30, 2022	347.92
Revised GCP at the end of quarter	3,957.79
Add: Surplus from offer expenses added to GCP during the quarter ended March 31, 2023	0.56
<b>Revised GCP as at the quarter ended March 31, 2023</b>	<b>3,958.35</b>
<b>Revised Net Proceeds as at the quarter ended March 31, 2023</b>	<b>33,968.95</b>

## ii. Progress in the object(s):

Sr. No.	Item Head#	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in lakh)	Amount utilized (Rs in lakh)			Total unutilized amount (Rs in lakh)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company	Independent Chartered Accountant Certificate*, Management undertaking, Final Offer Document, Bank Statements	2,989.09	2,989.09	-	2,989.09	-	Entire amount was utilized during the quarter ended June 2022	No Comments	
2	Funding working capital requirements of the Company		23,496.22 <sup>@</sup>	5,725.18	2,957.48	8,682.66	14,813.56	No Comments	No Comments	
3	Financing the establishment of new stores and renovation of certain existing stores		3,327.28	193.33	257.15	450.48	2,876.80	No Comments	No Comments	



# Ratings

Sr. No.	Item Head#	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in lakh)	Amount utilized (Rs in lakh)			Total unutilized amount (Rs in lakh)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
4	Financing the Upgradation of enterprise resource planning software	Independent Chartered Accountant Certificate*, Management Undertaking, Final Offer Document,	198.01	-	-	-	198.01	No proceeds were utilised towards this object during the	No Comments	
5	General Corporate Purposes (GCP)	Bank Statements	3,958.35^	2,061.07	152.56	2,213.63	1,744.72	No Comments	No Comments	
	<b>Total</b>		<b>33,968.95^</b>	<b>10,968.67</b>	<b>3,367.19</b>	<b>14,335.86</b>	<b>19,633.09</b>			

\*Certificate dated May 2, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered Accountant

^Refer '4(i) - Cost of the object' section of the report above

@The amount of Rs. 2,499.98 lakh being shortfall in working capital from IPO proceeds pertaining to FY2022 shall be utilized in FY2023-24.

## #Brief description of objects:

Object of the Issue	Description of objects as per the offer document filed by the issuer
Repayment or pre-payment, in full or in part, of all or certain borrowings availed by the Company	The Company has entered into various financing arrangements from time to time, with various lenders and includes inter alia term loans and working capital facilities. Repayment/ pre-payment of these borrowings will help reduce issuer's outstanding indebtedness and debt servicing costs as a cash outflow on account of debt payment would be reduced and enable utilisation of issuer's accruals for further investment in its business growth and expansion.
Funding working capital requirements of the Company	Issuer is engaged in the business of operating a chain of luxury watch boutiques. As a part of business, Issuer is required to buy watches, pay lease rent for the stores Issuer is operating in. With the expansion of business in both product segment and geographical segment (increase in new store), requires more inventory for the stores. All these factors may result in increase in the quantum of working capital requirements.

Financing the establishment of new stores and renovation of certain existing stores	Issuer plans to add 13 new stores to its portfolio and renovation of 6 existing stores.
Financing the upgradation of enterprise resource planning software	Issuer intends to upgrade ERP software in its stores.
General Corporate Purposes (GCP)	The general corporate purposes for which the issuer proposes to utilise Net Proceeds include investments in subsidiary of our Company, other capital expenditure requirements including for refurbishment, working capital requirements, meeting exigencies and expenses incurred by issuer in the ordinary course of business, as may be applicable.

### iii. Deployment of unutilised IPO proceeds\*:

S. No.	Name of the entity invested in	Type of Investment	Amount invested (Rs in lakh)	Date of maturity	Return on Investment (%)	Earnings (Rs in lakh)	Market Value as at the end of quarter**
1	J&K Bank	FD- 0370050320000038	500.00	21-Oct-23	7.30	16.41	516.41
2	J&K Bank	FD - 0370050320000037	500.00	21-Oct-23	7.30	16.41	516.41
3	J&K Bank	FD - 0370050320000039	500.00	21-Oct-23	7.30	16.41	516.41
4	J&K Bank	FD - 0370050320000036	500.00	21-Oct-23	7.30	16.41	516.41
5	IndusInd Bank	FD - 300937818908	3,000.00	21-Oct-23	7.50	101.22	3,101.22
6	SBI	FD - 41215745106	4,000.00	23-Aug-23	6.90	167.11	4,167.11
7	SBI	FD - 41793138509	1,000.00	29-Mar-24	7.85	0.645	1,000.645
8	SBI	FD - 41793136657	1,000.00	29-Mar-24	7.85	0.645	1,000.645
9	SBI	FD - 41793135745	1,000.00	29-Mar-24	7.85	0.645	1,000.645
10	SBI	FD - 41793135202	1,000.00	29-Mar-24	7.85	0.645	1,000.645
11	SBI	FD - 41793034984	1,000.00	29-Mar-24	7.85	0.645	1,000.645
12	SBI	FD - 41793144932	1,000.00	29-Mar-24	7.85	0.645	1,000.645
13	SBI	FD - 41793138054	1,000.00	29-Mar-24	7.85	0.645	1,000.645
14	SBI	FD - 41793137719	1,000.00	29-Mar-24	7.85	0.645	1,000.645
15	SBI	FD - 41793137378	1,000.00	29-Mar-24	7.85	0.645	1,000.645
16	SBI	FD - 41793137016	1,000.00	29-Mar-24	7.85	0.645	1,000.645
17	SBI	FD - 41799211279	500.00	11-Apr-23	5.75	0.08	500.08
18	SBI	41360651526	136.42 <sup>^</sup>	N.A.	N.A.	N.A.	136.43

\*on the basis of the management undertaking and Certificate dated May 2, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered Accountant

\*\*the market value of fixed deposits includes the interest accrued.

#### <sup>^</sup>Note:

- a) This amount is lying in the respective Monitoring Agency Account maintained with State Bank of India. Further, The Company has shifted its monitoring account from ICICI Bank to State Bank of India during the quarter ending March 2023 and Monitoring Agency account (000405134842) with ICICI Bank has been closed on 15<sup>th</sup> February 2023. Total balance of Rs. 2.10 lakh have been transferred into State Bank of India on 11<sup>th</sup> January 2023. ICICI bank Monitoring account is closed due to difficulty faced in managing account based in Mumbai branch.

- b) As reported in the Monitoring agency report for the quarter ended December 31, 2022, the excess amount of Rs. 3.33 lakh transferred from Current Account (IDBI current account - 0003102000020943) to Monitoring Account (ICICI Bank - 000405134842) is yet to be transferred back. An amount of Rs. 321.67 lakhs were required to be transferred to monitoring account as stated in Quarter ending September 2022 report. However, Rs. 325 lakhs were transferred. As such, the difference of Rs. 3.33 lakh are to be transferred back.
- c) During quarter ended March 31, 2023, Rs. 0.56 lakh has been transferred from IPO Public Issue account (ICICI Bank - 000405134211) to Monitoring Account (ICICI Bank - 000405134842) on 4th January 2023. The actual net outflow toward IPO expenses is lower by Rs. 0.56 lakh is added to GCP amount during the quarter. The IPO Public Issue account (000405134211) has been closed on 17th January 2023.

#### iv. Delay in implementation of the object(s) -

On the basis of management undertaking and Certificate dated May 2, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered Accountant:

(Rs. in lakh)

Object(s)	Completion Date till FY23		Delay (no. of days/months)	Comments of the Board of Directors	
	As per the Offer Document	Actual		Reason of delay	Proposed course of Action
Funding working capital requirements of our Company	12,998.55*	8,682.66	-	Delay in opening of stores due to delay in opening of Malls, hence, supply of inventory postponed	-
Financing the establishment of new stores and renovation of the certain existing stores	2,906.12	450.48	-	Delay in opening of stores due to delay in opening of Malls	-
Financing the upgradation of ERP	198.01	-	-	Scope of work finalized, Vendor evaluation going on. Project will be commissioned soon	-
General corporate purpose	3,958.35^	2,213.63	-	Utilisation of amount is postponed due to delay in opening of Malls and also due to delay in finalization of other projects	-
<b>Total</b>	<b>20,061.03^</b>	<b>11,346.77</b>			

\*The amount of Rs. 2,499.98 lakh being shortfall in working capital from IPO proceeds pertaining to FY2022 shall be utilized in FY2023-24.

^Refer '4(i) - Cost of the object' section of the report above

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

S. No.	Item Head <sup>§</sup>	Amount utilised (Rs in lakh)	Source of information /certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
1.	Capital expenditure	152.56	Management undertaking and Certificate dated April 27, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered	The funds are utilised towards purchase of furniture & fixtures, civil work, electronic equipment for Ethos Gurgaon.  Company has informed that it would provide us with the requisite copies of Board approval towards these payments. <b>This section findings are valid only on receipt at our end of such Board resolution approving these payments.</b>	No Comments

\*Certificate dated May 2, 2023 issued by Sultaniya Umesh & Company (Firms' Registration No. 326973E), Independent Chartered Accountant

<sup>§</sup>The general corporate purposes for which Company proposes to utilise Net Proceeds include investments in subsidiary of Company, other capital expenditure requirements including for refurbishment, working capital requirements, meeting exigencies and expenses incurred by Company in the ordinary course of business, as may be applicable. The quantum of utilisation of funds towards each of the above purposes will be determined by Board of Directors of the Company, based on the amount actually available under this head and the business requirements of Company, from time to time. In addition to above, Company may utilise the net proceeds towards other purposes relating to its business which are considered expedient and as approved periodically by Board of Director of the Company, subject to compliance with necessary provisions of the Companies Act and in accordance with the stated objectives and business of the Company. Company's management shall have flexibility in utilising any surplus amount.

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

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

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