

KDDL Limited

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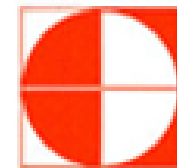
ETHOS Limited

ēthos
WATCH BOUTIQUES

Result Update Presentation

February 2019

Q3 & 9M FY19

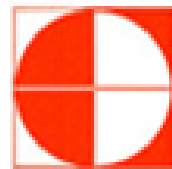


Safe Harbor

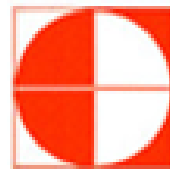
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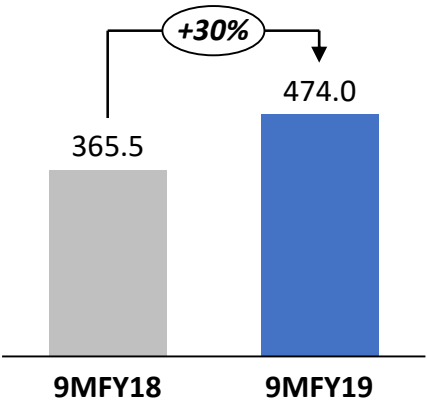
Our Performance



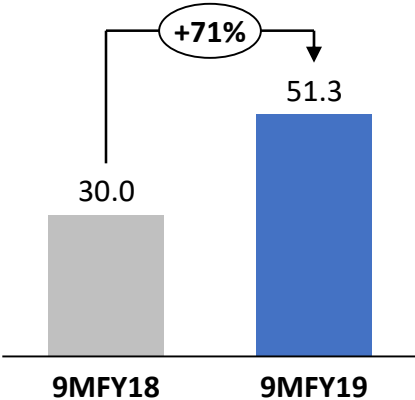
Business Momentum continues

Consolidated

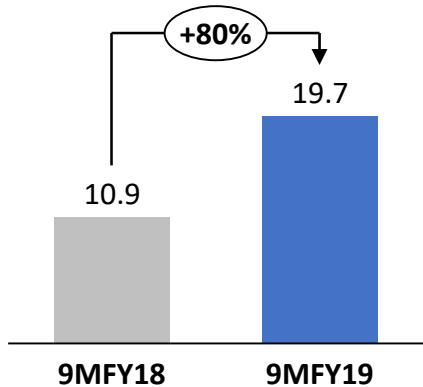
Revenue (Rs. Cr)



EBITDA (Rs. Cr)

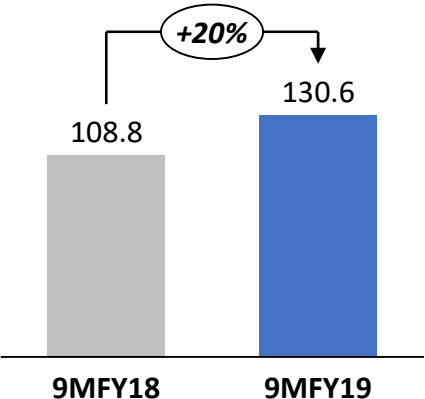


PAT After MI (Rs. Cr)

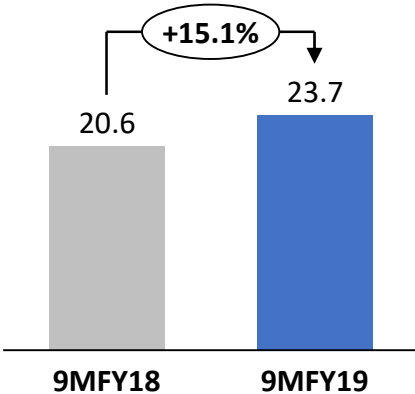


Standalone

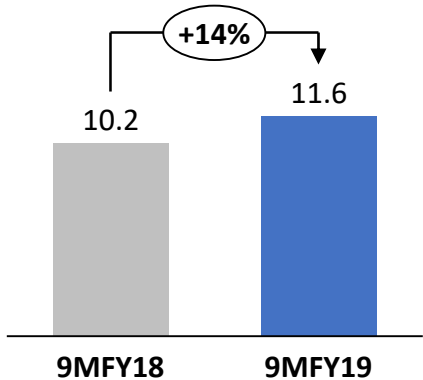
Revenue (Rs. Cr)

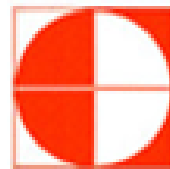


EBITDA (Rs. Cr)



PAT (Rs. Cr)





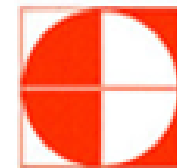
Performance snapshot

Manufacturing Highlights

- 1 Strong revenue growth at 20% on YoY basis for Q3FY19 and 9MFY19, PAT was impacted in Q3FY19 on account of higher investments in Employees in view of future growth that the Business envisages
- 2 Commenced the operations for our precision Engineering unit, Eigen at Aerospace in Bengaluru
- 3 We acquired 100% equity of a hands manufacturing company in Switzerland, Estima AG with a view to capture additional market share of customers in European market

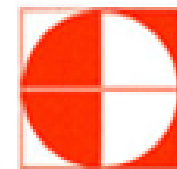
Retail Highlights

- 1 Received balance of Share application money in Ethos to the tune of ~Rs. 12cr
- 2 On a higher base of Q3FY18 we have grown at 20% backed by higher number of stores and strong inherent demand in Festive season
- 3 Reported record EBITDA margin of 10.6% in Q3FY19; confident to achieve ~10% EBITDA margins on annual basis over the next 2-3 years



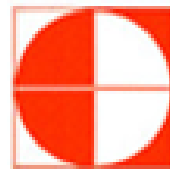
Profit & Loss

Rs. Crs	Consolidated			Standalone		
	9MFY19	9MFY18	YoY%	9MFY19	9MFY18	YoY%
Revenue	474.0	365.5	30%	130.6	108.8	20%
Cost of Goods Sold	278.5	221.4		31.1	26.4	
Gross Profit	195.5	144.1	36%	99.5	82.4	21%
Employee Expenses	61.7	48.4		38.4	31.1	
Other Expenses	82.6	65.6		37.4	30.7	
EBITDA	51.3	30.0	71%	23.7	20.6	15%
Margin (%)	10.8%	8.2%		18.2%	18.9%	
Other Income	4.0	5.0		3.0	3.6	
Interest	10.6	9.2		4.2	3.9	
Depreciation	9.8	8.9		5.8	5.6	
PBT	34.9	16.9	107%	16.7	14.8	13%
Tax	12.5	5.4		5.2	4.7	
PAT	22.4	11.5	95%	11.6	10.2	14%
Minority Interest	2.8	0.6		-	-	
PAT after Minority Interest	19.7	10.9	80%	11.6	10.2	14%
Cash PAT	29.5	19.8	49%	17.4	15.7	10%



Balance Sheet

Rs. Crs	Consolidated		Standalone	
	Sep-18	Mar-18	Sep-18	Mar-18
Shareholder's Fund	205.8	161.6	159.7	130.3
Share Capital	11.3	11.0	11.3	11.0
Reserves & Surplus	157.8	121.0	148.4	119.3
Non Controlling Interest	36.6	29.7		-
Non-current liabilities	60.9	49.4	41.0	35.4
Long Term borrowings	56.7	46.0	38.8	33.5
Long Term Provisions	4.2	3.4	2.3	1.9
Current liabilities	196.9	211.0	55.4	64.7
Short Term Borrowings	48.0	63.5	5.2	22.6
Other Financial Liabilities	41.1	47.8	24.1	23.6
Trade Payables	95.9	86.3	20.6	15.0
Other Current liabilities	10.2	12.5	3.8	2.8
Short Term Provisions	1.8	0.8	1.8	0.8
Total Liabilities	463.5	422.0	256.1	230.4
Non-current assets	141.4	132.4	158.0	153.3
Fixed Assets	116.2	107.8	90.1	84.0
Intangible Assets	1.0	0.8	0.8	0.6
Long Term loans and Advances	15.5	13.6	69.9	69.3
Other Non Current Assets	6.1	7.0	0.9	1.8
Deferred Tax Asset	2.5	3.2	-3.7	-2.3
Current assets	322.1	289.6	98.0	77.2
Inventories	214.5	201.2	28.8	27.1
Trade Receivables	38.0	32.6	33.3	28.6
Cash and Bank Balances	37.0	18.0	27.2	8.5
Short Term Loans and Advances	4.6	4.9	2.1	2.6
Other Current Assets	28.0	32.9	6.7	10.3
Total Assets	463.5	422.0	256.1	230.4



Acquired “Estima AG” in Switzerland

About Estima AG

- Estima was established as a maker of watch hands in Switzerland in 1924
- It was a leading supplier to Swiss and other European watch brands in the mid-priced segment and enjoyed an excellent reputation
- However, over last 10 years, it was unable to keep up with market changes and lost market share leading to declining turnover and mounting losses

Strategic Rationale

- Estima was a competitor of the Company in the business of watch hands manufacturing
- Has a well established name, valuable production infrastructure and will be serve as a good platform to establish a foothold in Swiss watch component manufacturing
- Will help capture additional market share of customers in European market serviced by Estima



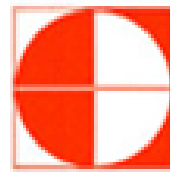
Acquisition of “Estima AG”

Deal Structure

- Acquiring 100% holding of Estima
- Cash – CHF 4,00,000 for 100 % Shares
- The cut-off date for acquisition by new management is 7th January, 2019

Financials

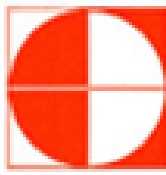
- Current Turnover : CHF 1.8 – 2.0 million



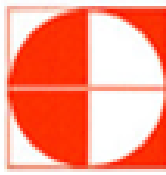
New Store opening in Thane, Maharashtra



Opened a RADO Boutique at Viviana Mall in Thane, Maharashtra



Manufacturing Business Overview



Watch Dials

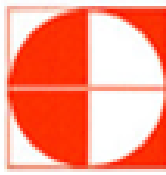
- Commercial operations began in 1983
- Leading Global supplier of Watch Dial serving many well-known brands all over the world
- Manufacturing facilities located at Parwanoo & Derabassi, near Chandigarh in India
- Capability to manufacture dials with high & complex features

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



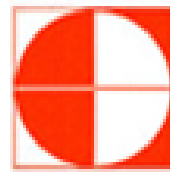
Capabilities

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

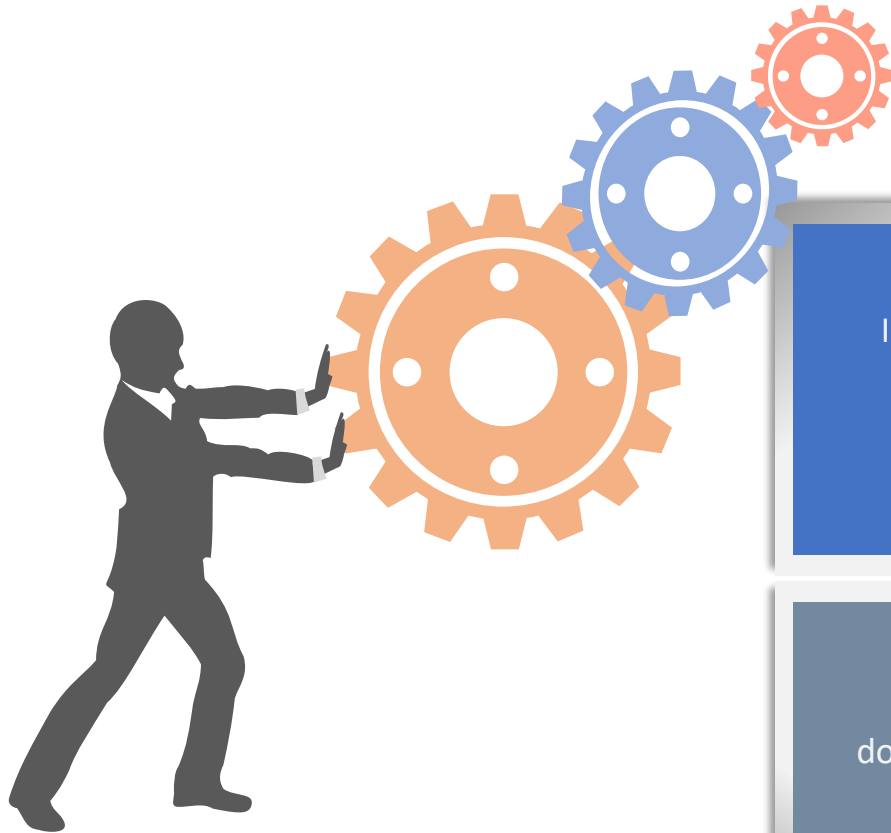


Customers

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

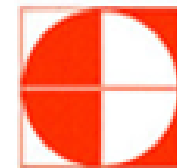
Injection Moulding,
Electroplating,
additional Stamping
capacity and Tool
Room upgrade

Margins

Strong RFQs
domestic & globally
to lead to high
margin

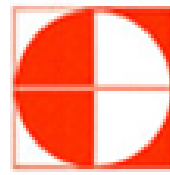
Clients

Automobiles,
Defence, Hitech
Engineering,
Aerospace,
Industrial
Components



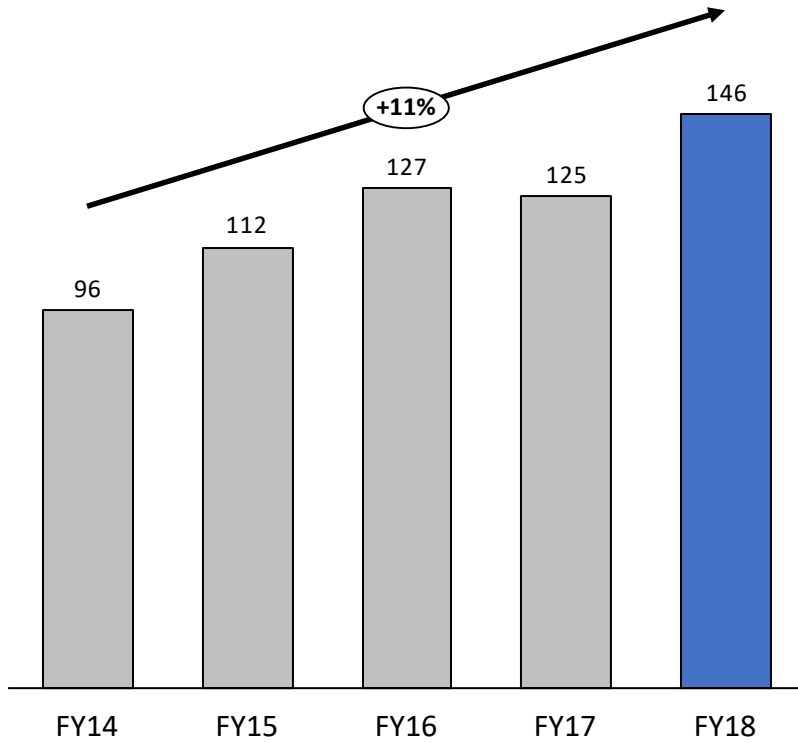
Manufacturing – Profit & Loss

Particulars (Rs. Crores)	Q3FY19	Q3FY18	YoY %	9MFY19	9MFY18	YoY%	FY18
Revenue	42.3	35.4	20%	130.6	108.8	20%	145.8
Cost of Goods Sold	9.5	7.9		31.1	26.4		33.7
Gross Profit	32.8	27.4	20%	99.5	82.4	21%	112.2
Employee Expenses	13.1	10.1		38.4	31.1		42.7
Other Expenses	12.7	10.5		37.4	30.7		42.1
Reported EBITDA	7.0	6.7	4%	23.7	20.6	15%	27.4
Margin (%)	16.6%	19.0%		18.2%	18.9%		18.8%
Other Income	1.1	2.0		3.0	3.6		4.8
Interest	1.3	1.2		4.2	3.9		4.8
Depreciation	2.0	1.9		5.8	5.6		7.4
PBT	4.9	5.7	-14%	16.7	14.8	13%	20.0
Tax	1.7	1.5		5.2	4.7		5.9
PAT	3.3	4.2	-23%	11.6	10.2	14%	14.1
Cash PAT	5.2	6.1	-15%	17.4	15.7	10%	21.5

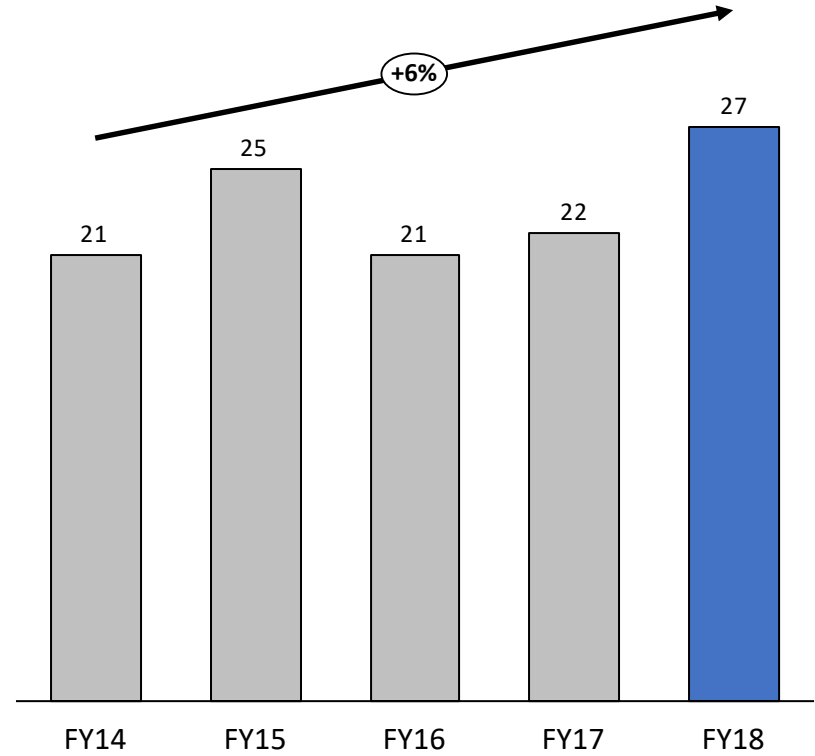


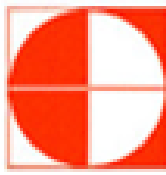
Stable Manufacturing Performance

Revenue (Rs. Crs)

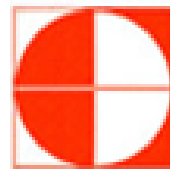


EBITDA (Rs. Crs)





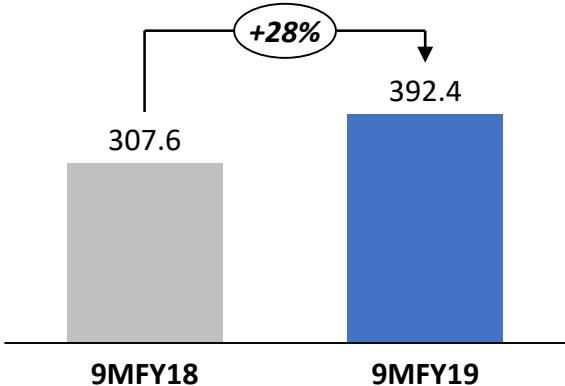
Ethos Overview & Performance



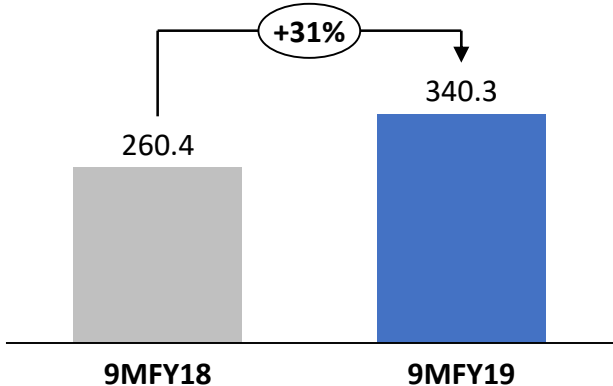
Strong Performance Continues

9MFY19 vs 9MFY18

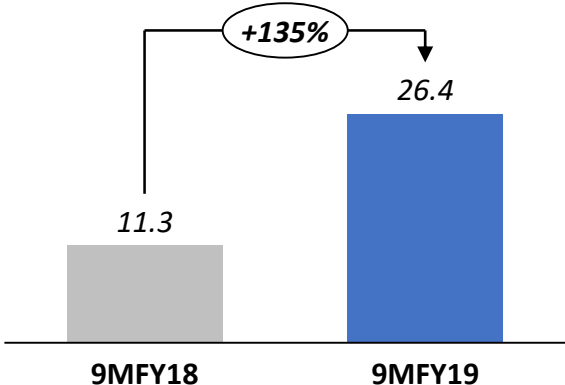
Billings (Rs. Cr)



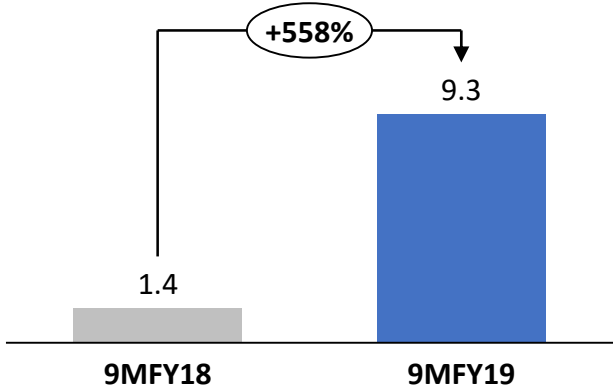
Revenue (Rs. Cr)

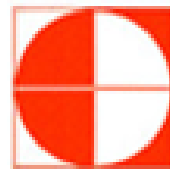


Normalized EBITDA (Rs. Cr)



PAT (Rs. Cr)

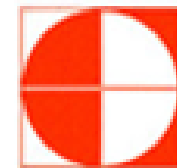




Ethos – Reconciliation to Normalised EBITDA

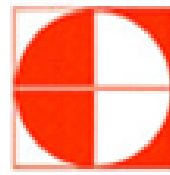
Particulars (Rs. Crores)	9MFY19	9MFY18
Revenue	340.3	260.4
Cost of Goods Sold	247.7	200.2
Employee Expenses	21.7	16.6
Other Expenses	44.5	32.3
Normalized EBITDA	26.4	11.3
Normalized EBITDA %	7.8%	4.3%
Forex Items	1.5	0.8
Credits written off	-	0.6
Provision for Legal case	1.0	-
Reported EBITDA #	24.0	9.9

Certain costs were upfronted in 9MFY19 and are non-recurring in nature



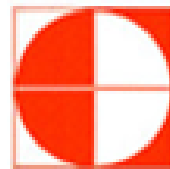
Ethos – Profit & Loss

Particulars (Rs. Crores)	Q3FY19	Q3FY18	YoY %	9MFY19	9MFY18	YoY %	FY18
Revenue	128.7	107.1	20.1%	340.3	260.4	30.7%	357.7
Cost of Goods Sold	91.4	80.5		247.7	200.2		271.8
Gross Profit	37.3	26.7		92.6	60.2		86.0
Employee Expenses	7.4	5.9		21.7	16.6		22.6
Other Expenses#	16.3	9.5		46.9	33.6		47.5
Reported EBITDA	13.6	11.3	20.1%	24.0	9.9	141.5%	15.8
Margin (%)	10.6%	10.6%		7.0%	3.8%		4.4%
Other Income	0.0	0.0		0.1	0.1		0.1
Interest	1.8	1.6		5.7	5.0		6.6
Depreciation	1.2	0.9		3.5	2.8		4.1
PBT	10.6	8.8	20.3%	15.0	2.2	587.0%	5.3
Tax	4.2	2.8		5.7	0.8		1.2
PAT	6.4	6.0	6.7%	9.3	1.4	557.9%	4.0
Cash PAT	7.7	7.0	10.0%	12.7	4.2	203.2%	8.1



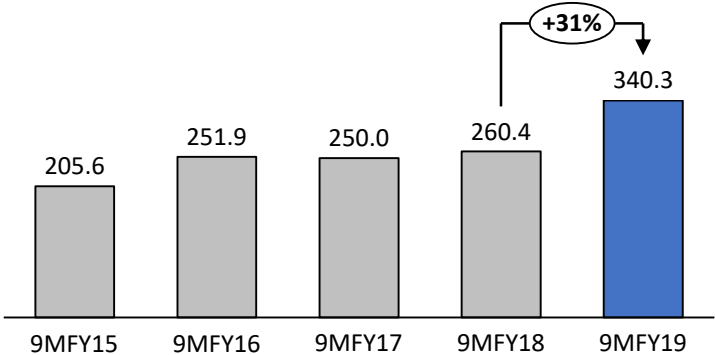
Ethos - Balance Sheet as per IND-AS

Rs. Crs	Sep-18	Sep-17
Shareholder's Fund	106	67
Share Capital	16	14
Reserves & Surplus	90	53
Non-current liabilities	13	13
Long Term borrowings	12	12
Long Term Provisions	2	1
Current liabilities	147	156
Short Term Borrowings	43	50
Trade Payables	81	90
Other Current liabilities	24	15
Short Term Provisions	0	0
Total Liabilities	267	236
Non-current assets	43	37
Fixed Assets	19	12
Long Term loans and Advances	14	12
Other Non Current Assets	6	6
Deferred Tax Asset	5	7
Current assets	223	199
Inventories	183	156
Trade Receivables	7	13
Cash and Bank Balances	9	7
Short Term Loans and Advances	4	3
Other Current Assets	21	19
Total Assets	267	236

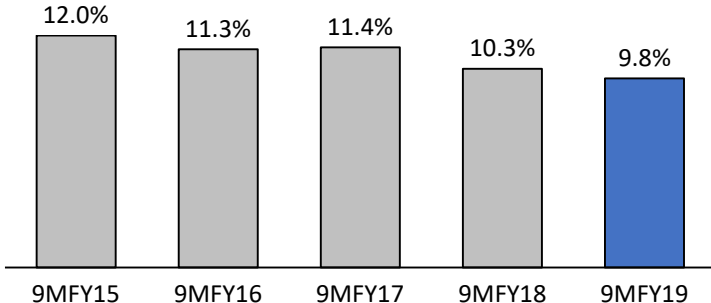


Ethos - Performance Trend*

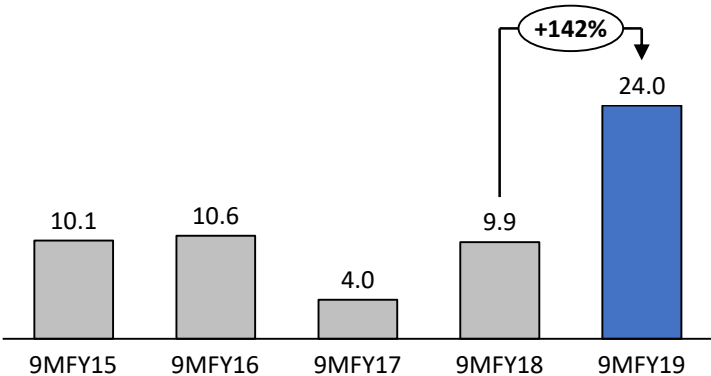
Revenue (Rs. Crs)



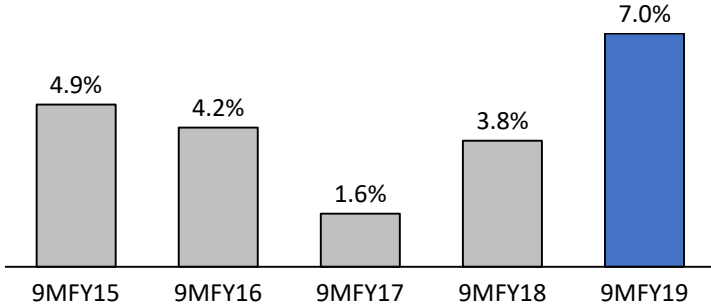
Front-end Rent & Manpower Cost as % of Revenue#



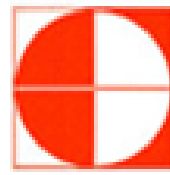
EBITDA (Rs. Crs)



EBITDA Margin (%)

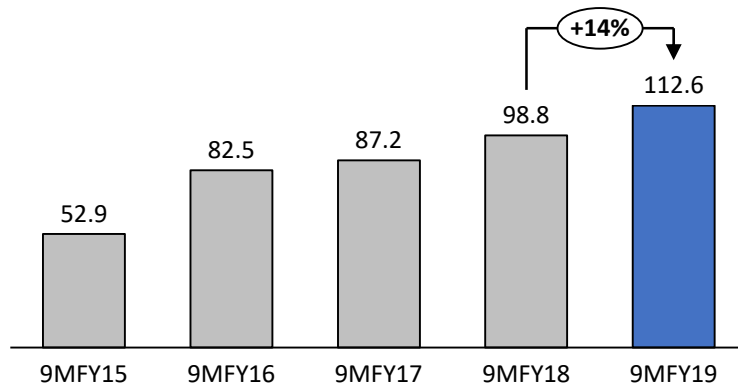


*FY18 and FY19 financials are as per IND AS
Certain costs were upfronted in 9MFY19 and are non-recurring in nature

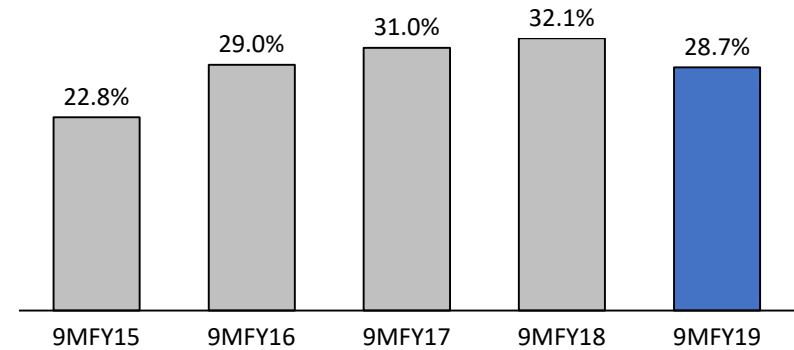


Ethos - Online Sales Trend

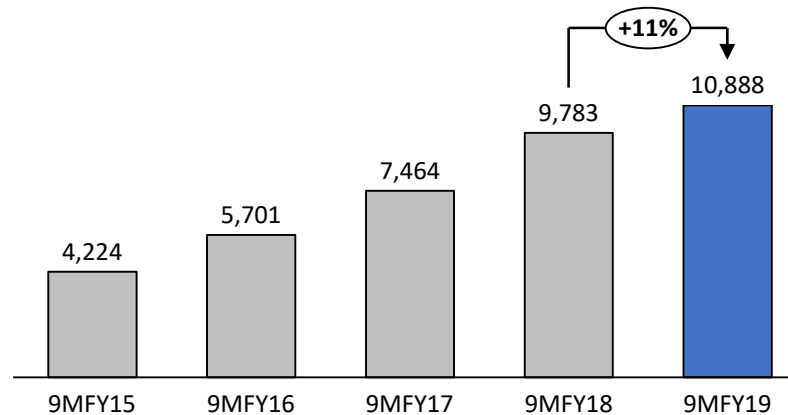
Online Billing (Rs. Crs)

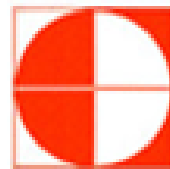


Online – as % of Total Billing



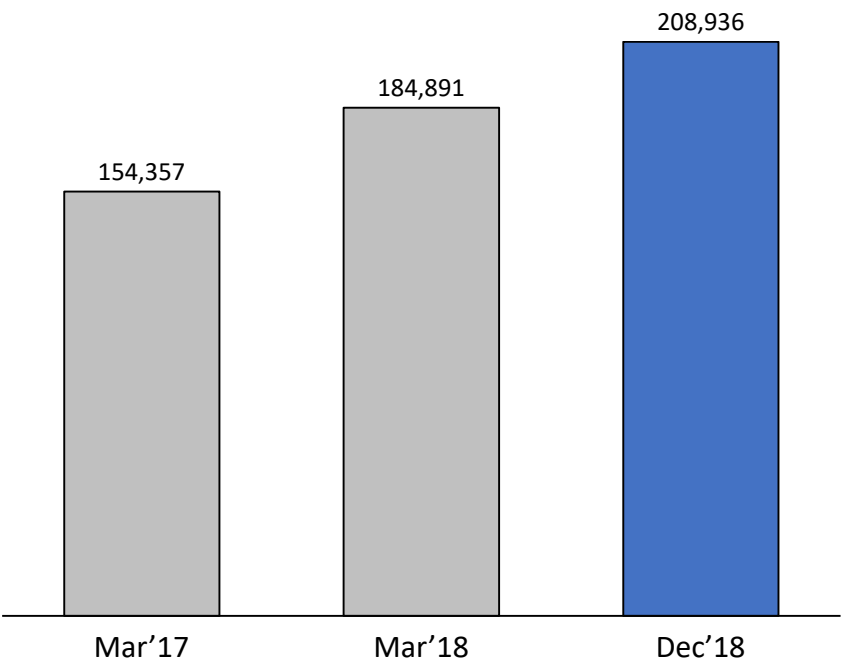
Visitors on website ('000)



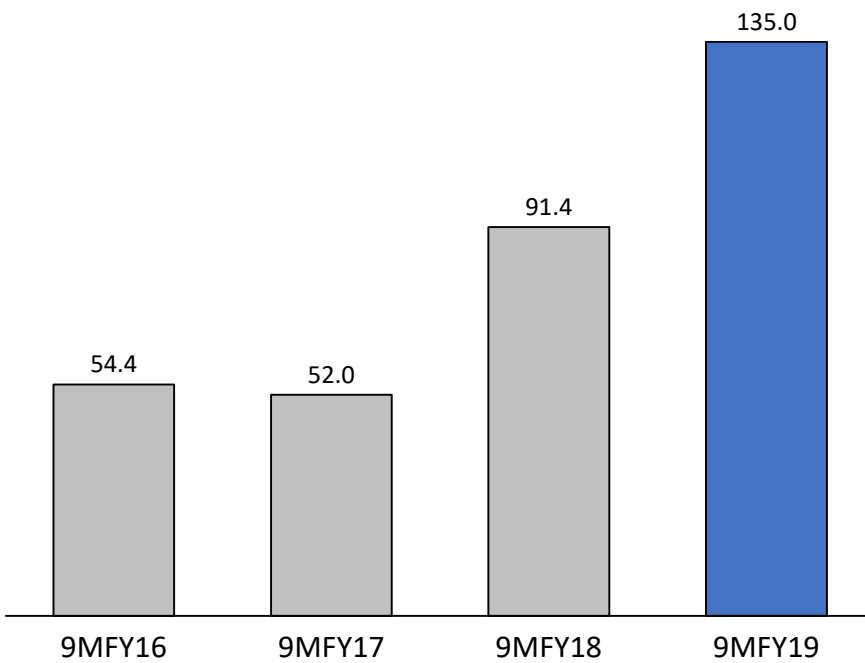


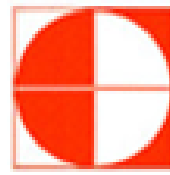
Ethos - Repeat Sales Trend

Club ECHO – Member Base

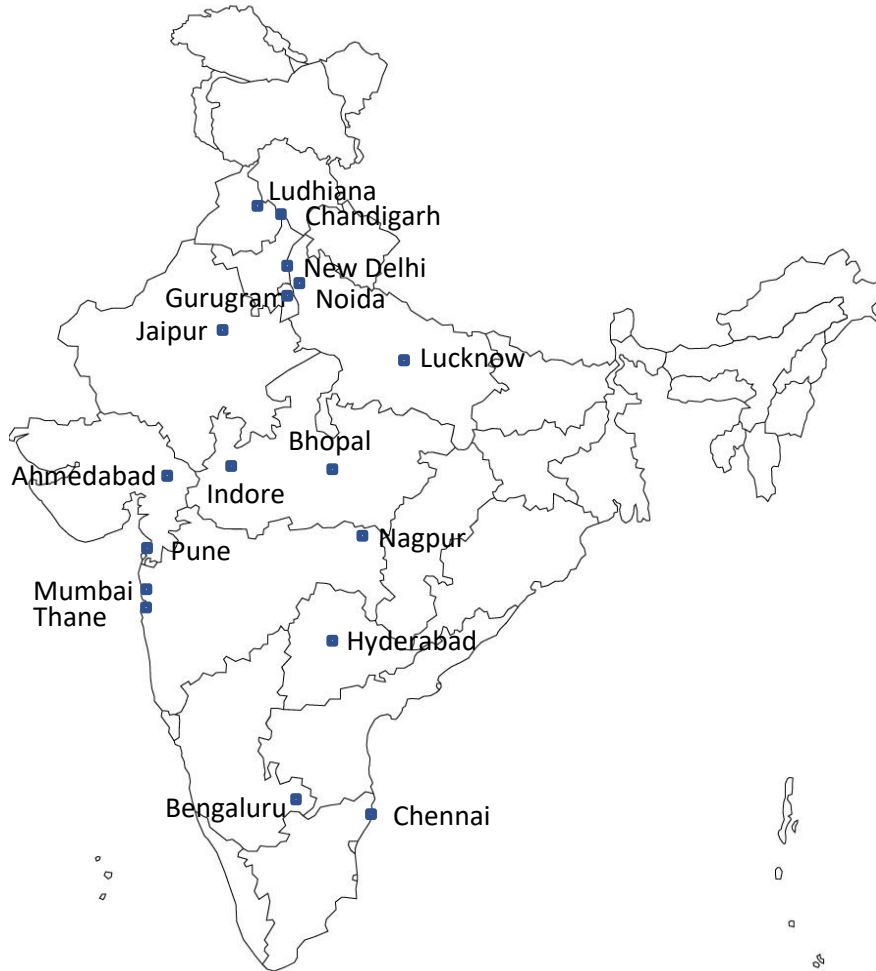


Repeat Billings (Rs. Crs)





Pan-India Presence with Offline Store Network



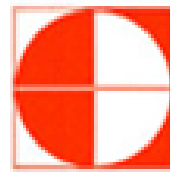
India's Largest retail chain of Luxury Watches with 47 stores

Presence across Metros, Tier I, Tier II cities

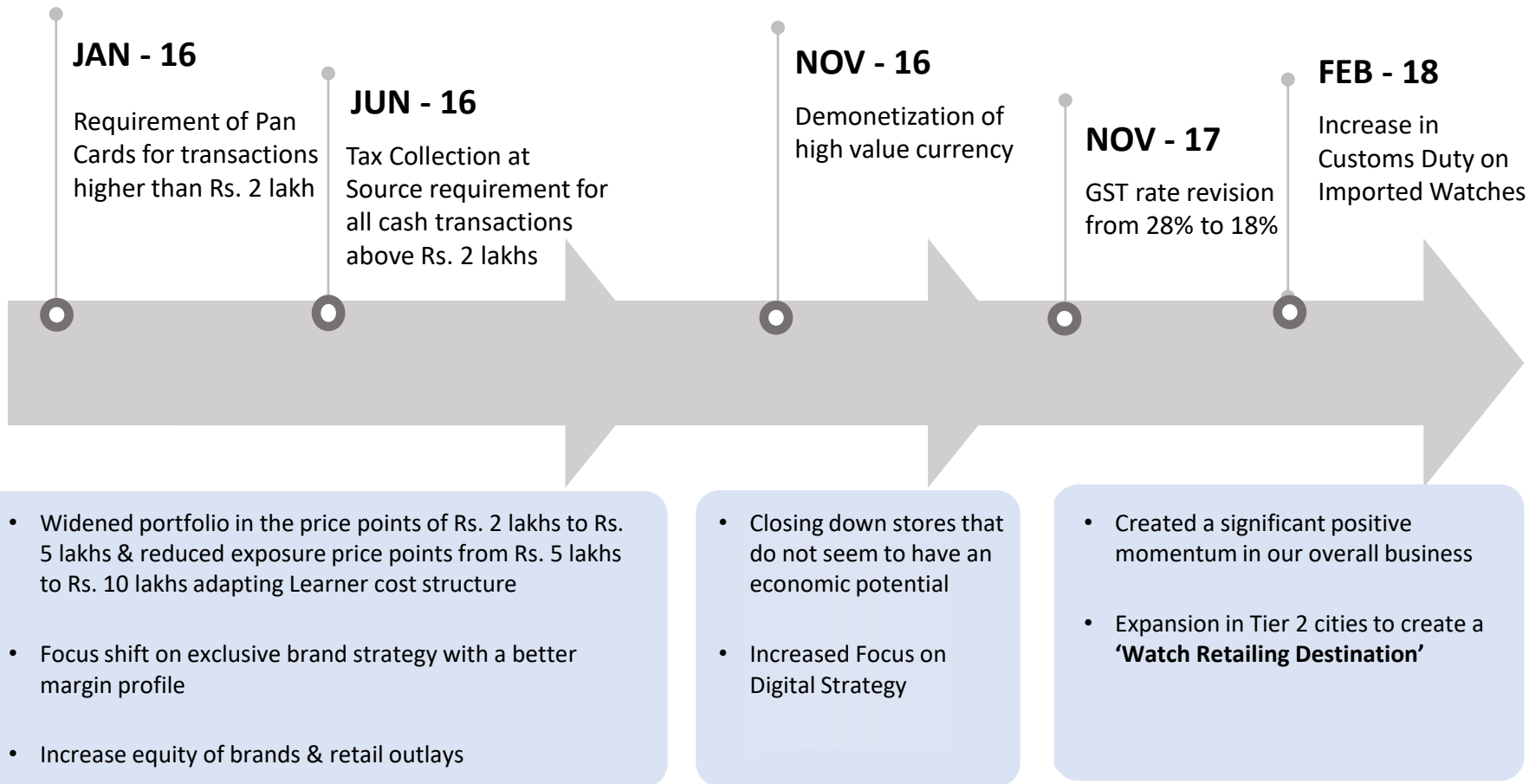
1 Duty Paid Retail Outlet at Domestic Terminals

2 Duty Free Retail Outlets at International Terminals

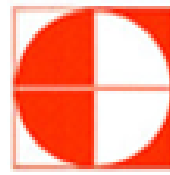
Store Selection Criteria :
Reputed /Pedigree Mall at Premium location where other Premium brands present and having better facility management



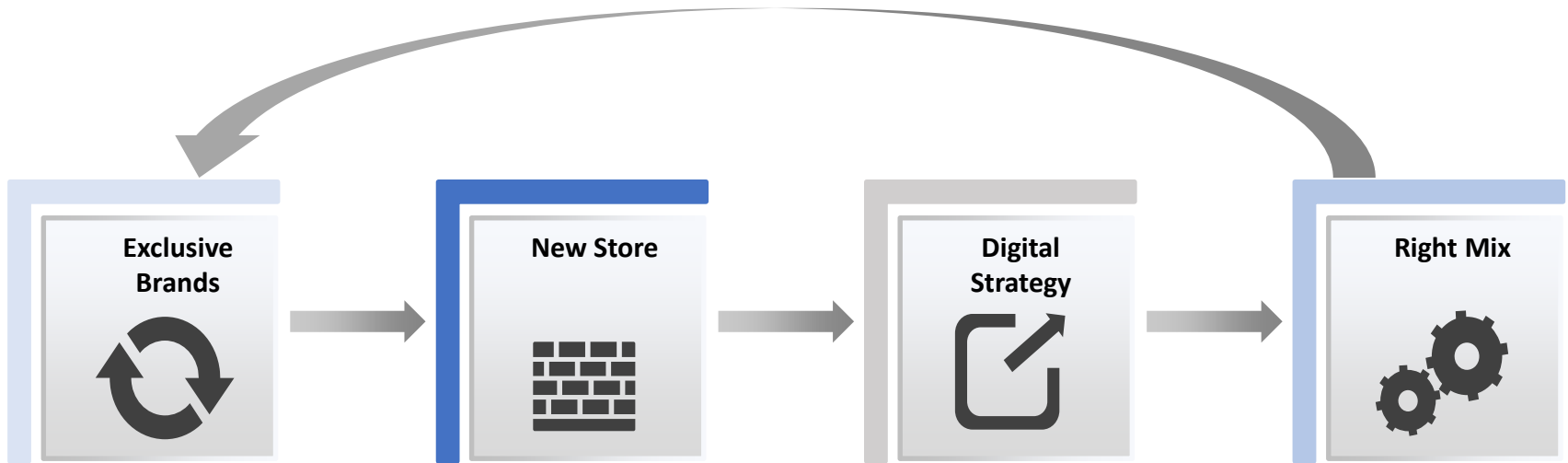
Regulatory Headwinds of the Past...



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



thus validating our Business Strategy

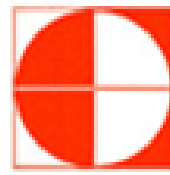


- Higher share of Business from Exclusive Brands

- 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.



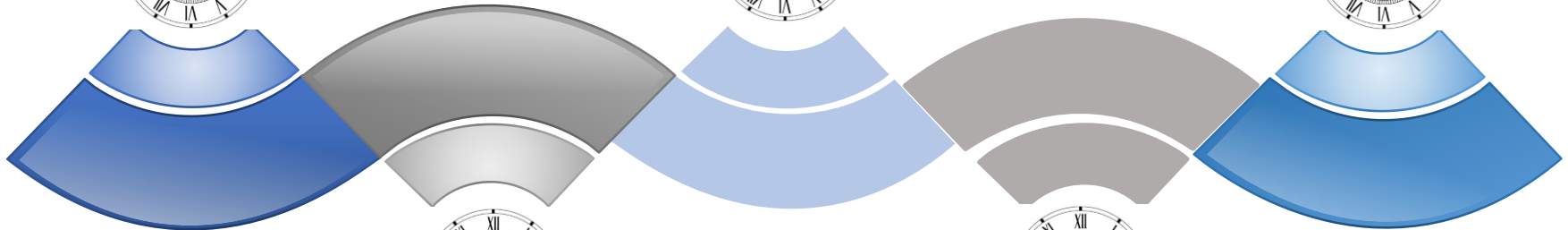
One-stop shop

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

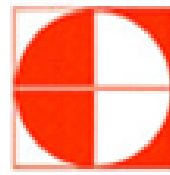
Ethos makes Swiss Watches 'Available Online' in a confluence of Online-Offline model helping us to leverage the strength of Swiss Watch Brands and our wide Distribution Reach



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**

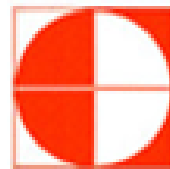
Reduce Front-End Cost like Manpower and Rental expenses

**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...

ROLEX
THE DAY-DATE 40

The traditional symbol of performance and success, interpreted with a modernist design and a contemporary technical movement. It comes with 100 hours of self-winding.

ēthos
SUMMIT

ROLEX BOUTIQUE
6/50, THE CHANDRAVA PALLE, CHANDRABABUNAGARI - NEW DELHI
TEL: 011-26166200 | 011-26166201

ETHOS BANGALORE
6/14, RAJESH KAPURIA ROAD, SAKET - NEW DELHI
TEL: 011-46166200 | 011-46166201

ENTER PARIPATNA, CHENNAI 600 032

JAEGER-LECOULTRE

**JAEGER-LECOULTRE POLARIS
AUTOMATIC**

THE REBIRTH OF AN ICON

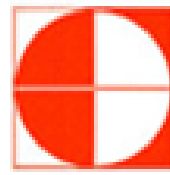
First introduced in 1956 as a silver's watch, the Jaeger-LeCoultre Polaris is brought back to life 60 years later in a contemporary version, equipped with the Manufacture Calibre J19621, as part of the new Jaeger-LeCoultre Polaris collection designed, manufactured and assembled in France.
www.jaeger-lecoultre.com

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Summit

The Chandraha Mall, New Delhi, PIN 1100280000
Patalon Mall, Mumbai, PIN 4000120272

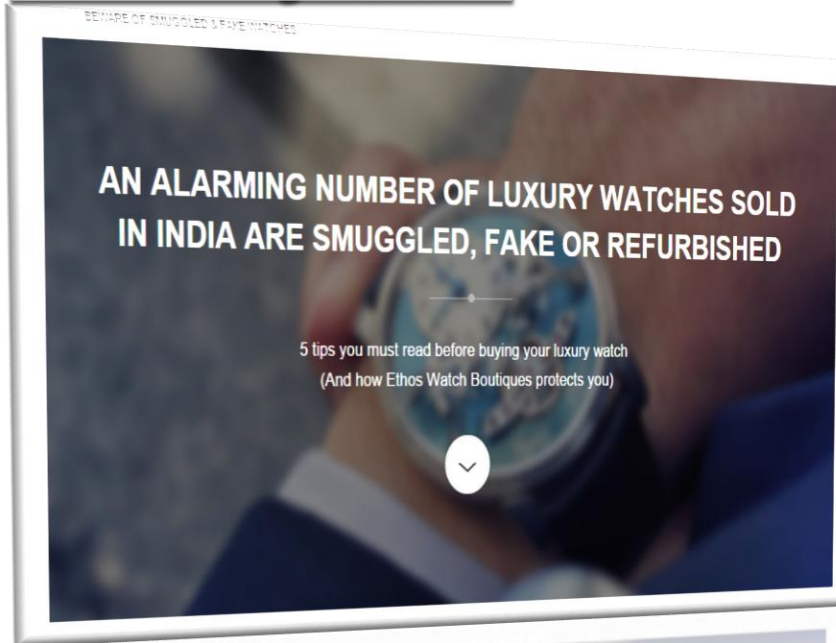


... with **ETHOS** co-branding



and TRUST CAMPAIGN across channels...

Online through website



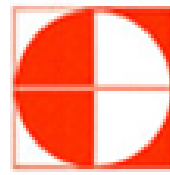
Offline through Print



... to Educate consumers about Watches

... to Create Awareness about unscrupulous activities

... To Reinforce our "ETHOS"



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



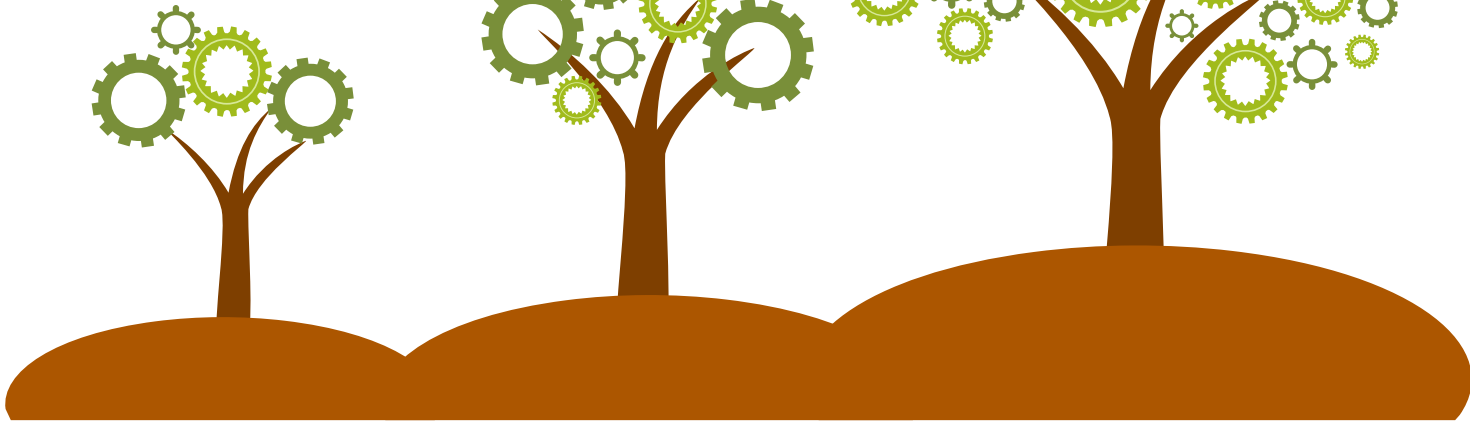
**The Largest & Preferred Retailer of
Swiss Watches in India**

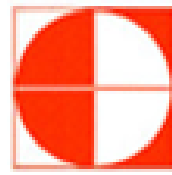
ēthos
WATCH BOUTIQUES

**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

FAVRE-LEUBA

VICTORINOX

ROLEX

ARMANI EXCHANGE

BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830

HUBLOT

BREITLING
1884

PANERAI

JAEGER-LECOULTRE

ORIS
Swiss Made Watches
Since 1904

FOSSIL

CARL F. BUCHERER

RAYMOND WEIL
GENEVE

FOSSIL
EST. USA

OMEGA

MOVADO

CORUM

MEISTERSINGER

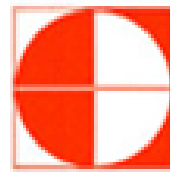
RADO
SWITZERLAND

TAG Heuer

LONGINES

Daniel Wellington

BVLGARI



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