

The background features a stylized globe with latitude and longitude lines. Large numbers '12', '4', and '12' are overlaid on the globe. City names are written along the top and bottom arcs of the globe, including NOLULU, MIDWAY, MAJURO, VLADIVOSTOK, YAKUTSK, TOKYO, BEIJING, BANGKOK, ASTANA, KARACHI, MOSCOW, and DOHA. The globe is rendered in a light, textured style.

**KDDL Limited**

**ETHOS Limited**

Result Update Presentation

Q4 FY16

# Safe Harbor

*This presentation and the accompanying slides (the “Presentation”), which has been prepared by KDDL Limited (the “Company”), solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.*

*This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.*

*Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.*

# Performance Highlights

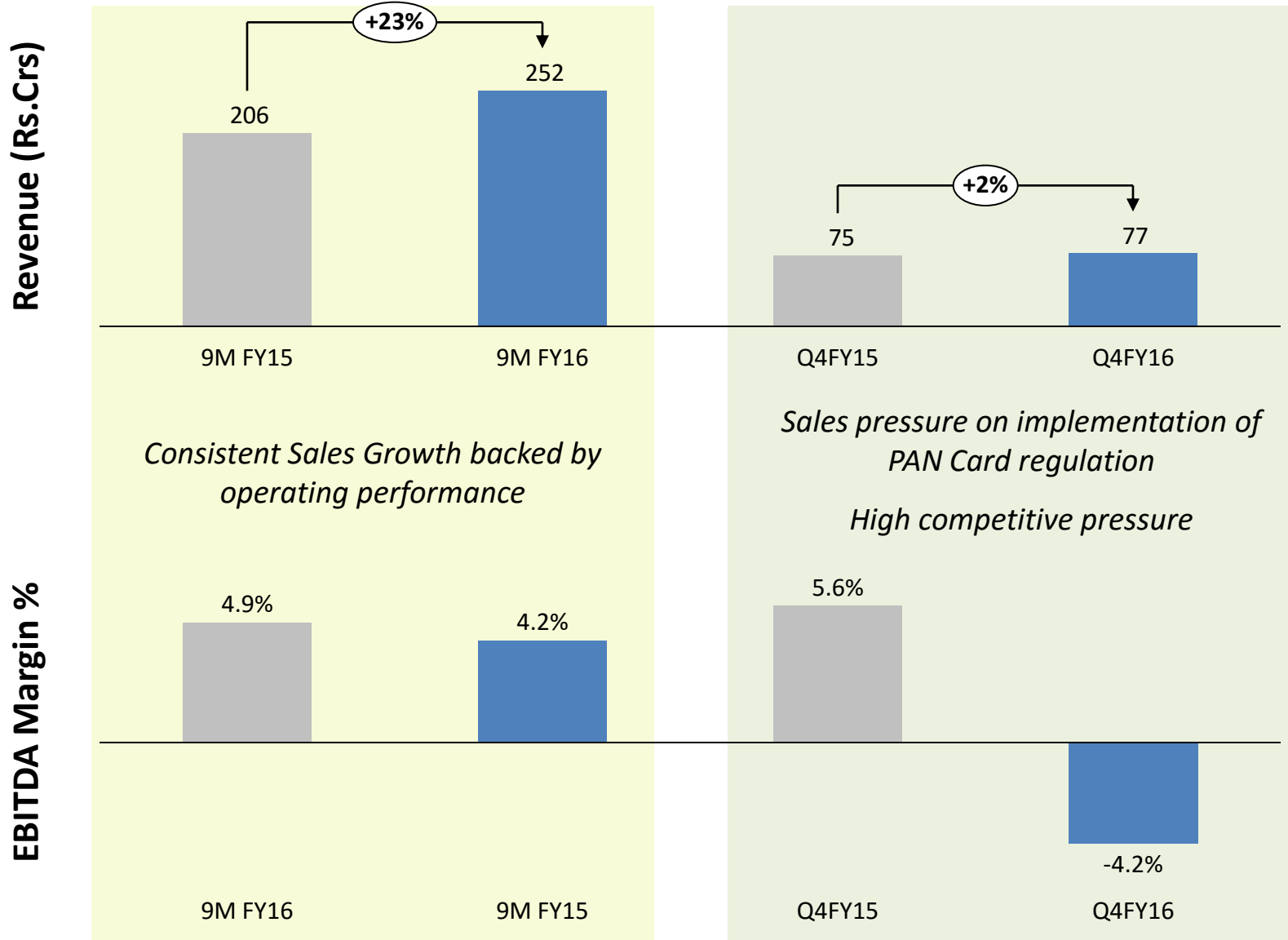
## Consolidated

- **Revenue of Rs. 454.4 Crs, growth of 10% YoY**
  - Manufacturing Revenue at Rs. 121 Crs
- **EBITDA of Rs. 34.1 Crs with Margin of 7.5%**
  - Manufacturing business EBITDA at Rs.22.8 Crs with margin of 18.9%
- **PAT after MI of Rs. 5.3 Crs with margin of 1.2%**
- **Cash PAT of Rs. 16.5 Crs**
  - Cash PAT Margin at 3.6%

## Ethos : Retail Business

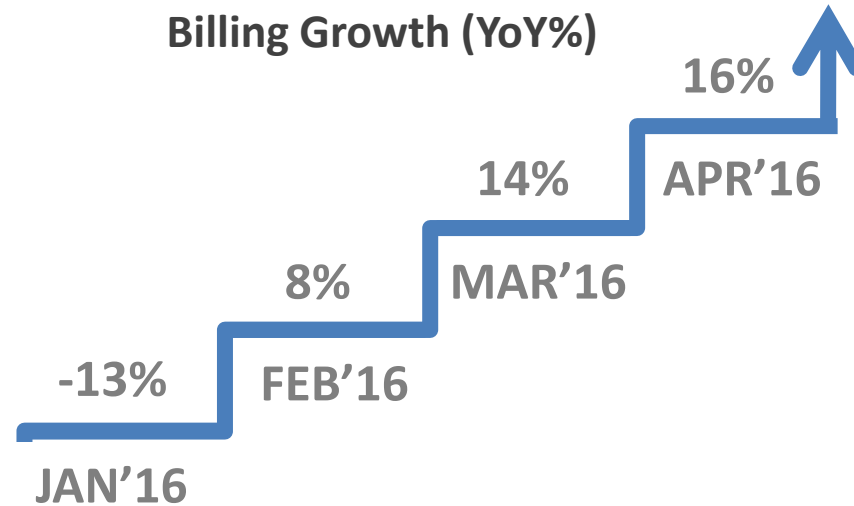
- **Revenue of Rs. 328.7 Crs, growth of 17% YoY**
  - Same store sales growth 12%
  - Online lead generation out of Total Revenue 31%
- **EBITDA of Rs. 7.3 Crs**
  - EBITDA Margin at 2.2%
- **Net Loss Rs. 5.9 Crs**
  - Business impacted on account new PAN Card Regulation implementation w.e.f January 2016
  - Continue investments in IT, marketing & branding initiatives

# Retail Business Fundamentals in Place



# PAN Card Regulation : Gaining Acceptance with Customers

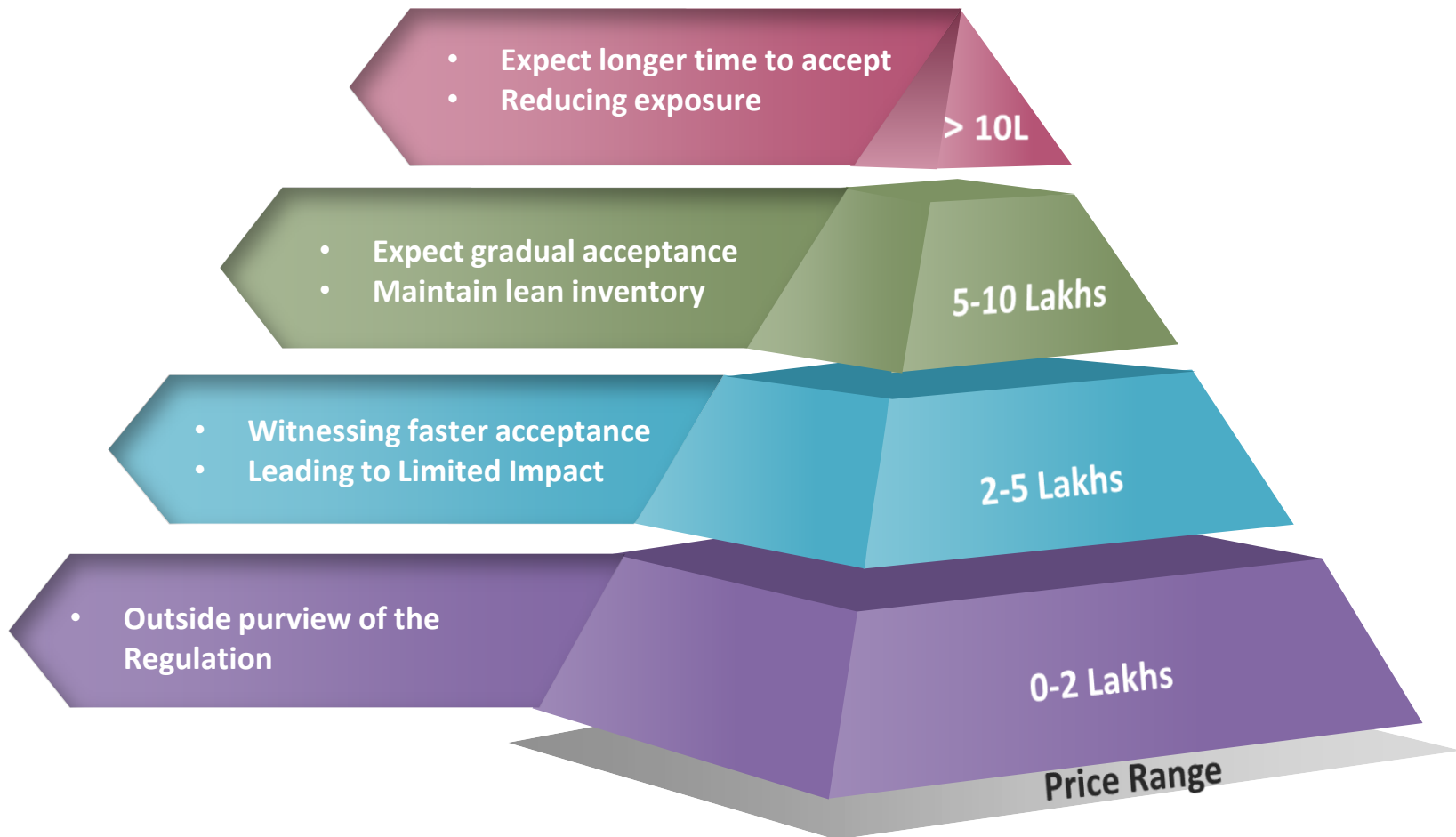
*With effect from 1st January, 2016, Income Tax department made it mandatory to quote Permanent Account Number (PAN) for all transactions of amount exceeding Rs. 2 lakh, irrespective of mode of payment.*



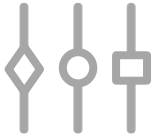
- *With implementation of PAN Card Regulation from 1<sup>st</sup> Jan'16, January sales saw one-off decline across price points*
- *From Feb'16, sales recovered beginning with the lower price points*
- *However, due to tremendous competitive pressure, we have witnessed short term margin impact*
- *Over a period of time, there will be wider acceptance of PAN Card regulations and sales growth momentum will be back to historical levels*

# PAN Card Regulation : Adapting to Change

## 'Refining' Product Mix Strategy



# PAN Card Regulation : Benefits in the long run



## **LEVEL PLAYING FIELD**

- Responsibility of compliance lies on retailer
- Leading to a curb on grey practices



## **CUSTOMER PROFILING**

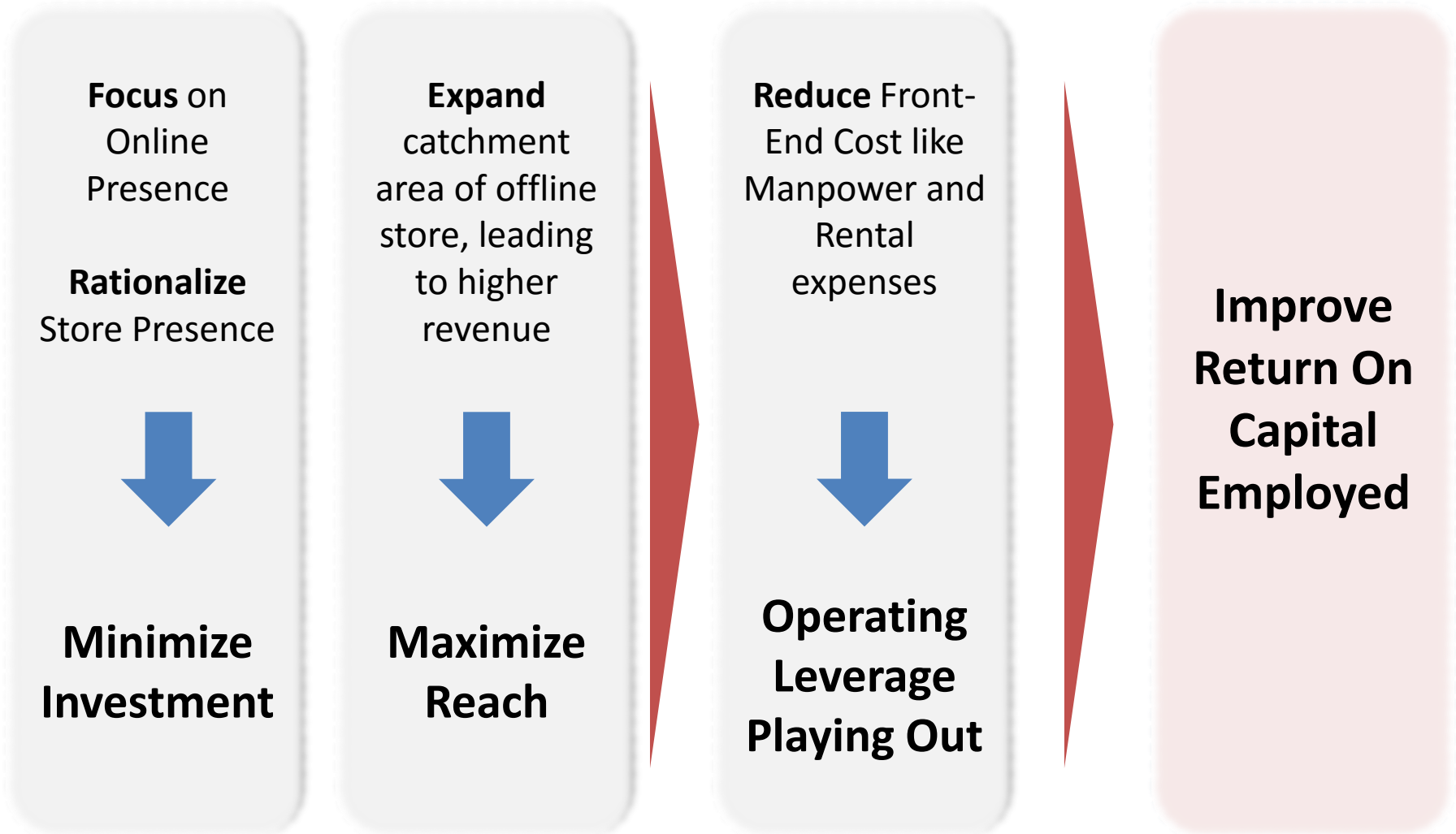
- Better profiling as customer are more open to sharing demographic information
- Creating tailor-made offering for targeting by segment
- Influencing buying behaviour of prospective customers



## **BETTER SERVICE to EXISTING CUSTOMERS**

- Proactively and consistently engage with customers
- Make Customer feel valued

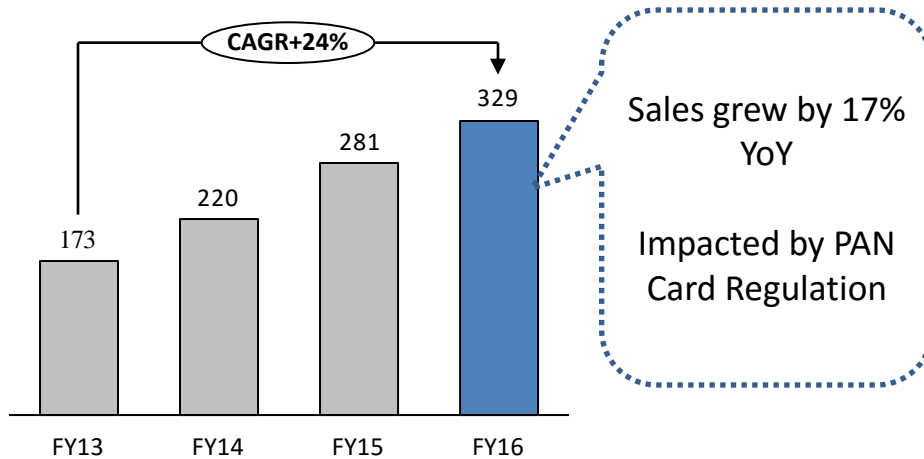
# Asset Light Model In Ethos



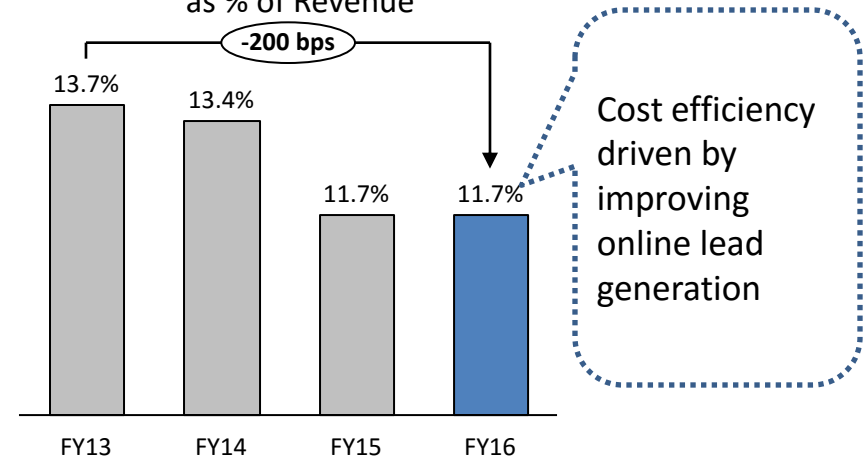


# Ethos Performance Highlights

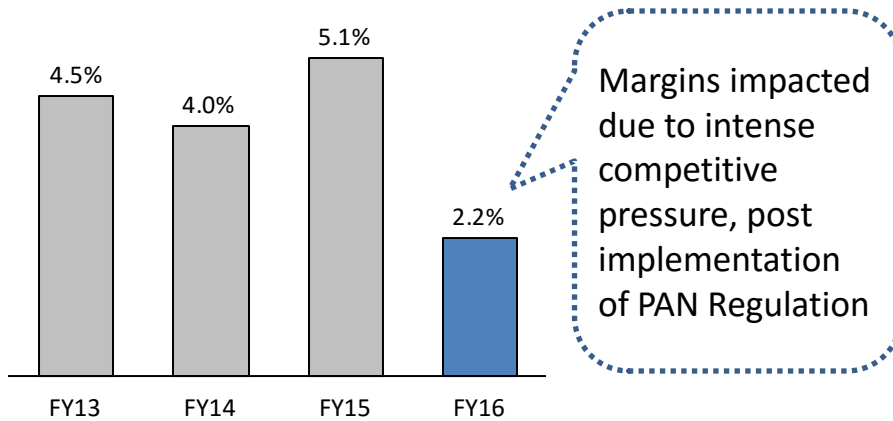
### Revenue (Rs.Crs)



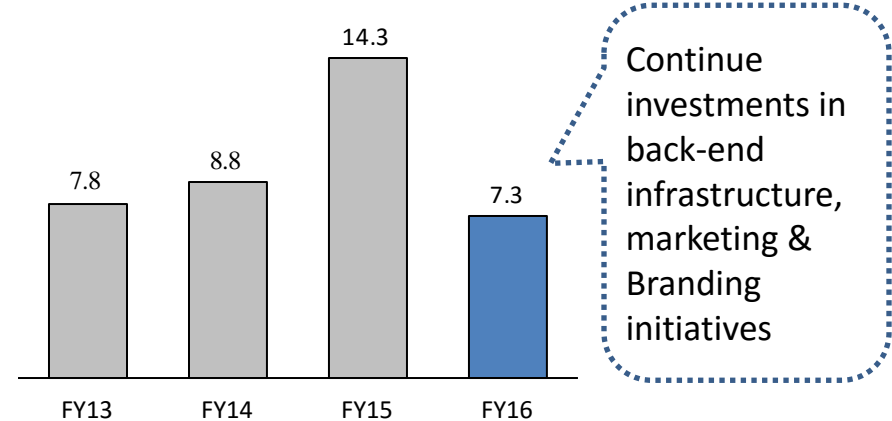
### Front-end Rent & Manpower Cost as % of Revenue



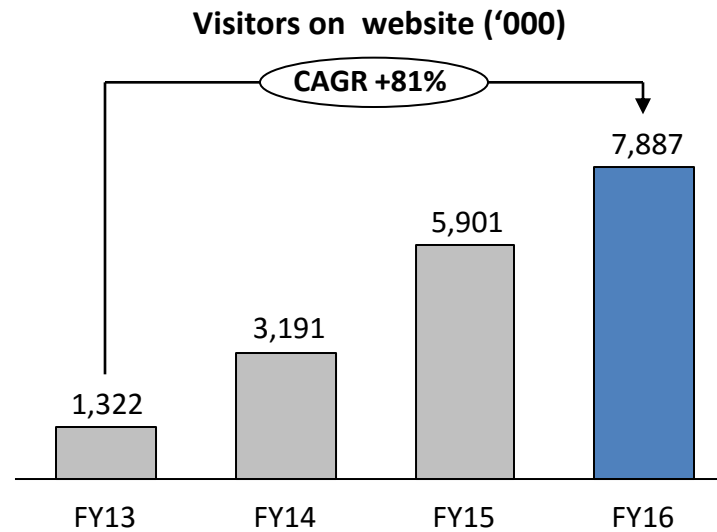
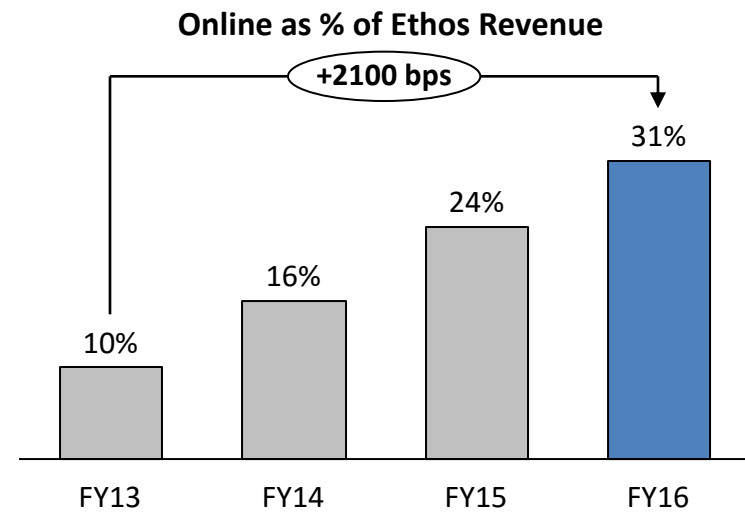
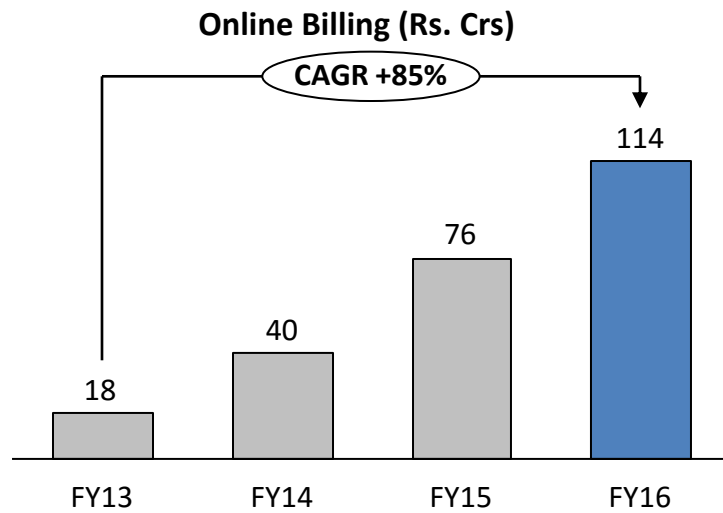
### EBITDA Margin (%)



### EBITDA (Rs.Crs)

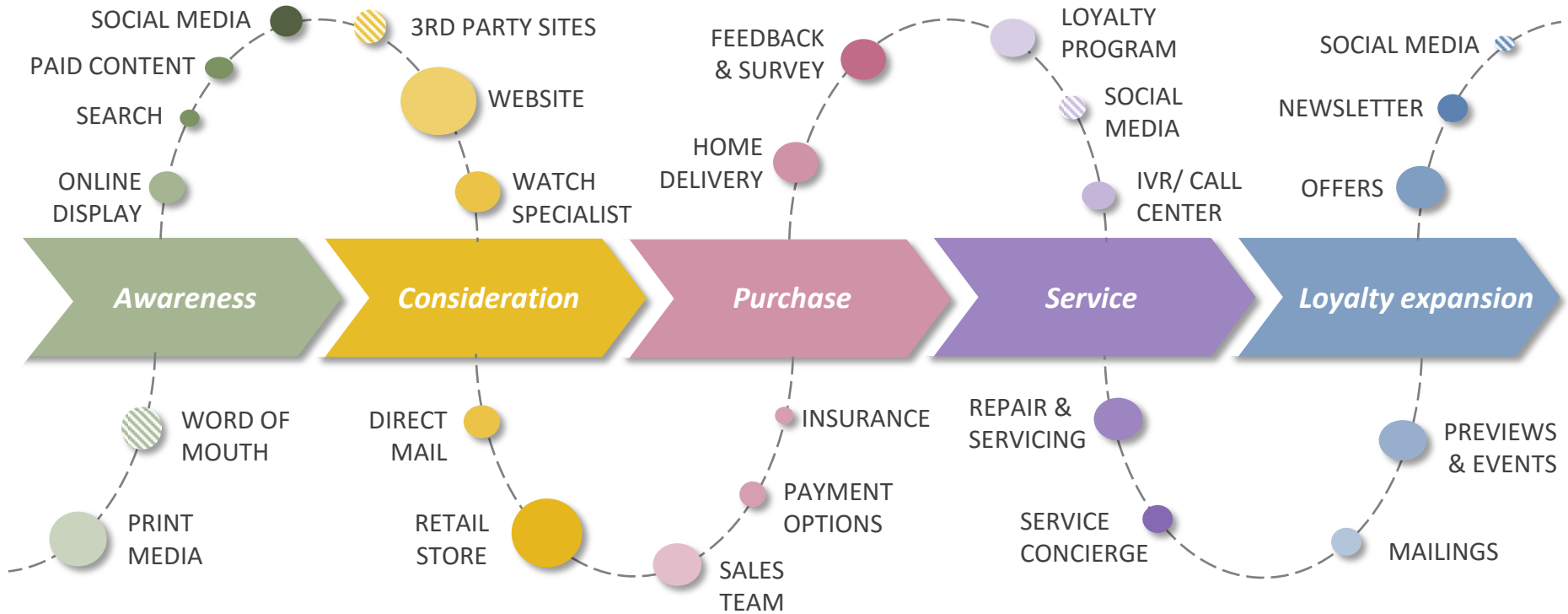


# Ethos Performance Highlights : Online Sales

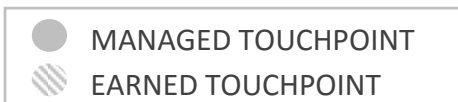


# Turning 'Customers' into 'Brand Evangelists'...

## ONLINE TOUCHPOINTS

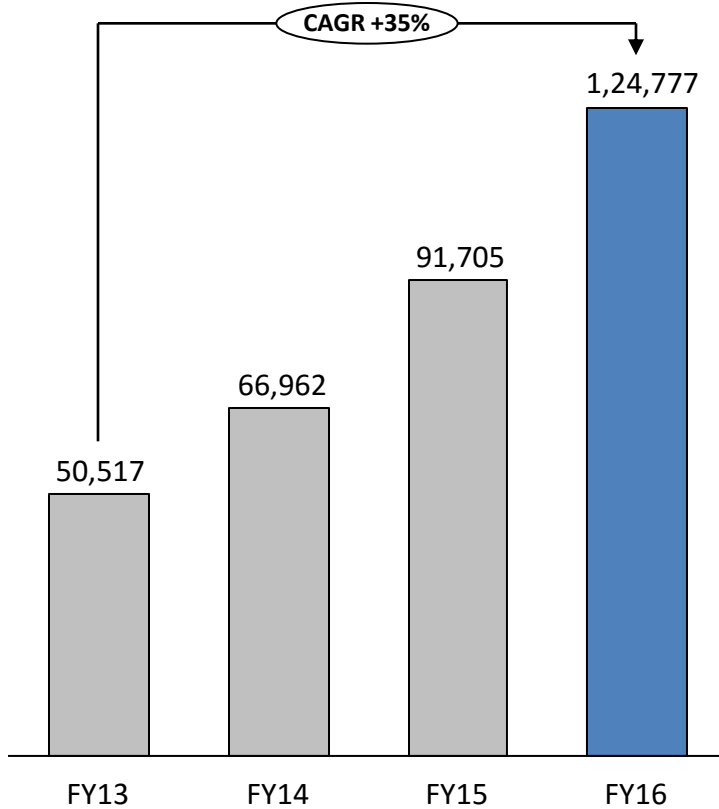


## OFFLINE TOUCHPOINTS

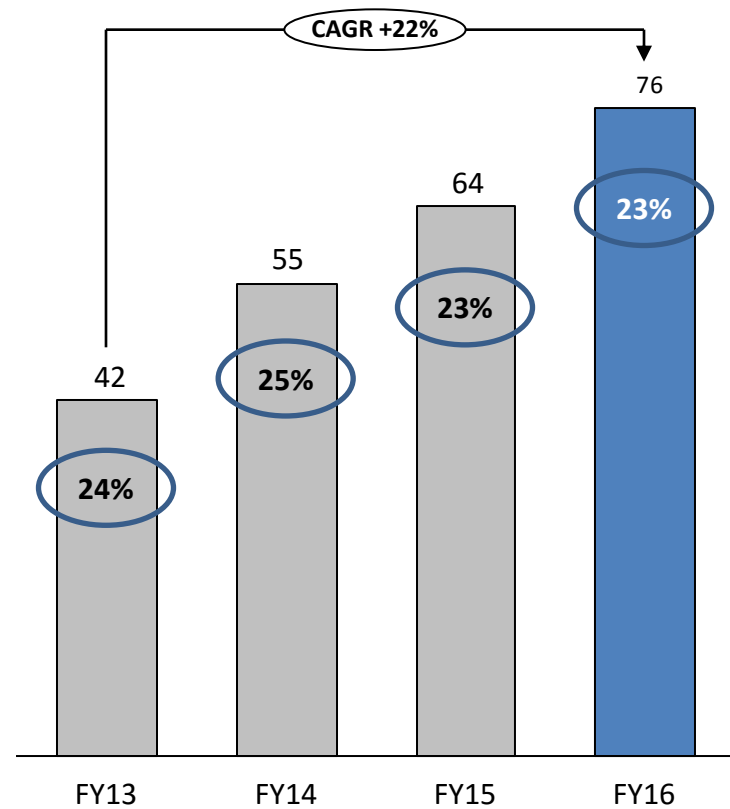


# ... To Increase Repeat Sales

Club ECHO – Member Base



Repeat Sales (Rs.Crs)



○ Repeat Sales as % of Sales

# New Store Openings

- **Launched TAG Heuer Boutique in Noida, in Apr'16**

- An exclusive TAG Heuer boutique at DLF Mall of India
- Spread over ~510 sq ft of area
- It will house only latest watches released by the Swiss watchmaker

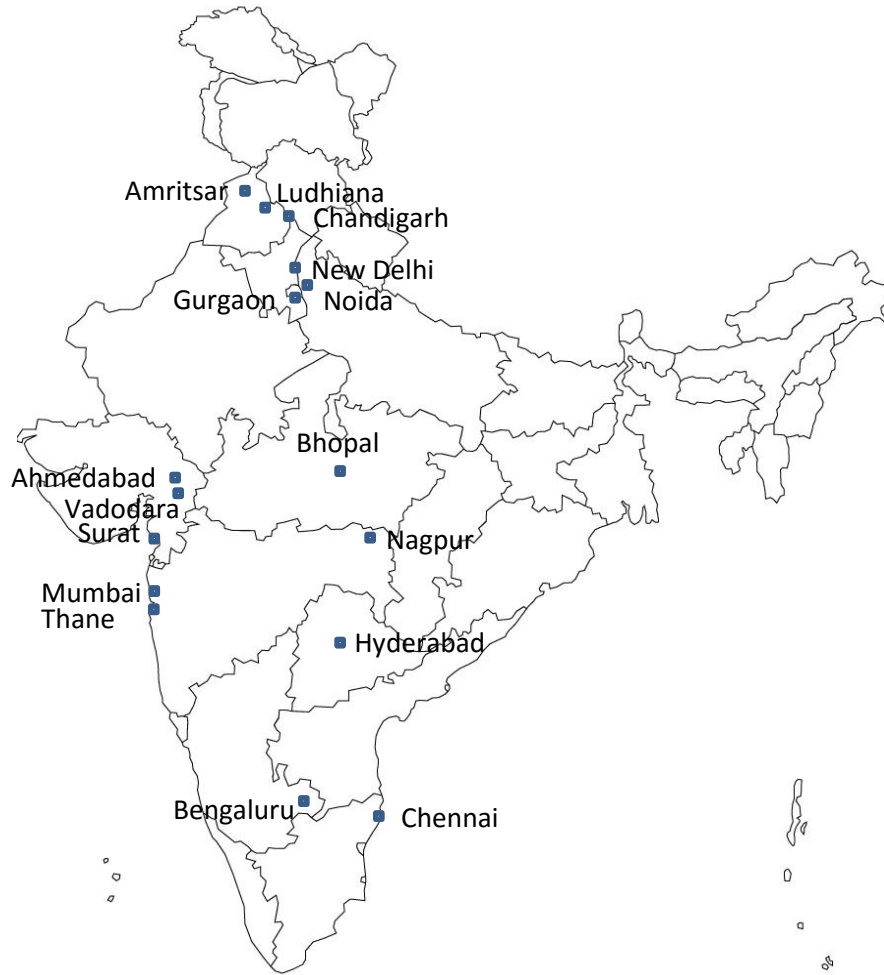
- **Launched Ethos store in Noida, in Apr'16**

- Multi-brand store at at DLF Mall of India
- Spread over ~430sq ft of area
- Offers 19 premium watch brands including Longines, Raymond Veil, TAG Heuer, Rado, Louis Erard



**TAG Heuer Boutique, DLF Mall of India**

# Pan-India Presence with Offline Store Network...



Map for illustration purpose only

India's Largest retail chain of Luxury Watches with 41 stores

Presence across Metros, Tier I, Tier II cities

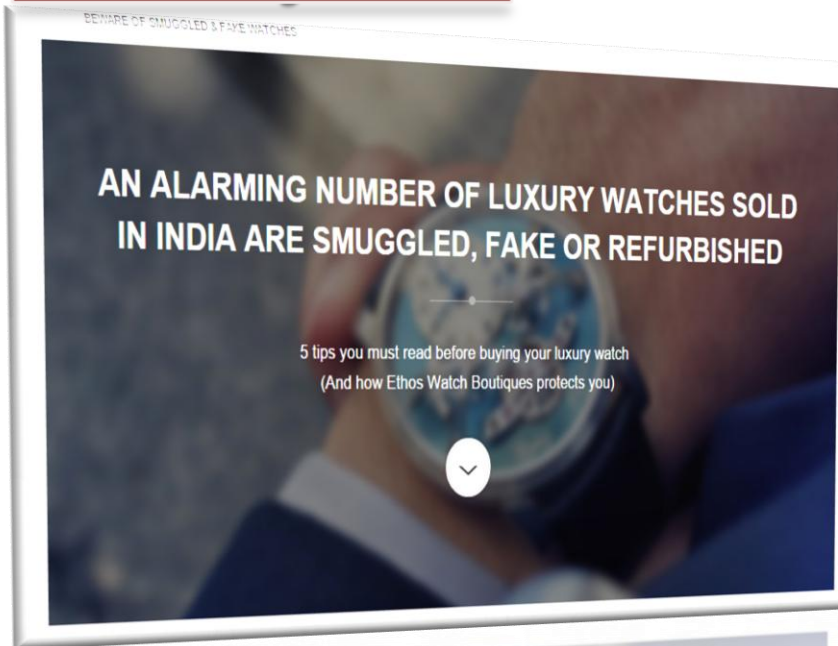
4 Duty Paid Retail Outlets at Domestic Terminals

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

# 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"

# Ethos – Profit & Loss Statement

Rs.Crs	FY16	FY15	Q4 FY16	Q4 FY15
<b>Revenue</b>	<b>328.7</b>	<b>281.0</b>	<b>76.8</b>	<b>75.4</b>
Cost of Goods Sold	251.0	209.2	61.4	56.4
Employee Expenses	20.2	16.6	5.1	4.4
Other Expenses	50.3	40.9	13.6	10.4
<b>EBITDA</b>	<b>7.3</b>	<b>14.3</b>	<b>-3.3</b>	<b>4.2</b>
<i>EBITDA Margin</i>	<b>2.2%</b>	<b>5.1%</b>	<b>-4.2%</b>	<b>5.6%</b>
Other Income	0.1	0.1	0.0	-0.0
Interest	8.2	7.1	2.2	1.8
Depreciation	3.8	3.8	1.0	0.9
<b>PBT</b>	<b>-4.6</b>	<b>3.5</b>	<b>-6.4</b>	<b>1.5</b>
Tax	1.3	1.2	0.7	0.5
<b>PAT</b>	<b>-5.9</b>	<b>2.4</b>	<b>-7.1</b>	<b>1.0</b>
<i>PAT Margin</i>	<b>-1.8%</b>	<b>0.8%</b>	<b>-9.3%</b>	<b>1.3%</b>



# Ethos – Balance Sheet

Rs. Crs	Mar-16	Mar-15
<b>Shareholder's Fund</b>	<b>57</b>	<b>52</b>
Share Capital	32	31
Reserves & Surplus	25	20
<b>Non-current liabilities</b>	<b>11</b>	<b>9</b>
Long Term borrowings	10	8
Long Term Provisions	1	1
<b>Current liabilities</b>	<b>140</b>	<b>128</b>
Short Term Borrowings	54	46
Trade Payables	69	70
Other Current liabilities	16	11
Short Term Provisions	1	1
<b>Total Liabilities</b>	<b>208</b>	<b>189</b>
<b>Non-current assets</b>	<b>26</b>	<b>25</b>
Fixed Assets	13	14
Long Term loans and advs.	13	11
Other Current Assets	1	0
Deferred Tax Asset	0	1
<b>Current assets</b>	<b>182</b>	<b>163</b>
Inventories	164	147
Trade Receivables	6	3
Cash and Bank Balances	6	5
Short Term Loans and Advances	6	7
<b>Total Assets</b>	<b>208</b>	<b>189</b>

# Consolidated – Profit & Loss Statement

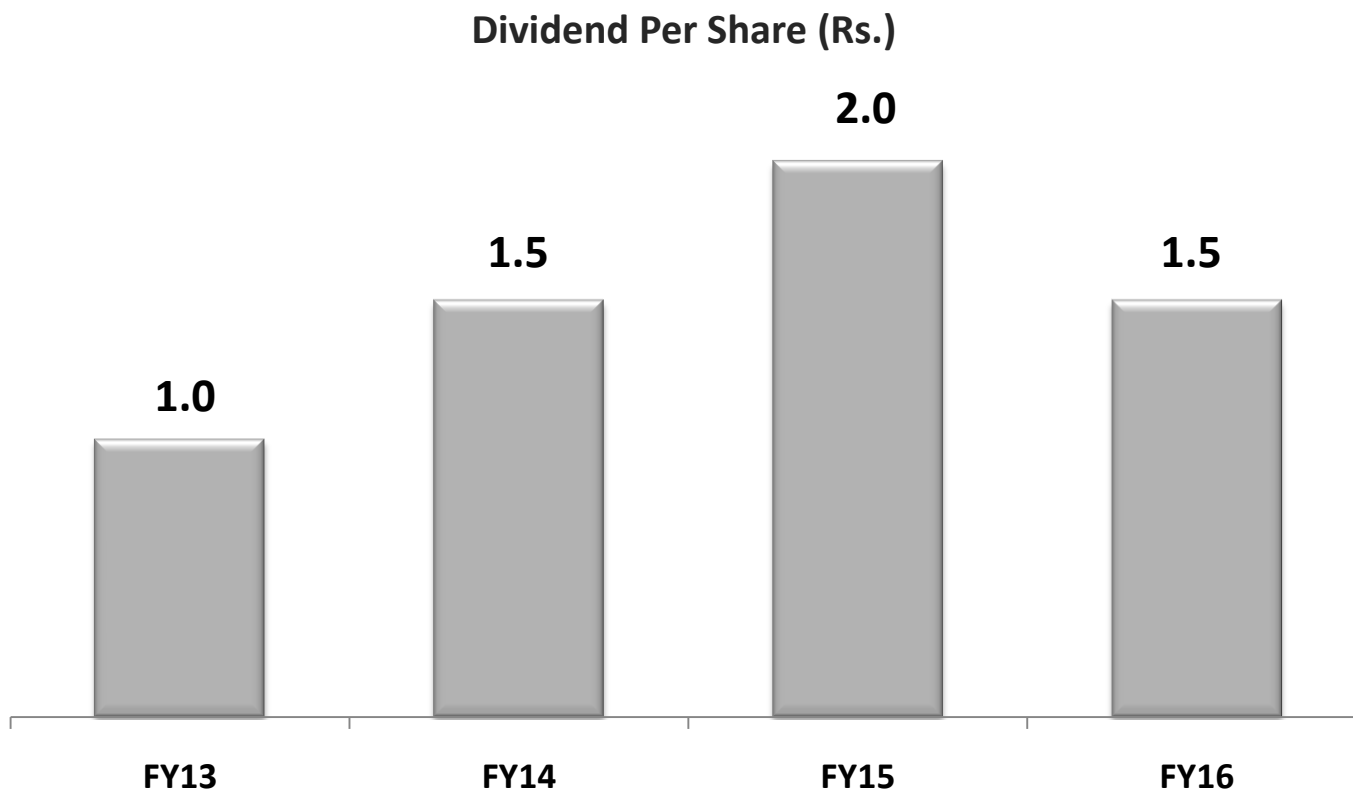
Rs.Crs	FY16	FY15	Q4 FY16	Q4 FY15
Revenue	449.8	411.5	108.1	107.3
Other Income	4.6	2.0	0.1	0.1
<b>Total Revenue</b>	<b>454.4</b>	<b>413.5</b>	<b>109.2</b>	<b>107.4</b>
Cost of Goods Sold	277.2	239.6	68.2	63.6
Employee Expenses	*57.0	53.7	10.5	10.2
Other Expenses	86.0	79.2	26.2	18.9
<b>EBITDA</b>	<b>34.1</b>	<b>41.0</b>	<b>3.3</b>	<b>14.6</b>
<b>EBITDA Margin</b>	<b>7.5%</b>	<b>9.9%</b>	<b>3.0%</b>	<b>13.6%</b>
Interest	15.0	15.3	3.5	3.5
Depreciation	11.2	11.8	2.7	3.0
PBT	7.9	13.9	-2.9	8.1
Tax	3.7	5.1	1.8	1.5
<b>PAT After MI</b>	<b>5.3</b>	<b>8.7</b>	<b>-3.1</b>	<b>6.8</b>
<i>PAT after MI Margin</i>	1.2%	2.1%	-2.9%	6.3%
<b>Cash PAT</b>	<b>16.5</b>	<b>20.5</b>	<b>-0.4</b>	<b>9.8</b>
<b>Cash PAT Margin</b>	<b>3.7%</b>	<b>5.0%</b>	<b>-0.4%</b>	<b>9.1%</b>

\* Employee Expenses include additional bonus provision impact of Rs. 1 Cr for the year pursuant to amendment in Payment of Bonus Act, 1965

# Consolidated – Balance Sheet

Rs. Crs	Mar-16	Mar-15
<b>Shareholder's Fund</b>	<b>82</b>	<b>52</b>
Share capital	10	9
Reserves & Surplus	72	42
<b>Minority Interest</b>	<b>34</b>	<b>31</b>
<b>Non-current liabilities</b>	<b>43</b>	<b>44</b>
Long term borrowings	33	36
Deferred Tax Liabilities	3	3
Long Term Provisions	6	5
<b>Current liabilities</b>	<b>183</b>	<b>192</b>
Short term borrowings	68	71
Trade Payables	78	85
Other current liabilities	37	36
<b>Total Liabilities</b>	<b>342</b>	<b>318</b>
<b>Non-current assets</b>	<b>104</b>	<b>95</b>
Fixed assets	82	77
Long-term loans and advs.	22	17
Other Non Current Assets	2	1
<b>Current assets</b>	<b>237</b>	<b>223</b>
Inventories	185	169
Trade receivables	26	25
Cash and bank balances	12	13
Short-term loans and advs.	14	17
<b>Total Assets</b>	<b>342</b>	<b>318</b>

# Dividend History





## *Company Overview*

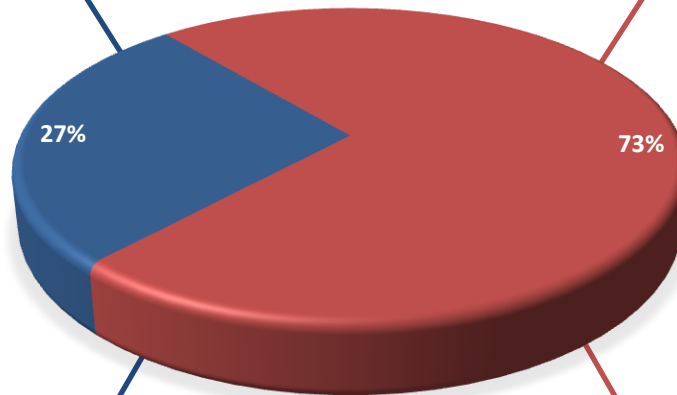
# Business Overview

*Stable Business*

*Scalable Business*

## **Stable Manufacturing Business**

- Leading supplier of premium watch components - watch dials and watch hands
- Caters to demand from international brands in Switzerland & India
- Engaged in manufacturing of High Precision Stamping Parts & Precision
- CAGR of 8% over FY13 – FY16



## **Scalable Retail Business - ETHOS**

- India's Largest Retail Chain of Luxury Watch Studios
- Authorized retailer of over 60 luxury watch brands, ranging from Rs. 5,000 to more than Rs.20,00,000
- 41 premium watch boutiques across country
- CAGR of 24% over FY13 - FY16
- 72.55% subsidiary of KDDL Ltd on a fully diluted basis

# Expanding Precision Engineering Business...

**Setting up Greenfield Facility at Bengaluru, Karnataka**

**Manufacture high quality precision stamped components, progressive tools and sub-assemblies to cater to high-growth high margin industries**

**Building New capabilities**

- Injection Molding
- CNC Machining
- Plating



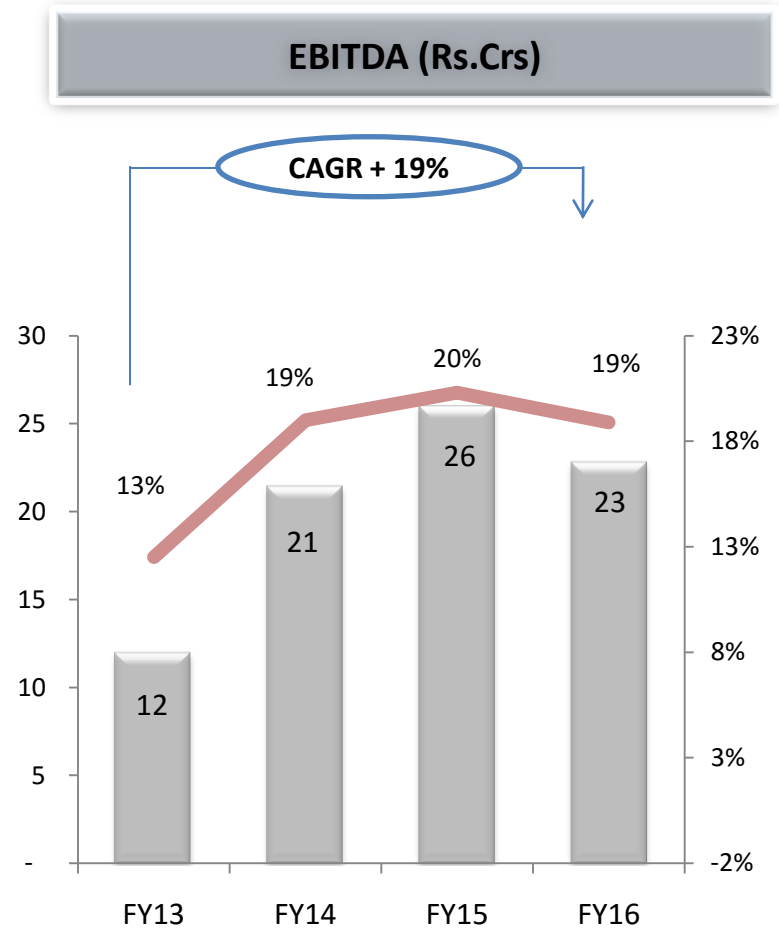
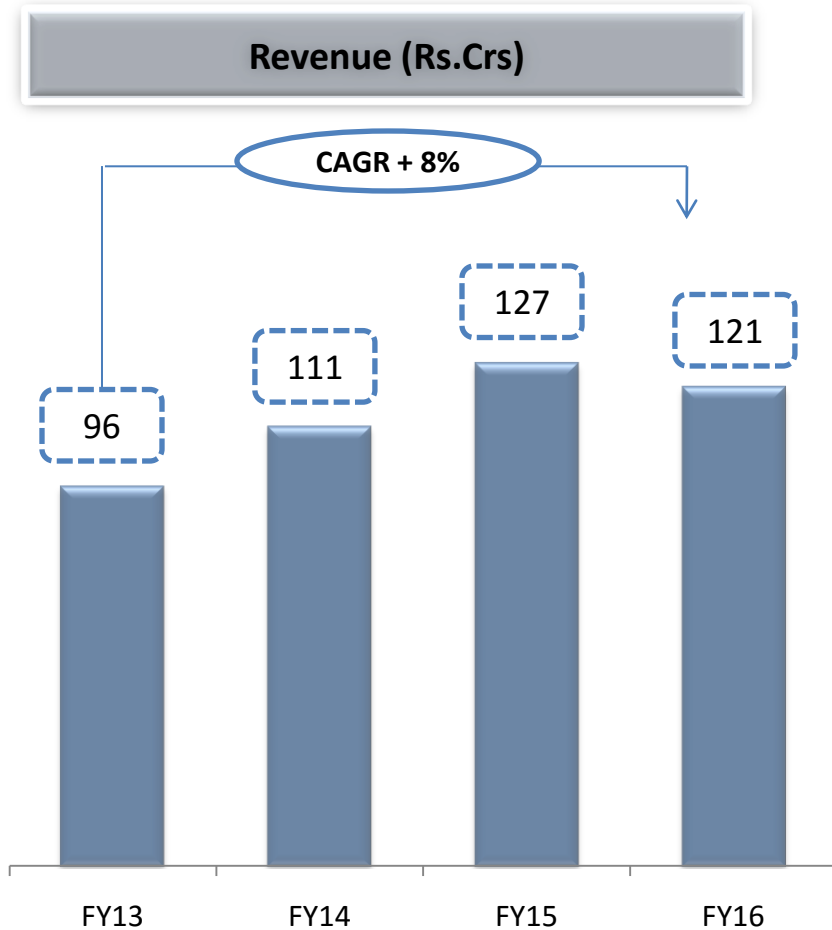
**Investing Rs. 25 Crs over 2 years with 2:1 debt funding**

**~2 acre land allotted in EOU zone near Bengaluru Airport**

**Expected to commence operations by FY17 end**

*... to emerge as "Strong Player" in Organized space*

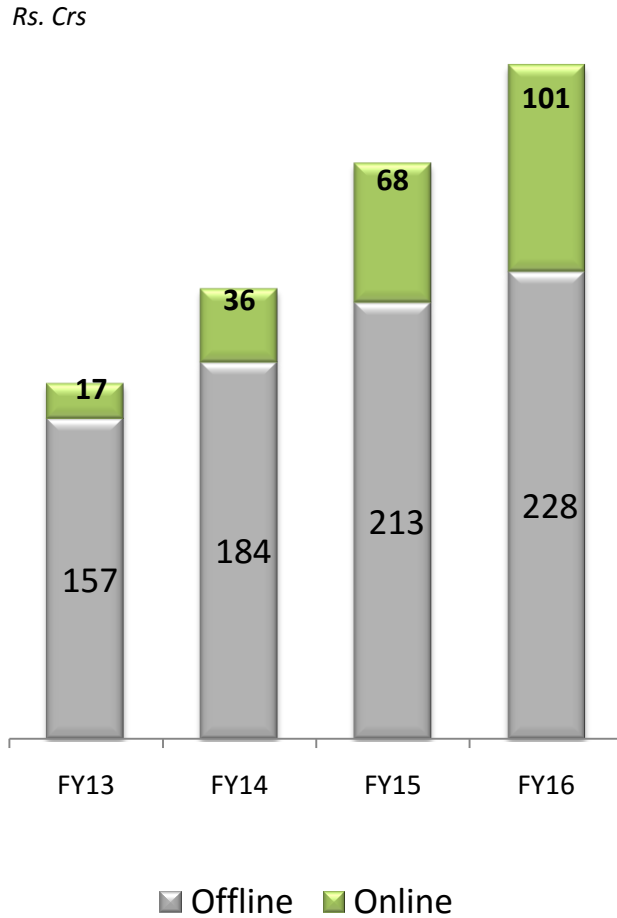
# Stable Manufacturing Performance



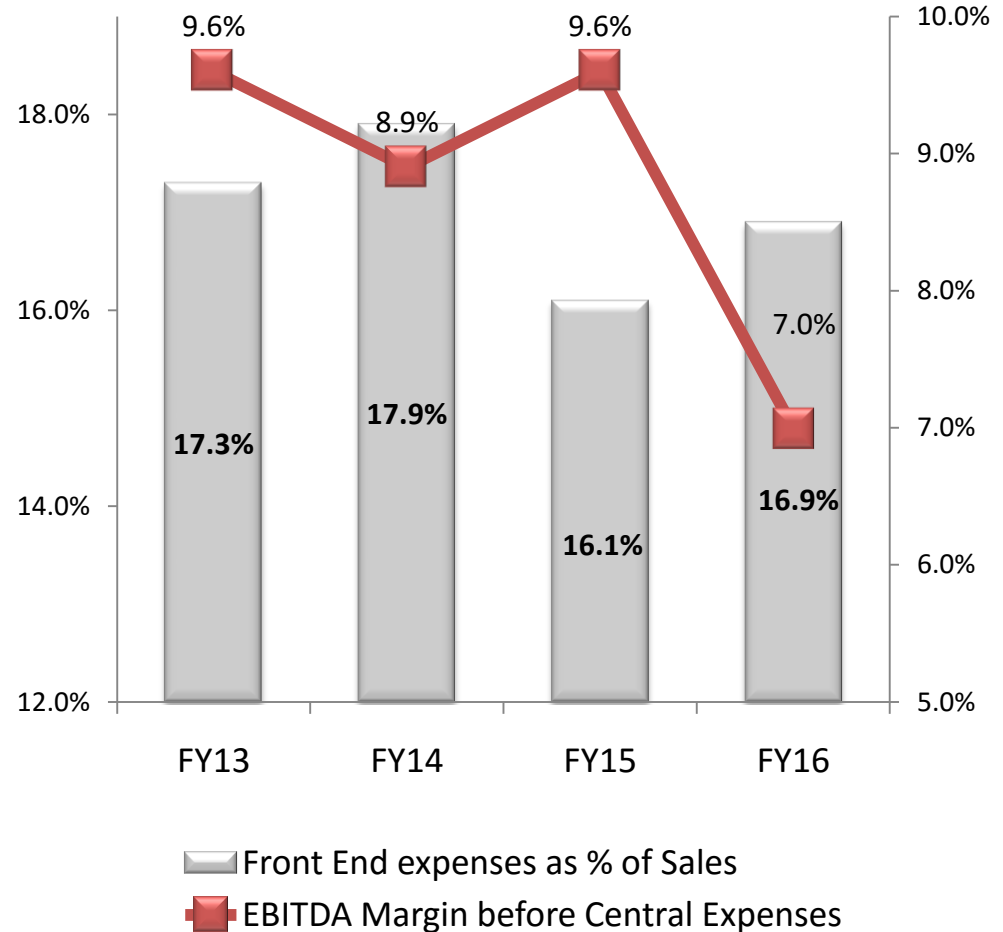


# Scaling-Up Retail Performance

Increasing Online Revenue...



... Improved Absorption of Fixed Expenses



# Contact

**For further information, please contact:**

---

**Company :**

**Investor Relations Advisors :**

KDDL Limited  
CIN : L33302HP1981PLC008123

Strategic Growth Advisors Pvt. Ltd.  
CIN : U74140MH2010PTC204285

Mr. C. Raja Sekhar  
[rajasekhar@ethoswatches.com](mailto:rajasekhar@ethoswatches.com)

Ms. Sanjita Ghosh / Mr. Shogun Jain  
+91 7738358389 / +91 7738377756  
[gsanjita@sgapl.net](mailto:gsanjita@sgapl.net) / [jshogun@sgapl.net](mailto:jshogun@sgapl.net)

[www.kddl.com](http://www.kddl.com) / [www.ethoswatches.com](http://www.ethoswatches.com)

[www.sgapl.net](http://www.sgapl.net)

---