

Ref. no. : Ethos/Secretarial/2023-24/66

Dated: October 31, 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 : Outcomes of Board Meeting**

Dear Sir/Ma'am

Greetings from Ethos.

This is to inform you that the Board of Directors of Ethos Limited ("the Company") at its meeting held today i.e. Tuesday, October 31, 2023 has, inter alia, considered and adopted Special Purpose Interim Condensed Consolidated Financial Statements for the three months period ended June 30, 2023 along with relevant review report issued by the S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company.

Copy of Special Purpose Interim Condensed Consolidated Financial Statements for the three months period ended June 30, 2023 along with relevant review report issued by the S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, are enclosed herewith for your reference and records.

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

## **Review Report**

### **Review Report to The Board of Directors Ethos Limited**

We have reviewed the accompanying Special Purpose Interim Condensed Consolidated 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 special purpose interim condensed consolidated balance sheet as at June 30, 2023, the special purpose interim condensed consolidated Statements of Profit and Loss including other comprehensive income, the special purpose interim condensed consolidated Cash Flow Statement and the special purpose interim condensed consolidated Statement of Changes in Equity for the three months period ended June 30, 2023, and condensed notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information (together hereinafter referred to as the “Special Purpose Interim Condensed Consolidated Financial Statements”).

### **Management’s Responsibility for the Financial Statements**

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Special Purpose Interim Condensed Consolidated Financial Statements in accordance with the requirements of Indian Accounting Standard - 34 “Interim financial reporting” (Ind AS-34) specified under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and other recognised accounting practices and policies. These Special Purpose Interim Condensed Consolidated Financial Statements has been prepared solely in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "Regulations"). Our responsibility is to express a conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements based on our review.

### **Scope of review**

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Interim Condensed Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the principles of Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of

Companies (Indian Accounting Standards) Rules, 2015, as amended and other recognised accounting practices and policies.

**Other Matters**

1. This report on the Special Purpose Interim Condensed Consolidated Financial Statements has been issued solely in connection with the purpose specified in note 2.1 of the Special Purpose Interim Condensed Consolidated Financial Statements and is intended solely for the information and use of the Board of Directors and should not be used for any other purpose or provided to other parties.
2. The Special Purpose Interim Condensed Consolidated Financial Statements includes the unaudited Interim financial statements in respect of two subsidiaries, whose Interim financial statements include total assets of Rs. 4,055.29 lakhs as at June 30, 2023, total revenues of Rs 71.16 lakhs, total net profit after tax of Rs. 6.37 lakhs, total comprehensive income of Rs. 6.37 lakhs and net cash inflows of Rs. 1,917.75 lakhs for the three months ended June 30, 2023 respectively, as considered in the Special Purpose Interim Condensed Consolidated Financial Statements. The Special Purpose Interim Condensed Consolidated Financial Statements also includes Group's share of net profit of Rs. 21.12 lakhs and Group's share of total comprehensive income of Rs. 21.12 lakhs for the three months ended June 30, 2023 respectively in respect of one joint venture, as considered in the Special Purpose Interim Condensed Consolidated Financial Statements. These unaudited interim financial statements have been reviewed by other auditors, whose reports have been furnished to us by the management of the Group. Accordingly, our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures includes in respect of these subsidiaries and joint venture are based solely on the reports of other auditors.  
One of these subsidiaries is located outside India whose interim financial statement have been prepared in accordance with accounting principles generally accepted in its country and which has been reviewed by its auditor under generally accepted auditing standards applicable in that country. The Company's management has converted the interim financial statement of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of the auditor and the conversion adjustments prepared by the management of the Company and reviewed by us.
3. The Special Purpose Interim Condensed Consolidated Financial Statements also include unaudited interim financial statement in respect of one subsidiary, which have not been reviewed by any auditor, whose interim financial statement reflect total assets of Rs. 18.34 lakhs as at June 30, 2023, total revenues of Nil, total net profit after tax of Nil and total comprehensive income of Nil and net cash inflows of Rs. 18.34 lakhs for the three months ended June 30, 2023. This subsidiary is located outside India whose interim financial statement have been prepared in accordance with accounting principles generally accepted in its country and which has not been reviewed. The Company's management has converted the interim financial statement of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. These interim financial statements have been approved and furnished to us by the Management and our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements, in so far as it relates to the affairs of this subsidiary, is based solely on such unaudited interim financial statement. According to the

information and explanations given to us by the Management, these interim financial statements are not material to the Group and its joint venture.


Our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements 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 information certified by the Company's management.

4. We have not audited or reviewed the comparative financial information for the corresponding previous three months ended June 30, 2022 appearing in the Special Purpose Interim Condensed Consolidated Financial Statements, which are solely based on management certified accounts of the Group and its joint venture.
5. The Group and its joint venture had prepared separate statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2023, in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34, (Ind AS 34) "Interim Financial Reporting", on which we had issued a separate auditor's review report dated August 05, 2023. These Unaudited Consolidated Financial Results were prepared pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

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GUPTA**  Digitally signed by ANIL GUPTA  
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**per Anil Gupta**

Partner

Membership No. 87921

UDIN: 23087921BGXAWU5471

Place: New Delhi

Date: October 31, 2023

# ETHOS LIMITED

CIN: L52300HP2007PLC030800

## Special Purpose Interim Condensed Consolidated Balance Sheet as at June 30, 2023

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

Particulars	Notes	As at	
		June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,412.62	5,284.41
Capital work-in-progress		162.63	401.45
Intangible assets	4	5,473.19	4,070.65
Right-of-use assets	16	12,407.69	10,345.04
Intangible assets under development		38.58	-
Investment in Joint Venture	5a	228.27	207.15
Financial assets			
- Investment	5b	112.76	-
- Loans		4.93	5.67
- Other financial assets		1,432.22	2,452.01
Non-current tax assets (net)		234.79	234.79
Deferred tax assets (net)		846.41	860.62
Other non-current assets		199.50	255.24
<b>Total non-current assets</b>		<b>27,553.59</b>	<b>24,117.03</b>
<b>Current assets</b>			
Inventories		37,210.86	33,987.29
Financial assets			
- Trade receivables		1,398.81	617.74
- Cash and cash equivalents	6	5,554.92	2,788.87
- Other bank balances	7	15,708.77	20,074.43
- Loans		50.29	25.28
- Other financial assets		1,481.23	1,500.93
Other current assets		5,446.91	4,858.06
<b>Total current assets</b>		<b>66,851.79</b>	<b>63,852.60</b>
<b>Total Assets</b>		<b>94,405.38</b>	<b>87,969.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital		2,334.92	2,334.92
Other equity		62,636.98	60,814.72
<b>Equity attributable to owners of the Company</b>		<b>64,971.90</b>	<b>63,149.64</b>
Non controlling interest		0.00	0.00
<b>Total equity</b>		<b>64,971.90</b>	<b>63,149.64</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	8	724.45	711.77
- Lease liabilities	16	10,724.21	8,916.80
- Other financial liabilities		58.96	47.15
Provisions		208.52	192.35
<b>Total non-current liabilities</b>		<b>11,716.14</b>	<b>9,868.07</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	8	91.67	87.25
- Lease liabilities	16	2,570.26	2,356.75
-Trade payables			
-total outstanding dues of micro enterprises and small enterprises		195.06	50.95
-total outstanding dues of creditors other than micro enterprises and small enterprises		9,988.91	9,607.39
-Other financial liabilities		2,870.47	1,058.00
Other current liabilities		1,362.79	1,380.25
Provisions		410.59	390.56
Current tax liabilities (net)		227.59	20.77
<b>Total current liabilities</b>		<b>17,717.34</b>	<b>14,951.92</b>
<b>Total liabilities</b>		<b>29,433.48</b>	<b>24,819.99</b>
<b>Total Equity and Liabilities</b>		<b>94,405.38</b>	<b>87,969.63</b>

**Summary of accounting policies**

2

**The accompanying notes form an integral part of the special purpose interim condensed 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

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Place: New Delhi

Date: October 31, 2023

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

Yashovardhan Saboo

Chairman and Managing Director

DIN 00012158

**RITESH KUMAR**  
AGRAWAL

**Ritesh Kumar Agrawal**  
Chief Financial Officer

Anil Kumar

**Anil Kumar**  
Company Secretary

Place: Chandigarh

Date: October 31, 2023

**ANIL KHANNA**

**Anil Khanna**

Director

DIN 00012232

Pranav

Shankar Saboo

**Pranav Shankar Saboo**  
Chief Executive Officer

# ETHOS LIMITED

## Special Purpose Interim Condensed Consolidated Statement of Profit and Loss as at and for period ended June 30, 2023

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

Particulars	Notes	Period ended June 30, 2023 (Unaudited)	Period ended June 30, 2022 (Unaudited, refer note 2.1)
Revenue from operations	9	23,002.16	17,356.05
Other income		468.59	223.42
<b>Total Income (I)</b>		<b>23,470.75</b>	<b>17,579.47</b>
<b>Expenses</b>			
Purchase of stock-in-trade		19,242.56	15,307.57
Changes in inventory of stock-in-trade		(3,223.57)	(3,417.71)
Employee benefits expense		1,737.42	1,239.46
Finance costs	10	379.77	423.69
Depreciation and amortization expense	11	1,072.66	813.00
Other expenses	12	1,853.67	1,524.50
<b>Total expenses (II)</b>		<b>21,062.51</b>	<b>15,890.51</b>
<b>Profit before share of joint venture and tax (III= I-II)</b>		<b>2,408.24</b>	<b>1,688.96</b>
Share of profit of joint venture (net of income tax) (IV)		21.12	16.46
<b>Profit before tax (V= III-IV)</b>		<b>2,429.36</b>	<b>1,705.42</b>
<b>Tax expense, comprising</b>			
- Current tax		599.51	465.76
- Deferred tax		14.20	(40.07)
<b>Total tax expense (VI)</b>		<b>613.71</b>	<b>425.69</b>
<b>Profit for the period (VII = V-VI)</b>		<b>1,815.65</b>	<b>1,279.73</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
- Exchange Differences on translation of foreign operations		6.61	-
<b>Total other comprehensive income for the period</b>		<b>6.61</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>1,822.26</b>	<b>1,279.73</b>
Earnings per equity share [nominal value of Rs. 10 (previous period Rs. 10)]	13		
Basic (Rs.)		7.78	6.56
Diluted (Rs.)		7.78	6.56

### Summary of accounting policies

2

**The accompanying notes form an integral part of the special purpose interim condensed 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

**ANIL  
GUPTA**

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Place: New Delhi  
Date: October 31, 2023

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

Yashovardhan Saboo  
Digitally signed by  
Yashovardhan Saboo  
Date: 2023.10.31  
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**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

RITESH KUMAR  
AGRAWAL  
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Date: 2023.10.31  
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**Ritesh Kumar Agrawal**  
Chief Financial Officer

Anil Kumar  
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**Anil Kumar**  
Company Secretary

Place: Chandigarh  
Date: October 31, 2023

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**Anil Khanna**  
Director  
DIN 00012232

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**Pranav Shankar Saboo**  
Chief Executive Officer

# ETHOS LIMITED

## Special Purpose Interim Condensed Consolidated Cash Flow Statement for the period ended June 30, 2023

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

PARTICULARS	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited, refer note 2.1)
<b>A. OPERATING ACTIVITIES</b>		
Profit before income tax	2,429.36	1,705.42
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and amortization expense	1,072.66	813.00
Write off / loss on sale of property, plant & equipment	-	0.27
Interest expense	379.77	413.97
Interest income	(407.67)	(149.35)
Provisions/liabilities no longer required written back	(47.61)	(35.54)
Share of profit of joint venture	(21.12)	(16.46)
Unrealized foreign exchange loss	15.32	73.19
Effect of exchange rate on translation of operating cash flows	6.61	-
Allowance for doubtful debts/(written back)	-	(5.68)
Allowance for doubtful advances/recoverable/security deposit	27.14	-
Advances/deposits/Bad debts written off (Net)	2.50	10.37
<b>Cash generated from operations before working capital changes</b>	<b>3,456.96</b>	<b>2,809.19</b>
<b>Movements in working capital:</b>		
(Increase)/ Decrease in loans	(24.27)	5.16
(Increase)/ Decrease in other financial assets	190.15	(240.78)
(Increase) in other assets	(592.56)	(2,157.06)
(Increase) in inventories	(3,223.57)	(3,417.71)
(Increase) in trade receivables	(783.71)	(1.84)
Increase in provisions	36.20	26.06
Increase in trade payables	510.52	978.31
Increase in other financial liabilities	125.66	59.16
Increase in other current liabilities	29.28	30.23
<b>Cash (used in) operations</b>	<b>(275.34)</b>	<b>(1,909.28)</b>
Income tax paid (net)	(392.68)	(249.13)
<b>Net cash (used in) operating activities (A)</b>	<b>(668.02)</b>	<b>(2,158.41)</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)	(879.60)	(131.29)
Proceeds from sale of property, plant and equipment	-	0.63
Investment in bank deposits (having original maturity of more than three months)	5,230.90	(28,576.95)
Interest received	118.96	10.04
<b>Net cash flow from /(used in) investing activities (B)</b>	<b>4,470.26</b>	<b>(28,697.57)</b>
<b>C. FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including premium)	-	37,500.00
Share issue expenses	-	(3,672.64)
Proceeds from non-current borrowings	26.75	178.61
Repayment of non-current borrowings	(9.54)	(1,074.79)
Proceeds from/repayments of other current borrowings (net)	(0.08)	(2,199.40)
Payment of principal portion of lease liabilities	(686.77)	(731.89)
Interest paid on lease liabilities	(357.15)	(279.22)
Interest expense paid	(9.40)	(113.17)
<b>Net cash (Used in) /flow from financing activities (C)</b>	<b>(1,036.19)</b>	<b>29,607.50</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2,766.05</b>	<b>(1,248.48)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,788.87</b>	<b>3,768.32</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,554.92</b>	<b>2,519.84</b>

# ETHOS LIMITED

## Special Purpose Interim Condensed Consolidated Cash Flow Statement for the period ended June 30, 2023

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

PARTICULARS	For the period ended June 30, 2023 (Unaudited)	For the period ended June 30, 2022 (Unaudited, refer note 2.1)
<b>Notes :</b>		
1. Cash and cash equivalents include :		
Balance with banks in current accounts	3,101.70	2,357.19
Cheques and drafts on hand	83.11	10.34
Cash on hand	168.82	74.75
Credit cards receivable	127.29	77.56
Fixed Deposits with original maturity of less than three months	2,074.00	-
<b>Cash and cash balance at the end of the period</b>	<b>5,554.92</b>	<b>2,519.84</b>

2. The above cash flow statement has been prepared under indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

3. Refer note 16 for non-cash investing activities in form of additions to right of use assets.

**The accompanying notes form an integral part of the special purpose interim condensed 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

**ANIL GUPTA**  
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Place: New Delhi  
Date: October 31, 2023

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

**Yashovardhan Saboo**  
Digitally signed by  
Yashovardhan Saboo  
Date: 2023.10.31  
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**Yashovardhan Saboo**  
Chairman and Managing Director  
DIN 00012158

**RITESH KUMAR AGRAWAL**  
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AGRAWAL  
Date: 2023.10.31  
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**Ritesh Kumar Agrawal**  
Chief Financial Officer

**Anil Kumar**  
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Date: 2023.10.31 10:40:55 +05'30'

**Anil Kumar**  
Company Secretary

Place: Chandigarh  
Date: October 31, 2023

**ANIL KHANNA**  
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**Anil Khanna**  
Director  
DIN 00012232

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**Pranav Shankar Saboo**  
Chief Executive Officer



**ETHOS LIMITED**

**Special Purpose Interim Condensed Consolidated Statement of Changes in Equity for the period ended June 30, 2023**

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

	Number	Amount
<b>a. Equity share capital</b>		
Balance as at April 1, 2022	1,90,78,163	1,907.82
Issue of share capital during the period	42,71,070	427.10
<b>Balance as at June 30, 2022</b>	<b>2,33,49,233</b>	<b>2,334.92</b>
<b>Equity share capital</b>		
Balance as at April 1, 2023	2,33,49,233	2,334.92
Issue of share capital during the period	-	-
<b>Balance as at June 30, 2023</b>	<b>2,33,49,233</b>	<b>2,334.92</b>

**b. Other Equity**

	Deemed capital contribution	Reserves and surplus			Other comprehensive Income	Total
		Capital reserve	Securities premium	Retained earnings	Exchange differences on translation of foreign operations	
<b>Balance as at April 1, 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>
- Profit for the period	-	-	-	1,815.65	-	1,815.65
-Other comprehensive income (net of tax)	-	-	-	-	6.61	6.61
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,815.65</b>	<b>6.61</b>	<b>1,822.26</b>
-Issue of equity shares for cash	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>50.51</b>	<b>1.67</b>	<b>51,548.31</b>	<b>11,030.04</b>	<b>6.45</b>	<b>62,636.98</b>

	Deemed capital contribution	Reserves and surplus			Other comprehensive Income	Total
		Capital reserve	Securities premium	Retained earnings	Exchange differences on translation of foreign operations	
<b>Balance as at April 1, 2022</b>	<b>50.51</b>	<b>1.67</b>	<b>18,006.46</b>	<b>3,202.03</b>	<b>-</b>	<b>21,260.67</b>
- Profit for the period	-	-	-	1,279.73	-	1,279.73
-Other comprehensive income (net of tax)	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,279.73</b>	<b>-</b>	<b>1,279.73</b>
-Issue of equity shares for cash *	-	-	33,400.25	-	-	33,400.25
<b>Balance as at June 30, 2022</b>	<b>50.51</b>	<b>1.67</b>	<b>51,406.71</b>	<b>4,481.76</b>	<b>-</b>	<b>55,940.65</b>

\* Net of share issue expenses of Rs. 3,672.64

**The accompanying notes form an integral part of the special purpose interim condensed 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**

Digitally signed by ANIL GUPTA  
DN: cn=ANIL GUPTA, c=IN,  
o=Personal,  
email=anil.gupta@srb.in  
Date: 2023.10.31 12:14:25  
+05'30'

**Anil Gupta**

Partner

Membership No. 87921

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

Yashovardhan Saboo  
han Saboo

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Yashovardhan Saboo  
Date: 2023.10.31  
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**Yashovardhan Saboo**

Chairman and Managing Director

DIN 00012158

RITESH KUMAR  
AGRAWAL

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AGRAWAL  
Date: 2023.10.31 10:38:03  
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**Ritesh Kumar Agrawal**

Chief Financial Officer

Anil Kumar

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Kumar  
Date: 2023.10.31  
10:40:54 +05'30'

**Anil Kumar**

Company Secretary

**ANIL KHANNA**

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Date: 2023.10.31  
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**Anil Khanna**

Director

DIN 00012232

Pranav Shankar Saboo

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Shankar Saboo  
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**Pranav Shankar Saboo**

Chief Executive Officer

Place: New Delhi

Date: October 31, 2023

Place: Chandigarh

Date: October 31, 2023

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### **1. Corporate Information**

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on 05 November 2007 under the provisions of the Companies Act applicable in India. These special purpose interim condensed consolidated financial statements comprise the Company, its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh. The Corporate Identification Number of parent company is L52300HP2007PLC030800.

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 17.

The special purpose interim condensed consolidated financial statements were approved for issue in accordance with a resolution of the directors on October 31, 2023

#### **2. Accounting policy information**

##### **2.1 Basis of preparation**

These Special purpose interim condensed consolidated financial statements of the Group, which comprise the Special purpose interim condensed balance sheet as at June 30, 2023; Special purpose interim condensed statement of Profit and Loss; Special purpose interim condensed Statement of Changes in Equity and Special purpose interim condensed Cash Flow Statement for the period then ended and other selected explanatory notes has been prepared in accordance with the principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting". This unaudited special purpose interim condensed financial statements has been prepared in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "Regulations").

The accounting policies adopted in the preparation of these unaudited special purpose interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual audited consolidated financial statements for the year ended March 31, 2023 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. Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in the financial position and performance since the last annual audited consolidated financial statements.

The special purpose interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at March 31, 2023.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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The functional currency of the Group is the Indian rupee. These special purpose interim condensed 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 special purpose interim condensed 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 Special purpose interim condensed consolidated 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 31 March 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 special purpose interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Special purpose interim condensed consolidated 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 special purpose interim condensed consolidated financial

**ETHOS LIMITED****Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023***(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the special purpose interim condensed consolidated 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 special purpose interim condensed 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.
- 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 property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the special purpose interim condensed 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:

<b>Name of the Entity</b>	<b>Principal Activities</b>	<b>Relationship</b>	<b>Country of incorporation</b>	<b>% of holding (30 June 2023)</b>	<b>% of holding (31 March 2023)</b>
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	Subsidiary	Switzerland	100%	100%

## ETHOS LIMITED

### Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023

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

	in/create related brands					
Favre Leuba GmBH****	Trading of Watches	Subsidiary	Switzerland	100%	-	

\* The percentage of holding denotes the Share of Profits in LLP.

\*\* w.e.f. May 03, 2019

\*\*\* w.e.f. March 31, 2023

\*\*\*\* w.e.f. June 26, 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.

## 2.3 Summary of accounting policies

### a. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The 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

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

#### **c. Property, plant and equipment ('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,

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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- 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 property, plant and equipment 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 29 August 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 for the lease term 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 considered life reassessment if store is due for closure upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.



**ETHOS LIMITED****Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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**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.

*Amortisation*

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in depreciation and amortisation expense in statement of profit and loss. The estimated useful life of Computer Software (ERP) , Business Intelligence software and Website is 6 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

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. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

**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 incurred 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.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### **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

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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.

#### **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

**ETHOS LIMITED****Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### **1. Revenue from contract with customers**

The Group earns revenue primarily from retail trading of premium and luxury watches, accessories and other luxury items, marketing and support services and rendering of related after sale services. The Group has 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. 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.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

#### *Right of return assets*

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

#### *Refund liabilities*

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### *Customer loyalty programmes*

For customer loyalty programmes, the transaction price 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.

### **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

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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 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.



## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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*

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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.

#### *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.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### **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 (I) 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 (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### *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 FVTPL*

FVTPL 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 FVTPL. 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 FVTPL. 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 FVTPL 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 FVTPL. For all other equity instruments, the Group may make an irrevocable adoption to present subsequent changes in the fair value under other comprehensive income. 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

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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 FVTPL 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.

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).

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### *Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

#### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss (FVTPL)

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVTPL 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 FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

#### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### *Derivative financial instruments*

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **r. Impairment of non-financial assets**

The Group's non-financial assets, 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.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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 special purpose interim condensed 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 with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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. The gain or loss arising on translation of non-monetary items



## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### **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 Executive Officer/Managing Director as 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 of the parent by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **x. Measurement of fair values**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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► 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 special purpose interim condensed consolidated financial statements is included in the respective notes

## **2.4 Changes in accounting policies and disclosures**

### **New and amended standards**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 1, 2023.

- (i) Definition of Accounting Estimates - Amendments to Ind AS 8  
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.  
The amendments are effective from annual reporting periods beginning April 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.  
The amendments do not have any impact on the Company's financial statements.

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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- (ii) **Disclosure of Accounting Policies - Amendments to Ind AS 1**  
The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to Ind AS 1 are applicable for annual periods beginning April 1, 2023.
- (iii) **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12**  
The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after April 1, 2023. The amendments does not have any impact on the Company's financial statements.

## **2.5 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### *Judgments*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the special purpose interim condensed consolidated financial statements is included in the following notes:

- Note 2.3(c) – Assessment of useful life of Property, plant and equipment
- Note 2.3(d) – Assessment of useful life of Intangible assets
- Note 2.3 (h) and (j) – Provisions and contingent liabilities
- Note 2.3 (o) – Income taxes

### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2023 is included in the following notes:

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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#### **a) 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.

#### **b) 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.

#### **c) Contingencies**

Refer Note 15 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;

#### **d) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

**e) 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

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the three months period ended June 30, 2023**

*(All amounts in ₹ lakhs, except for share data and if otherwise stated)*

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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.

- f) 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.
- g) 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.

**ETHOS LIMITED****Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***3. Property, plant and equipment**

	<b>Leasehold improvement</b>	<b>Plant and equipment</b>	<b>Furniture and fittings</b>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Gross carrying amount (at deemed cost/ cost)</b>						
Balance as at April 1, 2022	2,723.07	353.35	2,205.14	451.85	443.03	<b>6,176.44</b>
Additions during the year	933.43	53.60	730.83	223.40	608.91	<b>2,550.17</b>
Disposals during the year	(234.41)	(30.83)	(128.84)	(120.19)	(129.98)	<b>(644.25)</b>
<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>
Additions during the period	658.75	0.88	460.78	67.87	229.67	<b>1,417.95</b>
Disposals during the period	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>4,080.84</b>	<b>377.00</b>	<b>3,267.91</b>	<b>622.93</b>	<b>1,151.63</b>	<b>9,500.31</b>
<b>Accumulated Depreciation</b>						
Balance as at April 1, 2022	1,315.21	45.20	733.03	240.37	116.61	<b>2,450.42</b>
Depreciation charge for the year	418.16	21.46	263.89	111.17	80.99	<b>895.67</b>
Accumulated depreciation on disposals	(234.41)	(30.83)	(126.45)	(107.11)	(49.34)	<b>(548.14)</b>
<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>
Depreciation charge for the period	137.27	5.86	80.97	36.45	29.19	<b>289.74</b>
Accumulated depreciation on disposals	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>1,636.23</b>	<b>41.69</b>	<b>951.44</b>	<b>280.88</b>	<b>177.45</b>	<b>3,087.69</b>
<b>Net carrying amount</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>At June 30, 2023</b>	<b>2,444.61</b>	<b>335.31</b>	<b>2,316.47</b>	<b>342.05</b>	<b>974.18</b>	<b>6,412.62</b>

**Notes:**

- Refer note 8 for information on property, plant and equipment pledged as security by the Group.
- Refer note 15 (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.Nil as at June 30, 2023 (March 31, 2023: 1.09) from brands.
- Deletion amount includes re-imbursement received for property, plant and equipment of Rs.Nil as at June 30, 2023 (March 31, 2023: 2.36) from brands.

**4. Intangible assets**

	<b>Brand</b>	<b>Business Intelligence</b>	<b>Website</b>	<b>Computer Softwares</b>	<b>Total</b>
<b>Gross carrying amount (at deemed cost/ cost)</b>					
Balance as at April 1, 2022	-	51.15	41.90	51.11	<b>144.16</b>
Additions during the year	4,017.00	-	-	6.34	<b>4,023.34</b>
Disposals during the year	-	-	-	(1.14)	<b>(1.14)</b>
<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>
Additions during the period (refer note 24)	1,407.36	-	-	-	<b>1,407.36</b>
Disposals during the period	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>5,424.36</b>	<b>51.15</b>	<b>41.90</b>	<b>56.31</b>	<b>5,573.72</b>
<b>Accumulated Amortisation</b>					
Balance as at April 1, 2022	-	21.28	21.00	35.58	<b>77.86</b>
Amortisation for the year	-	8.52	6.98	3.49	<b>18.99</b>
Disposals during the year	-	-	-	(1.14)	<b>(1.14)</b>
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>29.80</b>	<b>27.98</b>	<b>37.93</b>	<b>95.71</b>
Amortisation for the period	-	2.12	1.74	0.96	<b>4.82</b>
Disposals during the period	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>-</b>	<b>31.92</b>	<b>29.72</b>	<b>38.89</b>	<b>100.53</b>
<b>Net carrying amount</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>
<b>At June 30, 2023</b>	<b>5,424.36</b>	<b>19.23</b>	<b>12.18</b>	<b>17.42</b>	<b>5,473.19</b>

# ETHOS LIMITED

## Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

### 5a. Investments in Joint Venture

	As at June 30, 2023	As at March 31, 2023
Non-current investment (Investment carried at equity method of accounting)		
<b><i>In equity shares of Joint venture</i></b>		
<i>Unquoted, fully paid up</i>		
- Pasadena Retail Private Limited	175.00	175.00
17,50,000 equity shares of Rs. 10 each fully paid up (March 31, 2023: 17,50,000 equity shares of Rs. 10 each fully paid up)		
- Share of Profit in Joint Venture	53.27	32.15
	<u>228.27</u>	<u>207.15</u>

### 5b. Investments

#### ***In equity shares of other Company (Fair value through profit and loss)***

*Unquoted, fully paid up*

- Haute-rive Watches SA (Refer Note 22) 112.76 -

	As at June 30, 2023	As at March 31, 2023
<b>6. Cash and cash equivalents</b>		
Balances with banks in		
- Current accounts*	3,101.70	1,857.57
- Fixed Deposits with original maturity of less than three months**	2,074.00	500.00
Cheques and drafts on hand	83.11	71.94
Cash on hand	168.82	106.53
Others		
- Credit cards receivable	127.29	252.83
	<u>5,554.92</u>	<u>2,788.87</u>

\* Balance as on June 30, 2023 included Rs. 16.41 (March 31, 2023: Rs.133.09) balance of unutilised Initial Public Offer (IPO) proceed with monitoring agency bank account. Refer note 19.

\*\* Fixed deposits include balance of Initial Public Offer (IPO) proceeds of Rs.375 (March 31, 2023: Rs. 500) which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on June 30, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 19.

	As at June 30, 2023	As at March 31, 2023
<b>7. Other bank balances</b>		
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	15,708.77	20,074.43
	<u>15,708.77</u>	<u>20,074.43</u>

# These deposits include restricted bank deposits amounting to Rs.363.44 (March 31, 2023 : Rs.480.27) 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. 14,000 (March 31, 2023: Rs.19,000) which will be utilised as stated in the prospectus for IPO. Net unutilised proceeds from IPO as on June 30, 2023 have been temporarily invested in deposits with scheduled bank. Refer note 19.

# ETHOS LIMITED

## Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

8. Borrowings	Note	As at	As at
		June 30, 2023	March 31, 2023
<b>i) Non-current borrowings</b>			
Term-loans			
From banks (secured)	(a)	135.68	118.08
Deposits from shareholders (unsecured)(refer to note 17 for related party disclosure)	(b)	636.65	637.07
Total non-current borrowings (including current maturities)		772.33	755.15
Less : Current maturities of non-current borrowings [refer to note 8(ii)]		(47.88)	(43.38)
		724.45	711.77

### Notes:

- a) Vehicle loans from banks amounting to Rs.135.68 (March 31, 2023: Rs.118.08 ) 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, 2023: 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.
- b) Deposits from Shareholders carry an interest rate ranging between 10.25% to 10.75% (March 31, 2023: 10.25% to 10.75%) per annum and carry a maturity period from 24 to 36 months from the respective date of deposits.

ii) Current borrowings		As at	As at
		June 30, 2023	March 31, 2023
Other Loans			
-Deposits from shareholders (unsecured) [Refer Note 17 for related parties disclosure]	(c)	43.79	43.87
Current maturities of non-current borrowings [refer note 8 (i)]		47.88	43.38
		91.67	87.25

### Notes

- (c) 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, 2023: 9.50% per annum).



## ETHOS LIMITED

### Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

#### 9. Revenue from operations

	For the period ended June 30, 2023	For the period ended June 30, 2022
<b>Revenue from contracts with customers</b>		
Sale of products (net of applicable tax)	22,846.80	17,271.60
Sale of services	155.36	84.45
	<u>23,002.16</u>	<u>17,356.05</u>

Revenue from contract with the customers differ from the revenue as per contracted price due to factors such as loyalty points. The timing of revenue recognition for sale of products is when goods are transferred at a point of time. Customers are entitled to loyalty points on purchase of products which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. The Loyalty points can be redeemed within one year from the date of creation. The performance obligation in relation to sale of services is satisfied upon completion of service.

#### Reconciliation of revenue recognised in the Special Purpose Interim Condensed Consolidated Statement of Profit and Loss with the contracted price.

##### Particulars

	For the period ended June 30, 2023	For the period ended June 30, 2022
Revenue as per contracted price	23,017.39	17,371.21
Less: (Creation)/Redemption of loyalty points	(15.23)	(15.16)
	<u>23,002.16</u>	<u>17,356.05</u>

#### 10. Finance costs

	For the period ended June 30, 2023	For the period ended June 30, 2022
Interest expense on borrowings	21.92	134.14
Interest on lease liabilities (Refer note 16)	357.15	279.22
Interest on delay in deposit of income tax	0.70	0.61
Other borrowing cost	-	9.72
	<u>379.77</u>	<u>423.69</u>

#### 11. Depreciation and amortisation expense

	For the period ended June 30, 2023	For the period ended June 30, 2022
Depreciation of property, plant and equipment (Refer note 3)	289.74	193.35
Amortisation of intangible assets (Refer note 4)	4.82	4.66
Depreciation of Right-of-use of assets (Refer note 16)	778.10	614.99
	<u>1,072.66</u>	<u>813.00</u>

**ETHOS LIMITED****Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023***(All amounts in Rs. lakhs, except for share data and if otherwise stated)***12. Other expenses**

	<b>For the period ended June 30, 2023</b>	<b>For the period ended June 30, 2022</b>
Power and fuel	63.52	57.83
Service cost expense	107.67	84.62
Insurance	26.12	21.50
Rent (net of reimbursements of Rs. 3.01 (June 30, 2022: Rs. 1.04)) (Refer note 16)	196.12	237.53
Rates and taxes	25.81	17.34
Repair and maintenance- Others	194.99	151.50
Foreign exchange loss (net)	65.36	43.97
Travelling and conveyance	103.66	53.28
Advertisement and sales promotion (Refer note 17)	537.87	462.69
Directors sitting fees and commission (Refer note 17)	3.90	25.13
Printing and stationery	13.31	7.20
Recruitment expenses	27.30	8.15
Telephone and telex	21.29	19.11
Postage and telegram	97.65	62.58
Legal and professional fees	86.84	49.88
Bank charges	149.83	159.46
Advances/deposits/Bad debts written off (Net)	2.50	10.37
Allowance for doubtful advances/recoverable/security deposit	27.14	-
Loss on sale of property, plant and equipment	-	0.27
Corporate Social Responsibility expenditure	19.50	6.40
Miscellaneous expenses	83.29	45.69
	<b>1,853.67</b>	<b>1,524.50</b>

**13. Earnings per share**

	<b>For the period ended June 30, 2023</b>	<b>For the period ended June 30, 2022</b>
A. Basic earnings per share		
i <i>Profit for basic earning per share of Rs.10 each</i>		
Profit for the period	1,815.65	1,279.73
ii <i>Weighted average number of equity shares for (basic)</i>		
Opening Balance	2,33,49,233	1,90,78,163
Effect of fresh issue of shares	-	4,21,256
	2,33,49,233	1,94,99,419
Basic Earnings per share (face value of Rs.10 each)	7.78	6.56
B. Diluted earnings per share		
i <i>Profit for diluted earning per share of Rs.10 each</i>	1,815.65	1,279.73
ii <i>Weighted average number of equity shares for diluted</i>		
Opening Balance	2,33,49,233	1,90,78,163
Effect of fresh issue of shares	-	4,21,256
	2,33,49,233	1,94,99,419
Diluted earnings per share (face value of Rs.10 each)	7.78	6.56

# ETHOS LIMITED

## Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

### 14. Financial instruments - fair values and risk management

#### Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at June 30, 2023			As at March 31, 2023		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
<b>Financial assets</b>								
<b>Non-current</b>								
Investment in equity shares - other companies	(d)	3	112.76	-	-	-	-	-
Loans	(c)	3	-	4.93	-	-	5.67	-
Other financial assets	(c)	3	-	1,432.22	-	-	2,452.01	-
<b>Current</b>								
Trade receivables	(a)	3	-	1,398.81	-	-	617.74	-
Cash and cash equivalents	(a)	3	-	5,554.92	-	-	2,788.87	-
Other bank balances	(a)	3	-	15,708.77	-	-	20,074.43	-
Loans		3	-	50.29	-	-	25.28	-
Other financial assets		2	-	1,481.23	-	-	1,500.93	-
<b>Total</b>			<b>112.76</b>	<b>25,631.17</b>	<b>-</b>	<b>-</b>	<b>27,464.93</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Non-current</b>								
Borrowings	(b)	3	-	724.45	-	-	711.77	-
Other Non current financial Liabilities	(c)		-	58.96	-	-	47.15	-
<b>Current</b>								
Borrowings (including current maturities)	(b)	3	-	91.67	-	-	87.25	-
Trade payables	(a)	3	-	10,183.97	-	-	9,658.33	-
Other financial liabilities	(a)	2	-	2,870.47	-	-	1,058.00	-
<b>Total</b>			<b>-</b>	<b>13,929.52</b>	<b>-</b>	<b>-</b>	<b>11,562.50</b>	<b>-</b>

#### Notes:

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. The own non-performance risk as at balance sheet date was assessed to be insignificant.
- The fair valuation of other non current financial assets and other non current financial liabilities are approximately equivalent to carrying value.
- The fair value in respect of unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.

There are no transfers between Level 1, Level 2 and Level 3 during the period ended June 30, 2023 and Year March 31, 2023.

## ETHOS LIMITED

### Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

#### 15. Contingent liabilities, commitments and other matters

i) *Claims against the Group not acknowledged as debts, under dispute*

	As at June 30, 2023	As at March 31, 2023
a) Income Tax matters	364.86	364.86
b) Excise Duty matters	47.08	47.08
c) Value Added Tax matters*	-	3,330.03
d) Customs duty matters	12.97	12.97
e) Goods and Services Tax matters	12.15	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.

\*subsequent to the period ended June 30, 2023, the Company has received a favourable order where in the initial demand order passed has been remanded back to the assessing authority for framing the assessment afresh after giving the Company an opportunity of being heard.

ii) *Commitments*

-Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	267.43	471.71
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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 June 30, 2023, there is one open legal proceedings involving disputed amount of Rs.110.22 (March 31, 2023: Rs.110.22) against which the Group is carrying liability of Rs.49.26 (March 31, 2023: 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.

## ETHOS LIMITED

### Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

#### 16. Leases

##### A. Group as a lessee

The Group has lease contracts for various retail stores and furniture to be used for its operations. The Leases generally have lease terms 2 - 10 years for building and 4 - 5 years for furniture. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning or sub leasing the leased assets.

The Group has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Building	Furniture	Total
<b>As at April 1, 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>
Additions	2,811.30	68.63	2,879.93
Deletions	(39.18)	-	(39.18)
Depreciation expense	(766.75)	(11.35)	(778.10)
<b>As at June 30, 2023</b>	<b>12,245.29</b>	<b>162.40</b>	<b>12,407.69</b>

The carrying amounts of lease liabilities and the movements during the period/year:

Particulars	As at June 30, 2023	As at March 31, 2023
<b>At the beginning of the year</b>	<b>11,273.55</b>	<b>10,186.97</b>
Additions	2,746.87	3,774.47
Accretion of interest	357.15	1,152.91
Deletions	(39.18)	(285.17)
Payments (Principal and interest)*	(1,043.92)	(3,555.63)
Rent Concession	-	-
<b>At the closing of the year</b>	<b>13,294.47</b>	<b>11,273.55</b>
Current lease liabilities	2,570.26	2,356.75
Non-current lease liabilities	10,724.21	8,916.80
<b>Total</b>	<b>13,294.47</b>	<b>11,273.55</b>

The details regarding the maturity analysis of lease liabilities on an undiscounted basis:

Particulars	As at June 30, 2023	As at March 31, 2023
Within one year	3,919.49	3,478.47
After one year but not more than five years	11,141.01	9,156.18
More than five years	2,841.24	2,476.32
<b>Total</b>	<b>17,901.74</b>	<b>15,110.97</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 period ended June 30, 2023	For the period ended June 30, 2022
Depreciation expense of right-of-use assets	778.10	614.99
Interest expense on lease liabilities	357.15	279.22
Expense relating to short-term leases and variable rent (included in other expenses)**	199.13	238.57
<b>Total amount recognised in profit or loss</b>	<b>1,334.38</b>	<b>1,132.78</b>

\*The Company had total cash outflows for leases excluding rent concession during the three months period ending June 30, 2023 for Rs.1,043.92 (June 30, 2022: Rs.1,011.11)

The Company also had non-cash additions to right of use assets and liabilities for the period ending June 30, 2023 of Rs.2678.24 (March 31, 2023: Rs.3,624.47)

\*\* Gross of reimbursement received of Rs.3.01 (June 30, 2022: Rs.1.04).

## ETHOS LIMITED

### Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

#### 17. Related parties

(i) **Holding Company :**

KDDL Limited (KDDL)

(ii) **Joint venture :**

Pasadena Retail Private Limited

(iii) **Subsidiary body Corporate :**

Cognition Digital LLP

Silvercity Brands AG (w.e.f March 31, 2023)

Favre Leuba GmbH (step down subsidiary w.e.f June 26, 2023)

(iv) **Entities under common control (where transactions have taken place during the period / balances outstanding) :**

Mahen Distribution Limited

Pylania SA

VBL Innovations Private Limited

Vardhan Properties & Investment Private Limited

Anacott Trading SA (upto 22 December 2021)

Dream Digital Technology Private Limited (DDTPL)

Saboo Ventures LLP

Saboo Housing Projects LLP

Saveeka Family Trust

KDDL Ethos Foundation

(v) **Details of transactions entered into with the related parties:**

**Key Managerial Personnels**

Mr.Y.Saboo (Chairman and Managing Director )

Mr. Pranav Shankar Saboo (CEO)

Mr. Anil Khanna - Independent Director

Mr. N. Subramanian - Independent Director (upto September 27, 2022)

Mr. Sundeep Kumar - Independent Director

Mrs. Neelima Tripathi - Independent

Director (upto 27 September 2022)

Mr. Dilpreet Singh - Independent Director

Mr. Mohaimin Altaf - Independent Director (upto September 29, 2023)

Mr. Patrik Paul Hoffman - Independent Director

Mr. Manoj Gupta (Executive Director)

Mr. C. Raja Sekhar (CFO upto August 16, 2021)

Mr. Ritesh Kumar Agrawal (CFO w.e.f August 17, 2021)

Mr. Anil Dhiman (CS)

Mr. Chitranjan Agarwal - Non Independent and Non Executive Director (w.e.f. 1 April 2022)

Mr. Charu Sharma - Independent Director (w.e.f. November 3, 2022)

Mr. Munisha Gandhi - Non Independent and Non Executive Director (w.e.f. September 27, 2022)

Ms. Susanne Hurni

**Relative of Key Managerial Personnel**

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)

Mrs. Malvika Saboo (Spouse)

Mrs Alka Khanna (Spouse)

Mr. Saahil Khanna (Son)

Mrs Poonam Prakash (Sister)

Mr Apoorv P. Tripathi (Son)

Ms Sanam Tripathi (Daughter)

Mrs Nighat Altaf (Mother)

Mrs. Lalit Gupta (Spouse)

Mr. Amol Gupta (Son)

Mrs. Saneh Lata (Mother)

Mr. Deepak Gupta (Brother)

Mrs. Anju Chilumuri (Spouse)

Mrs. Jyoti Agrawal (Spouse)

Mrs. Navita Verma (Spouse)

Mrs. Pallavi Agarwal (Spouse)

Mr. Viraj Gandhi (Son)

Ms. Shabnam Nath (Daughter)

Director of Estima AG, Fellow Subsidiary

**ETHOS LIMITED**
**Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023**
*(All amounts in Rs. lakhs, except for share data and if otherwise stated)*
**17. Related parties (Contd....)**

(vi) Particulars	Joint venture/Subsidiary body corporate		Entities under common control		Key Managerial Personnel and their relatives		Holding Company	
	For the Period Ended June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Transactions</b>								
Sale of goods	-	-	5.31	-	1.65	31.25	-	15.32
Other Income	2.39	-	-	-	-	-	10.92	10.00
Rent income	-	-	0.30	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	19.00	-	-	-
Short term employee benefits	-	-	-	-	329.58	111.70	-	-
Legal and professional fees	-	-	-	-	7.78	0.33	-	-
Advertisement and sales promotion	-	-	11.55	10.50	-	-	-	-
Recovery of expenses incurred	8.63	9.53	-	-	0.84	-	-	-
Rent expenses	-	-	3.15	3.00	-	-	10.51	5.49
Directors sitting fees and commission	-	-	-	-	3.90	25.13	-	-
Reimbursement of expenses	-	-	-	-	-	-	1.84	1.49
Interest Expenses	-	-	-	2.49	4.06	29.34	-	-
Financial guarantee expenses	-	-	-	-	-	-	-	4.97
Purchase of Property, Plant and Equipment and Intangible	-	-	1,407.36	-	-	-	-	-
Loan repaid	-	-	-	95.00	-	865.05	-	-
<b>Balances outstanding :</b>	<b>Joint venture/Subsidiary body corporate</b>		<b>Entities under common control</b>		<b>Key Managerial Personnel and their relatives</b>		<b>Holding Company</b>	
	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>
<b>Balances outstanding :</b>								
Investments	175.00	175.00	-	-	-	-	-	-
Receivable against sale of goods	-	-	87.39	152.03	5.48	68.09	-	-
Advances	13.02	12.41	1,341.56	1,342.98	6.20	6.35	15.70	17.18
Payable for Employee Benefits	-	-	-	-	102.29	117.65	-	-
Payable for Director fees & commission	-	-	-	-	-	79.59	-	-
Payable for services received	-	-	-	-	0.02	-	-	-
Interest accrued but not due	-	-	-	-	17.74	14.27	-	-
Unsecured loans	-	-	-	-	136.81	136.81	-	-
Deemed capital contribution	-	-	-	-	-	-	50.51	50.51
Payable for Purchase of Intangible Asset	-	-	1,407.36	-	-	-	-	-

## **ETHOS LIMITED**

### **Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023**

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

#### **Notes:**

- 1 The Group's principal related parties consist of KDDL Limited, its subsidiaries and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enters into transactions in the ordinary course of business.
- 2 Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.
- 3 Security being provided by 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.
- 4 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.
- 5 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.
- 6 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.



## ETHOS LIMITED

### Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

18. 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 and its joint venture 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.
19. During the quarter ended June 30, 2022, 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. 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 June 30, 2023	Unutilised as on June 30, 2023**
Repayment or pre-payment certain borrowings	2,989.09	2,989.09	-
Funding working capital requirements	23,496.22	12,870.77	10,625.45
Financing the establishment of new stores and renovation of the certain existing stores	3,327.28	552.42	2,774.86
Financing the upgradation of ERP	198.01	-	198.01
General corporate purpose*	3,958.35	3,165.26	793.09
<b>Total</b>	<b>33,968.95</b>	<b>19,577.54</b>	<b>14,391.41</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 June 30, 2023 have been temporarily invested in deposits with scheduled banks and kept in current account with scheduled bank and monitoring agency bank account.

#### 20. Segment information

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 assesses the financial performances and position of the Group as a whole and makes strategic decision, the management considers trading of watches, accessories and other luxury items and related services as a single operating segment as per Ind AS 108, hence separate segment disclosures, have not been furnished.

21. During the previous year ended March 31, 2023, 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 paid CHF 50,000 on March 31, 2023. Silvercity Brands AG is wholly owned subsidiary company of Ethos Limited as on March 31, 2023.

During the current quarter ended June 30, 2023, The Company has further infused CHF 20,50,000, for issue of 20,50,000 registered shares with nominal value of CHF 1 each in Silvercity Brands AG. As on date, company holds 21,00,000 equity shares of CHF 1 each (equivalent to Rs. 1,919.50 lakhs) in Silvercity Brands AG

22. The Company has acquired 6.25% of equity shares, in Switzerland based Company HAUTE-RIVE WATCHES SA, a new specialized watch making brand having registered office at Chemin des Virettes 11, Corcelles, NE for the consideration of CHF 1,25,000. The Company received the letter for allotment of equity shares on April 28, 2023.

# ETHOS LIMITED

## Notes to the special purpose interim condensed consolidated financial statements for the period ended June 30, 2023

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

23. During the current quarter, the Company's wholly owned subsidiary, Silvercity Brands AG has acquired 100% stake in Favre Leuba GmbH, the Swiss stock corporation having its registered seat in Grafenauweg 6, 6300 Zug, Switzerland during June 2023. The Share Capital of the Favre Leuba GmbH is CHF 20,000, divided into 20,000 registered shares with a nominal value of CHF 1 each and paid-up Share Capital is 20,000 shares for CHF 1 each. The purchase consideration for acquisition of shares is amounting to Rs. 18.34 Lakhs in an all-cash deal. The Company has paid CHF 20,000 on June 26, 2023. Favre Leuba GmbH is wholly owned subsidiary company of Silvercity Brands AG as on June 30, 2023.
24. During the current quarter, the Parent Company's wholly owned subsidiary, Silvercity Brands AG has acquired Favre Leuba Brand and all related trademarks, sub brands, Logos and brand material from a fellow subsidiary for CHF 15,34,541 (equivalent to Rs.1,407.36 Lakhs). The subsidiary company is in process of getting assignment right registered in its name in countries where this brand is already registered.

### 25. 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 special purpose interim condensed 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 special purpose interim condensed consolidated financial statements are set out below:

	As at June, 30 2023	As at March, 31 2023
Non-Current Assets, including right-of-use assets of Rs.38.17 (March 31, 2023: Rs.47.67)	71.71	82.09
Current Assets, including inventories of Rs.279.31 (March 31, 2023: Rs.249.97)	321.68	299.49
Non-Current Liabilities, including only lease liabilities	-	(8.73)
Current Liabilities, including lease liabilities of Rs.49.26 (March 31, 2023: Rs.51.33) and trade payables of	(165.11)	(165.70)
<b>Equity</b>	<b>228.28</b>	<b>207.15</b>
Proportion of the Group's ownership		
Share in Equity	228.28	207.15
Carrying value of the investment	228.28	207.15
	<b>For the period ended June 30, 2023</b>	<b>For the period ended June 30, 2022</b>
Revenue from operations	337.92	290.27
Other income	1.54	0.97
	339.46	291.24
Purchase of stock-in-trade	292.52	200.72
Changes in inventory of stock-in-trade	(58.67)	(0.24)
Finance costs	4.61	6.52
Depreciation and amortization expense	22.12	22.00
Other expenses	22.99	18.26
	283.57	247.26
Profit before tax	55.89	43.98
Tax expense	13.64	11.07
Profit for the year	42.25	32.91
<b>Group's share of profit for the year (Share 50% )</b>	<b>21.12</b>	<b>16.46</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

**ANIL  
GUPTA**

Digitally signed by ANIL GUPTA  
DN: cn=ANIL GUPTA, c=IN,  
o=Personal,  
email=anil.gupta@srb.in  
Date: 2023.10.31 12:15:23  
+05'30'

Place: New Delhi

Date: October 31, 2023

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

#### Yashovardhan Saboo

Chairman and Managing Director

DIN 00012158

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KUMAR  
AGRAWAL  
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#### Ritesh Kumar Agrawal

Chief Financial Officer

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Kumar  
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#### Anil Kumar

Company Secretary

Place: Chandigarh

Date: October 31, 2023

ANIL KHANNA  
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Date: 2023.10.31  
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#### Anil Khanna

Director

DIN 00012232

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Shankar Saboo  
Date: 2023.10.31 10:32:56  
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#### Pranav Shankar Saboo

Chief Executive Officer