

INDEPENDENT AUDITOR'S REPORT

To the Members of Ethos Limited

Report on the Audit of the Consolidated Ind AS Financial Statements**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its joint venture comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss including the statement of Other Comprehensive Income, the consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint venture as at March 31, 2021, their consolidated profit including other comprehensive income and their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 41 to the Consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of second wave of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to these financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of Rs 411.51 lakhs as at March 31, 2021, and total revenues of Rs 477.38 lakhs and net cash inflows of Rs 112.18 lakhs for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 13.50 lakhs for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the reports of such other auditors.



Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint venture, none of the directors of the Holding Company and joint venture incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company incorporated in India, refer to our separate Report in "Annexure I" to this report. Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its subsidiary company and joint venture;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its subsidiary company and joint venture;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary and joint venture, as noted in the 'Other matter' paragraph:



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and joint venture in its consolidated Ind AS financial statements – Refer Note 36(i) to the consolidated Ind AS financial statements;
- ii. The Group and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India during the year ended March 31, 2021.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Anil Gupta

Partner

Membership Number: 87921

UDIN: 21087921AAAABO7352

Place of Signature: New Delhi

Date: June 11, 2021



ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ETHOS LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Ethos Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to these consolidated Ind AS financial statements of the Holding Company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and



the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

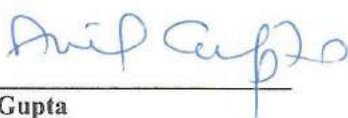
Opinion

In our opinion, the Holding Company, which is company incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Anil Gupta**

Partner

Membership Number: 87921

UDIN: 21087921AAAABO7352

Place of Signature: New Delhi

Date: June 11, 2021



ETHOS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,068.32	3,059.35
Capital work-in-progress	3	375.73	69.88
Right-of-use assets	37	8,122.03	9,691.23
Other intangible assets	4	64.48	80.94
Intangible assets under development	4	5.61	5.61
Investment in joint venture	5	80.07	66.57
Financial assets			
- Loans	6	898.89	804.90
- Other financial assets	7	-	128.93
Income tax assets (net)	8	147.43	144.63
Deferred tax assets (net)	9	821.78	727.91
Other non-current assets	10	116.49	214.72
Total non-current assets		13,700.83	14,994.68
Current assets			
Inventories	11	19,777.12	21,859.01
Financial assets			
- Trade receivables	12	1,218.04	938.32
- Cash and cash equivalents	13	1,830.83	983.60
- Other bank balances	13A	220.47	17.00
- Loans	6	657.47	721.04
- Other financial assets	7	351.00	550.37
Other current assets	14	1,597.86	2,402.88
Total current assets		25,652.79	27,472.22
Total Assets		39,353.62	42,466.90
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,821.28	1,821.28
Other equity	16	13,872.21	13,400.44
Equity attributable to owners of the Company		15,693.49	15,221.72
Non controlling interest		0.00	0.00
Total equity		15,693.49	15,221.72
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17A	1,708.22	1,575.94
- Lease liabilities	37	6,908.47	7,981.82
Other Non current financial Liabilities	17B	90.00	94.52
Provisions	18	157.09	130.04
Total non-current liabilities		8,863.78	9,782.32
Current liabilities			
Financial liabilities			
- Borrowings	17A	2,682.15	5,355.15
- Lease liabilities	37	1,910.90	1,908.61
-Trade payables			
-total outstanding dues of micro enterprises and small enterprises	19	0.72	1.93
-total outstanding dues of creditors other than micro enterprises and small enterprises	19	7,198.63	7,241.35
- Other financial liabilities	20	1,779.49	1,622.63
Other current liabilities	21	916.91	1,057.84
Provisions	18	249.45	237.36
Current tax liabilities (net)	22	58.10	38.00
Total current liabilities		14,796.35	17,462.86
Total liabilities		23,660.13	27,245.18
Total Equity and Liabilities		39,353.62	42,466.90
Summary of Significant accounting policies	2		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921



Place: New Delhi
Date: 11 June 2021

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

Y. Saboo
Managing Director
DIN-00012158

Anil Khanna
Director
DIN-00012232

C. Raja Sekhara
Chief Financial Officer

Pranay Shankar Saboo
Chief Executive Officer

Anil Dhillon
Company Secretary

Place: Chandigarh
Date: 11 June 2021

ETHOS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	23	38,657.07	45,784.91
Other income	24	1,642.62	231.77
Total Income		40,299.69	46,016.67
Expenses			
Purchase of stock-in-trade	25	26,084.91	34,205.38
Changes in inventory of stock-in-trade	26	2,081.89	(1,302.07)
Employee benefits expense	27	2,920.31	3,317.02
Finance costs	28	1,703.43	1,945.95
Depreciation and amortization expense	29	3,251.95	3,463.78
Other expenses	30	3,598.37	4,375.44
Total expenses		39,640.86	46,005.50
Profit before share of joint venture and income tax		658.83	11.18
Share of Profit/(Loss) of joint venture (net of income tax)		13.50	(33.43)
Profit/(Loss) before tax		672.33	(22.25)
Income tax expense			
- Current tax	31		
- Current year		288.49	296.13
- Changes in estimates related to previous year		0.94	23.27
- 'Deferred tax			
- Current year		(99.48)	(254.02)
- Changes in estimates related to previous year		6.66	(24.45)
- Change in Deferred tax due to change in rate		-	183.22
Total income tax expense		196.61	224.15
Profit/(loss) for the year		475.72	(246.41)
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss</i>			
- Re-measurement of defined benefit (asset)/liability		(4.99)	(2.85)
<i>Income tax relating to items that will not be reclassified to profit or loss</i>			
- Re-measurement of defined benefit (asset)/liability		1.04	0.72
Total other comprehensive (expense)/ income for the year (net of income tax)		(3.95)	(2.13)
Total comprehensive income/(loss) for the year		471.77	(248.54)
Earnings per equity share [nominal value of Rs. 10 (previous year Rs. 10)]	32		
Basic (Rs.)		2.61	(1.39)
Diluted (Rs.)		2.59	(1.39)

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI firm registration no.: 301003E/E300005

Anil Gupta
Partner
Membership No. 87921



Place: New Delhi
Date: 11 June 2021

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

Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232

C. Raja Sekhar
Chief Financial Officer

Pranav Shankar Saboo
Chief Executive Officer

Anil Dhillon
Company Secretary

Place: Chandigarh
Date: 11 June 2021

Ethos Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before income tax	672.33	(22.26)
Adjustments for:		
Depreciation and amortization expense	3,251.95	3,463.78
Property, plant and equipments written off and loss on sale of property, plant & equipments	34.60	91.38
Profit on sale of fixed assets	(5.31)	-
Interest Expenses	1,695.17	1,945.94
Interest income	(110.34)	(113.93)
Provisions/liabilities no longer required written back	(75.64)	(110.59)
Share of loss/(profit) of joint venture	(13.50)	33.43
Share options lapsed	-	(18.11)
Unrealized foreign exchange (gain) / loss	(55.00)	68.67
Rent Concessions	(1,402.22)	-
Profit on deletion of leased assets	(46.25)	-
Provision for doubtful debts	(2.90)	105.38
Provision for bad and doubtful advances	22.85	-
Advances / deposits / Bad debts written off	51.76	63.50
Operating cash flow before working capital changes	4,017.50	5,507.21
Decrease/(Increase) in loans	47.76	(63.04)
Decrease/(Increase) in other financial assets	202.76	(284.19)
Decrease/(Increase) in other non-current assets & current assets	808.79	(477.07)
Decrease/(Increase) in inventories	2,081.89	(1,302.07)
(Increase) in trade receivables	(315.19)	(152.10)
Increase in provisions	34.15	118.79
Increase in trade payables	21.26	342.43
(Decrease)/Increase in other financial liabilities	(125.14)	64.33
(Decrease)/Increase in other current liabilities	(87.47)	501.35
Cash generated from operating activities	6,686.31	4,255.63
Income tax paid (net)	(272.13)	(610.23)
Net cash generated from operating activities	6,414.18	3,645.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(959.51)	(1,426.43)
Proceeds from sale of property, plant and equipment	15.00	78.61
Payment for purchase of investments	-	(100.00)
(Investment) of bank deposits (having original maturity of more than three months)	(74.70)	(24.80)
Interest received	15.53	16.52
Net cash (used in) investing activities	(1,003.68)	(1,456.10)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (including premium)	-	2,100.00
Proceeds from non-current borrowings	1,145.89	602.17
Repayment of non-current borrowings	(848.75)	(784.85)
Proceeds from current borrowings having maturity period more than 3 months	218.30	237.11
Repayment of current borrowing having maturity period more than 3 months	(212.60)	(97.40)
Proceeds from/repayments of current borrowings (net)	(2,678.70)	(88.86)
Payment of principal portion of lease liabilities	(536.66)	(2,058.84)
Interest paid	(1,650.75)	(1,871.79)
Net cash flow (used in) financing activities	(4,563.27)	(1,962.46)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	847.23	226.84
Cash and cash equivalents at the beginning of the year	983.60	756.76
Cash and cash equivalents at the end of the year	1,830.83	983.60



Ethos Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

Notes :

1. Cash and cash equivalents include :

Balance with banks in current accounts	341.22	903.13
Cheques, drafts on hand	12.71	4.86
Cash on hand	35.03	66.63
Credit cards receivable	42.87	8.98
Fixed Deposits considered as Cash equivalents	1,399.00	
Cash and cash balance at the end of the year	<u>1,830.83</u>	<u>983.60</u>

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

3. Refer note 17A for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. During the year, the Group paid in Cash Rs. 16.61 (previous year Rs. 10.03) towards corporate social responsibility (CSR) expenditure.

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI firm registration no.: 301003E/E300005

Anil Gupta

Anil Gupta

Partner

Membership No. 87921



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

Y. Saboo
Y. Saboo
Managing Director
DIN 00012158

C. Raja Sekhar
C. Raja Sekhar
Chief Financial Officer

Anil Dhiman
Anil Dhiman
Company Secretary

Anil Khanna
Anil Khanna
Director
DIN 00012232

Pranav Shankar Saboo
Pranav Shankar Saboo
Chief Executive Officer

Place: New Delhi
Date: 11 June 2021

Place: Chandigarh
Date: 11 June 2021

Ethos Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

	Note	Total
a. Equity share capital	15	
Balance as at 01 April 2019		1,690.17
Changes in equity share capital during 2019-20		131.11
Balance as at 31 March 2020		1,821.28
Changes in equity share capital during 2020-21		-
Balance as at 31 March 2021		1,821.28

b. Other Equity

	Compulsory convertible cumulative preference shares	Deemed capital contribution	Share application money pending allotment	Share options outstanding	Capital reserve	Securities premium	Retained earnings	Total
Balance as at 31 March 2019	750.00	50.51	18.00	70.81	1.67	10,168.46	638.76	11,698.21
- Profit for the year	-	-	-	-	-	-	(246.41)	(246.41)
- Other comprehensive income (net of tax)	-	-	-	-	-	-	(2.13)	(2.13)
Total comprehensive income for the year	-	-	-	-	-	-	(248.54)	(248.54)
- Issue of equity shares for cash	-	-	-	-	-	2,736.88	-	2,736.88
- Issue of compulsory convertible cumulative preference shares	(750.00)	-	-	-	-	-	-	(750.00)
- Share options lapsed	-	-	-	(18.11)	-	-	-	(18.11)
- Preference dividend on redeemable preference shares no longer payable	-	-	-	(5.33)	-	5.33	-	-
- Share application money	-	-	(18.00)	-	-	-	-	(18.00)
As at 31 March 2020	-	50.51	-	47.37	1.67	12,910.67	390.22	13,400.44
- Profit/(loss) for the year	-	-	-	-	-	-	475.72	475.72
- Other comprehensive income (net of tax)	-	-	-	-	-	-	(3.95)	(3.95)
Total comprehensive income for the year	-	-	-	-	-	-	471.77	471.77
As at 31 March 2021	-	50.51	-	47.37	1.67	12,910.67	861.99	13,372.21

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
Chartered Accountants

Anil Gupta
Anil Gupta
Partner
Membership No. 87921

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

Anil Khanna
Anil Khanna
Director
DIN: 00012158

V. Saboo
V. Saboo
Managing Director
DIN: 00012158

C. Raja Sekhara
C. Raja Sekhara
Chief Financial Officer

Pranav Shankar Saboo
Pranav Shankar Saboo
Chief Executive Officer



Place: New Delhi
Date: 11 June 2021

Place: Chandigarh
Date: 11 June 2021

Ethos Limited**Notes to the consolidated financial statements for the year ended 31 March 2021**

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

1. Corporate Information

Ethos Limited ('the Company' or the Parent Company), is a public limited company domiciled in India and was incorporated on 5th November 2007. These consolidated financial statements comprise the Company its subsidiary (referred to collectively as the "Group") and its joint venture. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

The Group's business consists of trading of watches, accessories and luxury items, marketing and support services and rendering of related after sale services.

The consolidated financial statements (CFS) were approved for issue in accordance with a resolution of the directors on June 11, 2021.

2. Significant accounting policies**2.1 Basis of preparation**

These consolidated financial statements (CFS) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to CFS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements provide comparative information in respect of the previous year.

The functional currency of the Group is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

2.2 Basis of Consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiary and its joint venture as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affects its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.



Ethos Limited**Notes to the consolidated financial statements for the year ended 31 March 2021**

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

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The details of the consolidated entities are as follows:

Name of the Entity	Relationship	Country of incorporation	% of holding (31 March 2021)	% of holding (31 March 2020)
Cognition Digital LLP*	Subsidiary	India	99.99%	99.99%
Pasadena Retail Private Limited**	Joint Venture	India	50.00%	50.00%

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

** w.e.f. 03 May 2019

2.3 Summary of significant accounting policies

a. Investment in Joint Venture

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

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

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss outside the operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit and loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss

b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

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

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,
- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

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



Ethos Limited

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Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years from the date of capitalization on the basis of internal evaluation by the management basis which the management believes that this useful life best represents the period over which these asset will be used.

Depreciation on improvements carried out on buildings taken on lease is provided over the period of the lease or useful life of assets, whichever is lower. Refer lease policy at point 'p' below for period of leases.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

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

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

Derecognition

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

d. Intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

Amortisation

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

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

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

e. Inventories

Inventories which comprises traded goods which are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurring in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Group's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). 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



Ethos Limited**Notes to the consolidated financial statements for the year ended 31 March 2021**

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

are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shared-based payments

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

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



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

k. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

l. Revenue from contract with customers

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

Revenue is recognized upon transfer of control of promised products sold or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the products sold and services rendered.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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Sale of goods

Revenue on sale of goods are recognized when the customer obtains control of the specified asset. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points).

Variable Consideration

If the consideration in a contract includes the variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide the customers with a right of return the goods within a specified period.

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

Right of return assets

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

Refund liabilities

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

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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no longer probable that the award credits will be redeemed.

Cost to obtain a contract

The group pays sales incentive to its employees for each contract that they obtain for sale of watches, accessories and luxury items. Sales incentive are immediately recognised as an expense and included as part of employee benefits.

Sale of services

Revenue from services rendered is recognised in profit or loss when the services are rendered and the related costs are incurred.

Contract balances

Trade Receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section of Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

m. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n. Borrowing costs



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

o. Taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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



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is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

p. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee



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The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 10 years

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. The Group applies the short-term lease recognition exemption to its short-term leases except in case of lease contracts



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with related parties since there exist economic incentive for the Group to continue using the leased premises for a period longer than the 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

q. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are 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.



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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 FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Group makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- 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 month 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.



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Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

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

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

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

Financial liabilities



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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 (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Offsetting

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

r. Impairment of non-financial assets

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of 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



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using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

s. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

t. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.



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v. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

w. Earnings per share

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

x. Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes

y. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.



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On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.4 Changes in accounting policies and disclosures

New and amended standards

a. Amendment to Ind AS 116 Leases: COVID-19 related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. The Group has applied the practical expedient with effect from April 01, 2020. The Group has accounted the unconditional rent concessions of Rs. 1402.22 lacs during the year ended March 31, 2021 in "other income" in the statement of profit and loss.

- b. The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the consolidated Ind AS financial statements.

- (i) Ind AS 103 Business Combination
- (ii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material
- (iii) Amendment to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

MCA issued notification dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by a company in its financial statements. These amendments are effective for financial years starting on or after April 01, 2021.

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



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accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

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

- Note 2.2(c) – Assessment of useful life of Property, plant and equipment
- Note 2.2(d) – Assessment of useful life of Intangible assets
- Note 2.2 (h) and (j) – Provisions and contingent liabilities
- Note 2.2 (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 ending 31 March 2020 is included in the following notes:

- Note 35 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 36 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 2.2 (r) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts;
- Note 2.2 (q) - Impairment of financial assets
- Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 33 - Fair value measurement
- Note 35 - Shared based payments



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3 Property, plant and equipment and capital work-in-progress

	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress	Total
Gross carrying amount								
Balance as at 01 April 2019	1,497.75	158.18	1,232.91	162.90	240.80	3,292.53	440.02	3,732.55
Additions	1,018.61	-	609.34	85.03	22.13	1,735.12	265.03	2,000.15
Disposals	(135.95)	(16.12)	(84.01)	(53.87)	-	(289.95)	(635.17)	(925.12)
Balance as at 31 March 2020	2,380.40	142.06	1,758.24	194.06	262.93	4,737.69	69.88	4,807.58
Balance as at 01 April 2020	2,380.40	142.06	1,758.24	194.06	262.93	4,737.69	69.88	4,807.58
Additions	315.75	207.61	167.19	56.29	33.80	780.64	725.03	1,505.67
Disposals	(335.62)	(0.28)	(151.38)	(9.58)	-	(496.86)	(419.18)	(916.04)
Balance as at 31 March 2021	2,360.53	349.39	1,774.05	240.77	296.73	5,021.47	375.73	5,397.21
Accumulated Depreciation								
Balance as at 01 April 2019	661.05	15.68	357.00	101.07	35.98	1,170.77	-	1,170.77
Depreciation for the year	383.55	6.05	163.21	47.32	29.02	629.14	-	629.14
Accumulated depreciation on disposals	(61.30)	(5.12)	(37.12)	(18.03)	-	(121.57)	-	(121.57)
Balance as at 31 March 2020	983.29	16.61	483.09	130.36	64.99	1,678.34	-	1,678.34
Balance as at 01 April 2020	983.29	16.61	483.09	130.36	64.99	1,678.34	-	1,678.34
Depreciation for the year	436.62	9.07	224.45	47.26	32.94	750.34	-	750.34
Accumulated depreciation on disposals	(335.62)	(0.25)	(130.61)	(9.05)	-	(475.53)	-	(475.53)
Balance as at 31 March 2021	1,084.29	25.43	576.93	168.57	97.93	1,953.15	-	1,953.15
Carrying amounts (net)								
At 31 March 2020	1,397.11	125.45	1,275.15	63.70	197.94	3,059.35	69.88	3,129.24
At 31 March 2021	1,276.24	323.96	1,197.12	72.20	198.80	3,068.32	375.73	3,444.05

Notes:

- Refer note 17 for information on property, plant and equipment pledged as security by the Group.
- Refer note 36(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Deletion amount includes re-imbursement received for property, plant and equipment of Rs. 9.36 (31 March 2020: Rs. 49.58) from brands.
- The Group has capitalized the following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP).



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

	As at March 31, 2021	As at March 31, 2020
Opening balances brought forward	3.82	107.56
Rent	43.82	107.78
Power and Fuel	0.33	3.50
Rates and Taxes	14.94	10.53
Repairs and maintenance- Others	3.37	9.11
Miscellaneous Expenses	4.49	3.60
Sub Total	70.77	242.08
Less: Allocated to Fixed to Assets	(17.10)	(238.26)
Closing balance included under Capital Work in Progress	53.67	3.82

4 Intangible assets

	Business Intelligence	Website	Computer Softwares	Total	Intangible assets under development	Total
Gross carrying amount						
Balance as at 01 April 2019	-	41.90	55.85	97.75	38.21	135.96
Additions / acquired	45.16	-	1.60	46.76	11.07	57.83
Disposals	-	-	(5.18)	(5.18)	(43.67)	(48.85)
Balance as at 31 March 2020	45.16	41.90	52.27	139.34	5.61	144.94
Balance as at 01 April 2020	45.16	41.90	52.27	139.34	5.61	144.94
Additions / acquired	0.37	-	1.50	1.87	-	1.87
Disposals	-	-	(0.10)	(0.10)	-	(0.10)
Balance as at 31 March 2021	45.53	41.90	53.67	141.11	5.61	146.71

Amortisation

Balance as at 01 April 2019	-	0.04	40.25	40.29	-	40.29
Amortisation for the year	5.40	7.00	9.28	21.68	-	21.68
Disposals	-	-	(3.57)	(3.57)	-	(3.57)
Balance as at 31 March 2020	5.40	7.04	45.96	58.40	-	58.40
Balance as at 01 April 2020	5.40	7.04	45.96	58.40	-	58.40
Amortisation for the year	7.54	6.98	3.81	18.33	-	18.33
Disposals	-	-	(0.10)	(0.10)	-	(0.10)
Balance as at 31 March 2021	12.94	14.02	49.67	76.63	-	76.63

Carrying amounts (net)

At 31 March 2020	39.77	34.86	6.31	80.94	5.61	86.54
At 31 March 2021	32.59	27.88	4.00	64.48	5.61	70.08



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

5. Investments

	As at 31 March 2021	As at 31 March 2020
Non-current investment		
Unquoted investment		
- Investment in Pasadena Retail	100.00	100.00
- Share of Profit/(Loss) in Joint Venture	(19.93)	(33.43)
	<u>80.07</u>	<u>66.57</u>

6. Loans*

(unsecured, considered good)

Security deposits				
- to related parties (refer note no. 38)	6.77	-	-	6.77
- to others	632.57	889.10	706.85	793.33
Loan to employees				
- to related parties (refer note no. 38)	6.16	6.81	-	-
- to others	11.97	2.98	14.19	4.80
	<u>657.47</u>	<u>898.89</u>	<u>721.04</u>	<u>804.90</u>

*The Group's exposure to credit and currency risk, and loss allowances related to other non current financial assets are disclosed in note 33.

7. Other financial assets

(Unsecured, considered good)

(Continued, considered good)		Current	Non-current	Current	Non-current
Fixed Deposits with maturity of more than 12 months from the Balance sheet date #		-	-	-	128.77
Right to return assets		69.02	-	-	-
Interest accrued but not due on fixed deposits		10.76	-	7.37	0.16
Advances Recoverable in cash or kind		271.22	-	543.00	-
		<u>351.00</u>	<u>-</u>	<u>550.37</u>	<u>128.93</u>

These deposits include restricted bank deposits amounting to Rs. Nil (31 March 2020 : Rs. 121.66) on account of deposits pledged as security for bank guarantees and for obtaining deposits from shareholders.

8. Income tax assets (net)

Advance income tax (net of provision)

	As at 31 March 2021	As at 31 March 2020
	147.43	144.63
	<u>147.43</u>	<u>144.63</u>

9. Deferred tax assets (net)

Significant components of the Company's net deferred tax are as follows:

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	829.05	727.91
Deferred tax liabilities	(7.27)	-
Net deferred tax assets	<u>821.78</u>	<u>727.91</u>



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
2019-2020				
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	344.23	(41.07)	-	303.16
Provision for doubtful debts and sales return	-	26.52	-	26.52
Provision for employee benefits	194.86	5.89	0.72	201.47
Provision - others	92.84	(61.54)	-	31.30
Lease assets and liabilities	-	152.68	-	152.68
Others	-	12.78	-	12.78
Net deferred tax assets	631.93	95.26	0.72	727.91
	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
2020-2021				
Deferred tax assets:				
Deferred tax assets on				
Property, plant and equipments and Intangible assets	303.16	60.89	-	364.05
Provision for doubtful debts and sales return	26.52	(0.73)	-	25.79
Provision for employee benefits	201.47	(78.35)	1.04	124.17
Provision - others expenses	31.30	5.11	-	36.41
Lease assets and liabilities	152.68	105.38	-	258.06
Others	12.78	7.78	-	20.56
Deferred tax liability on				
Income taxable on receipt basis under Income tax Act	-	(7.27)		(7.27)
Net deferred tax assets	727.91	92.82	1.04	821.78
10. Other non-current assets (Unsecured, considered good)	As at 31 March 2021			As at 31 March 2020
Capital advances				
- to others	11.79			83.40
Advances other than capital advances				
- Prepaid expenses	0.57			2.99
- CENVAT credit receivable	104.13			128.33
	116.49			214.72
11. Inventories (At lower of cost and net realisable value)	As at 31 March 2021			As at 31 March 2020
Stock-in-trade [including goods-in-transit Rs. 464.89 (31 March 20: Rs. 116.57)]	19,777.12			21,859.01
	19,777.12			21,859.01
* During the year ended 31 March 2021, Rs. 14.82 (31 March 20: Rs. Nil) was recognised as an expense for inventories carried at net realisable value.				
12. Trade receivables (Unsecured, considered good unless otherwise stated)	As at 31 March 2021			As at 31 March 2020
Trade receivables #				
- Related parties (refer to note 38)	282.49			354.01
- Others	1,038.03			689.69
Less : Provision for doubtful debts	(102.48)			(105.38)
	1,218.04			938.32
# The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 33.				
13. Cash and cash equivalents	As at 31 March 2021			As at 31 March 2020
Balances with banks in				
- Current accounts	341.22			903.13
- Fixed Deposit with original maturity of less than 3 months	1,399.00			-
Cheques, drafts on hand	12.71			4.86
Cash on hand	35.03			66.63
Others				
- Credit cards receivable	42.87			8.98
	1,830.83			983.60



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Notes to the consolidated financial statements for the year ended 31 March 2021

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

	As at 31 March 2021	As at 31 March 2020
13A. Other bank balances		
Fixed Deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months from the Balance sheet date #	220.47	17.00
	<u>220.47</u>	<u>17.00</u>
# These deposits include restricted bank deposits amounting to Rs. 207.21 lakhs (31 March 2020 : Rs. Nil) on account of deposits pledged as security for bank guarantees and obtaining deposits from shareholders.		
14. Other current assets	As at 31 March 2021	As at 31 March 2020
<i>(Unsecured, considered good unless otherwise stated)</i>		
Prepaid expenses	17.53	15.59
Advances for supply of goods		
- Related parties (Refer note 38)	18.11	15.35
- Others	411.62	587.12
Advances to employees		
- Others	31.10	51.82
GST credit receivable	1,013.29	1,629.33
VAT recoverable	6.45	7.31
Deposit under protest	71.05	68.86
Other recoverable	51.56	27.49
Less: Provision for bad and doubtful advances		
- Other recoverable	(22.85)	-
	<u>1,597.86</u>	<u>2,402.88</u>



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

15. Share capital	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<i>Authorised</i>				
Equity shares of Rs. 10 each	3,07,00,000	3,070.00	3,07,00,000	3,070.00
14% cumulative compulsory convertible preference shares of Rs. 130 each	5,76,924	750.00	5,76,924	750.00
12% cumulative redeemable preference shares of Rs. 110 each	12,00,000	1,320.00	12,00,000	1,320.00
12% non-cumulative redeemable preference shares of Rs. 100 each	10,00,000	1,000.00	10,00,000	1,000.00
	3,34,76,924	6,140.00	3,34,76,924	6,140.00
<i>Issued subscribed and fully paid up</i>				
Equity shares of Rs.10 each fully paid up	(i) 1,82,12,812	1,821.28	1,82,12,812	1,821.28
	1,82,12,812	1,821.28	1,82,12,812	1,821.28

(a) Right preferences and restrictions attached to equity shares

(i) The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the parent company. The Parent Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Parent Company the holders of equity shares will be entitled to receive the remaining assets of the Parent Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Certain holders of 14% cumulative compulsorily convertible preference shares of Rs 130 each had "tag along and put option rights" (converted into equity shares in previous year). Tag along rights would be triggered in the event of promoter selling a substantial portion (more than 10% of combined shareholding of the promoter) of his shares in the Parent Company to any person before the expiry of the term. The holder of equity shares would have the right to cause the promoter to ensure that the proposed transferee purchases all or part of its shares on a pro rata basis at the same terms and price as offered to the promoter. During the current year, the holders have exercised their put option rights and as on March 31, 2021 no tag along and put option rights are outstanding.

(b) Reconciliation of shares outstanding

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
i) Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	1,82,12,812	1,821.28	1,69,01,713	1,690.17
Add: issued during the year	-	-	7,19,176	71.92
Add: issued pursuant to conversion of 14% cumulative compulsorily convertible preference shares	-	-	5,76,923	57.69
Add: issued on exercise of employee stock options	-	-	15,000	1.50
At the end of the year	1,82,12,812	1,821.28	1,82,12,812	1,821.28
iii) 14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up				
At the beginning of the year	-	-	5,76,923	750.00
Less: Converted into equity shares	-	-	(5,76,923)	(750.00)
At the end of the year	-	-	-	-



ETHOS LIMITED
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(All amounts in ₹ lakhs, except for share data and if otherwise stated)
(c) Shares held by ultimate holding company/ holding company and their subsidiaries/ associates

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up				
KDDL Limited (holding company and ultimate holding company)	1,14,10,146	1,141.01	1,11,33,146	1,113.31
Mahen Distribution Limited (fellow subsidiary)	22,93,150	229.32	22,93,150	229.32

(d) Particulars of shareholders holding more than 5% shares of the Parent Company

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by				
KDDL Limited	1,14,10,146	62.65	1,11,33,146	61.13
Mahen Distribution Limited	22,93,150	12.59	22,93,150	12.59

(e) Bonus shares, shares buyback and issue of shares without consideration being received in cash (during five years immediately preceding 31 March 2021).

During the five years immediately preceding 31 March 2021 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. In addition, during the period, no shares have been issued for consideration other than cash except as follows:-

(i) The Parent Company had, during the year ended 31 March 2018, converted 1,100,010 12% cumulative compulsory convertible preference shares of face value of Rs. 110 into 1,100,010 equity shares of Rs. 10 each at a premium of Rs. 100 each. Further, 21,250 equity shares of Rs. 10 each had been issued under employee stock option plan for which exercise price has been received in cash.

(ii) During the year ended 31st March 2020, 576,293 14% cumulative compulsory convertible preference shares of Rs. 130 each were converted into 576,293 equity shares of Rs. 10 each at a premium of Rs. 120 per share. Further, 15,000 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(f) Employee stock options

Terms attached to stock options granted to employees of the parent company are described in note 35(iv) regarding employee share based payments

(g) Shares reserved for issue under options and contracts

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Under Ethos Employee Stock Option Scheme - 2013; 350,000 equity shares of Rs. 10 each, at an exercise price of Rs. 120 per share [Refer note 35(iv)]	1,31,250	13.13	1,31,250	13.13



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

16. Other equity

(also refer to Statement of Changes in Equity)

(i) Compulsory convertible cumulative preference shares

Terms attached to the compulsory convertible cumulative preference shares are described in note 15(a)(ii) Equity share capital.

(ii) Deemed capital contribution

a) Includes 14.51 towards fair value of guarantees given by the holding company of parent company in the earlier years.

b) Includes 36.00 towards interest accrued on 12% cumulative redeemable preference shares, classified as finance cost, which is no longer payable at the time of redemption.

(iii) Share application money pending allotment

Share application money pending allotment represents monies received against shares to be issued under the employee stock option plan formulated by the parent company as at the year end.

(iv) Share options outstanding account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share option outstanding account.

(v) Capital reserve

Accumulated capital surplus not available for distribution and is expected to remain invested permanently.

(vi) Securities premium

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the applicable provisions of the Companies Act, 2013.

(vii) Retained earnings

Retained earnings represents the profits that the Company has earned till date, less any dividends, or other distributions paid to shareholders.

17A Borrowings

i) Non-current borrowings

Term-loans

From banks (secured)

From others (Unsecured)

	Note	As at 31 March 2021	As at 31 March 2020
(a)		843.90	138.91
(b)		-	254.24
Deposits			
Inter corporate deposits			
From related parties (unsecured) (refer to note 38)	(c)	-	35.00
From others (unsecured)	(d)	-	200.00
Deposits from shareholders (unsecured) (Refer to note 38 for related parties disclosure)	(e)	1,672.78	1,591.38
Total non-current borrowings (including current maturities)		2,516.68	2,219.54
Less : Current maturities of non-current borrowings (refer to note 20)		(808.46)	(643.60)
		<u>1708.22</u>	<u>1575.94</u>



Ethos Limited

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

Notes:

- a) Vehicle loans from banks amounting to Rs. 123.90 (31 March 2020 : Rs.138.91) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 8.23% to 11.76% per annum (31 March 2020 : 8.23% to 11.76%). The above loans are repayable in monthly installments within a period of next two to five years as per repayment schedule.

Term loan from Bank of Maharashtra amounting to Rs. 389.00 (31 March 2020: Nil) carrying interest rate equal to 7.50 % (31 March 2020: Nil). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The same is secured by second charge by way of hypothecation on entire current assets on pari passu basis of the parent company. This is also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the parent company and second charge on entire fixed assets of the parent company. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 48 equal monthly installments of Rs. 8.10 as per the repayment schedule commencing from 30 April 2022 with one year of moratorium from the drawdown. The last installment would be repaid on 30 April 2026.

Term loan from IDBI Bank Limited amounting to Rs. 330.00 (31 March 2020: Nil) carrying interest rate equal to 8.80 % (31 March 2020: Nil). The loan is availed under Guarantee Emergency Credit Line Scheme launched by the Government of India in light of the present outbreak of COVID-19. The Loan is secured by second charge on all the current assets on pari passu basis of the parent company both present and future and second charge on the fixed assets of the parent company both present and future. This is also secured by mortgage and second charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 35 equal monthly installments of Rs. 9.17 and 36th installment of Rs. 9.05 as per the repayment schedule commencing from 31 March 2022 with one year of moratorium from the drawdown. The last installment would be repaid on 31 March 2025.

Term loan from the Jammu & Kashmir Bank Limited amounting to Rs. 1.00 (31 March 2020: Nil) carrying interest rate equal to RLLR plus 1% (presently 8.20%) (31 March 2020: Nil) is secured by Second charge on the stock and receivables on pari passu basis of the parent company. These limits are also secured by second charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the second charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. Further, this is compulsorily covered under Guaranteed Emergency credit line operated by National Credit Guarantee Trustee Company Limited. The loan is to be repaid in 36 equal monthly installments commencing from 31 March 2022 with one year of moratorium from the first drawdown. The last installment would be repaid on 31 March 2025.

- b) Term loan from others includes loan taken from Indiabulls Housing Finance Limited amounting to Rs. Nil (31 March 2020: Rs. 254.24). The same was secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the parent company. This loan was also guaranteed by the holding company, the director of the parent company and relatives of the director. The rate of interest varied from 11% to 14.50% per annum. The original loan was taken in March 2014. The same was repayable in 120 equal installments and was repaid during the year.
- c) Inter corporate deposits from related parties amounting to Rs. Nil (31 March 2020: Rs. 35) carried an interest rate ranging between 8.50% to 16% (31 March 2020 : 8.50% to 16%) per annum. The same were repayable within 12-24 Months (31 March 2020: 12-36 Months) and were repaid during the year.
- d) Inter corporate deposit from others amounting to Rs. Nil (31 March 2020: Rs. 200) carried an interest rate of 13.5% (31 March 2020 : 13.5% to 14%) per annum. The same was repayable within 24 months and was repaid during the year.
- e) Deposits from Shareholders carry an interest rate ranging between 8% to 11.25% (31 March 2020: 8% to 10.75%) per annum and carries a maturity period from 6 to 36 months from the respective date of deposits.

ii) Current borrowings

Loan repayable on demand
- From banks (secured)

	As at 31 March 2021	As at 31 March 2020
(f)	2,462.73	4,241.45
Other Loans		
-Inter-corporate deposit from others (unsecured)	(g)	500.00
-Deposits from shareholders (unsecured) (Refer to note 38 for related parties disclosure)	(h)	613.70
	<u>2,682.15</u>	<u>5,355.15</u>



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

- f) Loan repayable on demand from IDBI Bank Limited amounting to Rs. 698.14 (31 March 2020 : Rs. 1544.82) are repayable on demand and are secured by first pari passu charge on all the current assets of the parent company both present and future and second pari passu charge on the fixed assets of the parent company both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of KDDL Limited (Holding Company) at Bangalore. These limits are guaranteed by the Holding Company (KDDL Limited), personal guarantees of director of the parent company and relative of the director. The rate of interest as on 31 March 2021 varies from 10.50% to 10.90% (31 March 2020 : 10.75% to 11.50%) per annum.

Loan repayable on demand from the Jammu & Kashmir Bank Limited amounting to Rs. 536.69 (31 March 2020 : Rs. 859.29) are repayable on demand and are secured by first pari passu charge on the stock and receivables of the parent company. These limits are also secured by exclusive first charge on assets of Ornapac unit at Chandigarh of KDDL Limited (Holding company). This is further secured by the first and exclusive charge over land and building, machinery and office equipment of the Parwanoo unit of KDDL Limited. These loans are also guaranteed by the Holding Company and personal guarantees of the director of the parent company. The rate of interest as on 31 March 2021 varies from 8.35% to 10.70% (31 March 2020 : 10.70% to 11.40%) per annum.

Loan repayable on demand from Bank of Maharashtra amounting to Rs. 1227.90 (31 March 2020 : Rs. 1837.34) are repayable on demand and are secured by first pari passu charge by way of hypothecation on entire current assets of the parent company. These limits are also secured by 360,000 shares of holding company held by Sh. Y.Saboo, Managing Director of the parent company and second pari passu charge on entire fixed assets of the Company. Further, these limits are also guaranteed by the Holding Company, personal guarantee of director of the parent company and relative of the director. The rate of interest as on 31 March 2021 is 11% (31 March 2020 : 11.00 %) per annum.

- g) Inter corporate deposit from others carried an interest rate of 10% (31 March 2020 : 10.0% to 13.5%) per annum and was repaid during the year.
- h) The fixed rate of interest on deposit from shareholders for maturity period of one year in the current year is in the range of 9.50% to 10% per annum (31 March 2020: 10.00% to 10.50% per annum).
- i) The Reserve Bank of India vide its circular dated March 27, 2020 permitted the lenders to allow a moratorium for three months of EMI (Equated Monthly Instalments) including interest, falling due between March 01, 2020 and May 31, 2020 (later extended by an additional three months up to August 31, 2020) for various categories of loans. The Parent Company had availed the permitted moratorium for some of its borrowings and interest thereon. The Parent Company has paid all its due EMI's within the extended moratorium period.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Year ended 31 March 2021	Year ended 31 March 2020
Balance as at the beginning of the year (including current and non-current borrowings)	7,574.69	7,706.52
Proceeds from non-current borrowings	1,145.89	602.17
Repayment of non-current borrowings	(848.75)	(784.85)
Proceeds from current borrowings having maturity period more than 3 months	218.30	237.11
Repayment of current borrowing having maturity period more than 3 months	(212.60)	(97.40)
Proceeds from/repayments of current borrowings (net)	(2,678.70)	(88.86)
Balance as at the end of the year (including current and non-current borrowings)	<u>5,198.83</u>	<u>7,574.69</u>

17B Other Non current financial Liabilities

Interest Accrued but not due on deposits (Refer to note 38 for related parties disclosure)

	90.00	94.52
	<u>90.00</u>	<u>94.52</u>

18. Provisions

	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Provision for gratuity (Refer note 35)	4.28	157.09	3.32	130.04
Provision for compensated absences	245.17	-	234.04	-
	<u>249.45</u>	<u>157.09</u>	<u>237.36</u>	<u>130.04</u>



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

	As at 31 March 2021	As at 31 March 2020
19. Trade payables*		
- Micro and small enterprises #	0.72	1.93
- Trade payables to related parties (Refer to note 38)	65.72	382.89
- Other trade payables	7,132.91	6,858.46
	<u>7,199.35</u>	<u>7,243.28</u>

There are no micro and small enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at the end of the year. The information as required to be disclosed in relation to micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the group.

Particulars	As at 31 March 2021	As at 31 March 2020
(a) The principal amount remaining unpaid to any supplier at the end of the year	0.72	1.93
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of year	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-

* The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 33.

	As at 31 March 2021	As at 31 March 2020
20. Other financial liabilities		
Refund Liabilities	106.16	-
Current maturities of non-current borrowings (refer note 17)	808.46	643.60
Capital creditors	142.41	62.20
Salaries, wages and bonus and other employee payable *	571.59	802.89
Interest accrued but not due on borrowings *	150.87	109.58
Interest payable-others	-	4.36
	<u>1,779.49</u>	<u>1,622.63</u>

* Refer note 38 for related parties disclosure

	As at 31 March 2021	As at 31 March 2020
21. Other current liabilities		
Deferred revenue	213.28	246.09
Statutory dues	189.31	130.54
Advances from customers	474.66	653.57
Interest payable-others	12.02	-
Other Payables	27.64	27.64
	<u>916.91</u>	<u>1,057.84</u>

	As at 31 March 2021	As at 31 March 2020
22. Current tax liabilities (net)		
Provision for income tax (net)	58.10	38.00
	<u>58.10</u>	<u>38.00</u>



Ethos Limited**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***23. Revenue from operations**

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products (net of applicable tax)	38,184.91	44,905.72
Sale of services	472.16	879.19
	<u>38,657.07</u>	<u>45,784.91</u>

24. Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income under the effective interest rate method on		
- Fixed Deposits	12.08	14.42
- Security deposits at amortised cost	91.58	96.60
- Others	6.68	2.91
Provisions/liabilities no longer required written back	75.64	110.59
Provision for doubtful debts written back	2.90	-
Profit on Sale of property, plant & equipment	5.31	-
Rent Concessions (Refer note 2.4(a))	1402.22	-
Miscellaneous Income	46.21	7.25
	<u>1642.62</u>	<u>231.77</u>

25. Purchase of stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Purchases during the year	26,084.91	34,205.38
	<u>26,084.91</u>	<u>34,205.38</u>

26. Changes in inventory of stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Opening inventory	21,859.01	20,556.94
Less: closing inventory	(19,777.12)	(21,859.01)
(Increase)/ Decrease in inventory	<u>2,081.89</u>	<u>(1,302.07)</u>

27. Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	2,658.01	3,031.88
Contribution to provident and other funds	186.86	176.88
Share based payments	-	(18.11)
Staff welfare expenses	75.44	126.38
	<u>2,920.31</u>	<u>3,317.02</u>

28. Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	617.70	862.59
Interest on lease liabilities (Refer note 37)	1,062.12	1,055.31
Interest on delay in deposit of income tax	15.35	28.05
Other borrowing cost	8.26	-
	<u>1,703.43</u>	<u>1,945.95</u>



Ethos Limited**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***29. Depreciation and amortisation expense**

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (Refer note 3)	750.34	629.14
Amortisation of other intangible assets (Refer note 4)	18.33	21.68
Depreciation of Right-of-use of assets (Refer note 37)	2,483.28	2,812.96
	<u>3,251.95</u>	<u>3,463.78</u>

30. Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Power and fuel	95.69	139.15
Service cost expense	53.65	110.20
Insurance	84.33	41.80
Rent (net of reimbursements of Rs. 53.22 (previous year Rs. 171.78)) (Refer note 37)	196.70	74.11
Rates and taxes	26.22	25.23
Repair and maintenance - Others	495.72	532.05
Foreign exchange loss (net)	30.57	167.01
Travelling and conveyance	103.30	277.99
Advertisement and sales promotion (refer note 38)	1,470.39	1,406.30
Directors sitting fees	23.22	14.11
Printing and stationery	18.02	19.30
Recruitment expenses	33.43	26.67
Telephone and telex	60.05	72.91
Postage and telegram	190.14	216.68
Legal and professional fees *	154.45	227.62
Bank charges	287.31	415.76
Provision for Doubtful debts	-	105.38
Advances/deposits/Bad debts written off	51.76	63.50
Provision for bad and doubtful advances	22.85	-
Loss on sale of Fixed assets	-	17.95
Property, plant and equipments written off (net)	34.60	73.43
Service tax deposit and credit written off/provided (Refer note 44)	-	218.56
Corporate Social Responsibility expenditure (Refer note 43)	16.61	10.03
Donation	2.50	4.32
Miscellaneous expenses	146.86	115.35
	<u>3,598.37</u>	<u>4,375.44</u>

*Includes payment to auditors (excluding taxes as applicable and including payment to former Statutory auditors of Parent Company)

As auditor

	Year ended 31 March 2021	Year ended 31 March 2020
Statutory audit	11.85	12.10
Limited review of special purpose quarterly results	6.00	7.35
In other capacity		
Certification work etc.	6.33	2.60
Reimbursement of expenses	0.96	2.95
	<u>25.14</u>	<u>25.00</u>



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

31. Tax expense

	Year ended 31 March 2021	Year ended 31 March 2020
<i>a) Income tax recognised in statement of profit and loss</i>		
Current tax		
Current year	288.49	296.13
Changes in estimates related to prior years	0.94	23.27
	<u>289.43</u>	<u>319.41</u>
Deferred tax		
Attributable to—		
Origination and reversal of temporary differences	(99.48)	(254.02)
Changes in estimates related to prior years	6.66	(24.45)
Change in Deferred tax due to change in Income tax rate	-	183.22
	<u>(92.82)</u>	<u>(95.25)</u>
Total tax expense recognised in the current year	<u>196.61</u>	<u>224.15</u>

The above tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax		
Tax at the Indian tax rate of 25.168% for parent company and 34.944% for Subsidiary (previous year 25.168% for parent company and 34.944% for subsidiary)	174.34	31.54
Effect of expenses that are not deductible in determining taxable profit	14.68	10.57
Effect of tax (benefit) / expense pertaining to prior years	7.59	(1.18)
Effect of increase in tax rate	-	183.22
Income tax expenses recognised in statement of profit and loss	<u>196.61</u>	<u>224.15</u>

The tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (previous year 25.168%) for the parent company and 34.944% (Previous Year 34.944%) for subsidiary payable by corporate entities in India on taxable profits under the Indian tax law.

b) Income tax expense recognised in other comprehensive income

	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax assets/(liabilities)		
<i>Arising on income and expenses recognised in other comprehensive income</i>		
-Remeasurement of defined benefit obligation	1.04	0.72
Total income tax recognised in other comprehensive income	<u>1.04</u>	<u>0.72</u>
<i>Bifurcation of the income tax recognised in other comprehensive income into:-</i>		
Items that will not be reclassified to profit or loss	1.04	0.72
Items that may be reclassified to profit or loss	-	-
	<u>1.04</u>	<u>0.72</u>

32. Earnings per share

	Year ended 31 March 2021	Year ended 31 March 2020
A. Basic earnings per share		
i Profit / (loss) for basic earning per share of Rs. 10 each		
Profit / (loss) for the year	475.72	(246.41)
ii Weighted average number of equity shares for (basic)		
Opening Balance	1,82,12,812	1,69,01,713
Effect of fresh issue of shares	-	8,00,532
	<u>1,82,12,812</u>	<u>1,77,02,245</u>
Basic Earnings per share (face value of Rs 10 each)	2.61	(1.39)



Ethos Limited**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***B. Diluted earnings per share**

i Profit / (loss) for diluted earning per share of Rs. 10 each 475.72 (246.41)

ii Weighted average number of equity shares for diluted

Opening Balance	1,82,12,812	1,69,01,713
Effect of fresh issue of shares *	1,31,250	9,31,782
	1,83,44,062	1,78,33,495
Diluted earnings per share (face value of Rs 10 each)	2.59	(1.39)

* includes 1,31,250 (31 March 2020: 1,31,250) options under Ethos Employee Stock Option Plan – 2013



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

33. Financial instruments - fair values and risk management

I. Accounting classification & Fair values

Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2021			As at 31 March 2020		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
Financial assets								
Non-current								
Loans	(b)	3	-	898.89	-	-	804.90	-
Other financial assets	(b)	3	-	-	-	-	128.93	-
Current								
Trade receivables	(a)	3	-	1,218.04	-	-	938.32	-
Cash and cash equivalents	(a)	3	-	1,830.83	-	-	983.60	-
Other bank balances	(a)	3	-	220.47	-	-	17.00	-
Loans	(b)	3	-	657.47	-	-	721.04	-
Other financial assets	(a)	2	-	351.00	-	-	550.37	-
Total			-	5,176.70	-	-	4,144.17	-
Financial liabilities								
Non-current								
Borrowings (including current maturities)	(c)	3	-	2,516.68	-	-	2,219.53	-
Other Non current financial Liabilities				90.00			94.52	-
Current								
Borrowings	(c)	3	-	2,682.15	-	-	5,355.15	-
Trade payables	(a)	3	-	7,199.35	-	-	7,243.26	-
Other financial liabilities	(a)	2	-	971.04	-	-	979.03	-
Total			-	13,459.22	-	-	15,891.49	-

Notes:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (c) 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.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2021 and 31 March 2020.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

II. Financial risk management

(i) Risk management framework

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii)),
- Liquidity risk (see (iii)), and
- Market risk (see (iv))

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivables from customers and loans.

Trade receivables and Loans

The Group's retail business is pre-dominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, trade and other receivables consist of a large number of customers, across geographies within India, hence, the Group is not exposed to concentration risks.

Cash and cash equivalents

The Group holds cash and cash equivalents of Rs. 1830.83 at 31 March 2021 (31 March 2020: Rs. 983.60). The cash and cash equivalents are mainly held with scheduled banks.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings of leasing options to maximize liquidity and supplement cash requirements as necessary.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2021

	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings(including current maturities)	5,198.83	5,198.83	3,490.61	1,708.22	-
- Trade payables	7,199.35	7,199.35	7,199.35	-	-
- Lease liabilities	8,819.37	11,990.22	2,760.55	6,644.64	2,585.03
- Capital creditors	142.41	142.41	142.41	-	-
- Salaries, wages and bonus and other employee payable	571.59	567.72	567.72	-	-
- Interest accrued but not due on borrowings	240.87	240.87	150.87	90.00	-
- Refund Liabilities	106.16	106.16	106.16	-	-
	22,278.58	25,445.56	14,417.67	8,442.86	2,585.03

31 March 2020

	Carrying amount of liabilities	Total undiscounted contractual cash flows	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
Non derivative financial liabilities					
- Borrowings(including current maturities)	7,574.69	7,574.69	5,998.75	1,575.94	-
- Trade payables	7,243.26	7,243.26	7,243.26	-	-
- Lease liabilities	9,890.43	13,872.61	2,912.80	8,392.46	2,567.35
- Capital creditors	62.20	62.20	62.20	-	-
- Salaries, wages and bonus and other employee payable	802.89	802.89	802.89	-	-
- Interest accrued but not due on borrowings	204.10	204.10	109.58	94.52	-
- Interest Payable Others	4.36	4.36	4.36	-	-
- Refund Liabilities	-	-	-	-	-
	25,781.93	29,764.11	17,133.85	10,062.92	2,567.35

(iv) *Market Risk*

a) *Product price risk*

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavorably from the markets, the Group negotiates with its principals for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

b) Interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2021	As at 31 March 2020
Fixed rate borrowings	2,736.10	3,333.24
Floating rate borrowings	2,459.76	4,241.45
	<u>5,198.83</u>	<u>7,574.69</u>

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year-end was outstanding for the whole year.

	Profit / (Loss) before tax	
	Strengthening	Weakening
<i>For the year ended 31 March 2021</i>		
Interest rate (0.5% movement)	(12.30)	12.30
<i>For the year ended 31 March 2020</i>		
Interest rate (0.5% movement)	(21.21)	21.21

c) Currency risk

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in which the Group is exposed to risk are CHF, USD, EUR, SGD, GBP. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the group is as follows :

	CHF	USD	GBP	SGD	EUR
31 March 2021					
Trade payables (net of receivable)	1,370.88	222.06	41.34	172.52	179.77
Net exposure of recognised financial liability	<u>1,370.88</u>	<u>222.06</u>	<u>41.34</u>	<u>172.52</u>	<u>179.77</u>
31 March 2020					
Trade payables (net of receivable)	1,564.78	63.97	-	73.84	81.04
Net exposure of recognised financial liability	<u>1,564.78</u>	<u>63.97</u>	<u>-</u>	<u>73.84</u>	<u>81.04</u>

Sensitivity analysis

A reasonably possible strengthening (weakening) of CHF, USD, SGD, EUR, GBP against INR (₹) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast purchases.

	Profit / (Loss) (before tax)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	
31 March 2021				
CHF (1% movement)	(13.71)	13.71	(10.26)	10.26
SGD (1% movement)	(1.73)	1.73	(1.29)	1.29
EUR (1% movement)	(1.80)	1.80	(1.35)	1.35
USD (1% movement)	(2.22)	2.22	(1.66)	1.66
GBP (1% movement)	(0.41)	0.41	(0.31)	0.31
31 March 2020				
CHF (1% movement)	(15.65)	15.95	(11.71)	10.38
SGD (1% movement)	(0.74)	0.06	(0.55)	0.04
EUR (1% movement)	(0.81)	0.29	(0.61)	0.19
USD (1% movement)	(0.64)	0.18	(0.48)	0.12

CHF: Swiss Franc USD: US Dollar, GBP: Pound Sterling, SGD: Singapore Dollar, EUR: Euro.

34. Capital Management

Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Group's adjusted net debt to equity ratio was as follows.

	31 March 2021	31 March 2020
Total liabilities	23,660.13	27,245.16
Less: cash and cash equivalents	(1,830.83)	(983.60)
Adjusted net debt	<u>21,829.30</u>	<u>26,261.56</u>
Total equity	15,693.49	15,221.72
Adjusted net debt to equity ratio	<u>1.39</u>	<u>1.73</u>



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

35 Employee benefits

I. Assets and liabilities relating to employee benefits

	As at 31 March 2021	As at 31 March 2020
<i>Non-current</i>		
Liability for gratuity	157.08	130.04
	<u>157.08</u>	<u>130.04</u>
<i>Current</i>		
Liability for gratuity	4.29	3.32
Liability for compensated absences	245.17	234.04
	<u>249.46</u>	<u>237.36</u>
	<u>406.54</u>	<u>367.40</u>

For details about the related employee benefit expenses, refer to note no. 38.

II. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Parent company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

b) Reconciliation of present value of defined benefit obligation

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	173.68	147.21
Benefits paid	(31.03) *	(12.83)
Current service cost	40.72	27.74
Interest cost	12.39	11.04
Actuarial (gains) / losses on experience adjustments recognised in other comprehensive income	1.66	0.52
Balance at the end of the year	197.42	173.68

* Includes Rs. Nil (31 March 2020 Rs. 8.98 lakhs) directly paid by the Company

c) Reconciliation of the present value of plan assets

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	40.32	33.86
Contributions paid into the plan	27.30	10.10
Interest Income	2.78	2.54
Benefits paid	-31.03	(3.85)
Return on plan assets recognised in other comprehensive income	-3.33	(2.33)
Balance at the end of the year	36.04	40.32

d) Expense recognised in profit or loss

	As at 31 March 2021	As at 31 March 2020
Current service cost	40.72	27.74
Interest Income	-2.78	(2.54)
Interest cost	12.39	11.04
	<u>50.33</u>	<u>36.24</u>



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

	As at 31 March 2021	As at 31 March 2020
e) Remeasurements recognised in other comprehensive income		
Actuarial loss on defined benefit obligation	1.66	0.53
Return on plan assets less than discount rate	3.33	2.33
	4.99	2.85

f) Plan assets

100% of the plan assets are managed by LIC

g) Actuarial assumptions

	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	6.80% p.a.	6.91% p.a.
Future salary growth rate (per annum)	5.00% p.a.	5.00% p.a.
Retirement age	55 years	55 years

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (IALM) (2012-14) rates.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(9.61)	10.40	(9.12)	9.89
Future salary growth rate (0.5% movement)	9.44	(8.79)	8.94	(8.30)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

h) Expected benefit payments

Undiscounted amount of expected benefit payments for next 10 years are as follows:

	As at 31 March 2021	As at 31 March 2020
Within 1 year	4.29	3.32
1-2 year	15.99	3.29
2-3 year	24.38	14.70
3-4 year	3.46	17.25
4-5 year	2.74	3.17
5-10 years	146.56	131.94

III. Defined contribution plans

The Group makes contribution, determined as a percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Group has no obligation other than to make the specified contributions. The Group has recognised Rs. 131.67 (previous year Rs. 135.90) during the year as expense towards contribution to these plans.



Ethos Limited

Notes to the consolidated financial statements for the year ended 31 March 2021

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

IV. Share based payments

a) Description of share-based payment arrangement

As at 31 March 2021, the Parent Company has the following share-based payment arrangements.

b) Employee Stock Option Scheme (equity-settled)

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the Parent Company. Each option comprises one underlying equity share.

As per the Scheme, the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1. 50% of the options granted to the selected employee shall vest on 1st October, 2017 in case there is continuation of his service till the date of vesting.

2. 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 lakhs in any financial year by the Parent Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) shall declare such date as and when it is triggered.

The Parent Company has in its Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Performance Evaluation and Guidance-cum- Nomination and Remuneration Committee (formerly known as Compensation Committee) in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013"

c) Reconciliation of outstanding share option

Particulars	During the year ended 31 March 2021		During the year ended 31 March 2020	
	Options (numbers)	Weighted average exercise price per option (Rs.)	Options (numbers)	Weighted average exercise price per option (Rs.)
Ethos Employee Stock Option Scheme - 2013				
Option outstanding at the beginning of the year	1,27,750	120	1,50,750	120
Exercised during the year	-	120	15,000	120.00
Lapsed during the year	-	120	8,000	120.00
Options outstanding at the end of the year	1,27,750	120	1,27,750	120
No. of shares arising out of the options outstanding	1,27,750	120	1,27,750	120
Ethos Employee Stock Option Scheme - 2013				
Option outstanding at the beginning of the year	3,500	120	3,500	120
Options outstanding at the end of the year	3,500	120	3,500	120
No. of shares arising out of the options outstanding	3,500	120	3,500	120

d) Expense recognized in statement of profit and loss

Particulars	As at 31 March 2021	As at 31 March 2020
Expense arising from equity-settled share based payment transaction (including options lapsed during the year)	-	(18.11)

e) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

Assumptions	As at 31 March 2021	As at 31 March 2020
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120.00	120.00
Exercise price	120.00	120.00
Risk Free Interest Rate-KRL1/KRL2/Ethos	7.60%/7.60%	7.60%/7.60%
Expected Life (years) -KRL1/KRL2/Ethos	4.56/4.16	4.56/4.16
Expected Annual Volatility of Shares	40%-60%	40%-60%
Expected dividend yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.



ETHOS LIMITED**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***36. Contingent liabilities, commitments and other matters**
*(to the extent not provided for)***i) Claims against the Group not acknowledged as debts, under dispute**

	As at 31 March 2021	As at 31 March 2020
a) Income Tax matters	310.30	314.05
b) Value Added Tax matters	3,331.35	1.32
c) Customs duty matters	12.90	17.85
	3,654.55	333.22
ii) Commitments		
-Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	122.45	306.82
	122.45	306.82
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.		
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 for the periods prior to 28 February 2019. Further, management also believes that the impact of the same on the Group will not be material.		



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)
37 Leases
A. Group as a lessee

The Group has lease contracts for various retail stores used for its operations. The Leases generally have lease terms 3 - 9 years. 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 and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	9,691.23	7,980.81
Additions	1,255.20	4,381.41
Reclassified from prepaid expenses (if any)	-	360.34
Deletions/Modification	341.12	218.36
Depreciation expense	2,483.28	2,812.96
At the closing of the year	8,122.03	9,691.23

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

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	9,890.43	7,980.81
Additions	1,186.19	4,199.28
Accretion of interest	1,062.12	1,055.31
Deletions/Modification	318.36	230.82
Payments	1,598.78	3,114.15
Rent Concession	1,402.22	-
At the closing of the year	8,819.37	9,890.43
Current lease liabilities	1,910.90	1,908.61
Non-current lease liabilities	6,908.47	7,981.82
Total	8,819.37	9,890.43

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

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	2,760.55	2,912.80
After one year but not more than five years	6,644.64	8,392.46
More than five years	2,585.03	2,567.35
Total	11,990.22	13,872.61

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	As at 31 March 2021	As at 31 March 2020
Depreciation expense of right-of-use assets	2,483.28	2,812.96
Interest expense on lease liabilities	1,062.12	1,055.31
Expense relating to short-term leases (included in other expenses)*	249.92	245.89
Total amount recognised in profit or loss	3,795.32	4,114.16

The Group had total cash outflows for leases of Rs. 1,598.78 during the year ended 31 March 2021 (31 March 2020: Rs. 3,114.15)

* Gross of reimbursement received of Rs. 53.22 during the year ended 31 March 2021 (31 March 2020: Rs. 171.78).



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)
38. Related parties
I. Related parties and nature of related party relationship, where control exists:

Description of Relationship	Name of the Party
Holding / Ultimate Holding Company	KDDL Limited (KDDL)
Joint Venture	Pasadena Retail Private Limited

II. Other related parties with whom transactions have taken place:

Description of Relationship	Name of the Party
Fellow Subsidiaries	Mahen Distribution Limited Pylania SA
Entities over which significant influence is exercised by the Key Management Personnel	VBL Innovations Private Limited Vardhan Properties & Investment Limited Anacott Trading SA
Entities over which significant influence is exercised by relative of the Key Management Personnel	Dream Digital Technology Private Limited (DDTPL) Saboo Ventures LLP Saboo Housing Projects LLP Saveeka Family Trust
Key Management Personnel and relatives	Mr. Y. Saboo (Managing Director) Mr. Manoj Gupta (Executive Director) Relatives of Managing Director and Key Management Personnel Mr. Pranav Shankar Saboo (CEO) Mr. R K Saboo Mr. Jai Vardhan Saboo Mrs. Malvika Saboo Mrs. Usha Devi Saboo Mrs. Anuradha Saboo Mrs. Satvika Suri Mr. C. Raja Sekhar (CFO) Mr. Anil Dhiman (CS) Mrs. Navita Verma (Wife of Mr. Anil dhiman) Mrs. Anju Chilumuri (Wife of Mr. Raja shekhar)
Directors	Mr. Anil Khanna Mr. N. Subramanian Mr. Sundeep Kumar Mrs. Neelima Tripathi Mr. Dilpreet Singh Mr. Mohaimin Altaf
Relatives of Director	Mrs Alka Khanna (Wife of Mr Anil Khanna) Mrs Poonam Prakash (Sister of Mr Anil Khanna) Mr Apoorv P. Tripathi (Son of Mrs Neelima Tripathi) Mrs Nighat Altaf (Mother of Mr. Mohaimin Altaf) Mrs. Lalit Gupta (Wife of Mr. Manoj Gupta) Mr. Amol Gupta (Son of Mr. Manoj Gupta) Mrs. Saneh Lata (Mother of Mr. Manoj Gupta)

III. Transactions with related parties

Nature of transactions	As at	As at
	31 March 2021	31 March 2020
a) Purchase of goods	59.40	273.41
- Anacott Trading SA	59.40	268.41
- Mr. Y. Saboo	-	5.00



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

b) Sales of goods	49.82	60.19
- Mr. Dilpreet Singh	1.03	-
- KDDL Limited	3.94	4.54
- Mr. R K Saboo	5.31	16.77
- Mr. Y. Saboo	9.38	9.18
- Mr. Pranav Shankar Saboo	1.95	3.81
- Mr. Jai Vardhan Saboo	-	14.32
- Mrs. Satvika Suri	10.68	0.37
- Mr. Mohaimin Altaf	10.73	4.56
- Mr. Nigat Altaf	-	6.64
- Mrs. Malvika Saboo	6.64	-
- Mr. Anil Dhiman	0.17	-
c) Employee benefits*	401.77	238.27
Short-term employee benefits		
- Mrs. Anuradha Saboo	5.68	6.44
- Mr. Raja Sekhar	70.62	79.41
- Mr. Anil Dhiman	9.96	10.50
- Mr. Pranav Shankar Saboo	250.69	141.92
- Mr. Manoj Gupta	64.82	-
*Excluding provision for leave encashment and gratuity, as they are determined on an actuarial basis for the Company as a whole. In previous year the amount is excluding provision for leave encashment, gratuity and bonus as well.		
d) Interest expenses	136.81	91.84
- Mr. R K Saboo	23.43	9.05
- Vardhan Properties & Investment Limited	20.34	6.26
- Dream Digital Technology Private Limited	1.54	6.14
- Mr. Y Saboo	13.19	8.08
- Saboo Ventures LLP	39.89	40.11
- Saboo Housing Projects LLP	-	0.53
- Mr. Anil Khanna	3.06	2.60
- Mrs. Alka Khanna	0.71	0.63
- Mrs. Poonam Prakash	0.70	0.69
- Mrs. Usha Devi Saboo	14.72	10.06
- Mr. C. Raja Sekhar	7.76	6.49
- Mrs. Anuradha Saboo	1.79	1.18
- Mrs. Lalit Gupta	3.47	-
- Mr. Amol Gupta	3.89	-
- Mrs. Santh Lata	1.60	-
- Mrs. Anju Chilumuri	0.65	-
- Mrs. Navita Verma	0.07	-
e) Rent expense	42.93	36.96
- KDDL Limited	20.73	15.83
- Mr. Y Saboo	22.19	21.14
f) Rent Received	0.60	10.15
- Dream Digital Technology Private Limited	0.60	-
- Mahen Distribution Limited	-	10.15
g) Publicity and advertisement	-	5.20
- KDDL Limited	-	5.20
h) Reimbursement of expenses incurred on behalf of Ethos Limited	53.75	9.98
- KDDL Limited	31.25	9.98
- Dream Digital Technology Private Limited	22.50	-
i) Reimbursement received for expenses	28.65	22.38
- KDDL Limited	2.07	0.62
- Mahen Distribution Limited	-	4.80
- Pasadena Retail Private Limited	26.49	13.65
- Anacott Trading	-	3.32
- Dream Digital Technology Private Limited	0.09	-
j) Sale of Property, plant and equipment	-	4.76
- KDDL Limited	-	4.76
k) Purchase of Property, plant and equipment	-	0.09
- KDDL Limited	-	0.09



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

l) Consultancy fees paid	0.45	4.29
- Mr. Apoorv P. Tripathi (Advocate)	0.45	4.29
m) Director Fees	23.23	14.11
- Mr. Y. Saboo	3.90	3.38
- Mr. Anil Khanna	5.63	3.31
- Mr. N. Subramanian	3.43	2.57
- Mr. Sundeep Kumar	2.45	0.98
- Mrs. Neelima Tripathi	1.23	0.35
- Mr. Dilpreet Singh	3.20	1.37
- Mr. Mohaimin Altaf	3.39	2.16
Nature of transactions	As at	As at
	31 March 2021	31 March 2020
n) Loan taken	371.27	571.00
- Vardhan Properties & Investment Limited	-	200.00
- Mr. R K Saboo	56.00	180.00
- Mr. Y Saboo	152.54	140.00
- Mr. C Raja Sekhar	7.00	20.00
- Mrs. Usha Devi Saboo	50.00	11.00
- Mrs. Anuradha Saboo	21.79	20.00
- Mr. Anil Khanna	40.00	-
- Mrs. Sanehi Lata	33.94	-
- Mrs. Lalit Gupta	10.00	-
o) Loan repaid	881.54	82.00
- Dream Digital Technology Private Limited	25.00	75.00
- Saboo Ventures LLP	400.00	-
- Saboo Housing Projects LLP	-	7.00
- Vardhan Properties & Investment Limited	210.00	-
- Mr. Y Saboo	140.00	-
- Mr. C Raja Sekhar	5.00	-
- Mrs. Sanehi Lata	25.00	-
- Mrs. Poonam Prakash	6.54	-
- Saveeka Family Trust	50.00	-
- Mrs. Anuradha Saboo	20.00	-
p) Loan given	14.35	-
- Mr. Manoj Gupta	14.35	-
q) Investment made during the year	-	100.00
- Pasadena Retail Pvt Ltd	-	100.00
r) Financial guarantee expenses	28.29	0.45
- KDDL Limited	28.29	0.45
s) Equity shares issued / converted	-	88.03
- KDDL Limited	-	73.84
- Mr. Y Saboo	-	1.92
- Mr. R K Saboo	-	4.62
- Mrs. Anuradha Saboo	-	4.23
- Mr. N. Subramanian	-	1.92
- Mr. Jai Vardhan Saboo	-	1.50
* Including fresh equity shares allotted & 14% cumulative convertible preference shares		
t) Share premium received	-	2,229.20
- KDDL Limited	-	2,051.15
- Mr. R K Saboo	-	55.39
- Mr. Y Saboo	-	23.08
- Mrs. Anuradha Saboo	-	50.77
- Mr. N. Subramanian	-	23.08
- Mr. Jai Vardhan Saboo	-	16.50
- Dream Digital Technology Private Limited	-	9.23
u) Other Income	6.44	-
- Pasadena Retail Private Limited	6.44	-



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)
IV.
Outstanding balances as at year end

Particulars	As at 31 March 2021	As at 31 March 2020
Payables		
- Dream Digital Technology Private Limited	58.40	103.88
- KDDL Limited	9.05	0.68
- Vardhan Properties & Investment Limited	3.67	37.85
- Saboo Ventures LLP	-	4.96
- Anacott Trading SA	-	8.98
	45.68	51.41
Interest accrued but not due	97.53	52.75
- Mr. Y Saboo	8.14	7.27
- Mr. C. Raja Sekhar	14.08	5.53
- Mr. R K Saboo	29.34	11.50
- Mrs. Anuradha Saboo	1.19	1.06
- Mrs. Anju Chilumuri	1.30	0.65
- Mr. Anil Khanna	7.06	4.30
- Mrs. Usha Devi Saboo	19.41	6.84
- Mrs. Lalit Gupta	6.56	3.36
- Mr. Amol Gupta	7.51	3.91
- Mrs. Santh Lata	1.48	6.97
- Mrs. Alka Khanna	1.28	0.62
- Mrs. Navita Verma	0.18	0.11
- Mrs. Poonam Prakash	-	0.62
Lease Liabilities	50.61	84.67
- KDDL Limited	35.83	50.46
- Mr. Y Saboo	14.78	34.21
Director Fees Payable	7.31	1.97
- Mr. Anil Khanna	1.56	0.61
- Mr. N. Subramanian	1.47	0.49
- Mr. Sundeep Kumar	1.09	0.20
- Mrs. Neelima Tripathi	0.61	0.04
- Mr. Dilpreet Singh	1.09	0.29
- Mr. Mohaimin Altaf	1.28	0.33
- Mr. Y Saboo	0.21	-
Receivables / Advances	313.57	373.37
- Mr. Manoj Gupta	12.97	-
- KDDL Limited	-	4.30
- Pasadena Retail Private Limited	18.11	15.35
- Mahen Distribution Limited	268.18	329.02
- Mr. Y saboo	-	5.83
- Mr. R K Saboo	-	13.95
- Mr. Pranav Shankar Saboo	1.71	4.49
- Mrs. Satvika Suri	12.60	0.43
Investments	100.00	100.00
- Pasadena Retail Private Limited	100.00	100.00
Security deposit given	6.77	6.77
- KDDL Limited	6.77	6.77



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Share application money received	7.50	-
- Mr. N. Subramanian	7.50	-
Share application money refunded	7.50	-
- Mr. N. Subramanian	7.50	-
Equity Share Capital	1,453.26	1,423.29
- Mahen Distribution Limited	229.32	229.32
- KDDL Limited	1,141.01	1,113.31
- Mr. Y Saboo	28.14	14.44
- Mr. C. Raja Sekhar	1.06	1.06
- Mr. R K Saboo	-	13.71
- Mrs. A Saboo	6.50	6.50
- Saboo Ventures LLP	32.27	32.27
- Vardhan Properties & Investment Limited	5.00	5.00
- Mr. N. Subramanian	7.06	7.06
- Mr. Anil Khanna	0.63	0.63
- Mr. Jai Vardhan Saboo	1.50	-
- Dream Digital Technology (P) Limited	0.77	-
- Mrs. Usha Devi Saboo	0.00	-
- Mr. Pranav Shankar Saboo	0.00	-
- Ms. Satvika Suri	0.00	-
- Saboo Housing Projects LLP	0.00	-
Unsecured loans	786.91	1,297.17
- Dream Digital Technology Private Limited	-	24.99
- Vardhan Properties & Investment Limited	-	210.00
- Mr. R K Saboo	236.00	180.00
- Mr. Y Saboo	152.54	140.00
- Saboo Ventures LLP	-	400.00
- Mr. Anil Khanna	60.00	20.00
- Mrs. Alka Khanna	5.61	5.61
- Mrs. Poonam Prakash	-	6.54
- Mrs. Usha Devi Saboo	146.00	96.00
- Saveeka Family Trust	-	50.00
- C Raja Sekhar	61.51	59.51
- Anuradha Saboo	21.79	20.00
- Mrs. Lalit Gupta	34.06	24.06
- Mr. Amol Gupta	29.85	29.85
- Mrs. Santh Lata	33.94	25.00
- Mrs. Anju Chilumuri	5.11	5.11
- Mrs. Navita Verma	0.50	0.50
Deemed capital contribution	50.51	50.51
- KDDL Limited - 12% cumulative redeemable preference shares	36.00	36.00
- KDDL Limited - financial guarantee	14.51	14.51
Employee benefits*	63.16	4.82
Short-term employee benefits		
- Mr. Raja Sekhar	6.11	1.90
- Mr. Pranav Shankar Saboo	48.23	1.82
- Mr. Anil Dhiman	1.60	-
- Mrs. Anuradha Saboo	0.52	0.59
- Mr. Manoj Gupta	6.69	0.51
*Excluding provision for leave encashment and gratuity, as they are determined on an actuarial basis for the Company as a whole. In previous year the amount is excluding provision for leave encashment, gratuity and bonus as well.		
Guarantees taken by the company	15,005.00	16,971.96
- KDDL Limited	5,635.00	5,889.24
- Mr. R K Saboo	4,685.00	4,939.24
- Mr. Y Saboo	4,685.00	5,889.24
- Mrs. Usha Saboo	-	254.24



ETHOS LIMITED**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***V. Other transactions**

1 Security being provided by Directors and relatives of directors for long term loan taken from India bulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan. The loan is repaid during the year.

2 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.

3 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 Omapac 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.

4 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.

VI. Terms and conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

39. Additional information- Reconciling Gross Sales (including billing under consignment arrangement and Sales tax / Goods and services tax) with net sales:

	As at 31 March 2021	As at 31 March 2020
Sales (gross including Sales tax / Goods and services tax)	45,327.53	53,190.39
Less: Sales tax / GST	(6,670.46)	(7,405.48)
Net sales	38,657.07	45,784.91

The Group's sales model comprises of outright sales of purchased goods to customers.



ETHOS LIMITED

Notes to the consolidated financial statements for the year ended 31 March 2021

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

40 Segment information**Operating segments***Basis for segmentation*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chairman and Managing Director to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports at least on quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions

Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

S.No.	Particulars	Year Ended	Year Ended
		31 March	31 March
		(Audited)	(Audited)
		2021	2020
1	Segment revenue		
	a) Watch and Watch Accessories	38,657.07	45,784.91
	b) Marketing Support and other Services	473.48	802.81
	Total	39,130.55	46,587.72
	Less: Inter segment revenue	(473.48)	(802.81)
	Revenue from operations	38,657.07	45,784.91
2	Segment results profit/(loss) before tax and interest from each segment)		
	a) Watch and Watch Accessories	2,175.55	1,512.56
	b) Marketing Support and other Services	89.87	297.21
	Total	2,265.42	1,809.77
	Add: Interest Income	110.34	113.93
	Less: Finance costs	1,703.43	1,945.95
	Profit/(loss) before tax	672.33	(22.25)
3	Segment Assets		
	a) Watch and Watch Accessories	36,539.67	41,331.59
	b) Marketing Support and other Services	134.44	42.90
	c) Unallocated assets	2,679.51	1,092.41
	Total Segment assets	39,353.62	42,466.90
4	Segment liabilities		
	a) Watch and Watch Accessories	9,296.11	9,495.14
	b) Marketing Support and other Services	46.85	38.47
	c) Unallocated liabilities	14,317.17	17,711.57
	Total Segment liabilities	23,660.13	27,245.18
5	Capital expenditure		
	a) Watch and Watch Accessories	1,016.53	1,381.96
	b) Marketing Support and other Services	0.35	0.98
		1,016.88	1,382.94
	Depreciation and amortisation		
	a) Watch and Watch Accessories	3,247.35	3,457.56
	b) Marketing Support and other Services	4.60	6.22
		3,251.95	3,463.78
	Provision for doubtful debts		
	a) Watch and Watch Accessories	(2.90)	105.38
	b) Marketing Support and other Services	-	-
		(2.90)	105.38



ETHOS LIMITED**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***41 COVID-19 Impact**

The Group's operations, revenue and consequently profit during the year ended March 31, 2021 were impacted due to Covid-19. Further, second wave of Covid-19 pandemic has hit India recently. Currently, the state Governments have implemented regional lockdowns based on situation in individual states/regions. The Group has made detailed assessment of its liquidity position and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these standalone financial statements.

42 During the financial year 2019-20, the Parent Company had elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Parent Company had recognised provision for taxation and re-measured its deferred tax assets basis the rate prescribed in the said Section. The impact of such change was recognized in statement of profit and loss of the financial year 2019-20.

43 In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs. 16.61 (March 31, 2020: Rs. 10.03) for CSR activities carried out during the current year.

	31 March 2021	31 March 2020
a) Gross amount required to be spent by the Parent Company during the year	16.61	9.85
b) Amount spent during the year on the following in cash :	16.61	10.03
1. Construction/ acquisition of any asset		
2. On purposes other than (i) above		
Education and Health		10.03
Environmental sustainability, ecological balance, protection of flora and fauna	14.11	
Eradicating hunger, poverty and malnutrition	2.50	

44 Regarding service tax matter, the Parent Company had opted Sabka Vishwas (Legacy Dispute Resolution) Scheme during the financial year 2019-20. As per the scheme, keeping in view of the amount involved, 50% of the disputed amount was required to be deposited to avail immunity from interest & penalty. The Parent Company had written off the amount of payment made under the scheme of Rs 170 during the financial year 2019-20. In addition to this, Parent Company had provided Rs. 48.56 during the financial year 2019-20. Accordingly, profits in the financial year 2019-20 was reduced by Rs. 218.56. The Parent Company, based on the opinion sought from a legal counsel, had filed a writ petition for the opening of TRAN-I in the Punjab and Haryana High Court for the transition remaining credit and the next date of hearing is yet to be received.



ETHOS LIMITED**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***45 Interest in Joint Venture**

The Group has a 50% interest in Pasadena Retail Private Limited, a joint venture. The Group's interest in Pasadena Retail Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	31 March 2021	31 March 2020
Total Assets	447.50	480.65
Total Liabilities	(367.43)	(414.07)
Equity	80.07	66.57
Proportion of the Group's ownership		
Share in Equity	80.07	66.57
Add: Goodwill	-	-
Carrying value of the investment	80.07	66.57
Revenue from operations	644.68	291.68
Other income	42.88	1.54
	687.56	293.22
Purchase of stock-in-trade	455.52	699.51
Changes in inventory of stock-in-trade	30.03	(469.94)
Finance costs	53.44	35.71
Depreciation and amortization expense	87.21	47.37
Other expenses	41.29	47.42
	667.50	360.07
Profit/(Loss) before income tax	20.06	(66.85)
Tax expense	(6.94)	-
Profit/(loss) for the year	27.00	(66.85)
Group's share of profit/(loss) for the year (Share 50%)	13.50	(33.43)



ETHOS LIMITED
Notes to the consolidated financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs, except for share data and if otherwise stated)

- 46 During the current year, the Parent Company has reported a cyber fraud wherein the e-mail account of one of the Vendor of the Parent Company was hacked and based on the communication received from the hacked account, the Parent Company transferred an amount of CHF 56,833.45 i.e. Rs. 45.67 on October 01, 2020 to the fraudulent account personated to be the Vendor's bank account in Switzerland, held with UBS Switzerland AG Bank. Cyber criminals using the authentic e-mail addresses and back-up mails informed the Parent Company to send current money to an alternate bank account of ORIS SA a partner brands on September 28, 2020 to whom remittances are being made for the purchase of imported watches on a regular basis. Not suspecting anything wrong, the Parent Company had made payment of CHF 56,833.45 to such fraudulent account. Later on the Parent Company realized that it was a cyber crime and that the remittance was made to a fraudulent account. The Parent Company contacted ORIS SA to check the remittance made, however brand officials confirmed that there is no such amount credited in their bank accounts.

The Parent Company has filed a FIR cybercrime complaint (Ack. No. 20810200055209) on October 14, 2020 and also pursued with the banking channels to recover the amount involved. Furthermore, the Vendor also filed a complaint with the Swiss Authorities to recover the amount involved. Though, the Parent Company is putting in its best efforts to recover the amount, the management has made provision amounting to Rs. 22.85 against the total amount of Rs. 45.67 involved in the said fraud.

- 47 Additional Information, As required under Schedule III to the Companies Act, 2013, of Entities Consolidated as Subsidiaries or Joint Venture

Name of the Entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
Parent								
Ethos Limited								
As at March 31, 2021	100%	15,713.44	97%	463.67	136%	-5.38	97%	458.29
As at March 31, 2020	100%	15,255.14	-2%	4.12	100%	-2.13	-1%	1.99
Subsidiaries								
Cognition Digital LLP								
As at March 31, 2021	2%	335.72	12%	56.85	-36%	1.43	12%	58.28
As at March 31, 2020	2%	277.45	-77%	190.41	-	-	-77%	190.41
Joint Venture (Investments as per the equity method)*								
Pasadena Retail Private Limited								
As at March 31, 2021	0%	-19.93	3%	13.50	-	-	3%	13.50
As at March 31, 2020	0%	66.57	14%	-33.43	-	-	13%	-33.43
Eliminations/adjustments								
As at March 31, 2021	-2%	-335.74	-12%	-58.30	0%	-	-12%	-58.30
As at March 31, 2020	-2%	-377.44	165%	-407.51	-	-	164%	-407.51
Total As at March 31, 2021	100%	15,693.49	100%	475.72	100%	-3.95	100%	471.77
Total As at March 31, 2020	100%	15,221.72	100%	-246.41	100%	-2.13	100%	-248.54

* Amounts given here in respect of joint venture is the share of the group in the net assets of the joint venture.



ETHOS LIMITED**Notes to the consolidated financial statements for the year ended 31 March 2021***(All amounts in ₹ lakhs, except for share data and if otherwise stated)***48 Details of subsidiary and joint venture with ownership % and place of business :****Subsidiary**

Name of the entity	Cognition Digital LLP
Principal Place of Business	India
Proportion of Ownership as at March 31, 2021	99.99%
Proportion of Ownership as at March 31, 2020	99.99%
Method used to account for the investment	At cost

Joint venture

Name of the entity	Pasadena Retail Private Limited
Principal Place of Business	India
Proportion of Ownership as at March 31, 2021	50.00%
Proportion of Ownership as at March 31, 2020	50.00%
Method used to account for the investment	At cost

- 49 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI firm registration no.: 301003E/E300005



Anil Gupta
Partner
Membership No. 87921



Place: New Delhi
Date: 11 June 2021

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



Y. Saboo
Managing Director
DIN 00012158

Anil Khanna
Director
DIN 00012232



C. Raja Sekhar
Chief Financial Officer



Pranay Shankar Saboo
Chief Executive Officer



Anil Dhillon
Company Secretary

Place: Chandigarh
Date: 11 June 2021