

Independent Auditors' Examination Report on the Restated Ind AS Consolidated Summary Statements of Ethos Limited

To
The Board of Directors
Ethos Limited
Kamla Centre
SCO 88-89, Sector 8-C,
Chandigarh, 160009,
India

Dear Sirs,

1. We S.R. Batliboi & Co. LLP, Chartered Accountants (“we”, or “us” or “SRBC”) have examined the attached Restated Ind AS Consolidated Summary Statements of Ethos Limited (the “Company”) , its subsidiary (the Company and its subsidiary together referred to as the “Group”), and its joint venture, comprising the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities as at December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Ind AS Consolidated Summary Statements of Profit and Loss (including other comprehensive income), the Restated Ind AS Consolidated Summary Statement of Change in Equity, the Restated Ind AS Consolidated Summary Statement of Cash Flow, for the nine months period ended December 31, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the “Restated Ind AS Consolidated Summary Statements”), as approved by the Board of Directors of the Company at their meeting held on April 07, 2022, for the purpose of inclusion in the Red Herring Prospectus (“RHP”) and prospectus prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“IPO”) prepared in terms of the requirements of:
 - a) Section 26 of Part 1 of Chapter III of The Companies Act, 2013 (the “Act”);
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”); and
 - c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).
2. The preparation of Restated Ind AS Consolidated Summary Statements, which are to be included in the RHP and prospectus, is the responsibility of the management of the Company, for the purpose set out in paragraph 15 below. The Restated Ind AS

Consolidated Summary Statements have been prepared by the Management of the Company on the basis of preparation stated in paragraph 2 of Annexure V to the Restated Ind AS Consolidated Summary Statements. The responsibility of the management of the companies included in the Group and its joint venture includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Consolidated Summary Statements. The management of the companies included in the Group and its joint venture are also responsible for identifying and ensuring that the Group and its joint venture comply with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Ind AS Consolidated Summary Statements taking into consideration:
 - a) the terms of reference and our engagement agreed upon with you vide our engagement letter dated January 04, 2022, requesting us to carry out work on such Restated Ind AS Consolidated Summary Statements, proposed to be included in the RHP of the Company in connection with the proposed IPO of the Company;
 - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concept of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Ind AS Consolidated Summary Statements; and
 - d) the requirements of Section 26 of the Act and applicable provisions of the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.

4. These Restated Ind AS Consolidated Summary Statements have been compiled by the management from:
 - (a) Audited interim consolidated Ind AS financial statements of the Group and its joint venture as at and for the nine months period ended December 31, 2021 which were prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles

generally accepted in India (referred to as “Ind AS”), which have been approved by the Board of Directors at their meeting held on April 07, 2022.

(b) Audited consolidated financial statements of the Group and its joint venture as at and for the years ended March 31, 2021 and March 31, 2020 which were prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on June 11, 2021 and June 25, 2020 respectively.

(c) Audited consolidated financial statements of the Group as at and for the year ended March 31, 2019 which were prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held May 04, 2019.

5. For the purpose of our examination, we have relied on:

(a) Auditors’ Reports issued by us dated April 07, 2022, June 11, 2021 and June 25, 2020, on the Consolidated Financial Statements of the Group and its joint venture as at and for the nine months period ended December 31, 2021 and as at and for the years ended March 31, 2021 and March 31, 2020, as referred in Paragraph 4 (a) and 4 (b) above.

(b) Auditor's report issued by the previous auditor dated May 04, 2019 on the consolidated financial statements of the Group as at and for the financial year ended March 31, 2019 referred in Paragraph 4 (c) above.

6. As indicated in our audit reports referred to in paragraph 4 above

(a) we did not audit the financial statements of a subsidiary and a joint venture whose financial statements include total assets, total revenues, net cash inflows / (outflows) and share of profit/ loss in its joint venture included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditors (the “Other Auditors”) and whose reports have been furnished to us by the Company’s management. Our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect of these components, was based solely on the reports of the Other Auditors.

(Rs in Lakhs)

Particulars	As at and for the nine-months period ended December 31, 2021	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020
Total Assets	338.13	411.51	358.27
Total Revenue	146.87	477.38	804.01
Net Cash inflows/(outflows)	(22.61)	112.18	(23.42)
Share of profit/ (loss) in joint venture	(2.19)	13.50	(33.43)

(b) The information for the comparative year presented, has been restated to reflect rectification and reclassifications in the consolidated Ind AS financial statements previously presented to conform to the presentation of the consolidated Ind AS financial statements for the year ended March 31, 2020. Refer to Note 50 (Refer Annexure VI Part A Note 2 to the Restated Ind AS Consolidated Summary Statements) to Consolidated financial statements, which describes the nature and impact of such adjustments/ reclassification.

Our opinion on the consolidated financial statements is not modified in respect of above matters.

7. The audit for the financial year ended March 31, 2019 was conducted by the Company's previous auditor, B S R & Co. LLP, Chartered Accountants (the "Previous Auditor"). The audit report on the consolidated financial statements issued by the Previous Auditor included the following other matter:

We did not audit the financial statement of 1 subsidiary whose share of total assets (before consolidation adjustments), total revenues (before consolidation adjustments) and net cash inflows (before consolidation adjustments) in the consolidated financial statement, for the relevant years is tabulated below, which have been audited by other auditor, Mukta Arvind and Associates, and whose report have been furnished to us by the Company's management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this component, is based solely on the report of the other auditor:

(Rs. in lakhs)

Particulars	As at and for the year ended March 31, 2019
Total Assets	367.01
Total Revenue	871.88
Net Cash inflow/(outflows)	18.21

The opinion of the Previous Auditor on the consolidated Ind AS financial statements is not modified in respect of the above matter.

8. The Previous Auditor has examined the Restated Consolidated Summary Statements. Accordingly, reliance has been placed on the independent practitioners' examination report dated April 07, 2022 on the restated consolidated statement of assets and liabilities as at March 31, 2019 and the restated consolidated statement of profit and loss (including other comprehensive income), statement of changes in equity and cash flow statement for the year ended March 31, 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (Collectively, the "2019 Restated Ind AS Consolidated Summary Statements") examined by them for the said year. They have also confirmed that the 2019 Restated Ind AS Consolidated Summary Statements:
- (a) have been prepared after incorporating adjustments for the changes in accounting policies and should be read with the basis of preparation of the 2019 Restated Ind AS Consolidated Summary Statements which states that there are no material errors and that adjustments have been made for regrouping/reclassifications retrospectively in the financial year ended March 31, 2019, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine-months period ended December 31, 2021;
 - (b) does not contain any qualifications requiring adjustments.
 - (c) have been prepared in accordance with the Act, ICDR Regulations and Guidance Note.
9. The Other Auditors referred to in paragraph 6 above, have examined the restated summary statements of the subsidiary and joint venture listed in Annexure 1 and included in these Restated Ind AS Consolidated Summary Statements. The Other Auditors have confirmed that those restated summary statements:
- (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications

retrospectively in financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2021;

- (ii) does not contain any qualifications requiring adjustments; and
- (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. Based on our examination, also as per the reliance placed on the examination report submitted by the Previous Auditor and Other Auditors for the respective period/years, and according to the information and explanations given to us and, we report that the Restated Ind AS Consolidated Summary Statements:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2021;
- b) there are no qualifications in the auditors' reports on the audited consolidated financial statements of the Group and its joint venture for the nine months period ended December 31, 2021 and for the year ended March 31, 2021 and March 31, 2020 and in the auditors' reports on the audited consolidated financial statements of the Group for the year ended March 31, 2019 which require any adjustment to the Restated Consolidated Summary Statements.

Qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, included in audit reports of the Standalone financial statements of the Company for the year ended March 31, 2021 March 31, 2020 and March 2019 which do not require any corrective adjustments in the Restated Ind AS Consolidated Summary Statements have been disclosed under in Annexure VI to the Restated Ind AS Consolidated Summary Statements.

Emphasis of Matter paragraph included in the auditors report on the Consolidated financial statement of the Group and its joint venture for the nine months period ended December 31, 2021 and year ended March 31, 2021 and March 31, 2020

which do not require any corrective adjustments in the Restated Ind AS Consolidated Summary Statements are as follows;

Emphasis of Matter – December 31, 2021

We draw attention to Note 42 (Refer Annexure VII Note 44 to the Restated Ind AS Consolidated Summary Statements) to the accompanying Interim consolidated Ind AS financial statements, which describes the uncertainties and impact 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.

Emphasis of Matter – March 31, 2021

We draw attention to Note 41 (Refer Annexure VII Note 44 to the Restated Ind AS Consolidated Summary Statements) 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.

Emphasis of Matter – March 31, 2020

We draw attention to Note 42 (Refer Annexure VII Note 44 to the Restated Ind AS Consolidated Summary Statements) to the consolidated Ind AS Financial Statements, which describes the uncertainties and the impact 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.

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

11. We have not audited any financial statements of the Group and its joint venture as of any date or for any period subsequent to December 31, 2021. Accordingly, we express no opinion on the financial position, results of operations, cash flows or change in equity of the Group and its joint venture as of any date or for any period subsequent to December 31, 2021.
12. The Restated Ind AS Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Audited Consolidated Financial Statements mentioned in paragraph 5 above.
13. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
15. Our report is intended solely for use of the Board of Directors for inclusion in the red herring prospectus and prospectus to be filed with SEBI, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Himachal Pradesh, in connection with the proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta

Partner

Membership No.: 87921

UDIN: 22087921AGPHNR9600

New Delhi

April 07, 2022

Annexure 1

Subsidiary and Joint Venture of the Company audited by other auditors as at December 31, 2021, March 31, 2021 and March 31, 2020 and for the nine months period ended December 31, 2021 and each of the years ended March 31, 2021 and March 31, 2020:

<u>Name of Component</u>	<u>Component Type</u>	<u>Name of the other auditor</u>
Cognition Digital LLP	Subsidiary	Mukta Arvind & Associates
Pasadena Retail Private Limited	Joint Venture	Singhal Karun & Co.