

**KDDL Limited**

**&**

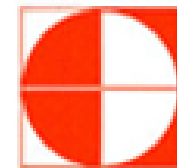
**ETHOS Limited**

**ēthos**  
WATCH BOUTIQUES

**Result Update Presentation**

**August 2018**

**Q1FY19**

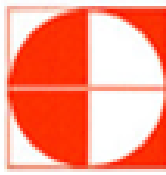


# Safe Harbor

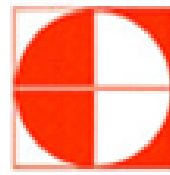
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## ***KDDL Overview & Performance***



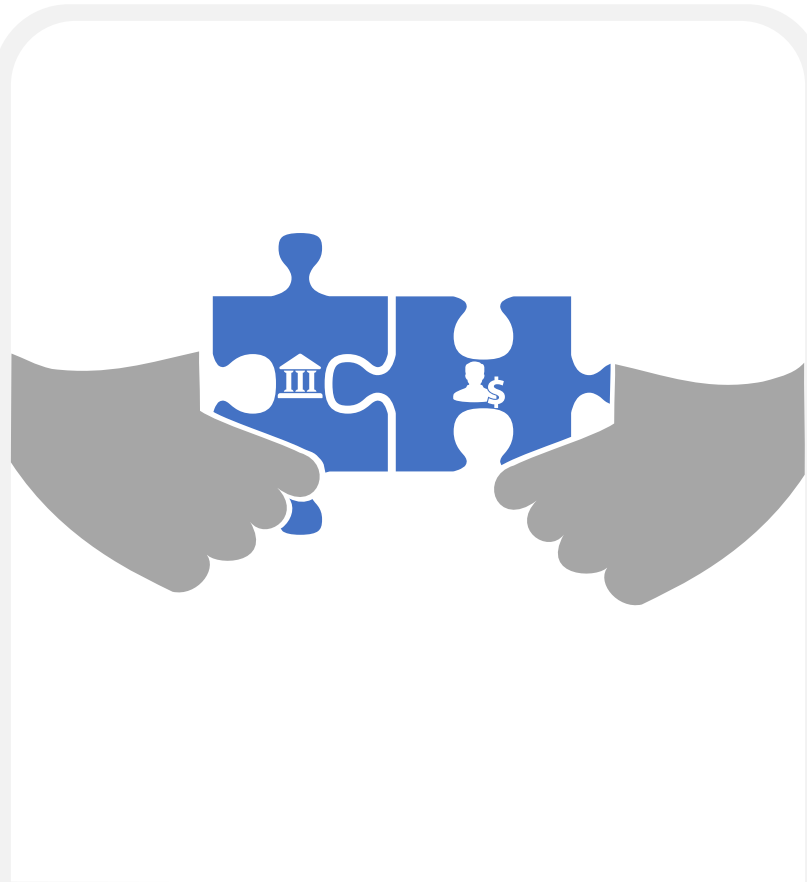
# Fund Raising will strengthen Businesses

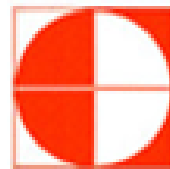
## KDDL Fund Raise

- 1 • Raised Rs. 20cr via Preferential Issue
- Fund raise at a price of Rs. 480/- per equity share

## Ethos Fund Raise

- 2 • Raised Rs. 24cr via Preferential Issue at pre-money valuation of Rs.480cr
- 50% of amount to be received before 5<sup>th</sup> December 2018
- Consolidated holding of KDDL reduces to 72.26% in Ethos

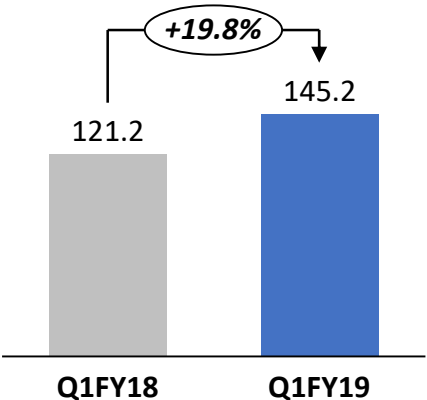




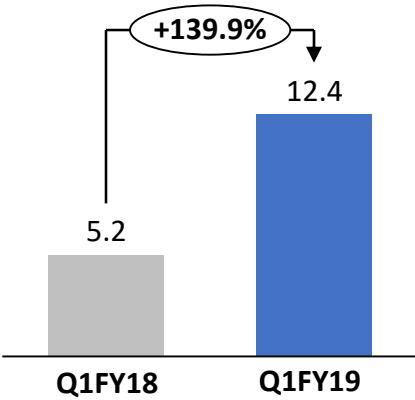
# Business Momentum continues

## Consolidated

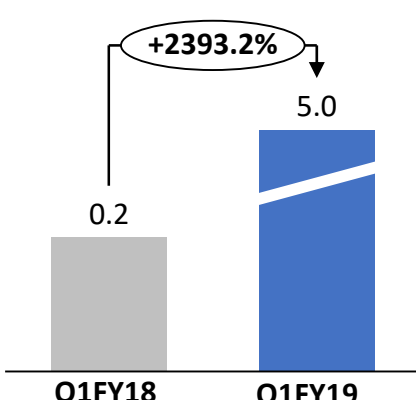
### Revenue (Rs. Cr)



### EBITDA (Rs. Cr)

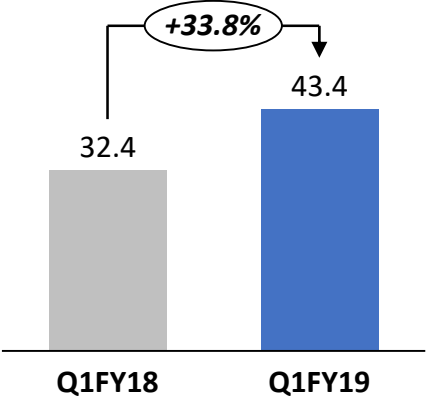


### PAT After MI (Rs. Cr)

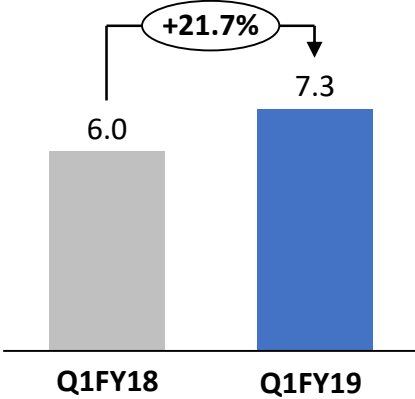


## Standalone

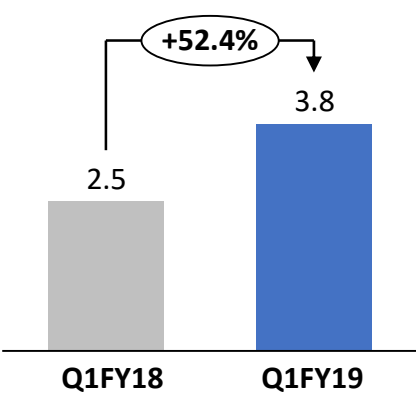
### Revenue (Rs. Cr)

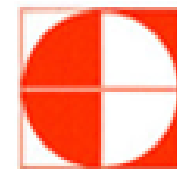


### EBITDA (Rs. Cr)



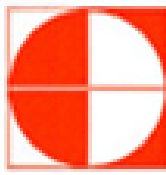
### PAT After MI (Rs. Cr)





# Profit & Loss

Rs. Crs	Consolidated			Standalone		
	Q1FY19	Q1FY18	YoY%	Q1FY19	Q1FY18	YoY%
<b>Revenue</b>	<b>145.2</b>	<b>121.2</b>	<b>19.8%</b>	<b>43.4</b>	<b>32.4</b>	<b>33.8%</b>
Cost of Goods Sold	84.9	76.8		10.8	6.3	
<b>Gross Profit</b>	<b>60.4</b>	<b>44.4</b>	<b>36.0%</b>	<b>32.6</b>	<b>26.1</b>	<b>25.0%</b>
Employee Expenses	20.0	16.2		12.7	10.5	
Other Expenses	27.9	23.0		12.5	9.6	
<b>EBITDA</b>	<b>12.4</b>	<b>5.2</b>	<b>139.9%</b>	<b>7.3</b>	<b>6.0</b>	<b>21.7%</b>
<b>Margin (%)</b>	<b>8.6%</b>	<b>4.3%</b>		<b>16.9%</b>	<b>18.6%</b>	
Other Income	1.9	1.6		1.5	1.1	
Interest	3.7	3.2		1.4	1.3	
Depreciation	3.2	2.9		1.9	1.9	
<b>PBT</b>	<b>7.5</b>	<b>0.7</b>	<b>986.7%</b>	<b>5.5</b>	<b>3.9</b>	<b>40.6%</b>
Tax	2.5	0.7		1.7	1.4	
<b>PAT after Minority Interest</b>	<b>5.0</b>	<b>0.2</b>		<b>3.8</b>	<b>2.5</b>	
<b>Cash PAT</b>	<b>8.2</b>	<b>3.1</b>	<b>161.5%</b>	<b>5.7</b>	<b>4.4</b>	<b>30.5%</b>



## Watch Dials

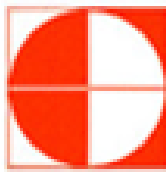
- Commercial operations began in 1983
- Leading Global supplier of Watch Dial serving many well-known brands all over the world
- Manufacturing facilities located at Parwanoo & Derabassi, near Chandigarh in India
- Capability to manufacture dials with high & complex features

## Watch Hands

- Commercial operations began in 1996
- Only supplier in India and one of 5 independent manufacturers globally
- Manufacturing facilities located at Bengaluru
- Capability to manufacture hands with strict dimensional control

## Value Proposition

- Deep Understanding of the Global Watch Industry
- Established relationships with Swiss Watch makers as well as Indian Watch makers
- Consistent Manufacturing on basis International Quality norms



## Value Proposition

Eigen offers a full package of services, ranging from design and development to full scale production, providing customers with optimized supply chain solutions



## Capabilities

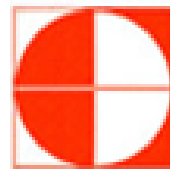
We address various segments such as Electrical, Electronics, Automobile, Telecommunications, medical equipment, Aerospace, Consumer Durables etc



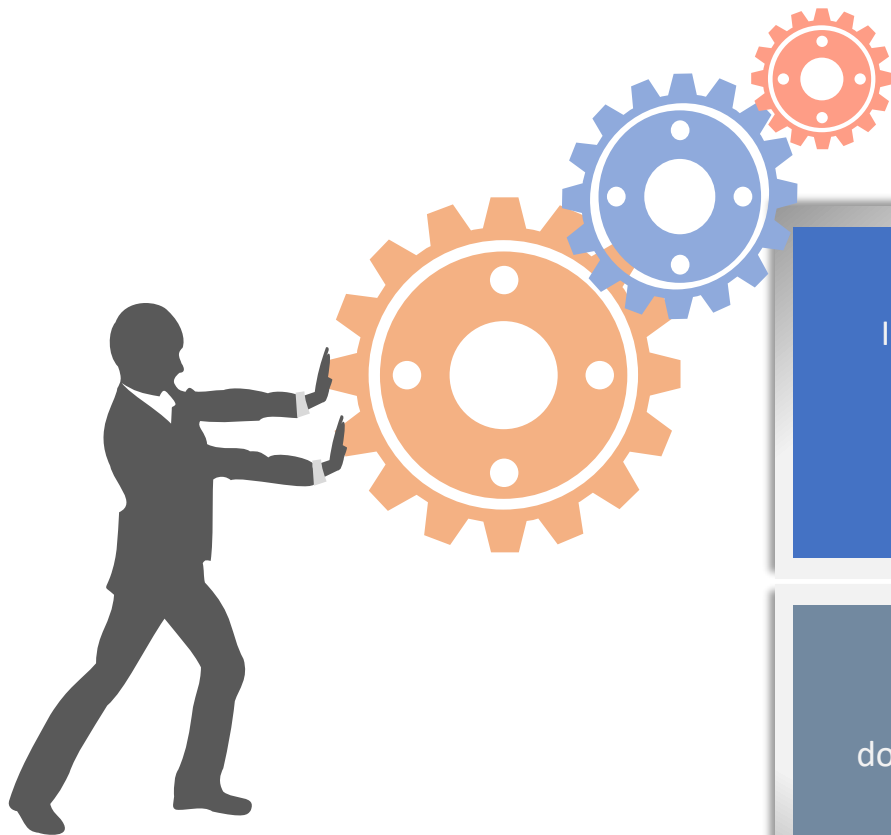
## Customers

Enabling our customers to meet their design and production needs for over 12 years. We have some of the most well-known names in their industry as our esteemed customers





# Precision Engineering Expansion



## Investment

Invested Rs. 30 cr  
over 2 years.  
~2 acre land at  
Bengaluru,  
Karnataka

## Production Capabilities

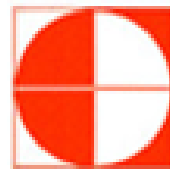
Injection Moulding,  
Electroplating,  
additional Stamping  
capacity and Tool  
Room upgrade

## Margins

Strong RFQs  
domestic & globally  
to lead to high  
margin

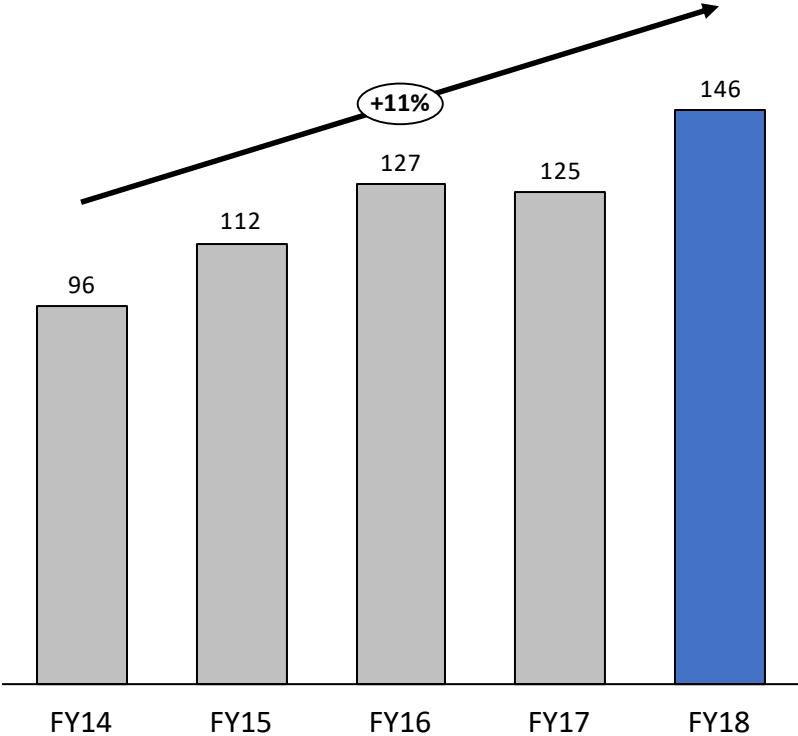
## Clients

Automobiles,  
Defence, Hitech  
Engineering,  
Aerospace,  
Industrial  
Components

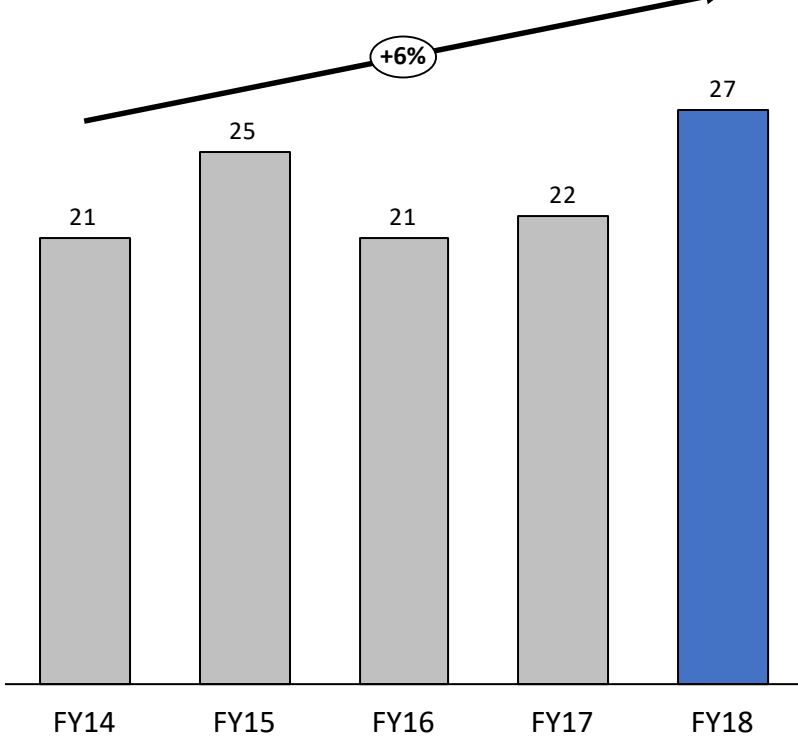


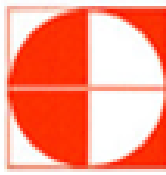
# Stable Manufacturing Performance

Revenue (Rs. Crs)

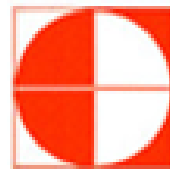


EBITDA (Rs. Crs)





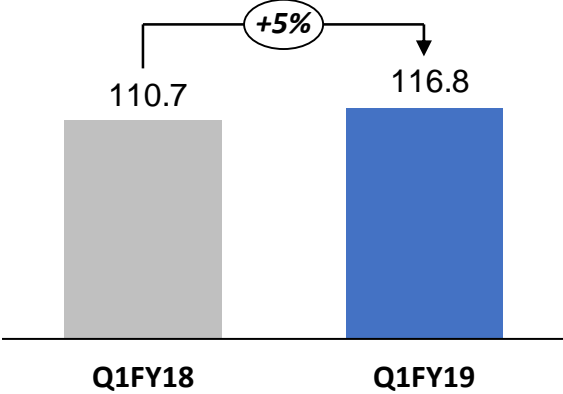
## ***Ethos Overview & Performance***



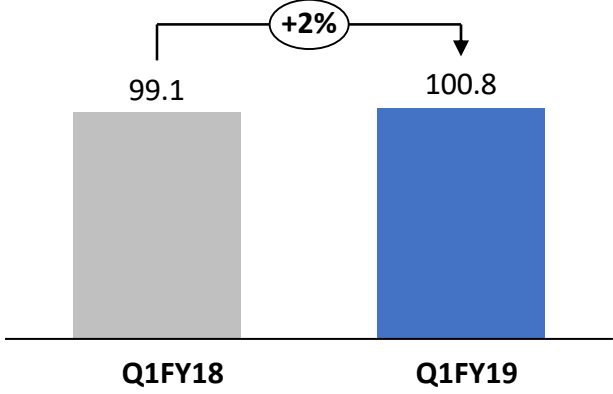
# Strong Performance Continues

## Q1FY19 vs Q1FY18

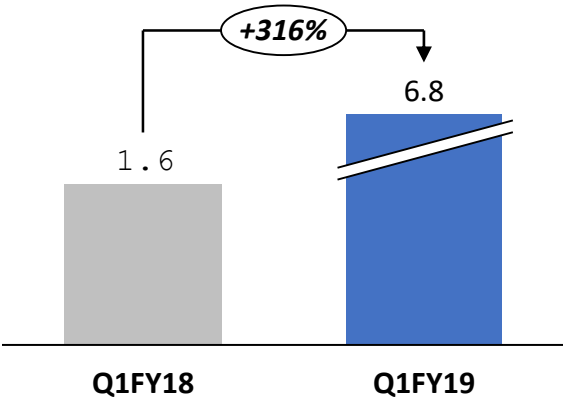
**Billings (Rs. Cr)**



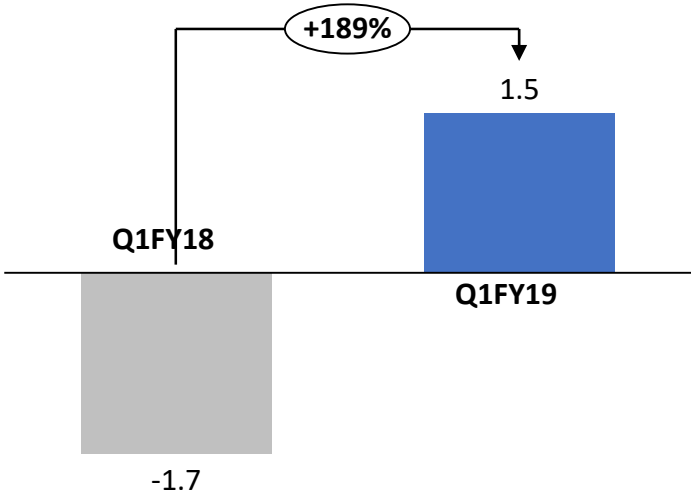
**Revenue (Rs. Cr)**



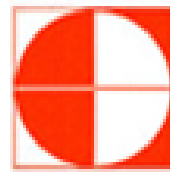
**Normalized EBITDA (Rs. Cr)#**



**PAT (Rs. Cr)**



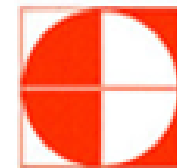
# Certain costs were upfronted in Q1FY19 and are non-recurring in nature



# Ethos – Reconciliation to Normalised EBITDA

Particulars (Rs. Crores)	Q1FY19	Q1FY18
<b>Revenue</b>	<b>100.8</b>	<b>99.1</b>
Cost of Goods Sold	73.3	80.3
Employee Expenses	6.9	5.4
Other Expenses	13.8	11.8
<b>Normalized EBITDA</b>	<b>6.8</b>	<b>1.6</b>
<b>Normalized EBITDA %</b>	<b>6.7%</b>	<b>1.6%</b>
Forex Items	0.4	0.9
Credits written off	-	0.6
Provisions for disputed liability*	1.0	-
<b>Reported EBITDA#</b>	<b>5.4</b>	<b>0.2</b>

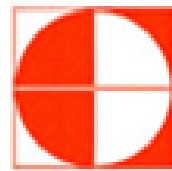
\* Pertaining to previous years, under litigation



# Ethos – Profit & Loss

Particulars (Rs. Crores)	Q1FY19	Q1FY18	YoY %	FY18
<b>Revenue</b>	<b>100.8</b>	<b>99.1</b>	<b>2%</b>	<b>357.7</b>
Cost of Goods Sold	73.3	80.3		271.8
<b>Gross Profit</b>	<b>27.5</b>	<b>18.8</b>	<b>46%</b>	<b>86.0</b>
Employee Expenses	6.9	5.4		22.6
Other Expenses#	15.2	13.2		47.5
<b>EBITDA</b>	<b>5.4</b>	<b>0.2</b>	<b>2,301%</b>	<b>15.8</b>
<b>Margin (%)</b>	<b>5.3%</b>	<b>0.2%</b>		<b>4.4%</b>
Other Income	0.0	0.0		0.1
Interest	1.9	1.8		6.6
Depreciation	1.1	0.9		4.1
<b>PBT</b>	<b>2.3</b>	<b>-2.4</b>	<b>197%</b>	<b>5.3</b>
Tax	0.8	-0.7		1.2
<b>PAT</b>	<b>1.5</b>	<b>-1.7</b>	<b>189%</b>	<b>4.0</b>
<b>Cash PAT</b>	<b>2.6</b>	<b>-0.8</b>	<b>431%</b>	<b>8.1</b>

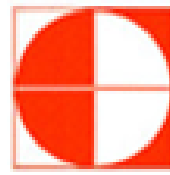
# Certain costs were upfronted in Q1FY19 and are non-recurring in nature



# New Store Opening

**Panerai Boutique, Chanakyapuri, Delhi**

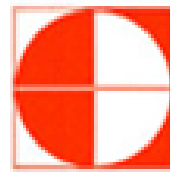




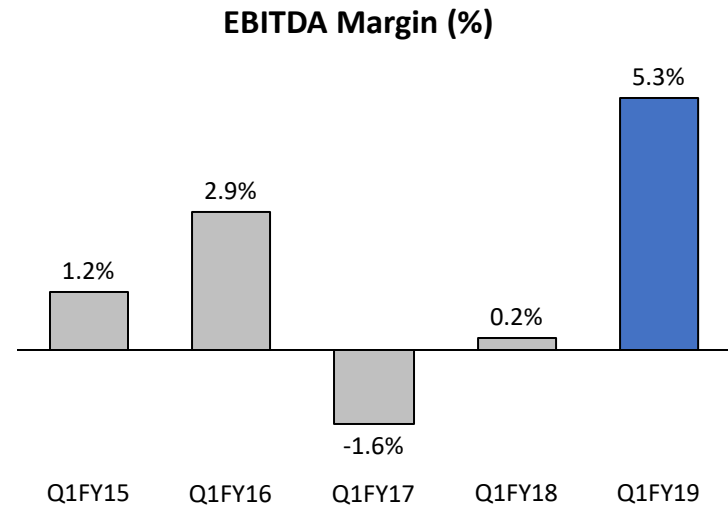
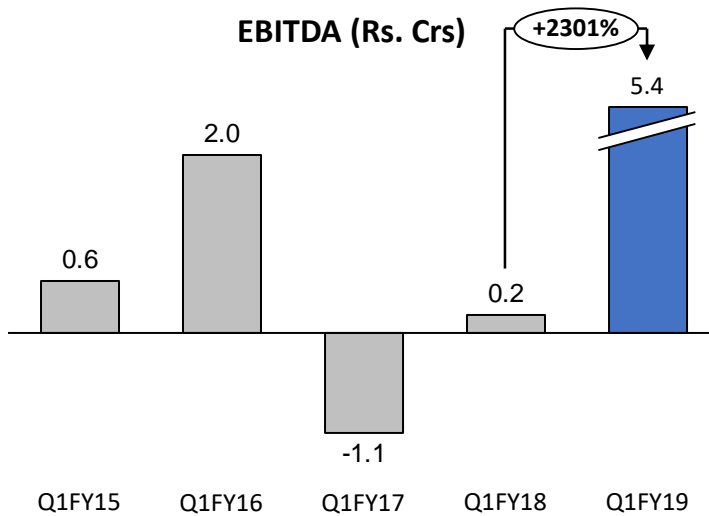
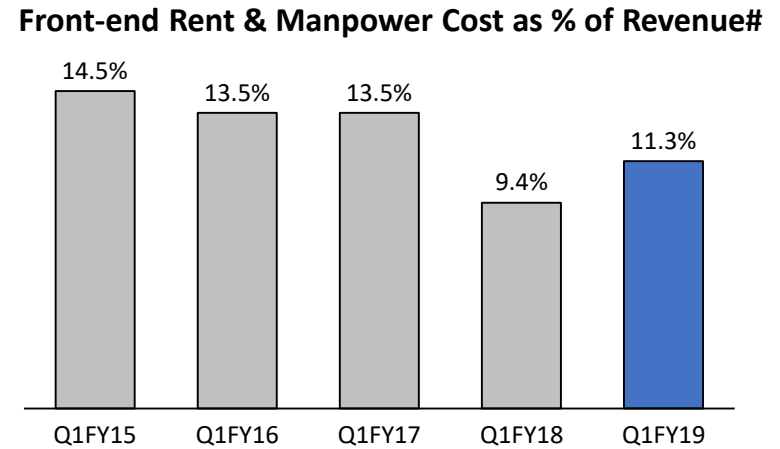
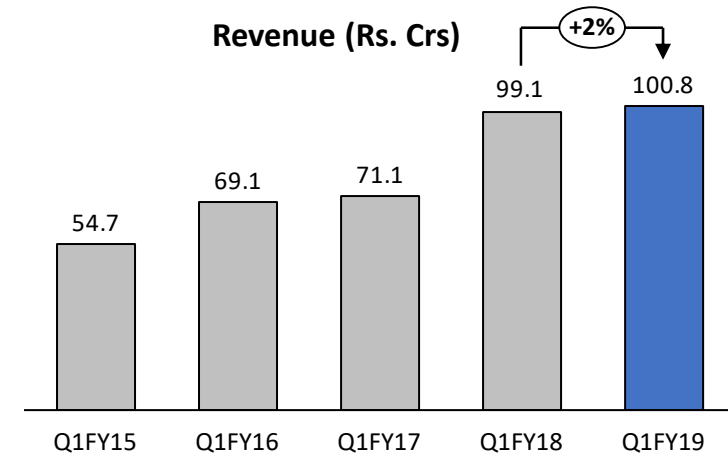
# Ethos - Balance Sheet as per IND-AS

Rs. Crs	Mar-18	Mar-17
<b>Shareholder's Fund</b>	<b>92</b>	<b>65</b>
Share Capital	16	13
Reserves & Surplus	76	52
<b>Non-current liabilities</b>	<b>13</b>	<b>12</b>
Long Term borrowings	11	11
Long Term Provisions	1	1
<b>Current liabilities</b>	<b>146</b>	<b>138</b>
Short Term Borrowings	41	54
Trade Payables	77	65
Other Current liabilities	27	20
Short Term Provisions	0	0
<b>Total Liabilities</b>	<b>250</b>	<b>215</b>
<b>Non-current assets</b>	<b>35</b>	<b>25</b>
Fixed Assets	17	10
Long Term loans and Advances	13	10
Other Non Current Assets	5	5
Deferred Tax Asset	5	5
<b>Current assets</b>	<b>210</b>	<b>185</b>
Inventories	171	169
Trade Receivables	6	2
Cash and Bank Balances	7	9
Short Term Loans and Advances	4	4
Other Current Assets	21	2
<b>Total Assets</b>	<b>250</b>	<b>215</b>



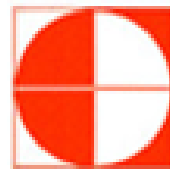


# Ethos - Performance Trend\*



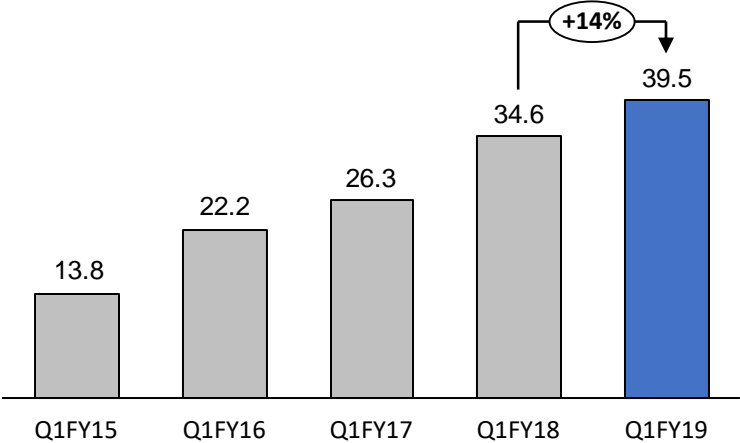
\*FY18 and FY19 financials are as per IND AS

# Certain costs were upfronted in Q1FY19 and are non-recurring in nature

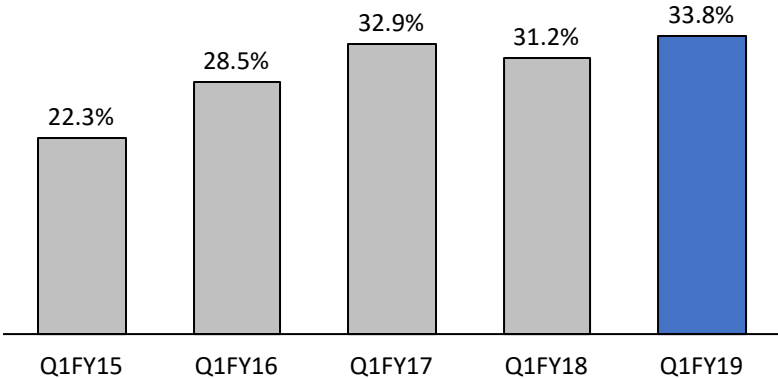


# Ethos - Online Sales Trend

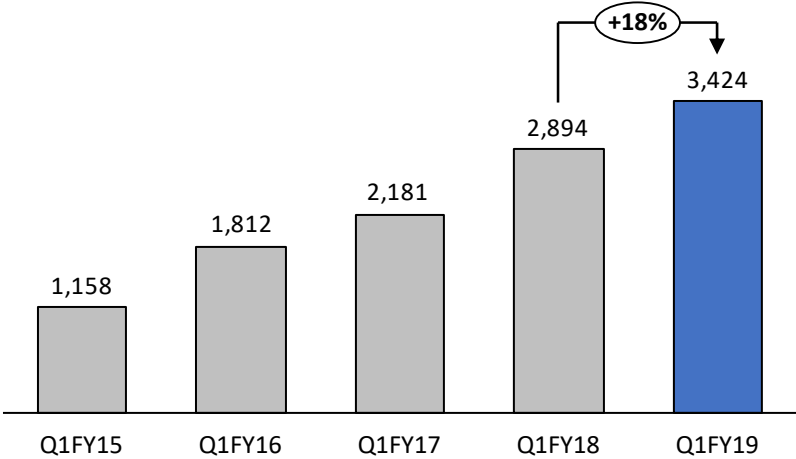
Online Billing (Rs. Crs)

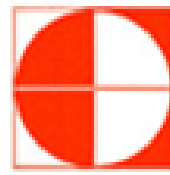


Online – as % of Total Billing



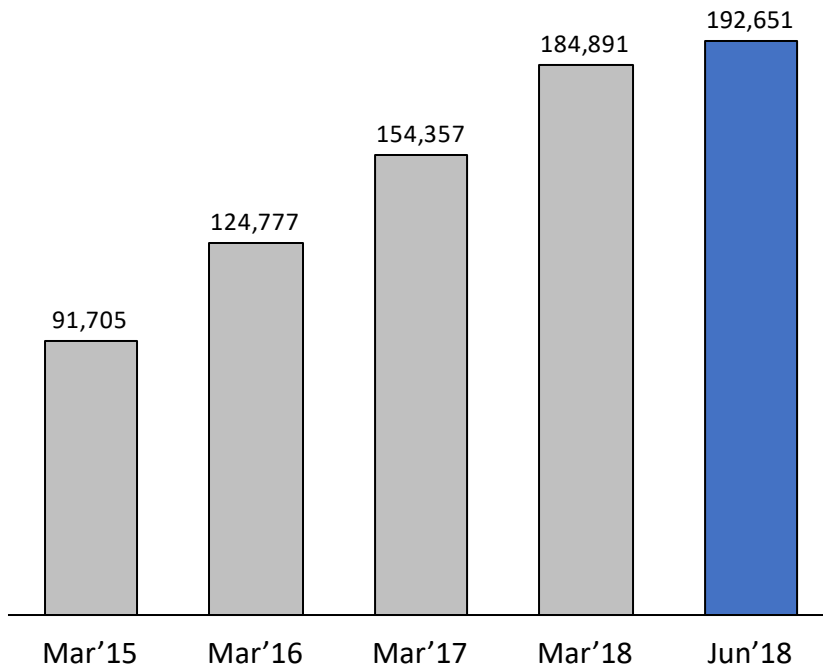
Visitors on website ('000)



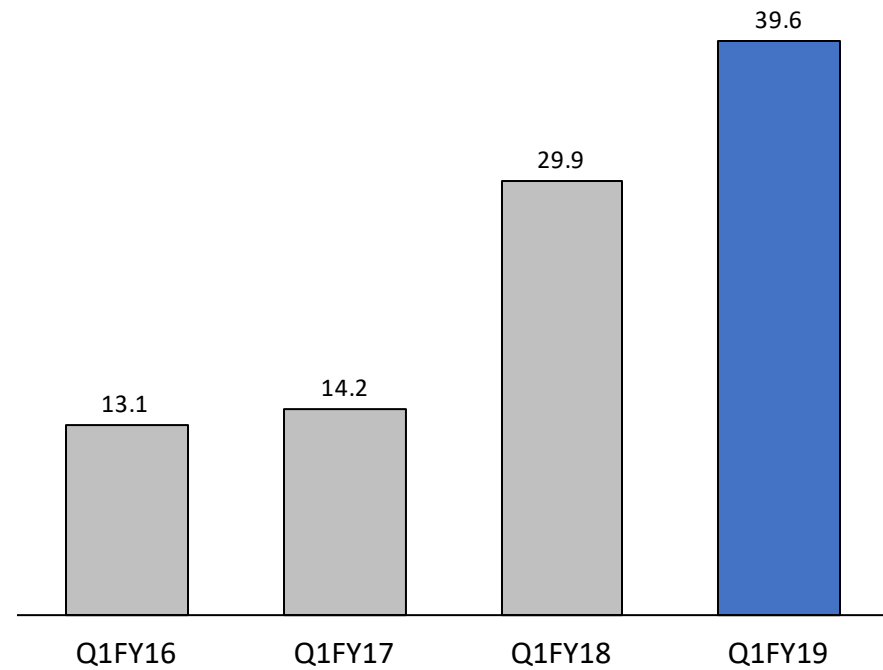


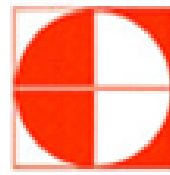
# Ethos - Repeat Sales Trend

**Club ECHO – Member Base**

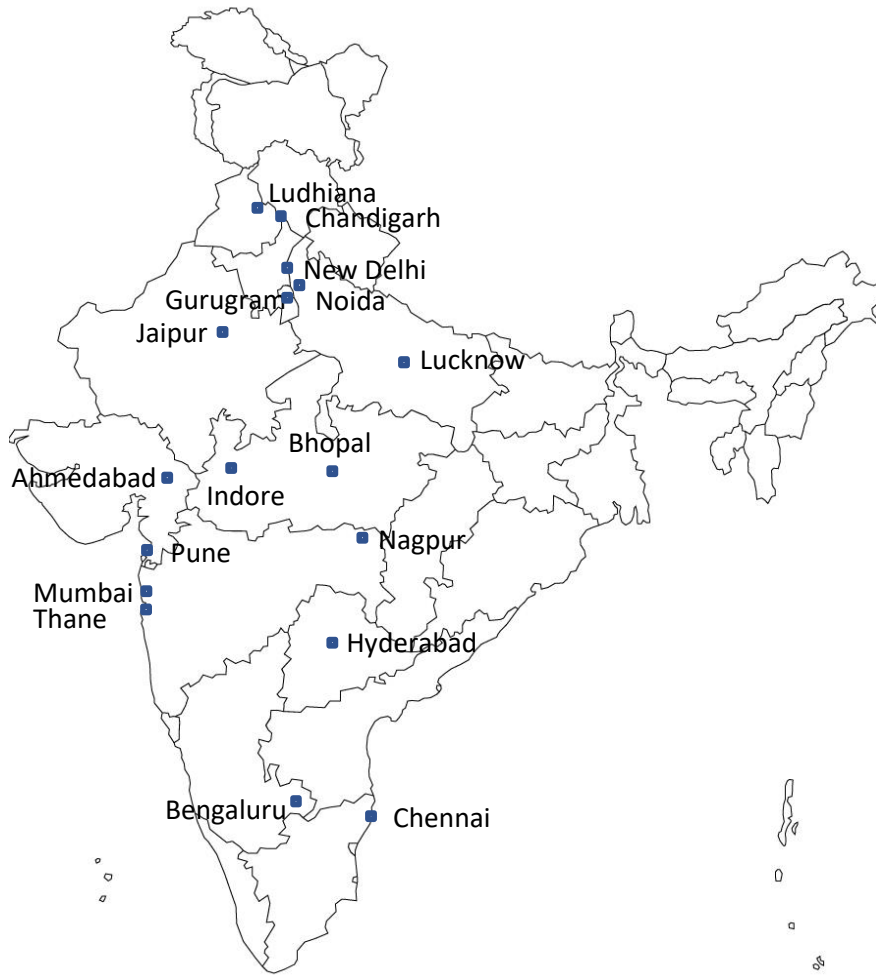


**Repeat Billings (Rs. Crs)**





# Pan-India Presence with Offline Store Network



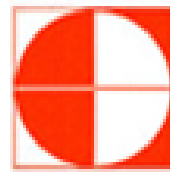
India's Largest retail chain of Luxury Watches with 44 stores

Presence across Metros, Tier I, Tier II cities

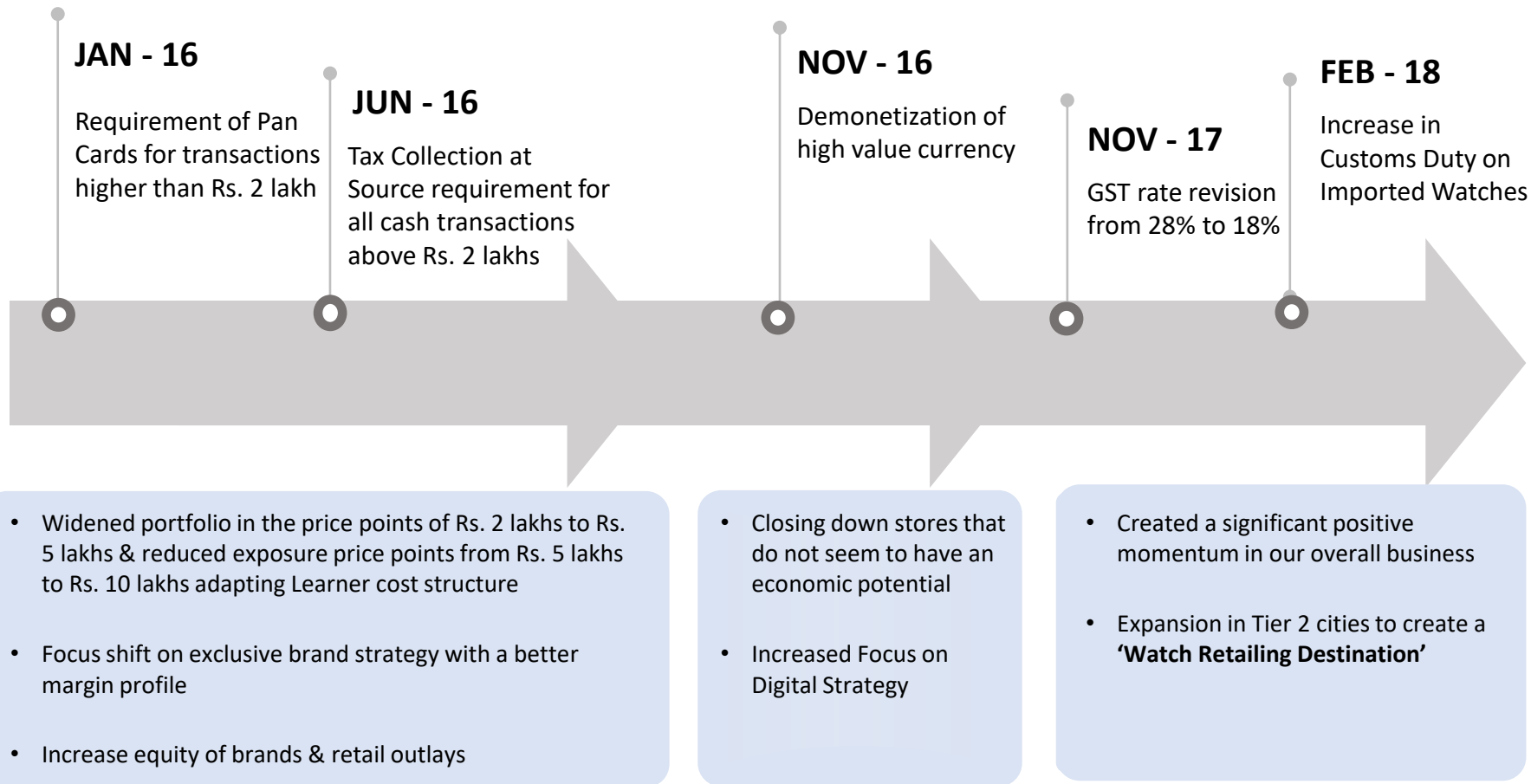
1 Duty Paid Retail Outlet at Domestic Terminals

2 Duty Free Retail Outlets at International Terminals

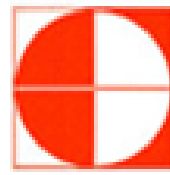
Store Selection Criteria :  
Reputed /Pedigree Mall at Premium location where other Premium brands present and having better facility management



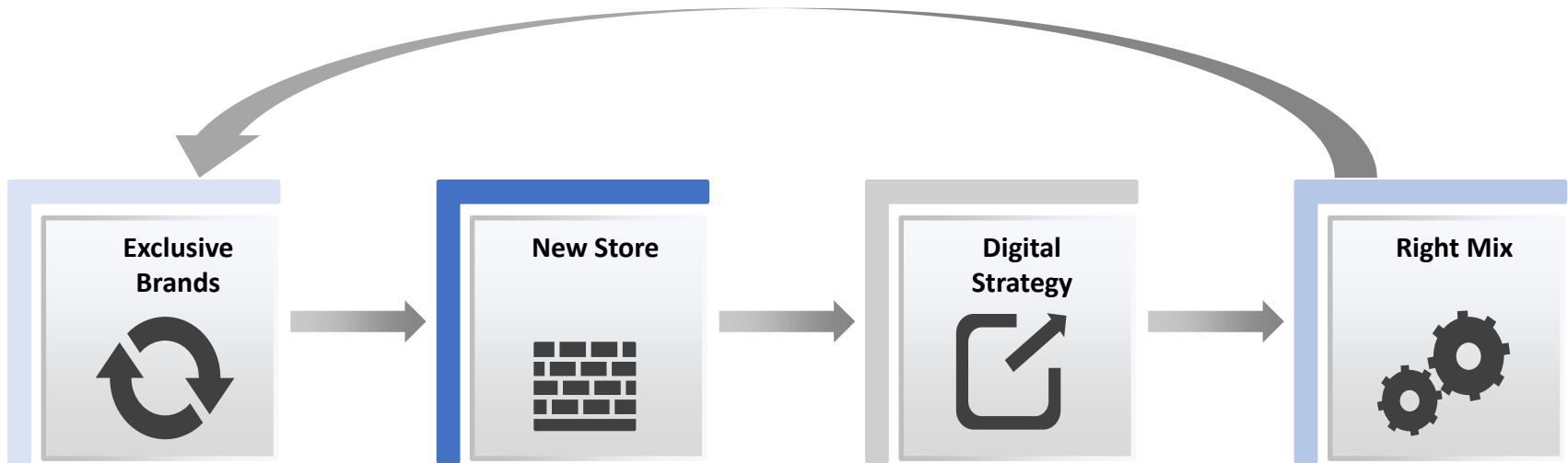
# Regulatory Headwinds of the Past...



*...led to strengthening Ethos Business Model with strategic approach, resulting in growth & improving profitability...*



# thus validating our Business Strategy

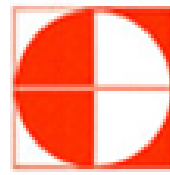


- Higher share of Business from Exclusive Brands

- Targeting to open new stores in Tier 2 cities
- Ethos stores will be a 1 stop destination for watches

- Leverage on our Digital platform to drive sales and customers
- Digital strategy to lead to cost optimization and margin growth

- Targeting to have a right mix of Brands at all price points leading to faster churn in Inventory and increasing profitability



# Ethos is India's Preferred Destination for Luxury Watches...

## Knowledge

Ethos has well trained Knowledgeable staff to ensure highest customer satisfaction and increasing repeat buying.



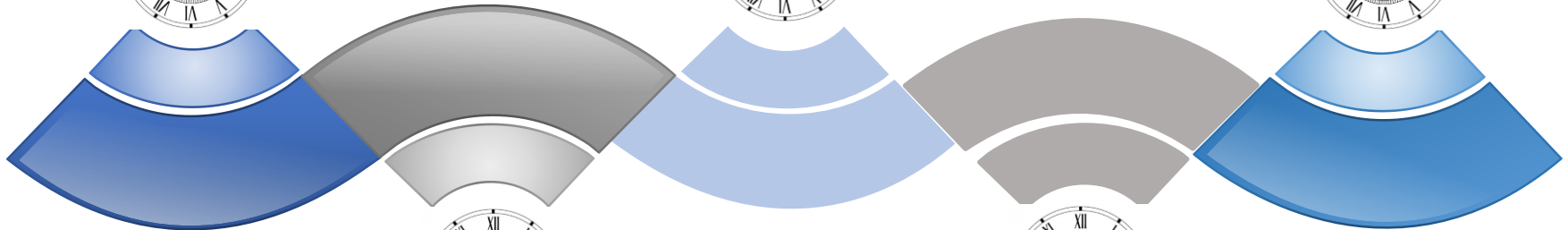
## One-stop shop

Ethos' access to Swiss Watch Brands will make it a '1 Stop Shop' for Luxury Watches In India



## Mind Share

Ethos to be synonymous with Luxury watches retailing in India thus gaining 'Customer Mind Share'



## Online

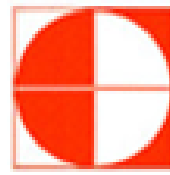
Ethos makes Swiss Watches 'Available Online' in a confluence of Online-Offline model helping us to leverage the strength of Swiss Watch Brands and our wide Distribution Reach



## Trust

Ethos DNA is all about Authenticity increasing the 'Trust factor' in a large Un-organized market.





# With an Asset Light Model...

**Improve Return On Capital Employed**

**Operating Leverage  
Playing Out**

**Reduce Front-End Cost like Manpower and Rental expenses**

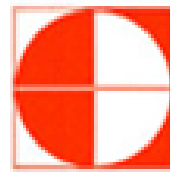
**Maximize  
Reach**

**Expand catchment area of offline store, leading to  
higher revenue**

**Minimize Investment**

**Focus on Online Presence &  
Rationalize Store Presence**





# and Continued Investments in Advertising...

Print Ads in leading newspapers...



ēthos  
WATCH BOUTIQUES



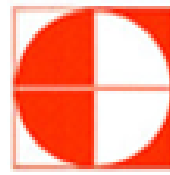
**Oris Carl Brashear Chronograph Limited Edition**

Over time, this bronze chronograph will age to become as individual as its inspiration: Carl Brashear, the US Navy's first African-American and amputee Master Diver. A daily reminder of the power of human potential.

Discover Oris exclusively at Ethos Watch Boutiques, India's largest chain of luxury watch boutiques with over 44 stores across 16 cities. For more information or to shop online visit [ethoswatches.com](http://ethoswatches.com).

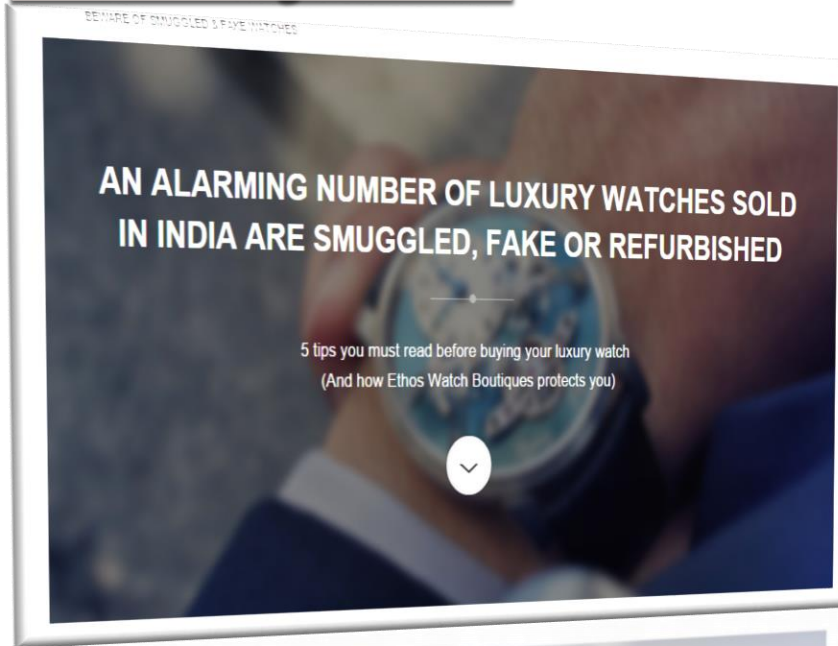


... with **ETHOS** co-branding

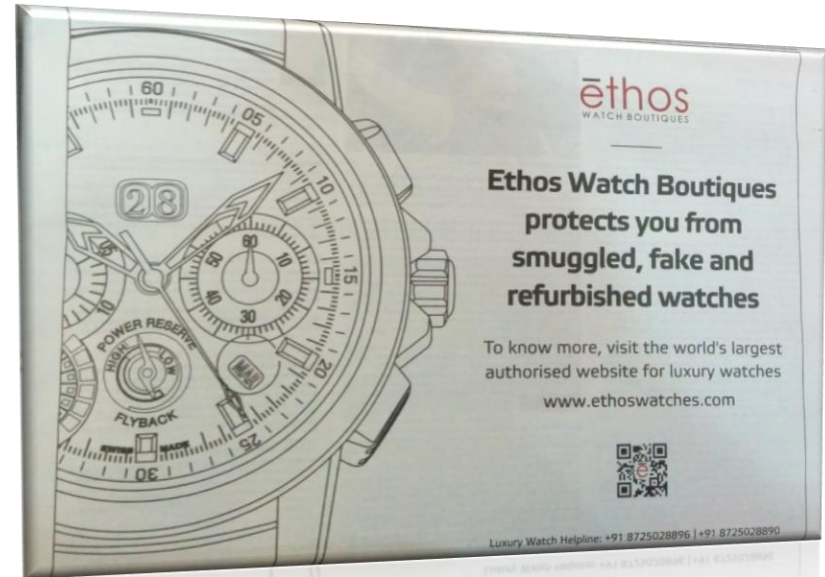


# and TRUST CAMPAIGN across channels...

## Online through website



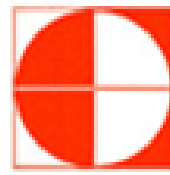
## Offline through Print



... to Educate consumers about Watches

... to Create Awareness about unscrupulous activities

... To Reinforce our "ETHOS"



# to emerge as India's Largest Swiss Watch Retailer...



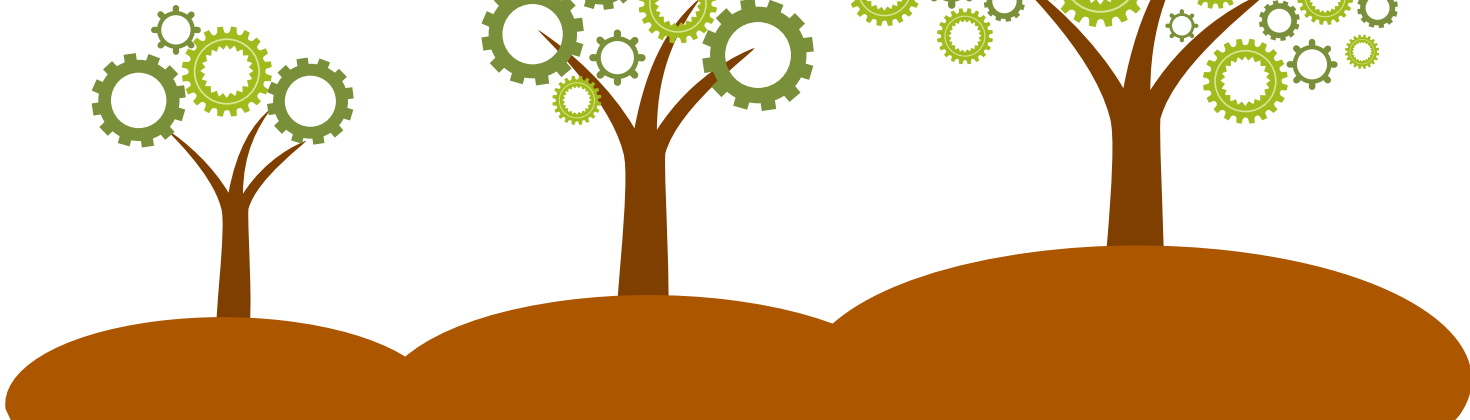
**The Largest & Preferred Retailer of  
Swiss Watches in India**

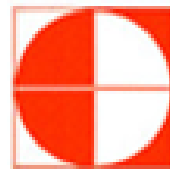
**ēthos**  
WATCH BOUTIQUES

**Forayed in Watch  
Retailing**

 **KDDL Limited**

**Started as a Watch  
Components Manufacturer**





# Offering the best Watch Brands under one roof

NOMOS  
GLASHÜTTE

GRAHAM  
WATCHMAKERS SINCE 1695

TISSOT  
Swiss Watches since 1853

*Cartier*

ROLEX

Alpina

A | X  
ARMANI EXCHANGE

AVI-8

BAUME & MERCIER  
MAISON D'HORLOGERIE GENEVE 1830

PANERAI

JAEGER-LECOULTRE

ORIS  
Swiss Made Watches  
Since 1904

OMEGA

CARL F. BUCHERER

RAYMOND WEIL  
GENEVE

FOSSIL  
EST. USA

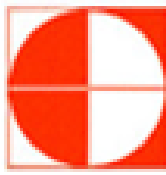
CORUM

RADO  
SWITZERLAND

TAG Heuer

LONGINES

ELZ  
THE ELECTRICIANZ®



**For further information, please contact:**

**Company :**

**Investor Relations Advisors :**

**ēthos**  
WATCH BOUTIQUES

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