



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Corporation Finance Department
Division of Issues and Listing
Northern Regional Office
Assistant General Manager
Email: deepshikhaL@sebi.gov.in

SEBI/NRO/NRO/NRO/P/OW/2022/ 16901 /1, 2
April 25, 2022

Emkay Global Financial Services Limited The Ruby, 7th Floor, Senapati Bapat Marg Dadar (West), Mumbai – 400 028 Maharashtra, India	Incred Capital Wealth Portfolio Managers Private Limited 1203, 12th Floor, B Wing, The Capital, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051, Maharashtra, India
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Kind Attention: Mr. Deepak Yadav/ Sreesankar R

Sub: Proposed IPO of Ethos Limited

Please refer to your email dated March 10, 17, 29, 2022, April 08, 2022 submitting *in-seriatim* reply to SEBI's Clarification letter bearing nos. SEBI/NRO/NRO/NRO/P/OW/2022/6905/1, 2 dated February 16, 2022, and email dated March 02, 2022 and further clarification sought by SEBI vide letter bearing no. SEBI/NRO/NRO/NRO/P/OW/2022/12160/1, 2 dated March 23, 2022, response on the same received on December 15, 2021 and January 20, 2022 in relation to the Initial public offer and the updated copy of draft red herring prospectus ("DRHP") dated January 21, 2022 (taken on record on February 01, 2022) with respect to the captioned issue.

1. As Book Running Lead Manager (LM), you shall ensure that all changes are effected based on the observations / conditions contained in the Annexure, SEBI Clarification letter and SEBI ICDR Regulations before you file the offer document with the stock Exchange / ROC. A letter confirming these changes and explaining, in seriatim, the manner in which each observation / condition has been dealt with along with your comments should be submitted to SEBI before you file the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**
2. It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The LMs have certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI Regulations for disclosures and investor protection in force for the time being. The LMs are advised to ensure the same with

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Page 1 of 17

उत्तरी प्रादेशिक कार्यालय : प्लेट-बी, आठवीं मंजिल, ऑफिस टॉवर-1, एन बी सी सी कॉम्प्लेक्स, पूर्व किदवई नगर, नई दिल्ली - 110023

Northern Regional Office : Plate-B, 8th Floor, Office Tower-1, NBCC Complex, East Kidwai Nagar, New Delhi-110023 दूरभाष (Phone) : 011 - 69012998

प्रधान कार्यालय : सेबी भवन, प्लॉट सं. सी-4 'अ', जी-ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व) मुंबई - 400051 दूरभाष (Phone) : 022 - 26449000
Head Office : SEBI Bhavan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Bandra (E) Mumbai - 400051 Web. : www.sebi.gov.in



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Page 1 of 17

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Continuation Sheet

भारतीय प्रतिभूति
और विनिमय बोर्ड
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Board of India**

respect to SEBI (ICDR) Regulations, 2018. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

3. It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated January 21, 2022, in accordance with SEBI (Merchant Bankers) Regulations, 1992.
4. The filing of offer document does not, however, absolve the company from any liabilities under Section 34 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the LMs any irregularities or lapses in offer document.
5. Any publicity materials / advertisements should not contain matters extraneous to the information contained in the draft offer document and SEBI observation issued in that respect. **Attention is specifically drawn to the provisions of Section 36 of the Companies Act, 2013.**
6. The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 25(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC / within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

If filing fees paid by you is less than the actual fees required to be paid, the LMs are advised to ensure and confirm compliance with the provisions of Schedule III of the said Regulations in regard to payment of the balance fees to SEBI.

If filing fees paid by you are more than the actual fees required to be paid, you are advised to inform SEBI about the amount to be refunded, along with detailed calculation of amount refundable and name of the person in whose favour cheque may be issued by SEBI.

7. The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter.

PLACE: NEW DELHI


DEEPSHIKHA NAYYAR



OBSERVATIONS

1. Please refer to SEBI's comments and observations on the DRHP communicated vide letter(s) dated February 16, 2022, March 23, 2022 and email dated March 02, 2022 and your letter(s) /email(s) dated March 10, 2022, March 17, 2022, March 29, 2022 and all other correspondences exchanged and discussions held. LM is advised to ensure compliance with the same, without fail.
2. At all the relevant places across the UDRHP where details of the Technopack Advisors has been referred, LM is advised to disclose the details related to commissioning of Technopack Advisors for preparing the report including the date of appointment of Technopack Advisors by the issuer.
3. At all the relevant places across the DRHP, LMs are advised to provide proper / complete / applicable cross referencing to the specific page no. of referred report / section of the offer document.
4. LM is once again advised to confirm and disclose to SEBI that the corresponding figures in value (to the extent possible), wherever percentage figures are mentioned across the offer document.
5. The risk factors, to the requisite extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic. Further, The LMs is advised occurrence of any such event to be disclosed in the offer document.
6. At all the relevant places across the DRHP, where details of pre-ipo placement has been referred, the following disclosure was asked to be given:

"At the time of subscription/On utilization of Pre-IPO Placement Proceeds (if any) prior to the completion of the Issue, it shall be appropriately intimated to the pre-IPO subscribers that there is no guarantee that the issuer may proceed ahead with the IPO or the IPO may be successful and results into listing of the equity shares of the issuer company on stock exchanges. Further, relevant disclosures regarding such communication/ intimation to the pre-IPO subscribers shall be appropriately made in the relevant section of offer documents such as capital structure section etc."
7. LM is advised to ensure that the data, wherever used, shall be given for last 3 financial year and for stub period and same shall be audited and restated financials and shall not be more than 06 months old.

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भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

8. LM is once again is advised to confirm and disclose to SEBI that at all places, where the Industry Report has been mentioned, such report to be provided in bibliography / or as weblink. The Report to be included as a material document.
9. LM is advised to ensure that In the event an excerpt/ information is taken from a report, disclose that the same has been sourced from the relevant report (name of report, name of report provider and date).
10. LM is advised to confirm and take disclaimer from Technopak Advisors that they have not left out any material part/ information while preparing the Industry report which may have adverse impact on the investors.

Further, the industry report prepared is an excerpt and full report to be disclosed in the offer document. Also there is no part of the industry report that have been left out which may have an adverse impact on the investors.

11. LM is advised to disclose that while giving belief statements (“we believe”) in the Offer Document LM was advised to provide the basis for making such disclosures in the Offer Document while also keeping in mind compliance with Regulation 24 (1) and Regulation 25 (2) (b) of the SEBI ICDR Regulations.
12. The offer related expenses shall be deducted from the amounts received from ‘offer for sale’ and only the balance amount to be paid to the selling shareholders wherever applicable.
13. LM is advised to disclose that Issue/ Offer expenses are shared between the selling shareholder and Issuer in proportionate manner even if the Issue does not go through and the shares are not get listed on the Stock. Further, the expenses in respect of the Issue/ Offer should be reimbursed to the Issuer Company jointly and severally by the Selling Shareholder(s).
14. With regard to the “Fees payable to the other advisors to the Offer”, LM was advised to disclose the services offered by such advisors and consequent responsibilities, if any.
15. LM is advised to provide exact disclosures on applicable sections, pages and merely comments that noted for compliance will not be accepted.

Further, LM is also advised to ensure that exact cross-referencing of page numbers showed be provided instead of general cross-referencing and confirmation of the same should be submitted to SEBI.



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

16. LM is advised to disclose, if consent from lenders, in writing, has been obtained for the proposed IPO.

Further, LM is advised to disclose the name of the lenders along with date of consent taken on the offer document wherever applicable.

17. LM is advised that the absolute values should be mentioned along with the %age, wherever applicable. Also the calculation, wherever applicable may be provided in the foot note and / or proper / complete cross referencing may be provided wherever mentioned in the UDRHP.
18. LM is advised that the name of the selling shareholders to be given at all places with selling shareholder in brackets. Amount of OFS to be shown under OFS. To show Selling Shareholders under the definitions.
19. LM is advised that the If adjectives such as “largest”, “leader”, “strong”, “”, “differentiated”, “professional” are used, the same should be explained and substantiated. If not substantiated, these terms should not be used.

Further, LM is also advised to use words ‘...we are India’s one of the largest luxury and premium...’ under Summary of the primary business of our Company’

20. LM is advised to disclose Weighted average price at which the Equity Shares were acquired by the Promoters and the Selling Shareholders- last one year preceding the date of this Draft Red Herring Prospectus is shown as per following-

Period	Weighted Average Cost of Acquisition (in Rs.)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in Rs.)
Last 1 year			
Last 3 years			
Last 5 years			

21. LM is advised to disclose the names of entities appearing under the head ‘other’ under Type, if they are KMPs/related entities of the issuer disclose the same wherever applicable.
22. LM is advised to disclose all the Related Party Transactions based on the restated financials of the company and has not applied for any materiality threshold.
23. Under Financing Arrangements, LM is advised to disclose the details of all transaction other than in the normal course of the business of the relevant financing entity.

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भारतीय प्रतिभूति
और विनियम बोर्ड
**Securities and Exchange
Board of India**

24. Under Details of price at which Equity Shares were acquired in the last three years, LM is advised to disclose the source of fund (own or other) from which the acquisition of shares was done by Promoter, Promoter's Group and Selling Shareholders or shareholders entitled with right to nominate directors or any other rights.
25. LM is advised to disclose the details of any issuance or Split or Consolidation of Equity Shares shall be disclosed for last 3 years.
26. LM is advised to disclose that there has been no instance of invocation of the Promoter's personal guarantees and/or company guarantees in the past 3 Fiscal years and/or loan defaults.
27. **RISK FACTORS (RFs)** – The following are the issues with respect to the section disclosing the Risk Factors (RFs).
- Where Risk Factors (RF-, 1, 2, 6, 8, 14, 15, 16, 17, 18, 19, 23, 24, 26, 27, 34 and 40 and others RFs) portray possible occurrences of certain events or situations, such Risk Factors should also indicate whether such events or situations have actually taken place in the past. If not, it should be clearly mentioned that no such events had happened in the past.
 - In Risk Factor relating to existing financing arrangements, confirm whether the company has violated any of the restrictive covenants/events of default or undergone rescheduling for repayment of loans in the past three fiscal years with respect to the debt financing restructuring that the company has availed.
 - Confirm whether any instance of promoter's personal guarantees and/or company guarantees been invoked in the past 3 fiscal years and/or loan defaults.
 - Confirm whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
 - Disclose the past instances of technology failure, if any, and steps taken by the issuer company to avoid repetition.
 - Disclose the past instances of delays and defaults in payment of statutory dues for past 3 years, if any, and steps taken by the issuer company to avoid repetition.
 - Disclose any past instances of termination / modification / non-renewal of material agreements which have adversely impacted results of business operations and financials of the company.



- Arrange the Risk Factors based on materiality. Further LM was advised to rearrange, RF-40 into top 5 RFs.
28. RF-08-LM is advised to disclose the following-
- Whether the agreement for sale dated January 1, 2022, for the transfer and assignment of the brand names, trademarks, trade names logos and all related rights in issuer Company name has been materialised. If so, provide the details of the same.
 - How the value of ₹ 3,900.00 lakhs has been arrived.
 - Who has done the brand valuation?
 - Methodology of brand valuation
 - Accreditation/registrations of the brand valuer.
29. LM is advised to disclose the credit ratings given to the issuer company by all rating agencies for the last 05 years in tabular form at all places where applicable.
30. LM is advised to disclose the following-
- Name of the lessor
 - There is no conflict of interest between and the issuer company/subsidiaries to Promoter/Promoter Group/Directors/KMPs or any other associate entity directly or indirectly.
31. LM is advised to disclose to disclose matters in audited financials where certain emphasis has included by Statutory Auditor along with proper cross referencing.
32. LM is advised to disclose all the details of the moratorium taken by the issuer company wherever applicable.
33. LM is advised to disclose under Financial Indebtedness section on Pg no. 352 and wherever applicable., the following-
- Details of the ICDs and Public Deposits
 - Amount, Date, Interest Rate, Status as on date, tenure
 - Reasons for taking the ICDs and Public Deposits
34. LM is advised to disclose attrition rate for employees for the stub period. Further, LM is also advised to confirm whether there are any employee in Ethos Ltd/subsidiary/Group Company who is related to the Promoter, directors or KMPs in any manner.
35. LM is advised to disclose third-parties used by issuer for the transportation needs. Is there any conflict of interest between and the issuer company/subsidiary/ Promoter/Promoter Group/Directors/KMPs or any other associate entity directly or indirectly.



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

36. LM is advised to disclose total amount of claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017 wherever applicable
37. LM is advised to disclose the date of corporate action for Yashovardhan Saboo and Anuradha Saboo at Page no. 64, under Table showing 'Selling Shareholders have agreed for the Offer for Sale' wherever applicable.
- Also LM is advised to disclose the response provided on the above point vide letter dated March 29, 2022.
38. The LM is advised to delete point nos. 02 and 04 from Qualitative factors. At all the places where applicable.
39. LM is advised to disclose the details of 'other equity' along with the cross referencing
40. LM is advised to disclose the expenses in respect of the offer are reimbursed to the company jointly and severally by selling shareholder.
41. LM is advised to disclose the following (which has been disclosed in RF 01) under 'About Our Company' Section and also wherever applicable.

"Most of our suppliers works with is on a nonexclusive basis, in absence of exclusivity with our suppliers we may be subject to competition from the entities which may have more resources than us. We have not entered into any exclusive arrangement with most of our suppliers. In absence of exclusivity, we may not be able to sell the exclusive products which may not be available with other retailers in India. Some of our competitors may have greater resources than us and may offer better deals, discounts and offers to the customers. We face competition from various domestic as well as international players that may have some effect on our competitive position and profitability. Some of our competitors may have longer operating histories, greater financial and technical support, product development and marketing resources, and greater name recognition, and hence they may be able to compete more effectively. As a result of increasing competition and absence of exclusive arrangements with the suppliers our pricing could be adversely impacted."

42. LM is advised to disclose whether any specific space is identified by the issuer, the status of opening of new stores i.e. stage of new stores opening- any agreement has been carried out, other material details at Page no. 102 table showing the total estimated cost for setting-up of new stores.



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

Further, incorporate an undertaking that the net proceeds from the issue if utilized for repayment of Borrowings / Loans not being indirectly routed to promoters, promoter group, group companies and associates.

43. LM is advised to disclose the following under RF 15 and also wherever applicable.

"Our registered office and corporate office are situated on the property owned by KDDL Limited. Registered office and corporate office of our company are situated on the property owned by our Promoter KDDL Limited. While there has been no conflict of interest in the past, we cannot assure you that there would not be any conflict of interest, in case KDDL requires the said property for its own use, our Company will have to vacate the said premises and find out new premises. In such a situation it may impact our operations."

44. LM is advised to ensure that there is no discrepancy between the objects of offer and details of the objects of offer
45. LM is advised to include Restrictive covenants as a new Risk Factor and also disclose the same wherever applicable.
46. LM is advised to disclose at page no. 159. If not, include the same as a separate new Risk factor and also disclose the same wherever applicable.
47. LM is advised to disclose the impact of the guarantees given by the Selling Shareholders forming part who are Promoters of our Company on the public shareholders. Further, include the same as a new Risk factor and also disclose wherever applicable.
48. LM is advised to disclose the details of the collaborating agreement. Further also provide all the details of the stake transferred by Yashovardhan Saboo in Joint Venture Company to Ethos Limited.

LM is also advised to confirm to SEBI, is there any conflict of interest between and the issuer company/subsidiaries to Promoter/Promoter Group/Directors/ KMPs or any other associate entity or is there any clause/convents which will have impact on investors or shareholders, Corporate Governance norms or SEBI LODR.

49. LM is advised to disclose the impact of any clause/convents of LLP Agreement Between Issuer Company and Pranav Shankar Saboo on investors or public shareholders, Corporate Governance norms or SEBI LODR. Include the same as a new risk factor.
50. LM is advised to disclose the details of the entities forming part of our Promoter Group (other than our Promoters). Include the same as a new risk factor.



भारतीय प्रतिभूति
और विनियम बोर्ड
**Securities and Exchange
Board of India**

Further, LM is advised to confirm to SEBI, is there any clause/convents which will have impact on investors or shareholders, Corporate Governance norms or SEBI LODR.

51. The LM is advised to confirm whether the disclose has been made with respect to whether decisions/strategies/planning's appearing in the DRHP were taken during board meeting, if so, disclose the date of Board Meeting and copy of board meeting minutes to be part of material material/ information /documents/data.

Further, wherever annexures and date of Board meetings are appearing, LM shall confirm that what so ever material/information/documents/data is mentioned therein, LMs are satisfied with the same and no other information/ documents/data is required for disclosure. Further all the above shall be mandatorily disclosed wherever applicable including part of material/ information/documents/data.

52. LM is advised to confirm and disclose how Anil Khanna and Nagarajan Subramanian are independent directors of the Company since when they are holding shares of the Company. Include the same as a new Risk factor under Top 10 RFs.
53. LM is advised to disclose profit sharing commission of 1% of Net Profit being paid to Anil Khanna and Nagarajan Subramanian as computed under section 198 of the Companies Act, 2013 in the proportion of their participation at the meetings of the Board and specified committees. Include the same as a new Risk factor under Top 10 RFs and also wherever applicable.
54. LM is advised to ensure that all pre-IPO investors/ buyers are informed that the Issue may or may not be successful and the equity shares of the Company may or may not get listed. And the fact that such information have been shared with all pre-IPO investors/ buyers should be disclosed in the Offer Document.
55. LM is advised to disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
56. LM is advised to confirm that they have gone through the agreements / inter-se as disclosed in the DRHP and they also do not see any clauses /covenants which are material which need to be disclosed have not been disclosed and that there are no other clauses /covenants which are adverse / pre-judicial to the interest of the public shareholders.
57. LMs is advised to confirm that apart from as disclosed in the DRHP, there are no other nominee directors, KMPs or other persons etc, appointed on behalf of any of the shareholders or any other person.



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

58. LM is advised to disclose the basis of calculation of CAGR of 10.6% in the offer document and also wherever applicable.
59. LM is advised to disclose the basis of calculation of working capital requirements worth Rs. 23,675.22 lakhs in the offer document and also wherever applicable.
60. LM is advised to disclose under Summary table of Contingent Liabilities, LM was advised to provide status/stage at which these cases are pending with various Authorities/Agencies.

Wherever copy of bank statements/extract of bank statement is provided in response, The LM is advised to confirm that they have gone through the bank statements/ supporting documents of the Issuer (Ethos Limited) and the allottee (KDDL Limited) and same are in order. And also that no material part/information while disclosing has been left out which may have adverse impact on the investors.

61. At Page no. 29, under Details of price at which Equity Shares were acquired in the last three years, LM was advised to disclose the following:
- Name of the transferees
 - Consideration paid
 - Whether transferee is related to Director, promoters, KMPs or any related entity.

Further, The LM is advised to confirm to SEBI that they have gone through supporting documents evidencing consideration paid to acquire the Equity Shares and same is in order. And also that no material part/information while disclosing has been left out which may have adverse impact on the investors.

62. LM is advised to disclose the reasons for variation in form of footnote, wherever there is variation in financials of more than 20%.
63. At Page no. 23 and 70, under Summary of Financial Information and Summary of cash flows, LM was advised to disclose the following-
- Reason for decrease in revenue since 2019.
 - Reason for increase in capital WIP since 2019.
 - Reason for decrease in inventories
 - Reason for Increase in loans
 - Explain the terms 'other Financial Assets', 'Other Current Liabilities'
 - Reason for decrease in other financial liabilities.
 - Reason for decrease in other current liabilities.

64. At Page no. 26, under Summary table of Contingent Liabilities, LM is advised to disclose the status/stage at which these cases are pending with various Authorities/Agencies.



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

65. LM is advised to disclose that the transaction between KDDL and issuer shall be executed pursuant to listing at Exchange. Also include the information about consideration to be paid by the issuer to KDDL Ltd. wherever applicable.

Further, LM is advised to confirm that the above transfer of brand names is as per the process under Companies Act, 2013 and other applicable laws for the time being in force.

66. RF no. 13, LM was advised to disclose about the borrowings of the issuer Company that has been declared as NPA by any scheduled Commercial Bank in last 03 years

67. LM is advised to disclose location of all the stores as per following-

S. No.	Store location	Status (open /closed)	lease/profit sharing	Name of the lessee	Lease period, terms etc	Basis of profit sharing

68. LM is advised to disclose details 248 Shareholders as of the date of filing of this Draft Red Herring Prospectus.

69. LM is advised to disclose basis for calculating Expected working capital requirements of the issuer.

70. LM is advised to ensure that the disclosure of details of the allotment of 302,663 equity shares of the Company for a price of INR 826 per share aggregating to INR 2,499.99 Lakhs towards Pre-IPO placement to Abakkus Growth Fund – 2, a SEBI registered Category III Alternative Investment Fund wherever applicable.

Further LM is advised to confirm whether the same is also intimated to Stock Exchange(s) where the shares are proposed to be listed.

71. The issuer has altered its MOA for including objects relating to sale of luxury cars including pre owned luxury. Since, no research has been carried out by the Issuer till date, same may be disclosed wherever applicable.

Further, LM is advised to confirm and disclose that the above alteration in MOA was part of board discussion and that they have gone through the board minutes/ supporting documents of the Issuer (Ethos Limited) and same are in order, also there is no other documents left out which needs to verify by the LMs.



भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

72. LM is advised that reference to name of any place mentioned in the offer document may be followed by name of City/State, as the case may be.
73. LM is advised to ensure that relevant disclosures as to all actions/complaints/pending litigations with Other Regulatory Authorities is made.
74. With respect to all the complaints received by LM / Company / forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures as to the same are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the Financial Impact of the same, if any.
75. LM is advised to ensure that the disclosure of details of all the criminal matters initiated by or against the company, group, directors, promoters, subsidiaries which are at FIR stage and no some cognizance has been taken by court, is incorporated in the UDRHP/RHP along with appropriate risk factors in this regard.
76. The Issuer has taken Fixed Deposit with original maturity of less than 3 months, LM is advised to disclose the reason for taking the same along with sources of funds in the offer document wherever applicable.
77. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

"Risks to Investors:

- i. *The [to be disclosed] Merchant Bankers associated with the issue have handled [to be disclosed] public issues in the past three years out of which [to be disclosed] issues closed below the issue price on listing date."*
- ii. *Any adverse data in the basis for issue price should be disclosed. For example:*
- *"The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed]."*
[if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]
 - *"Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed]."*
 - *"Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed]%"*



Continuation Sheet

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

The data on above disclosures shall be updated and disclosed prominently (in the same font size as the price band) in advertisements of Price Band and all further advertisements, website of the company and the stock exchange. Further, any adverse ratio / data in basis for issue price should be disclosed.

78. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for comments, if any.



General Observations

1. LM is advised to ensure that prior to filing of RHP with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that prior to proceeding with the issue, "No Objection Certificates" are obtained from all the lenders with whom the company has entered into an agreement and the terms of such agreement require an approval to be taken.
4. LM is advised to ensure that adequate disclosures are made to disclose any material development which may have a material effect on the Issuer Company between the date of registering final prospectus or the RHP or the letter of offer, with the Registrar of Companies or designated stock exchange, as the case may be, and the date of allotment of specified securities, while ensuring compliance with Regulation 42 and Schedule IX of SEBI (ICDR) Regulations, 2018.
5. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
6. In terms of SEBI Circulars No. SEBI/CIR/ISD/03/2011, No. SEBI/CIR/ISD/05/2011 and SEBI/CIR/ISD/01/2012 dated June 17, 2011, September 30, 2011 and March 30, 2012 respectively, LM is advised to ensure that 100% promoter holding is in demat form prior to listing.
7. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
8. In pursuance of Regulation 25 Sub-Regulation 9 (a) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied with and duly incorporated in the offer document, while also indicating the page number for the same.



9. ASBA:

- i) LM is advised to ensure that sufficient number of Physical ASBA forms are printed and dispatched directly to all designated branches of SCSBs which are located in places of mandatory collection centers as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.
- ii) LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

- a. The following may appear just below the price information of the issue as shown below:

“PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE VALUE OF RS. xx EACH

THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP PRICE IS xx TIMES OF THE FACE VALUE

BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN MULTIPLES OF xx EQUITY SHARES THEREAFTER.

ASBA *

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

Mandatory in public issue. No cheque will be accepted



Continuation Sheet

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**



now available in ASBA for retail individual investors.

** ASBA is a better way of applying to issues by simply blocking the fund in the bank account.*

For further details check section on ASBA below."

- b. The following paragraph on ASBA may be inserted in the advertisement/ Communications:

"ASBA has to be availed by all the investors except anchor investors. UPI may be availed by Retail Individual Investors.

For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Issue Procedure - Issue Procedure of ASBA Bidders" beginning on page xxx of the Red Herring Prospectus. The process is also available on the website of AIBI and Exchanges in the General Information Document."

*ASBA bid-cum application forms can be downloaded from the websites of Bombay Stock Exchange and National Stock Exchange and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in.** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in**.*
