

KDDL Limited

ETHOS Limited

Result Update Presentation

May 2018

Q4 & FY18





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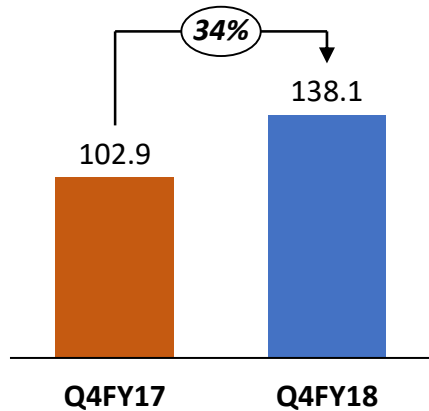
KDDL Overview & Performance



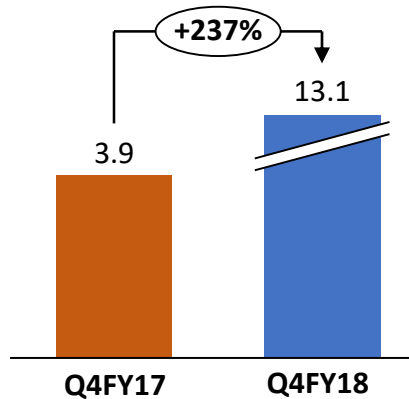
Strong uptick in Consolidated Performance

Q4FY18 vs Q4FY17

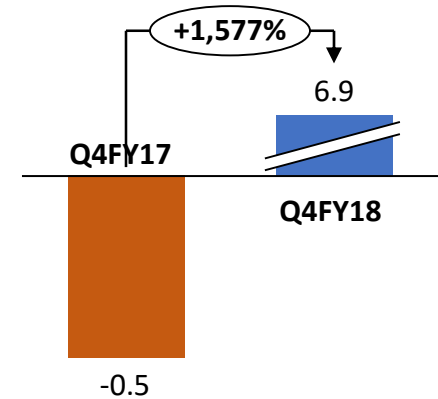
Revenue (Rs. Cr)



EBITDA (Rs. Cr)

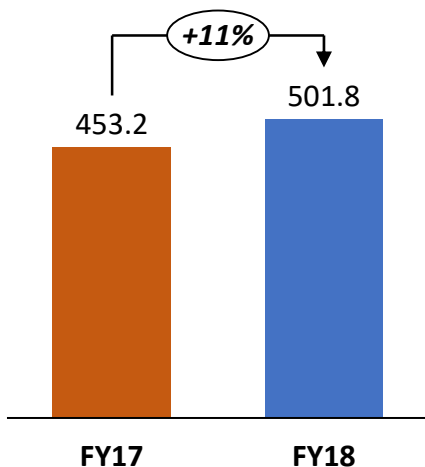


PAT After MI (Rs. Cr)

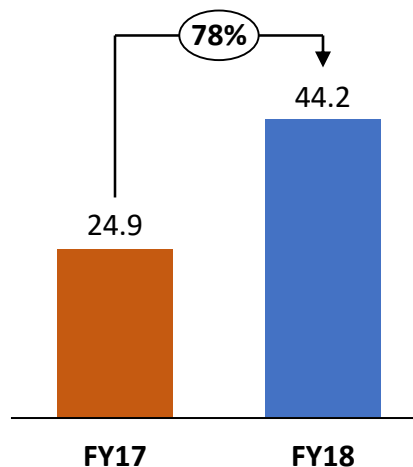


FY18 vs FY17

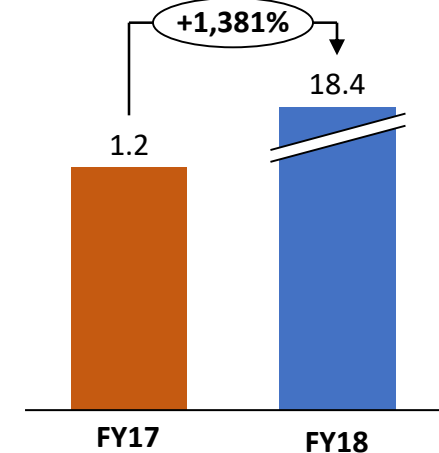
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT After MI (Rs. Cr)





P&L as per IND-AS

Rs. Crs	Consolidated						Standalone		
	Q4FY18	Q4FY18	YoY%	FY18	FY17	YoY %	FY18	FY17	YoY %
Revenue	138.1	102.9	34%	501.8	453.2	11%	145.8	125.4	16%
Cost of Goods Sold	81.9	63.9		301.9	282.2		33.7	28.7	
Gross Profit	56.2	39.0	44%	199.9	171.1	17%	112.2	96.7	
Employee Expenses	18.2	14.8		66.6	60.5		42.7	39.4	
Other Expenses	24.9	20.3		89.0	85.7		42.1	35.7	
EBITDA	13.1	3.9	237%	44.2	24.9	78%	27.4	21.6	27%
Margin (%)	9.5%	3.8%		8.8%	5.5%		18.8%	17.3%	
Other Income	1.3	2.0		5.2	4.6		4.8	2.7	
Interest	2.8	3.0		12.0	14.3		4.8	5.5	
Depreciation	3.2	3.0		12.1	11.6		7.4	7.3	
PBT	8.4	-0.1		25.3	3.5		20.0	11.6	
Tax	1.7	-0.0		7.1	1.7		5.9	4.0	
PAT	6.7	-0.1		18.2	1.8		14.1	7.5	87%
Minority Interest	-0.2	0.4		-0.1	0.6		-	-	
PAT After MI	6.9	-0.5	1,577%	18.4	1.2	1,381%	14.1	7.5	87%
Cash PAT	10.2	2.5	307%	30.5	12.9	137%	21.5	14.8	45%

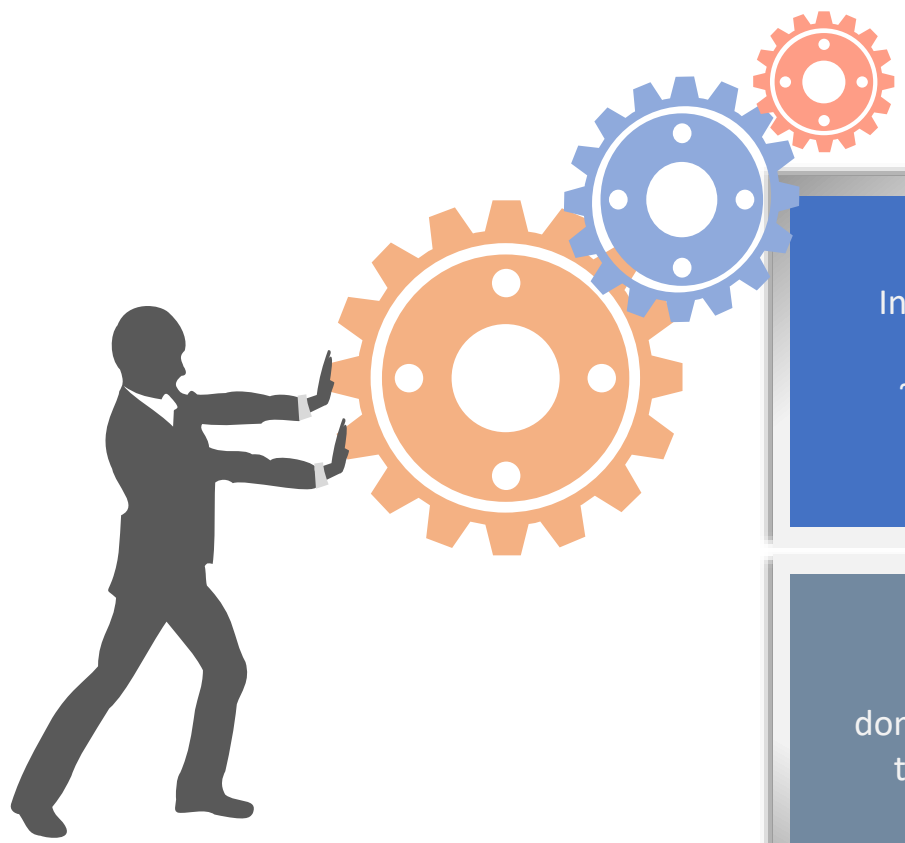


Balance Sheet as per IND-AS

Rs. Crs	Consolidated		Standalone	
	Mar-18	Mar-17	Mar-18	Mar-17
Shareholder's Fund	161.6	142.5	130.3	116.3
Share Capital	11.0	10.9	11.0	10.9
Reserves & Surplus	121.0	96.4	119.3	105.3
Non Controlling Interest	29.7	35.1	-	-
Non-current liabilities	49.4	39.1	35.4	23.5
Long Term borrowings	46.0	36.4	33.5	21.9
Long Term Provisions	3.4	2.8	1.9	1.6
Current liabilities	211.0	174.4	64.7	38.2
Short Term Borrowings	63.5	59.4	22.6	8.5
Other Financial Liabilities	47.8	30.6	23.6	17.5
Trade Payables	86.3	71.6	15.0	10.0
Other Current liabilities	12.5	11.9	2.8	1.3
Short Term Provisions	0.8	0.9	0.8	0.8
Total Liabilities	422.0	356.0	230.4	177.9
Non-current assets	132.4	107.8	153.3	117.9
Fixed Assets	107.8	82.8	84.0	65.5
Intangible Assets	0.8	1.1	0.6	0.7
Long Term loans and Advances	13.6	10.2	69.3	50.0
Other Non Current Assets	7.0	6.5	1.8	1.7
Deferred Tax Asset	3.2	7.3	-2.3	-0.1
Current assets	289.6	248.2	77.2	60.1
Inventories	201.2	190.2	27.1	21.0
Trade Receivables	32.6	26.1	28.6	21.2
Cash and Bank Balances	18.0	20.2	8.5	9.9
Short Term Loans and Advances	4.9	4.3	2.6	2.5
Other Current Assets	32.9	7.3	10.3	5.4
Total Assets	422.0	356.0	230.4	177.9



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



Watch Dials and Hands Business

Watch Dials

- Commercial operations began in 1993
- Leading Global supplier of Watch Dial serving many well-known brands all over the world
- Manufacturing facilities located at Parwanoo & Derabasi, 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



Precision Engineering Business – Eigen



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

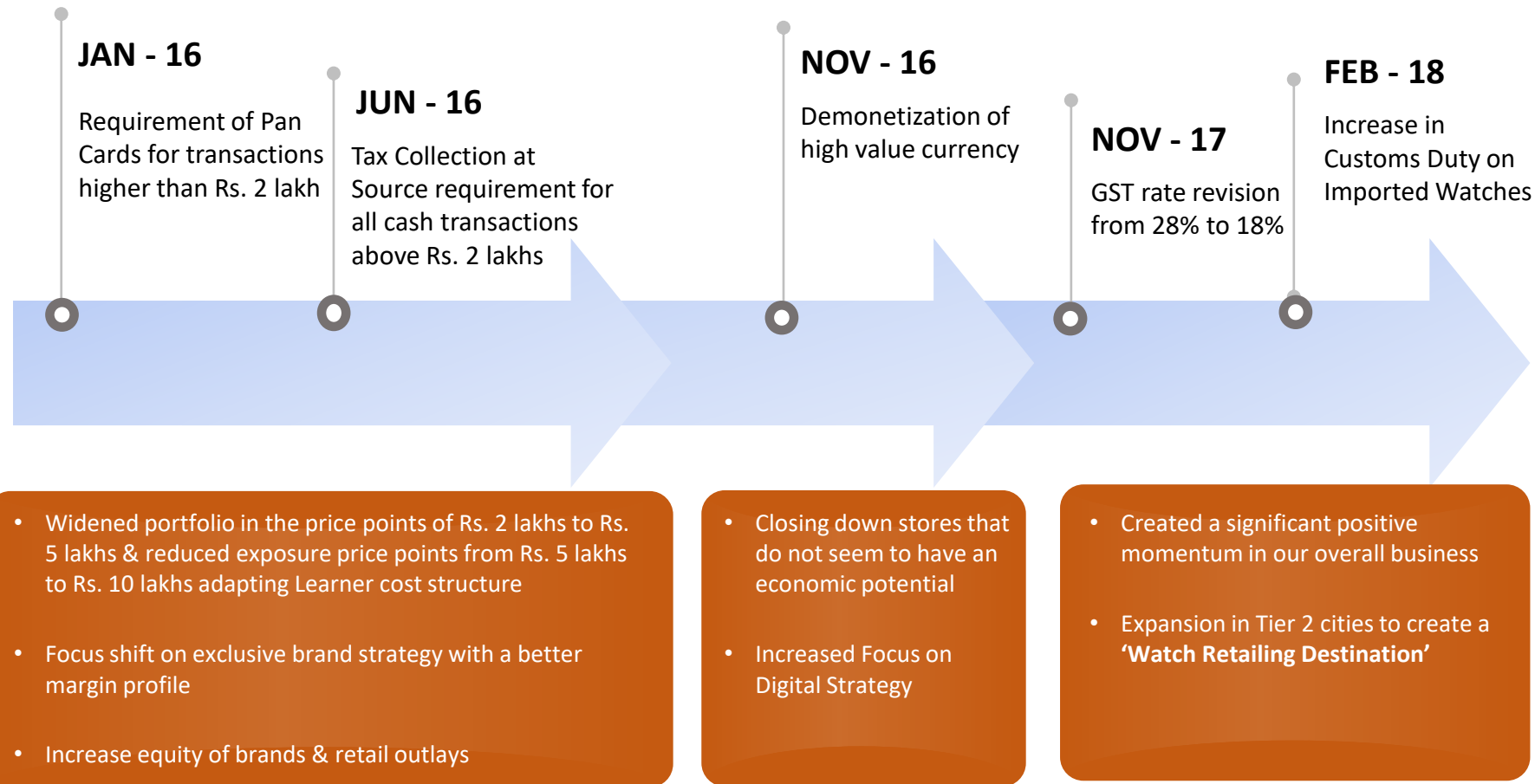
Enabling our customers to meet their design and production needs for over 12 years. We have some of the most well-known names in their industry as our esteemed customers



Ethos Overview & Performance



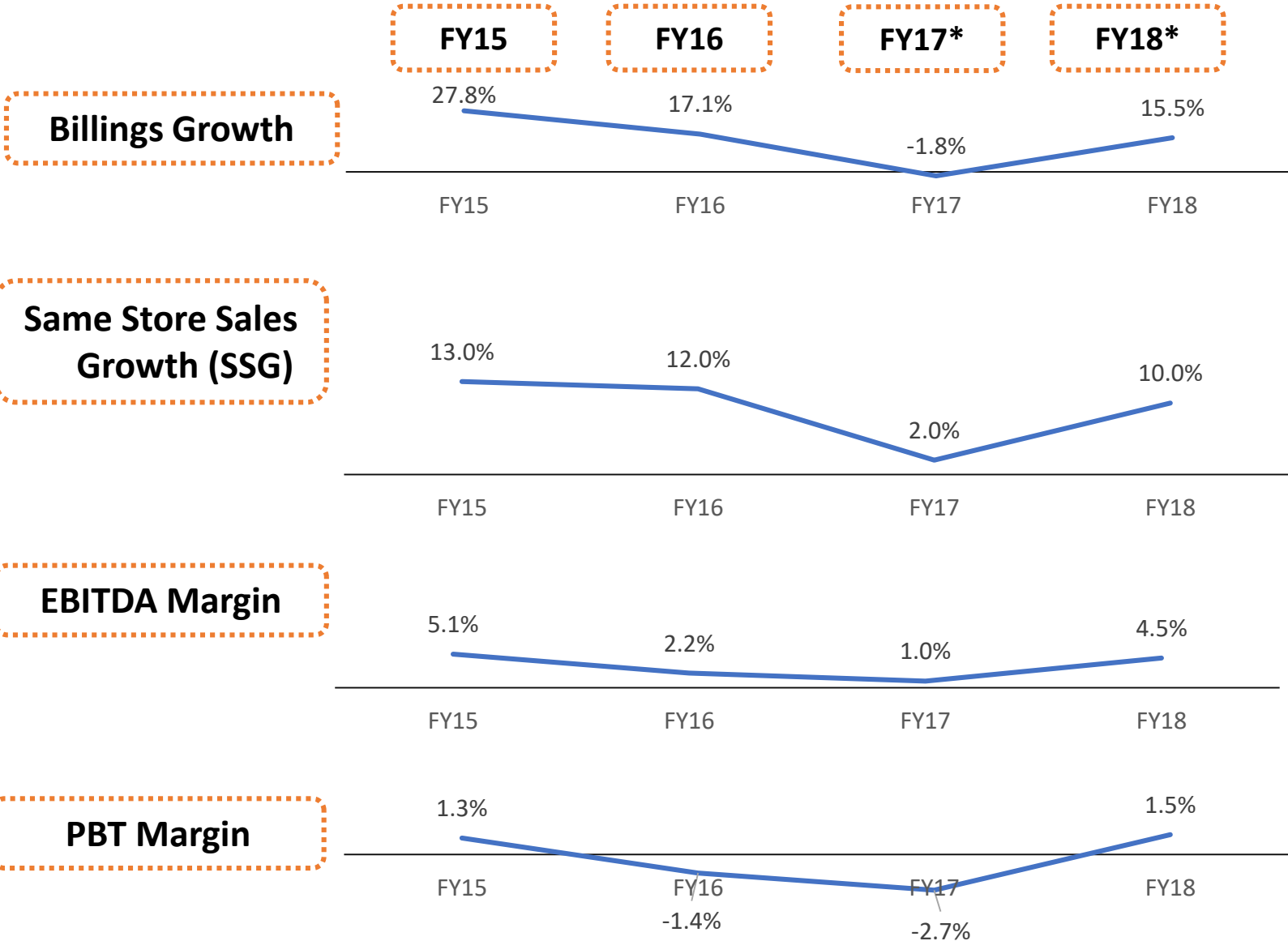
Regulatory Headwinds of the Past...



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



Confident of Sustainable Uptrend



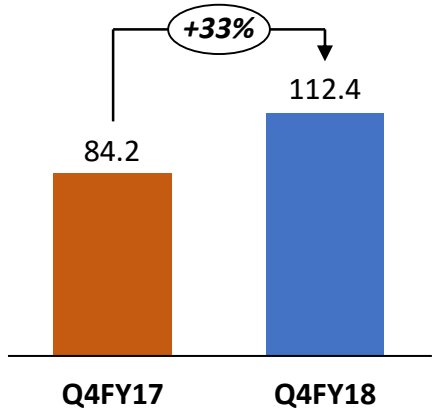
* As per IND-AS



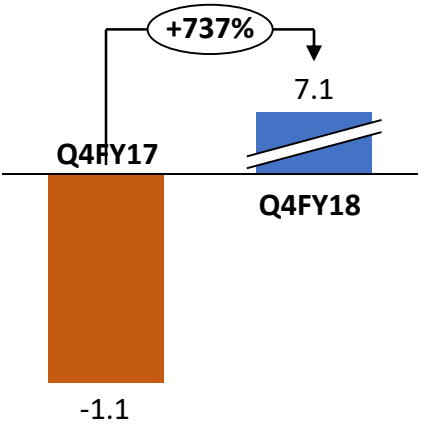
Sharp Turnaround in Business...

Q4FY18 vs Q4FY17

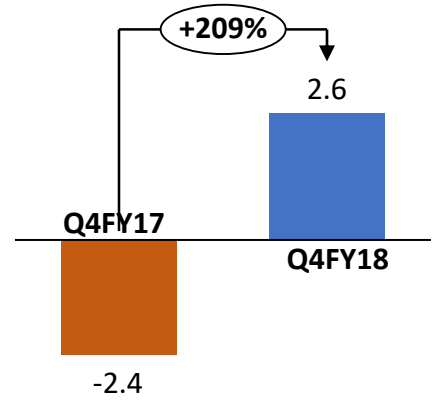
Billings (Rs. Cr)



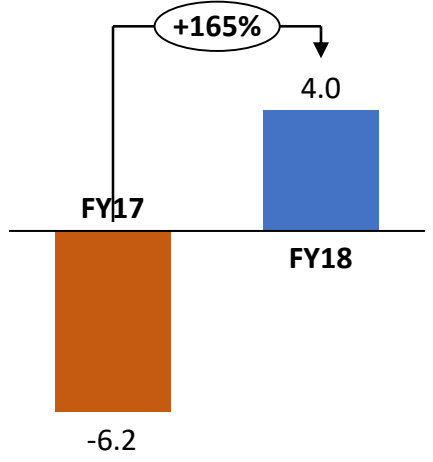
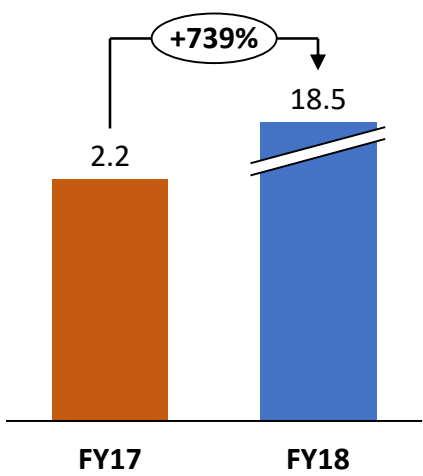
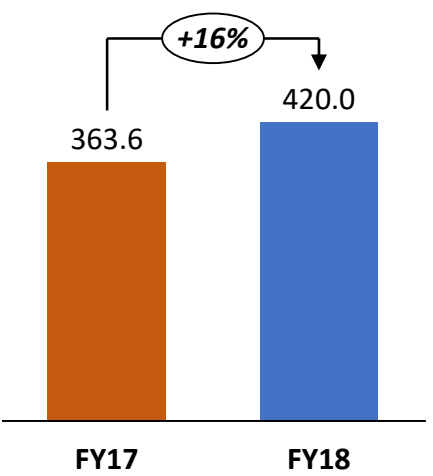
Normalized EBITDA (Rs. Cr)



PAT (Rs. Cr)



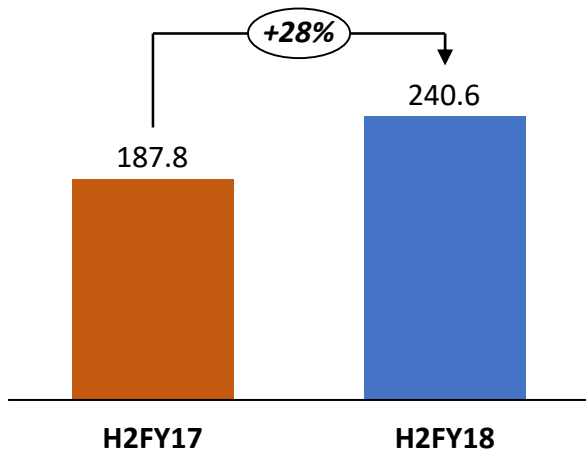
FY18 vs FY17



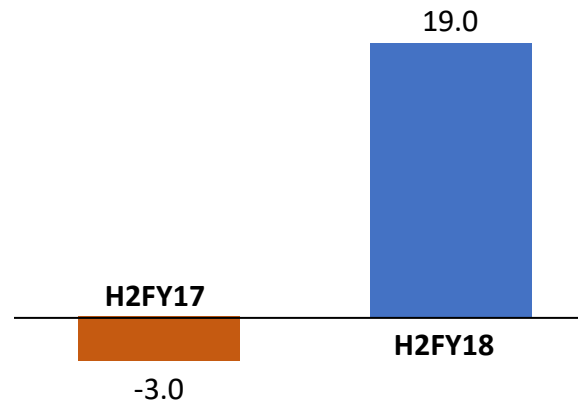


Led by a Strong Performance in H2FY18...

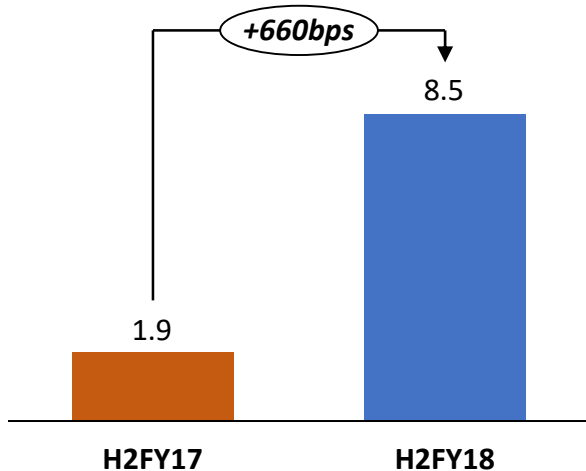
Billings (Rs. Cr)



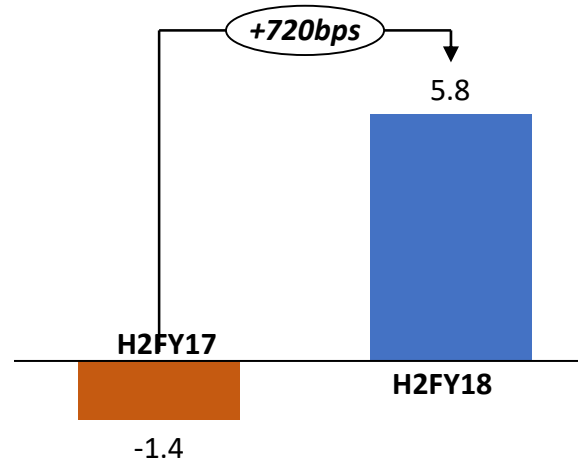
SSG (%)



EBITDA (%)



PBT (%)

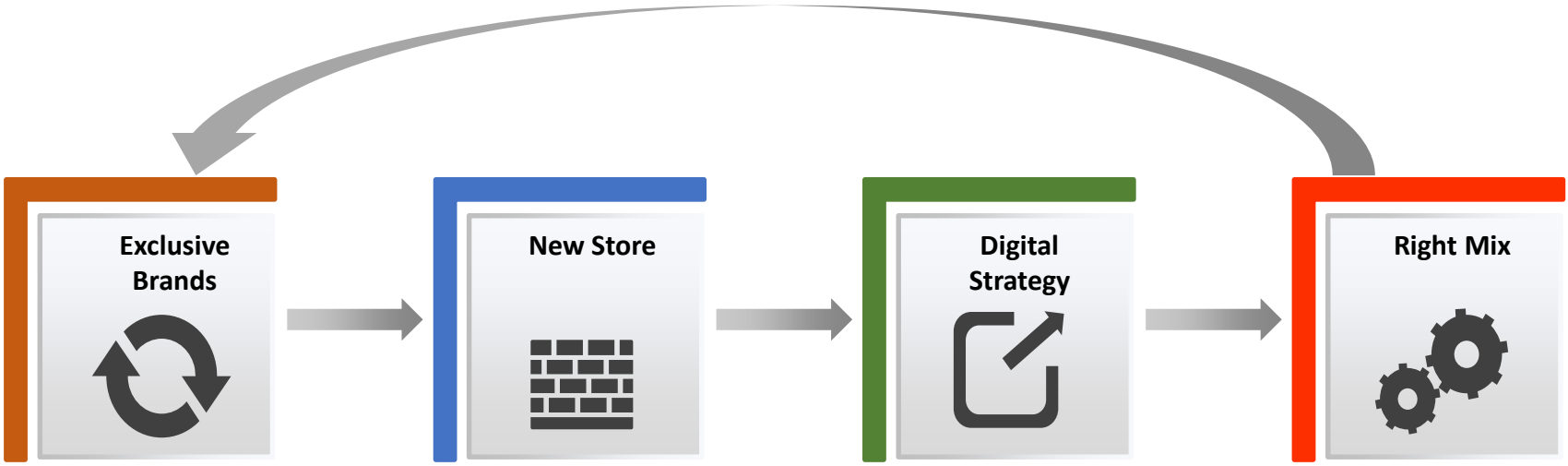


Strong H2 Performance

- FY18 Billings Growth stood at 16% on YoY basis while for H2FY18 it stood at 28% on YoY basis
- FY18 SSG grew at 10% on YoY basis while H2FY18 saw SSG of 19%
- EBITDA margin for FY18 stood at 4.5% while for H2 EBITDA margin stood at 8.5%
- **H2FY18 PERFORMANCE IS SUSTAINABLE GOING AHEAD**



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



New Store Openings

JLC Boutique, Chanakyapuri



Ethos Watches Boutiques, Indore

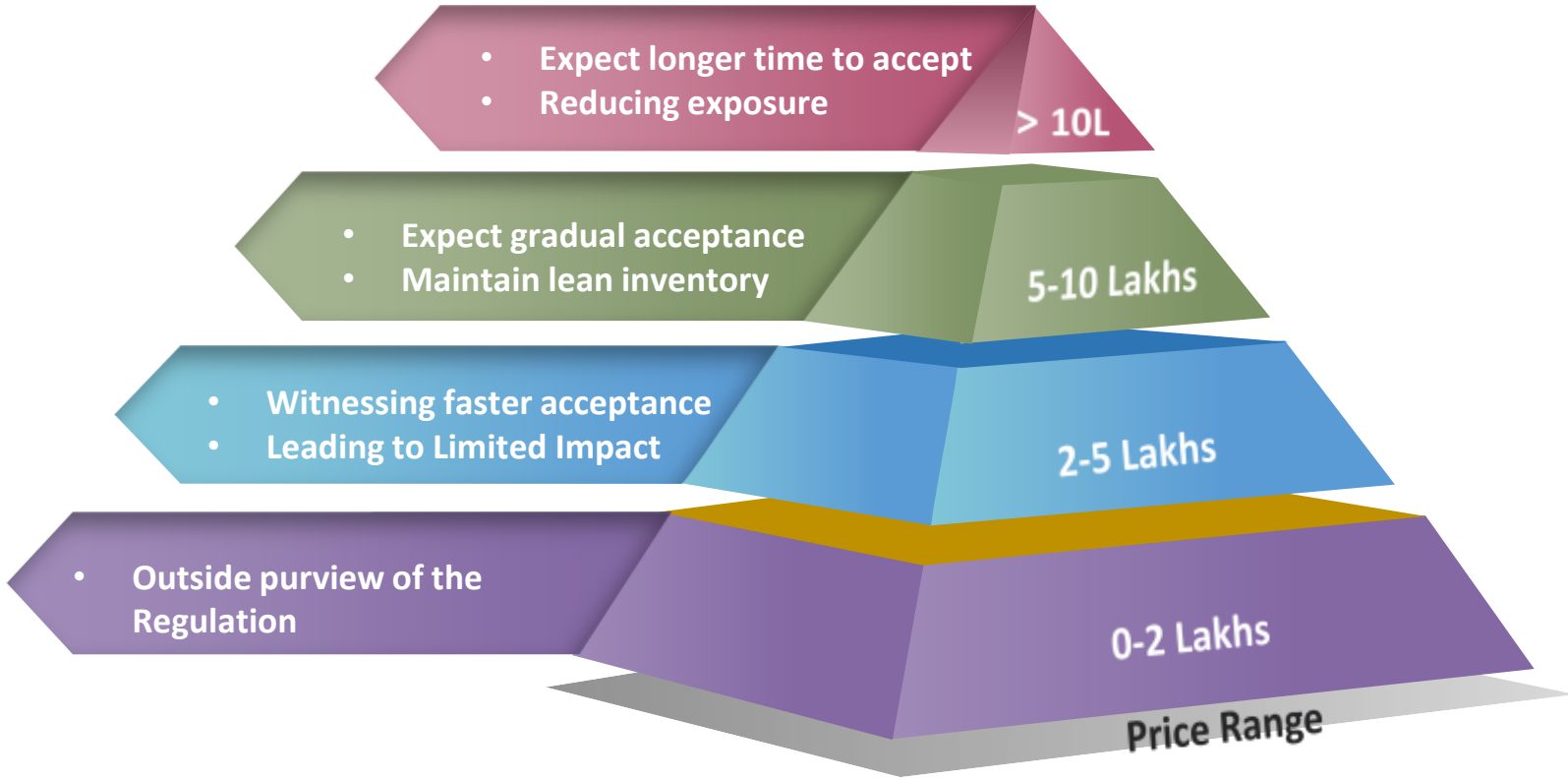




PAN Card Regulation : Adapting to Change

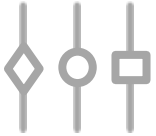
With effect from 1st January, 2016, Income Tax department made it mandatory to quote Permanent Account Number (PAN) for all transactions of amount exceeding Rs. 2 lakh, irrespective of mode of payment.

'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



COMPETITIVE PRICING

- Best and latest collections from various Brands
- Prices are competitive with retailers from around the World

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



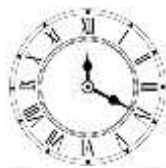
Knowledge

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



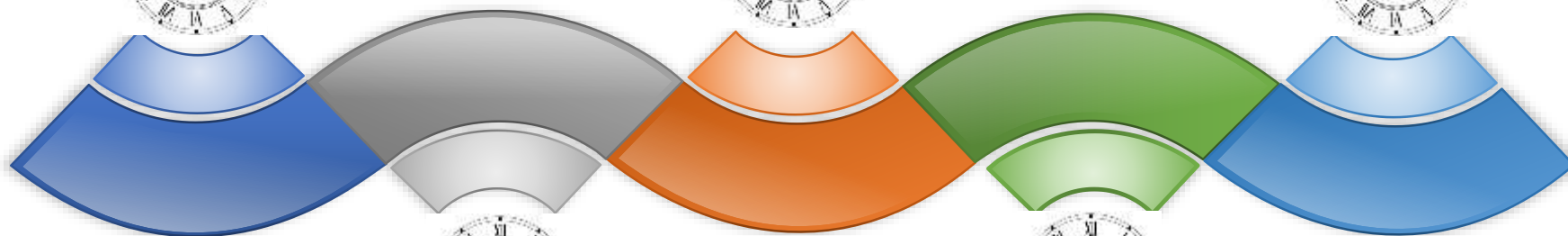
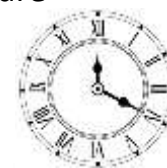
One-stop shop

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



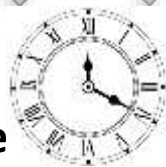
Mind Share

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**



KDDL & Ethos: Moved up the Value Chain



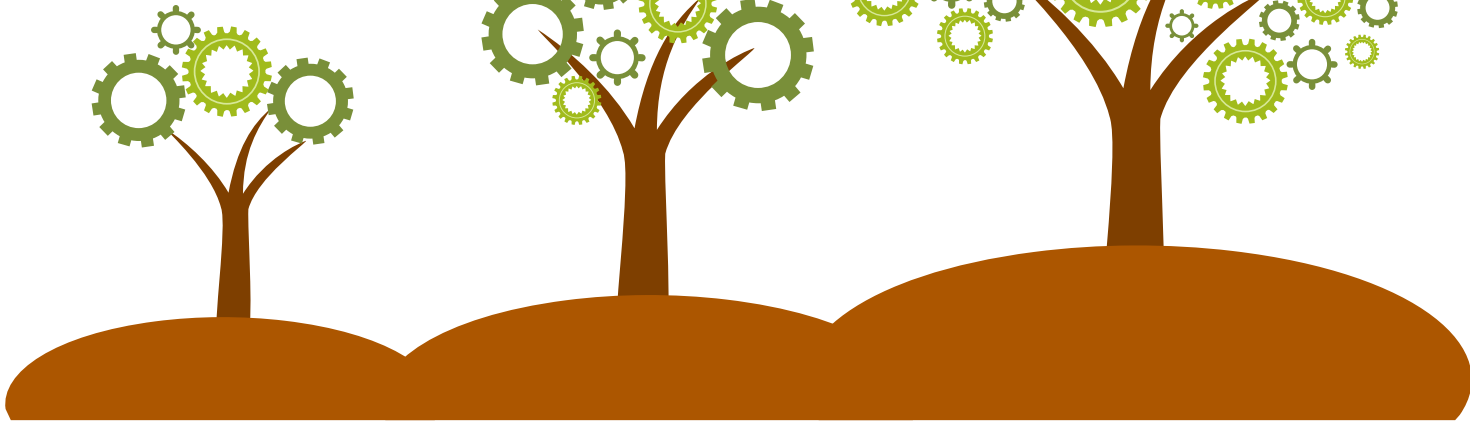
**The Largest & Preferred Retailer of
Swiss Watches in India**



**Forayed in Watch
Retailing**



**Started as a Watch
Components Manufacturer**





Ethos - P&L as per IND-AS

Particulars (Rs. Crores)	Q4FY18	Q4FY17	YoY %	FY18	FY17	YoY %
Revenue	97.4	75.5	29%	357.8	327.0	9%
Cost of Goods Sold	71.5	59.8		271.8	253.4	
Gross Profit	25.8	15.7	64%	86.1	73.6	17%
Employee Expenses	6.0	5.1		22.6	20.6	
Other Expenses	13.9	11.5		47.5	49.7	
EBITDA	5.9	-0.8	851%	15.9	3.3	387%
Margin (%)	6.1%	-1.0%		4.5%	1.0%	
Interest	1.5	1.8		6.6	8.1	
Depreciation	1.3	0.8		4.1	3.8	
PBT	3.1	-3.4		5.3	-8.7	
Tax	0.5	-1.0		1.2	-2.4	
PAT	2.6	-2.4	209%	4.0	-6.2	165%
Cash PAT	3.9	-1.6	349%	8.1	-2.4	432%



Ethos - Reconciliation to Normalised EBITDA

Particulars (Rs. Crores)*	FY18	FY17
Revenue	357.8	327.0
Cost of Goods Sold	271.8	253.4
Employee Expenses	22.6	20.5
Other Expenses	44.9	50.8
Normalized EBITDA	18.5	2.2
<i>Normalized EBITDA Margin</i>	<i>5.2%</i>	<i>0.7%</i>
Forex Items	2.0	-1.1
Credits written off	0.6	-
Reported EBITDA	15.9	3.3
<i>Reported EBITDA Margin</i>	<i>4.5%</i>	<i>1.0%</i>

Credits written off on account of change in taxation owing to GST Regime

*FY17 and FY18 as per IND-AS



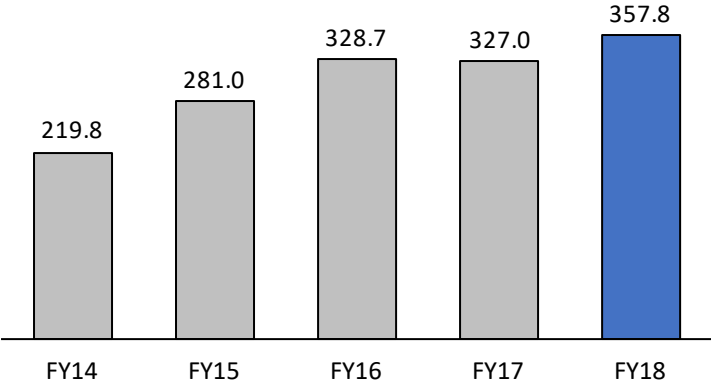
Ethos - Balance Sheet as per IND-AS

Rs. Crs	Mar-18	Mar-17
Shareholder's Fund	92	65
Share Capital	16	13
Reserves & Surplus	76	52
Non-current liabilities	13	12
Long Term borrowings	11	11
Long Term Provisions	1	1
Current liabilities	146	138
Short Term Borrowings	41	54
Trade Payables	77	65
Other Current liabilities	27	20
Short Term Provisions	0	0
Total Liabilities	250	215
Non-current assets	35	25
Fixed Assets	17	10
Long Term loans and Advances	13	10
Other Non Current Assets	5	5
Deferred Tax Asset	5	5
Current assets	210	185
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
Total Assets	250	215

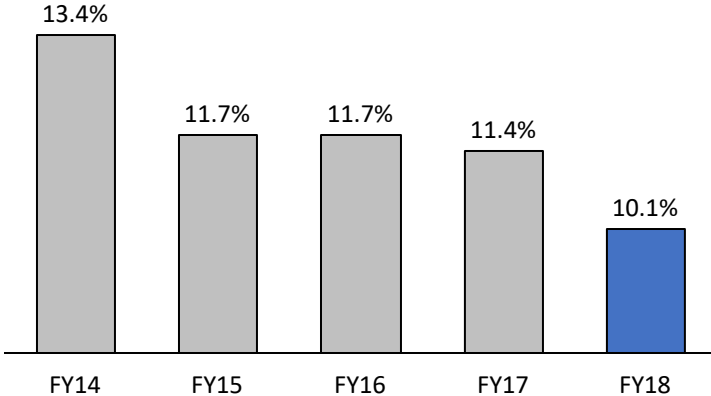


Ethos - Performance Trend*

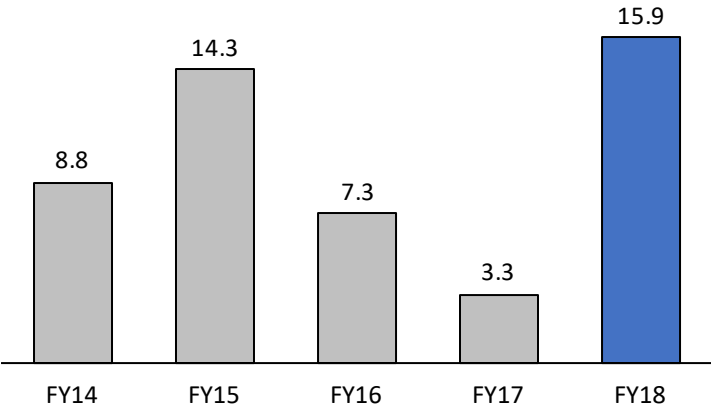
Revenue (Rs. Crs)



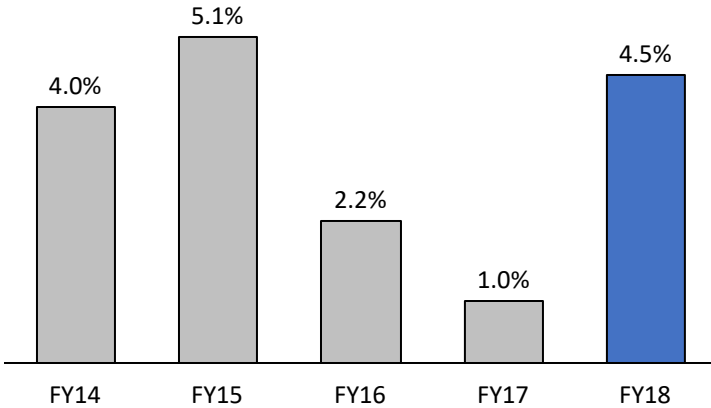
Front-end Rent & Manpower Cost as % of Revenue



EBITDA (Rs. Crs)



EBITDA Margin (%)

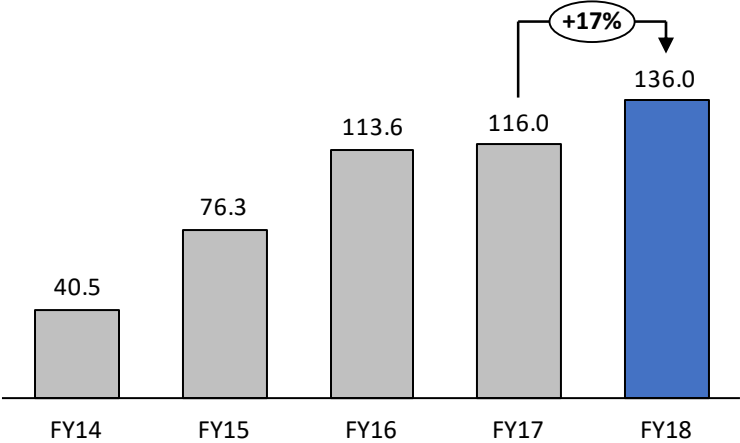


*FY17 and FY18 as per IND-AS

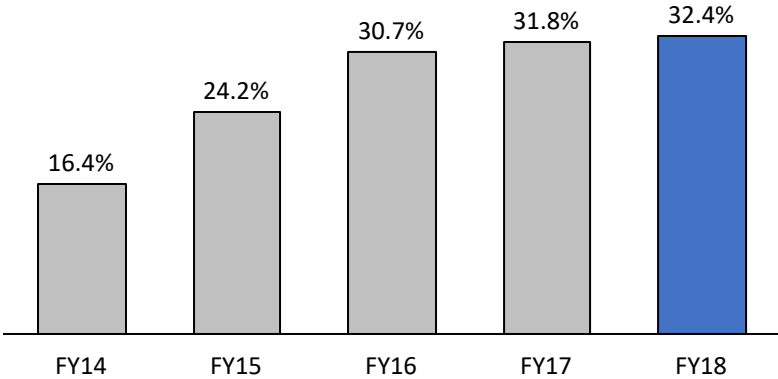


Ethos - Online Sales Trend

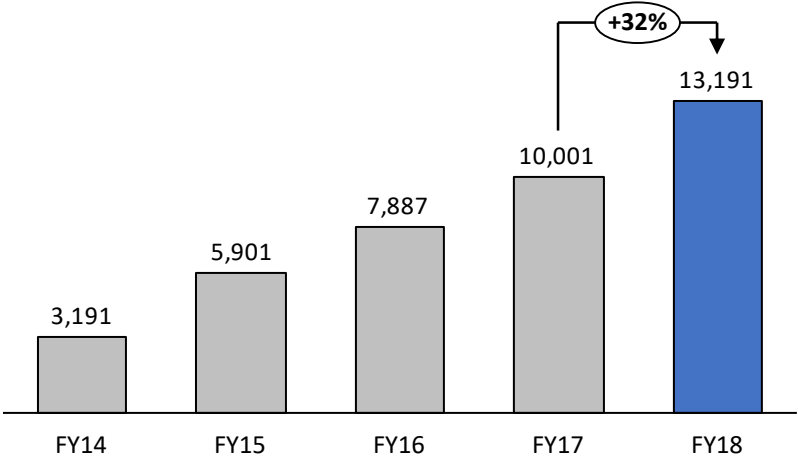
Online Billing (Rs. Crs)



Online – as % of Total Billing



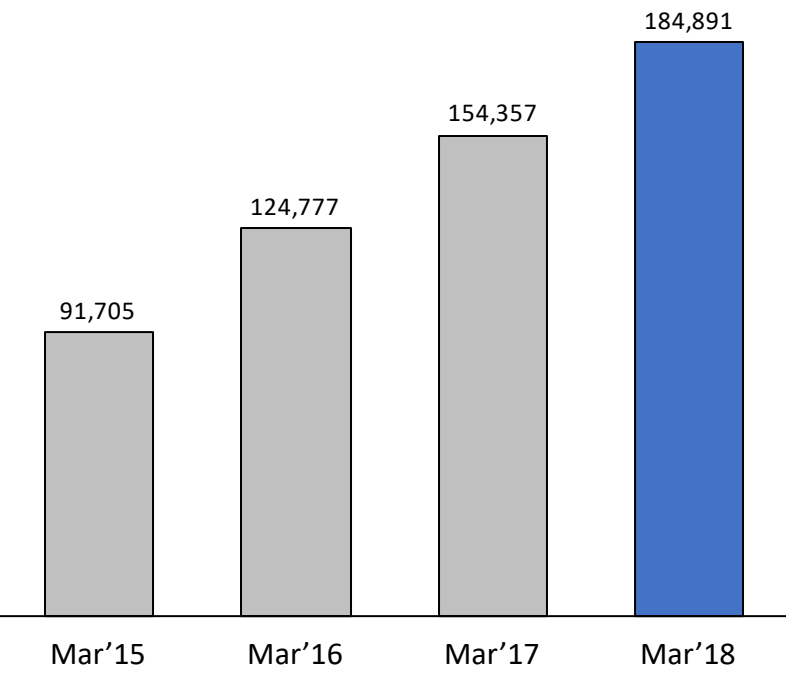
Visitors on website ('000)



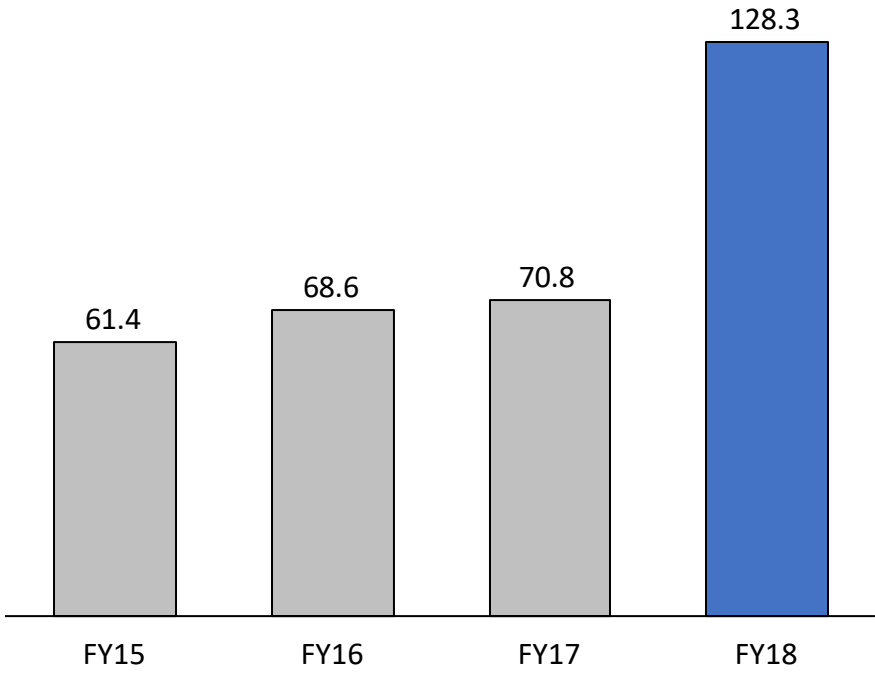


Ethos - Repeat Sales Trend

Club ECHO – Member Base



Repeat Billings (Rs. Crs)





Pan-India Presence with Offline Store Network



India's Largest retail chain of Luxury Watches with 43 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



Continued Investments in Advertising

Print Ads on Hindustan Times Main Page

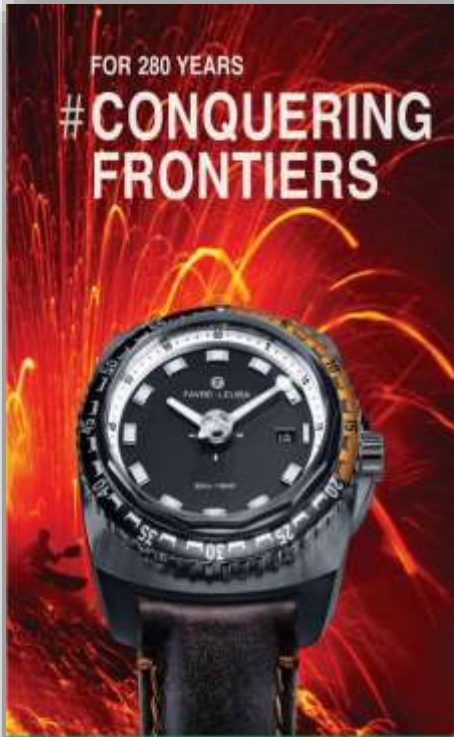


... with ETHOS co-branding



Continued Investments in Advertising

Print Ad on HT Mint



FAVRE-LEUBA
CONQUERING FRONTIERS

ēthos
WATCH BOUTIQUES

Favre Leuba has a history of 280 years of excellence and innovation in horology, the art of timekeeping. The Favre Leuba Raster Deep Blue shows this spirit magnificently. Discover this unique watch exclusively at Ethos Watch Boutiques - India's largest and most trusted luxury watch retailer. To know more about this watch just call our Luxury Watch Helpline at +91 8725028888, visit Ethoswatches.com, or simply walk into an Ethos Watch Boutique.

Bengaluru: The Collector, 138 City Mall
 Chennai: Grand Central Mall
 Hyderabad: Inorbit Mall
 Delhi: Select Citywalk Mall
 Mumbai: Sunnyside Grand Central @ Palladium Mall
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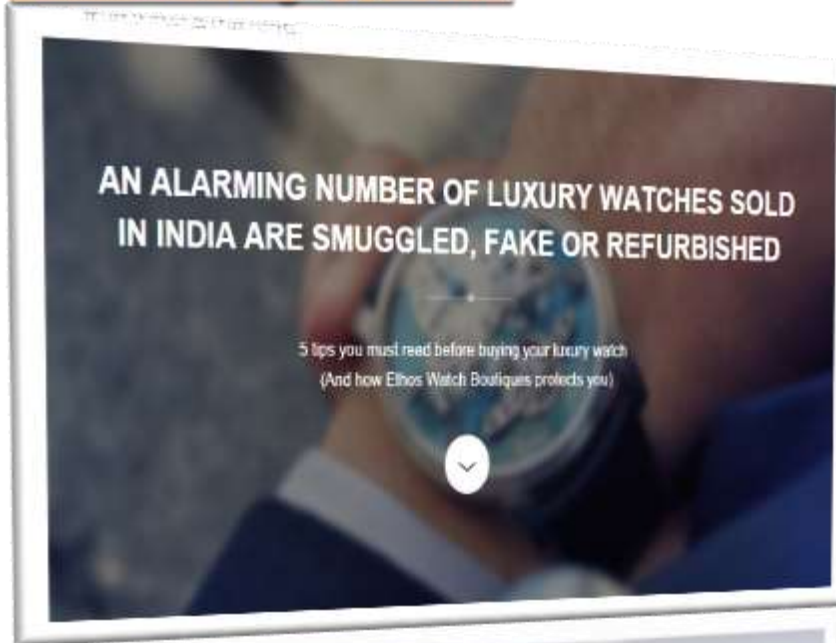
Ethos Watch Helpline: +91 87250 28888

... with ETHOS co-branding



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"



For further information, please contact:

Company :

Investor Relations Advisors :



Ethos Ltd.
CIN : U52300HP2007PLC030800

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