



KDDL Limited

ETHOS Limited

Investor Presentation - May 2015

# 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.*

# Business Overview

## *Stable Business*

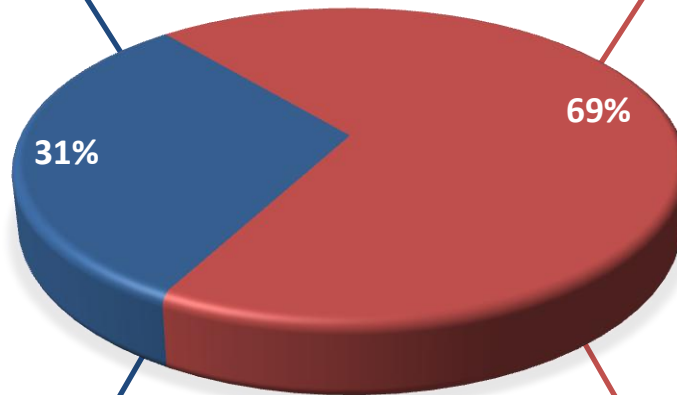
### **Stable Manufacturing Business**

- 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 13% over FY11 – FY15

## *Scalable Business*

### **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
- 43 premium watch boutiques across country
- CAGR of 33% over FY11 - FY15
- 79% subsidiary of KDDL Ltd



# Led by Experienced Team



**Mr. Yashovardhan Saboo**

**Chief Executive Officer**

- Set up KDDL in 1983, led the company to attain market leadership in India, successfully exporting to Switzerland and Hong Kong
- Founding Member of All India Federation of Horological Industries (AIFHI)
- Alumnus of IIM (A), with more than 30 yrs of experience in Luxury Watch Industry

**Mr. Sanjeev Masown – CFO, KDDL**

With more than 24 yrs of experience across industries

**Mr. Dinesh Agrawal – COO, KDDL**

Mechanical Engineer with more than 39 yrs of experience

**Mr. Gregor Fiala – CMO, KDDL**

With Experience of 21 years across Industries, with 7 yrs as MD of an MNC

**Mr. C. Raja Sekhar – CFO, Ethos**

With more than 16 yrs of experience in watch industry, in Manufacturing & Retail Area

**Mr. P. Rajendran - Operations Head [Ethos]**

With more than 27 years experience in retail

**Mr. Manoj Gupta - Operations Head [Summit]**

More than 21 years of experience leading marketing teams in international markets

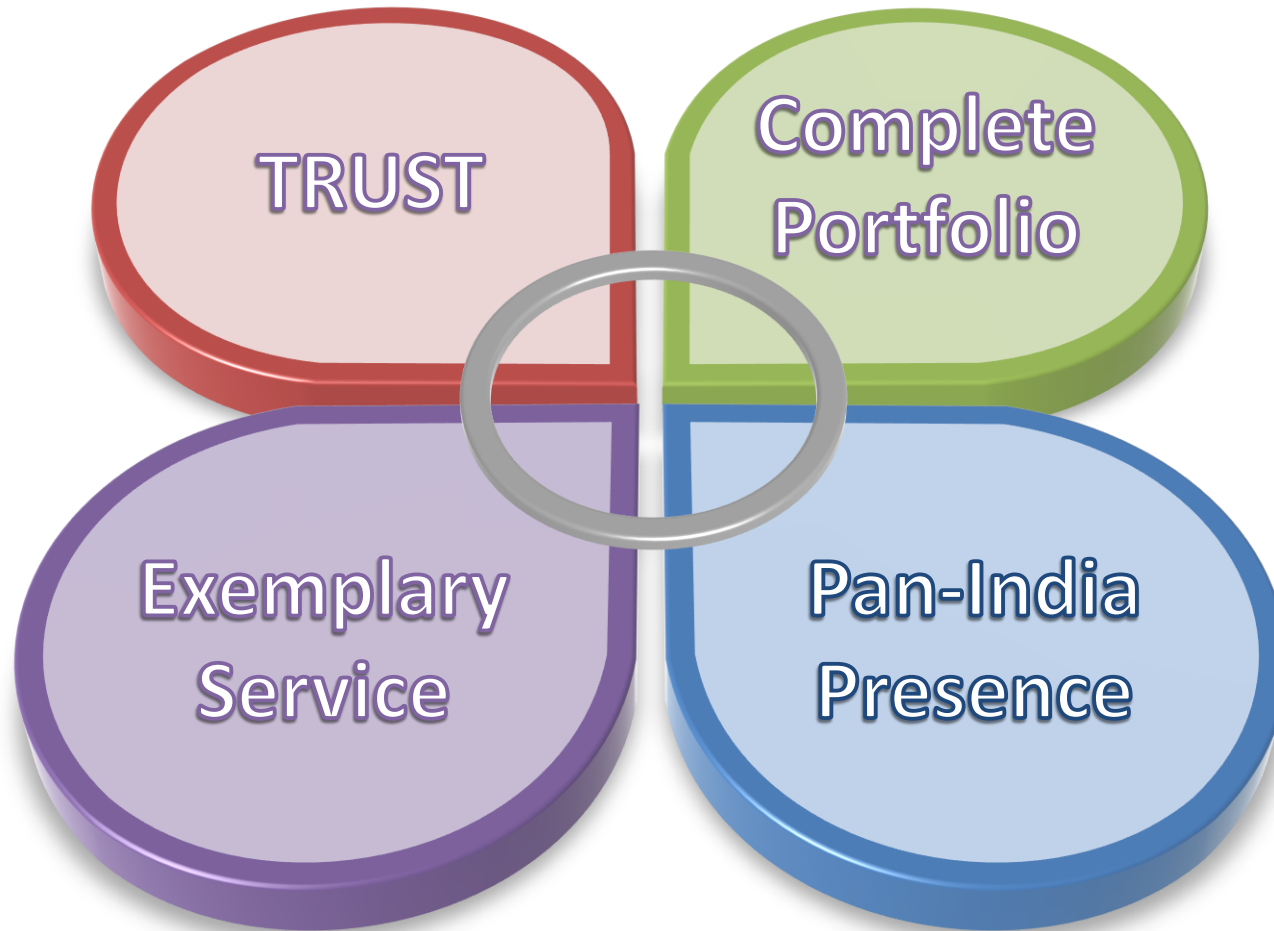


ETHOS Ltd

## ***Vision***

***“To be the biggest and finest retailer of premium watches in India with exemplary ethical and customer service standards”***

# What differentiates ETHOS from the rest?



***Creating India's Largest Retail Chain of Luxury & Premium Watches***

# TRUST



**Authorized Retailer to more than 60 premium & luxury brands**



**Associates with brands that have an “All-official” policy**



**Ethos hosted India’s first  
Grand Prix d’Horlogerie De Genève**

# Complete range of luxury and premium watches

L  
U  
X  
U  
R  
Y



P  
R  
E  
S  
T  
I  
G  
E





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



*Map for Illustration purpose only*

India's Largest retail chain of Luxury Watches

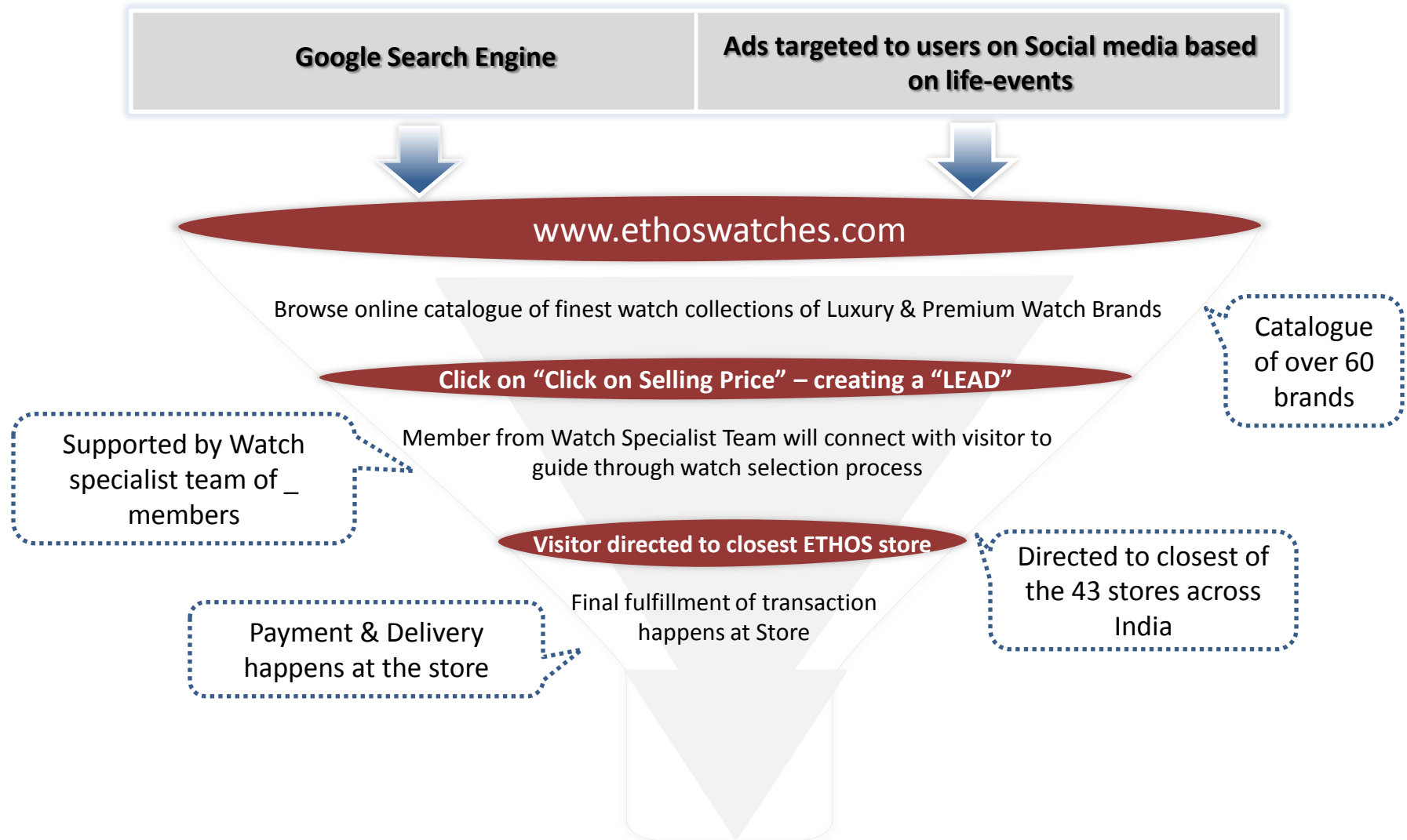
Presence across Metros, Tier I, Tier II cities

3 Duty Paid Retail Outlets at Domestic Terminals

3 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

# Complemented by Online Presence



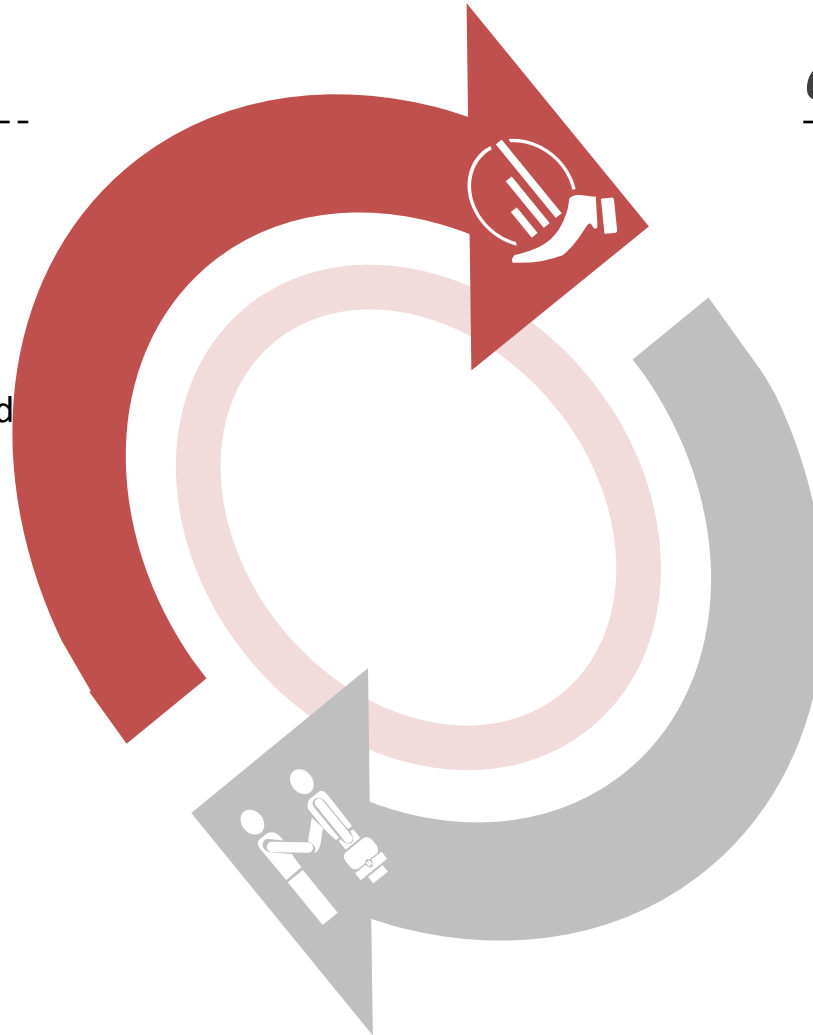
*Seamless Transition from online lead generation to offline fulfilment*

# Omni – Channel Presence

## Online Presence

---

- Established online presence with launch of web portal [www.ethoswatches.com](http://www.ethoswatches.com) in April 2012
- Amongst World's most visited websites of authorized multi brand retailers of premium and luxury watches
- Asset light model to expand into geographies



## Offline Presence

---

- Developed largest retail chain for Luxury watches
- Pan-India network with 43 stores across 15 cities
- Created separate store formats to cater to Luxury Watch & Premium Watch Segments

*Maximizing Catchment Area of Store with Minimum Investment*

# Exemplary Service



## **Pre-Sales Services**

- In-depth knowledge of watch and brands
- Front-end staff trained by company and brands on product nuances
- Guide customers in buying the right watch



## **Post-Sales Services**

- In-house repair and service facility
- Authorized service centre for 15 of the world's top luxury watch brands
- Only retailer in India which can provide insurance against theft and damage of watch

## ...Supported by Unique Store Formats



# ... To cater to different segments & customers

## ETHOS at Malls

- Showcases brands in Prestige segment
- Price ranging from Rs. 5,000 to Rs. 2 Lakh
- 28 stores across Ahmedabad, Amritsar, Bengaluru, Bhopal, Chandigarh, Chennai, New Delhi, Gurgaon, Hyderabad, Ludhiana, Mumbai, Nagpur, Surat, Vadodara, Thane



## ETHOS Summit

- Showcases brands in Luxury Segment
- Price ranging from Rs. 2 Lakh & above
- 9 stores across Mumbai, New Delhi, Bengaluru, Chandigarh

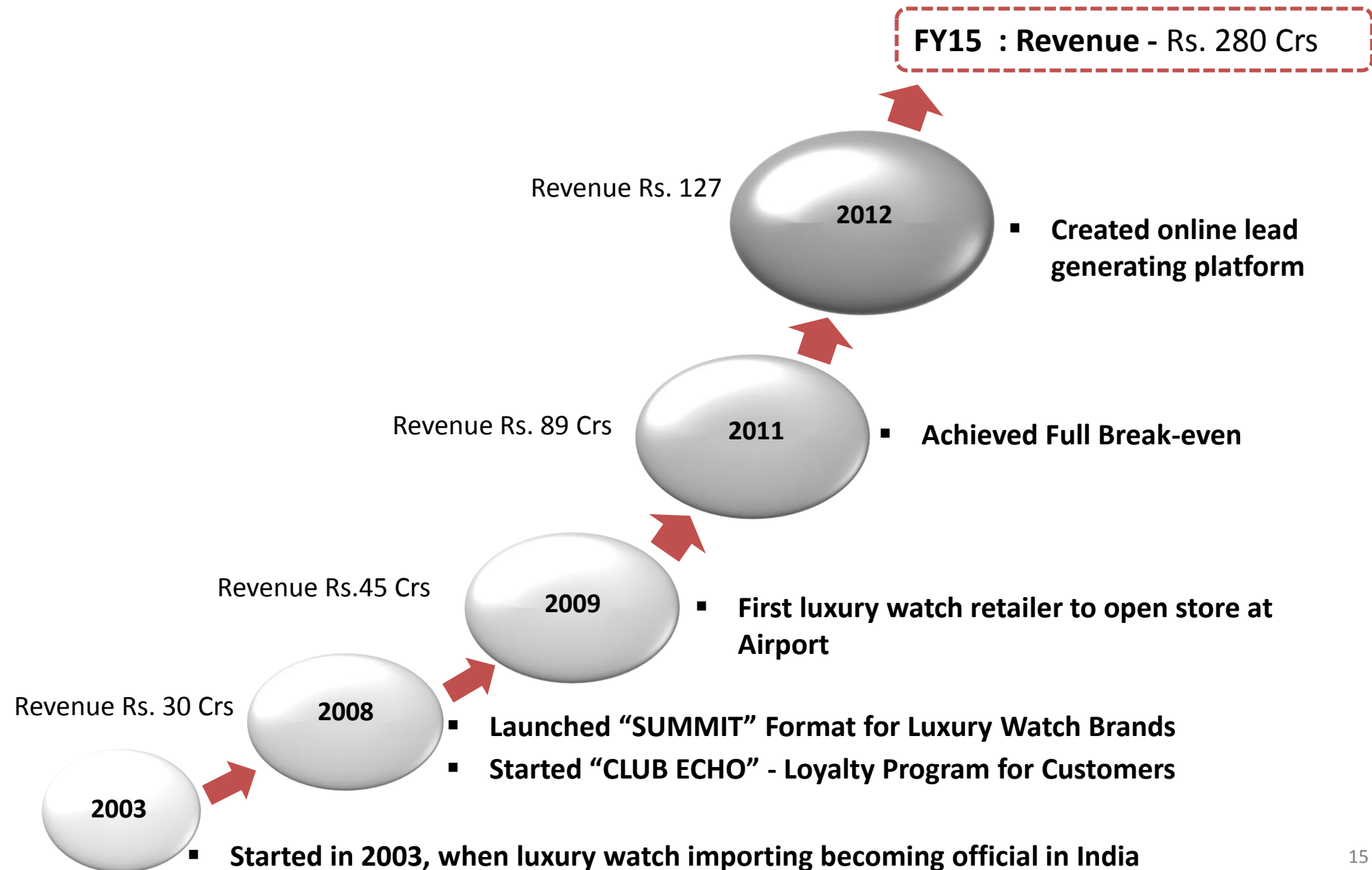


## ETHOS at Airports

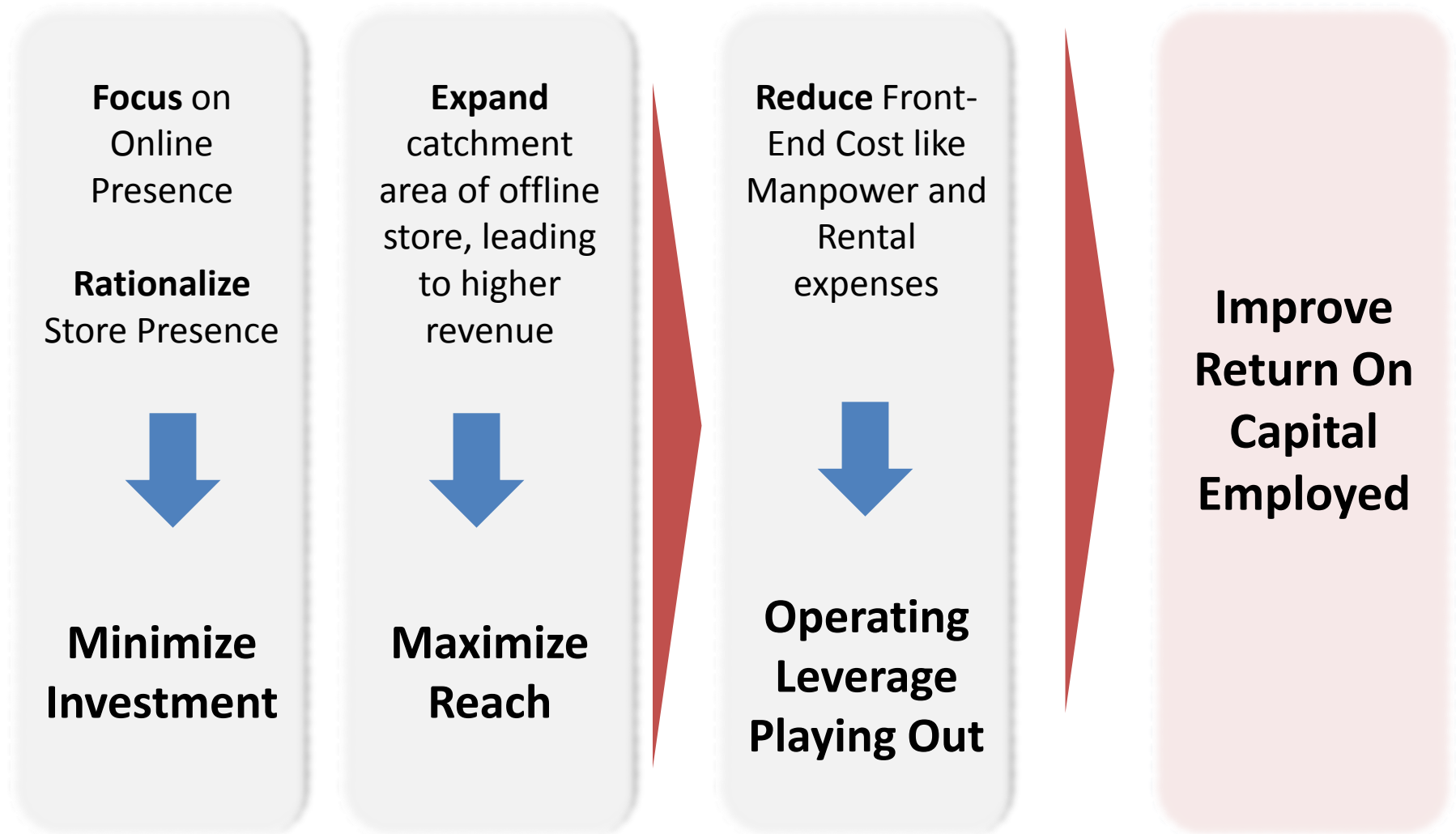
- 1<sup>st</sup> Luxury Watch Retailer to open store at Airport in 2009
- Showcases brands in Prestige Segment
- Established Presence at Bengaluru, Mumbai, New Delhi
  - 3 Duty Free Retail
  - 3 Duty Paid Retail



# Evolving Business with...



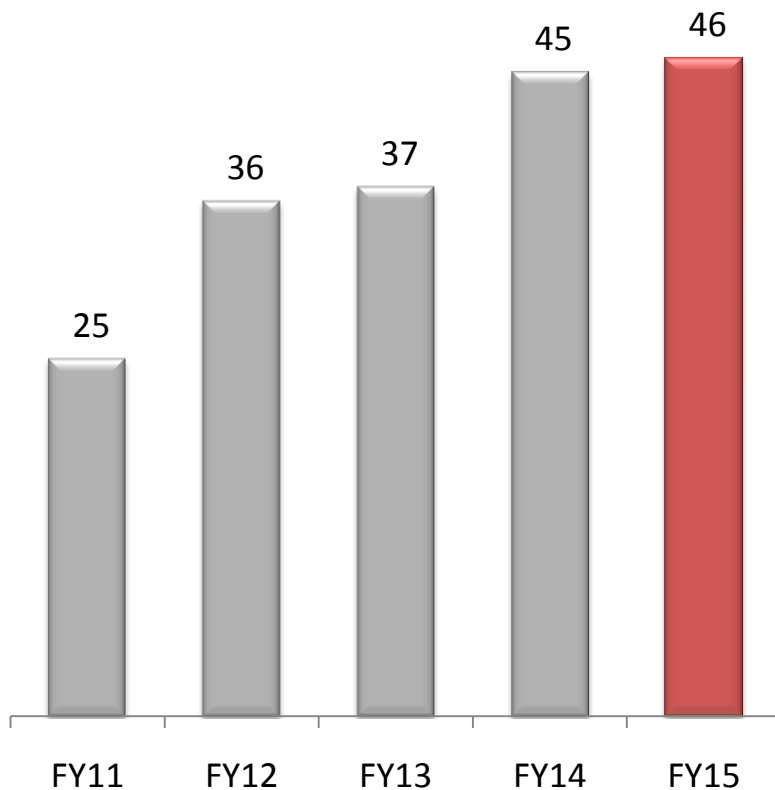
## ...Strategy to Improving Returns





# Minimize Investments...

## Rationalized Store Growth Since FY13

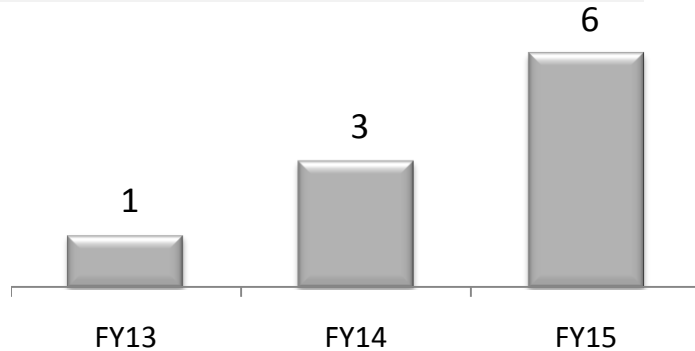


## Focus on Online Presence

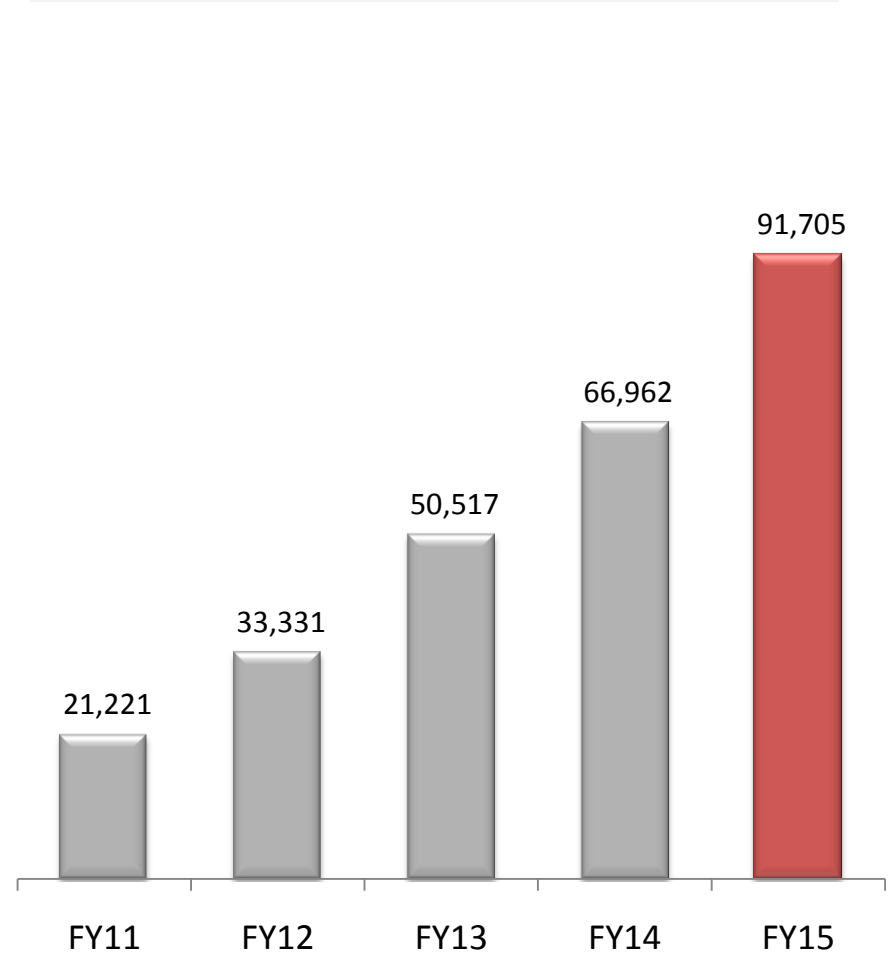
- Investing in requisite IT infrastructure
- Building team of Watch specialist to service leads generated
- Implementing efficient logistics for fulfillment

# ... While Maximizing Reach

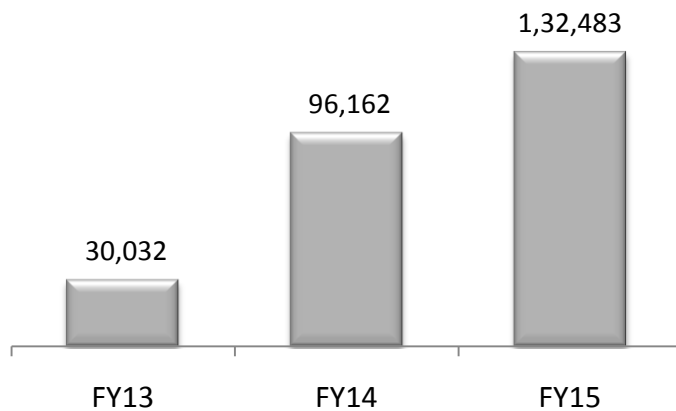
Visitors on Website (# in Millions)



Club Echo – Member Base (#)



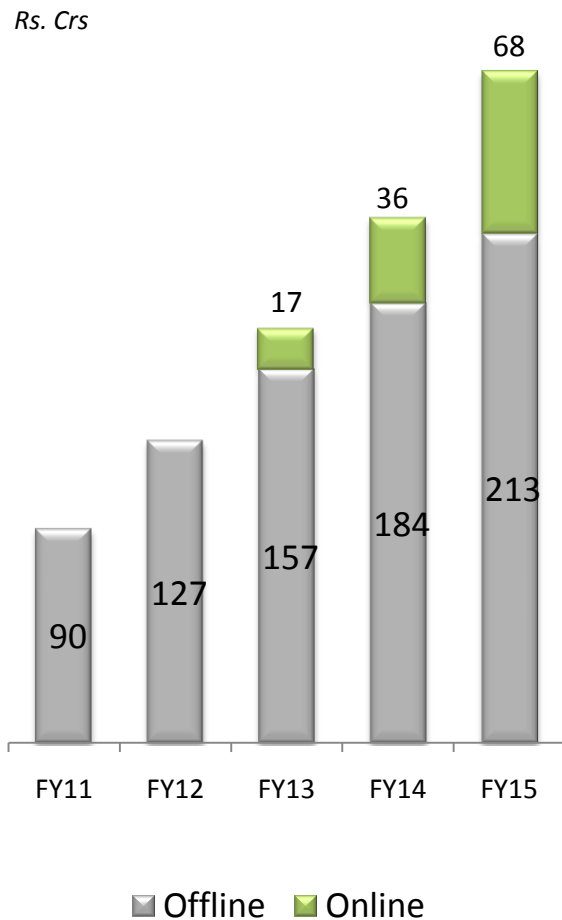
Leads Generated & transferred to stores (#)



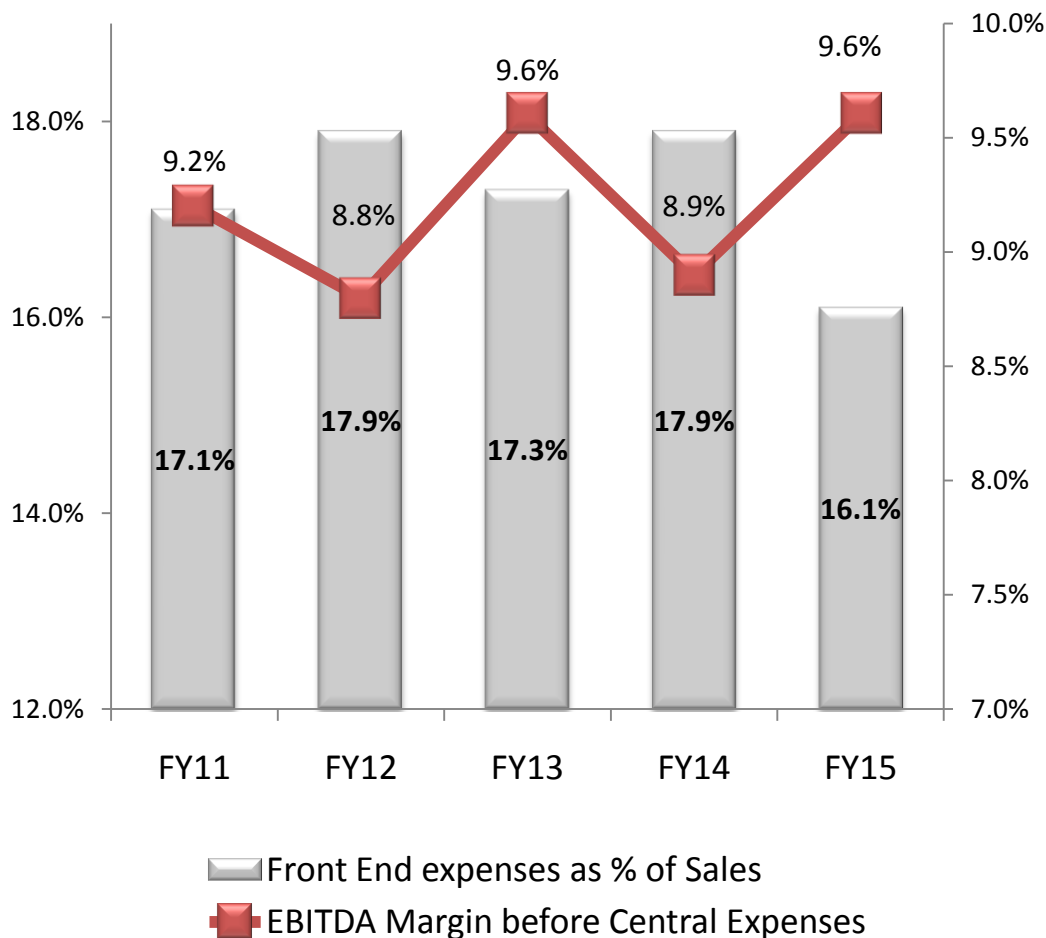
*Online presence augmenting catchment area of offline stores*

# Operating Leverage Playing Out

## Increasing Online Revenue...



## ... Improved Absorption of Fixed Expenses





*Watch Component Manufacturing*

***Stable Business***

# Journey So Far

## Watch Dial Manufacturing in 1983

- Set-up plant at Parwanoo, Himachal Pradesh
- Forayed into export markets of Switzerland in 1995
- Acquired watch dial manufacturing unit in Switzerland in 2007

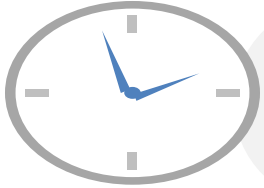
## Watch Hands Manufacturing in 1998

- Began production of Watch Hands
- Set-up plant in Bengaluru
- Set-up 2<sup>nd</sup> plant in Bengaluru in 2012

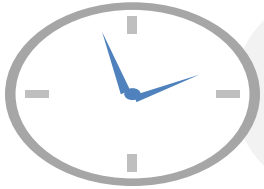
## Precision Engineering Started in 2003

- Ventured into Precision Engineering in 2003
- Set-up in Bengaluru

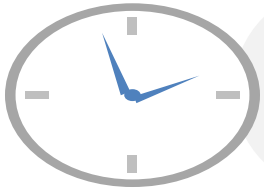
# Watch Hands



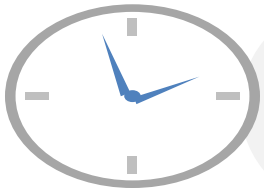
- Leading Global supplier of High Precision Hands for watches
- Only supplier in India and one of 5 independent manufacturers globally



- Manufacturing facilities located at Bengaluru, annual Capacity of 47 million pieces
- Capability to manufacture Hands with strict dimensional control
- Product reliability with series of physical and chemical test



- Capability to manufacture Hands with strict dimensional control
- Clientele includes leading Watch Manufacturers in Switzerland and India



- Revenue of Rs. 52 Crs in FY15, growth of 18% year on year
- Export contributed 76% of Sales in FY15

*Business driven by Volume & Value-growth*

# Watch Dials



- Leading Global supplier of Premium Watch Dials
- More than 30 years of experience in Dial manufacturing



- Manufacturing facilities located at Parwanoo & Derabasi near Chandigarh
- Annual Capacity of 4.5 million dials
- Acquired manufacturing unit in Switzerland in 2007, Pylania SA



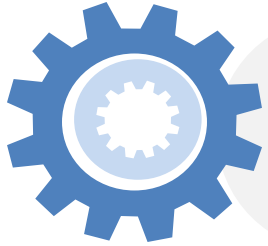
- Capability to manufacture dials with high & complex features
- Clientele includes leading Watch Manufacturers in Switzerland and India



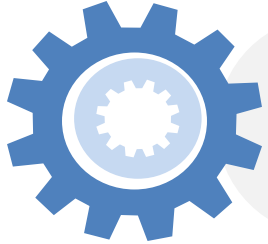
- Revenue of Rs. 48 Crs in FY15, growth of 9% year on year
- Export contributed 63% of Sales in FY15

*Business driven by Value-growth*

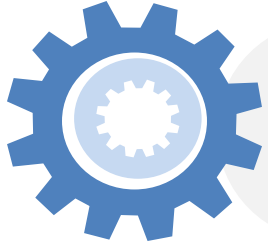
# Precision Engineering



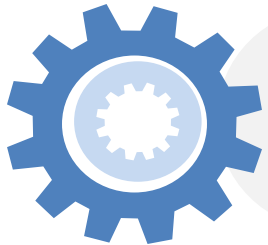
- Engaged in manufacturing of High Precision Stamping Parts & Precision Progressive Tools
- Manufacturing Plant at Bangalore, Karnataka



- Offers total solution for production of Stamp Parts
- Product Concept to mass production meeting quality demand of consistency & accuracy in miniature stamped parts with intricate profiles



- Caters to Electrical, Electronics, Automobile, Tele-communications, medical equipments, Aerospace, Consumer Durables
- Executed many prestigious orders in domestic as well as in global market

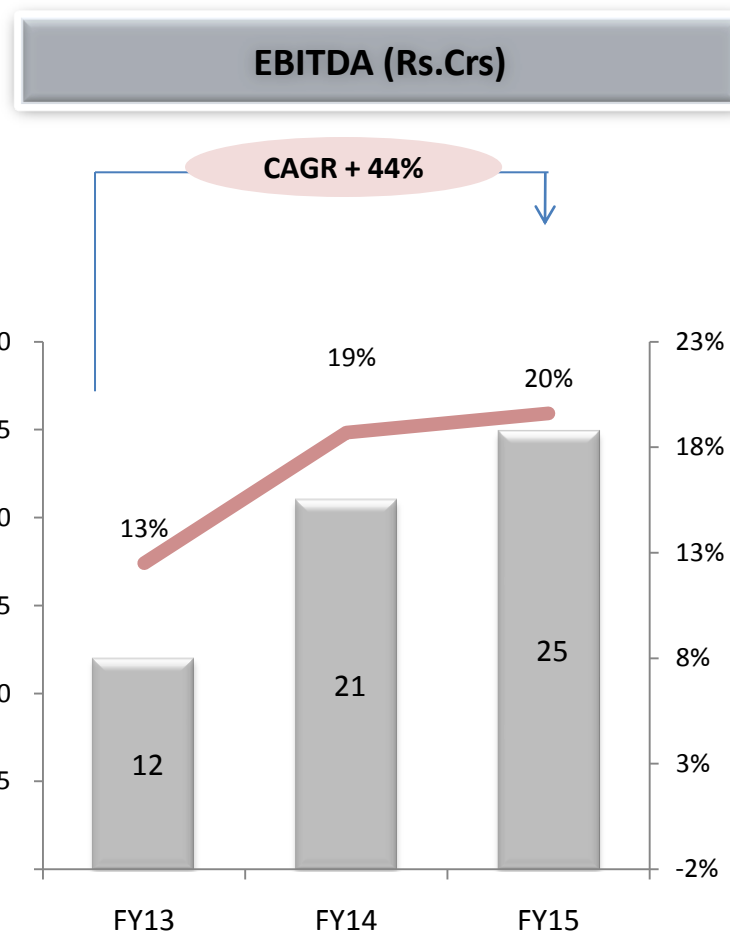
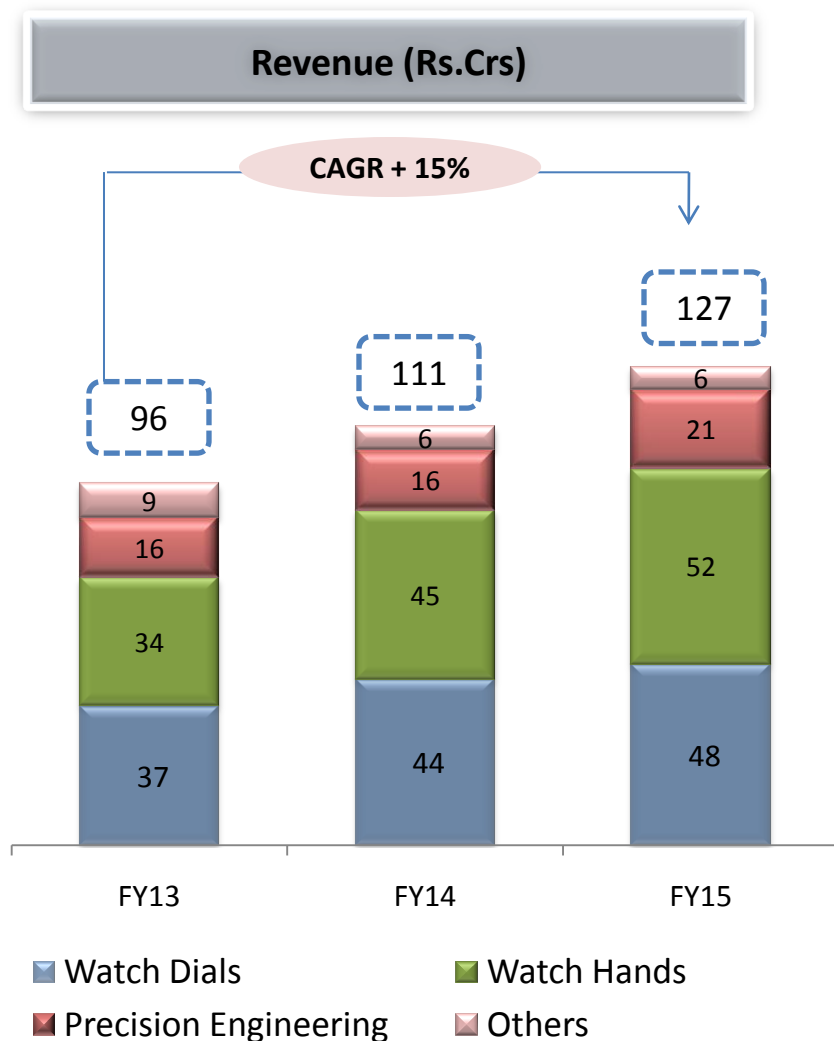


- Revenue of Rs. 21 Crs in FY15, growth of 26% year on year
- Export contributed 55% of Sales in FY15

*Business driven by entering into new customer segments & markets*



# Stable Performance over years





## ***Financial Highlights***

# Ethos – Profit & Loss Statement

Rs.Crs	FY15	FY14	FY13	FY12	FY11
<b>Revenue</b>	<b>281</b>	<b>220</b>	<b>174</b>	<b>127</b>	<b>90</b>
Cost of Goods Sold	209	162	127	92	66
Employee Expenses	17	14	11	8	5
Other Expenses	41	36	28	21	14
<b>EBITDA</b>	<b>14</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>5</b>
<i>EBITDA Margin</i>	<i>5.1%</i>	<i>4.1%</i>	<i>4.5%</i>	<i>5.1%</i>	<i>5.9%</i>
Other Income	0	0	0	0	1
Interest & Finance Charges	7	6	6	5	4
Depreciation	4	2	2	1	1
Prior Period Adjustments	0	0	0	0	0
PBT	4	2	1	0	1
Tax	1	(1)	0	0	0
<b>PAT</b>	<b>2.4</b>	<b>2.2</b>	<b>0.6</b>	<b>0.3</b>	<b>0.6</b>
<i>PAT Margin</i>	<i>0.8%</i>	<i>1.0%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.7%</i>
<b>Cash PAT</b>	<b>6.1</b>	<b>4.0</b>	<b>2.1</b>	<b>1.5</b>	<b>1.6</b>
<i>Cash PAT Margin</i>	<i>2.2%</i>	<i>1.8%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>1.8%</i>

# Ethos – Balance Sheet

Rs. Crs	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11
<b>Shareholder's Fund</b>					
Share capital	31	24	24	12	10
Reserves & Surplus	20	18	16	15	11
<b>Non-current liabilities</b>					
Long term borrowings	8	10	8	7	4
Long Term Provisions	1	1	0	0	1
<b>Current liabilities</b>					
Short term borrowings	46	32	30	32	28
Trade Payables	70	55	32	28	21
Other current liabilities	12	13	10	8	4
<b>Total Liabilities</b>	<b>189</b>	<b>153</b>	<b>121</b>	<b>103</b>	<b>80</b>
<b>Non-current assets</b>					
Fixed assets	14	13	9	8	7
Long-term loans and advs.	11	11	13	11	10
Deferred Tax Asset	1	1	0	0	0
<b>Current assets</b>					
Inventories	147	114	91	77	56
Trade receivables	3	1	0	0	0
Cash and bank balances	5	5	4	3	3
Short-term loans and advs.	7	7	3	3	4
<b>Total Assets</b>	<b>189</b>	<b>153</b>	<b>121</b>	<b>103</b>	<b>80</b>

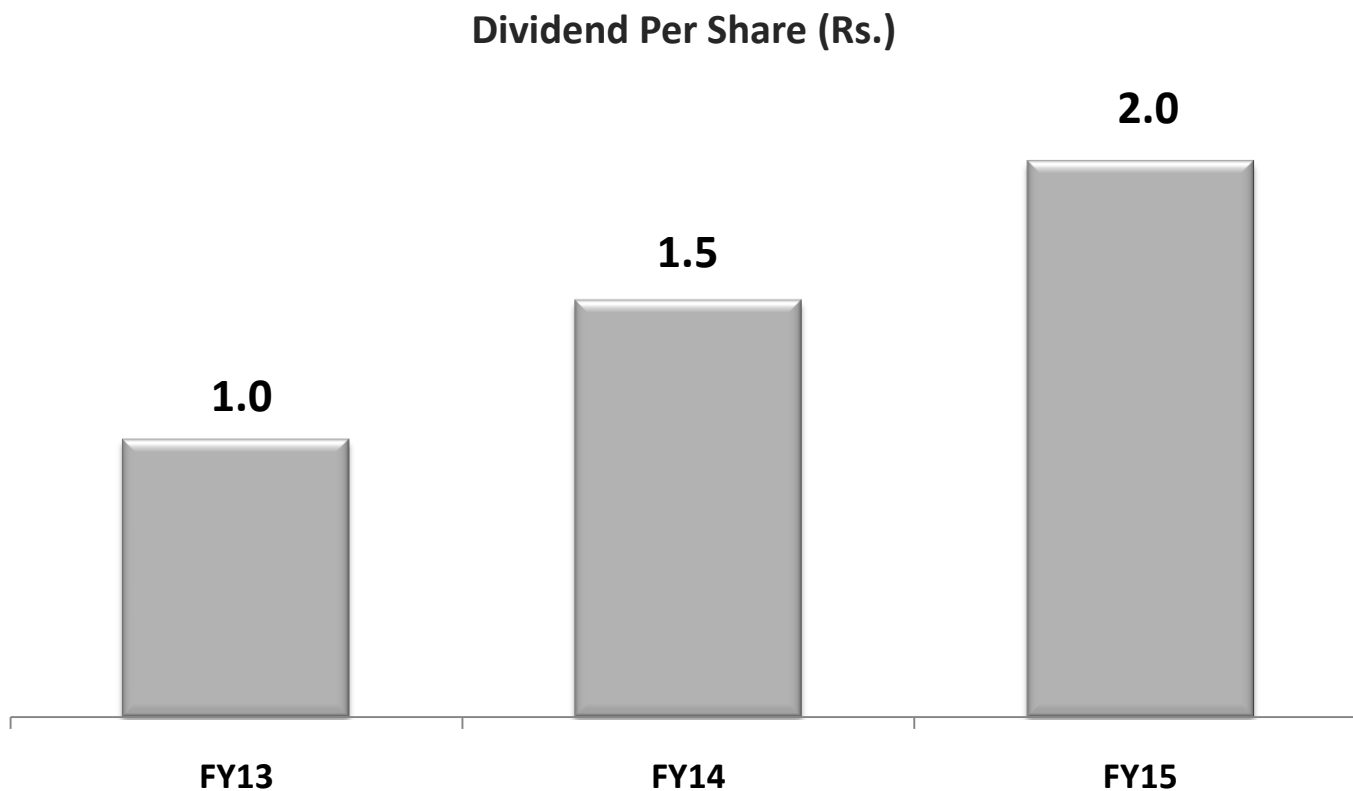
# Consolidated – Profit & Loss Statement

Rs.Crs	FY15	FY14	YoY %
<b>Revenue</b>	<b>412</b>	<b>335</b>	<b>23%</b>
Cost of Goods Sold	240	190	
Employee Expenses	58	50	
Other Expenses	75	65	
<b>EBITDA</b>	<b>39</b>	<b>30</b>	<b>30%</b>
<i>EBITDA Margin</i>	<i>9.5%</i>	<i>9.0%</i>	
Other Income	2	3	
Interest & Finance Charges	14	14	
Depreciation	12	8	
PBT	14	11	
Tax	5	2	
<b>PAT After MI</b>	<b>9</b>	<b>9</b>	<b>3%</b>
<i>PAT After MI Margin</i>	<i>2.1%</i>	<i>2.6%</i>	
<b>Cash PAT</b>	<b>21</b>	<b>17</b>	<b>24%</b>
<i>Cash PAT Margin</i>	<i>5.0%</i>	<i>5.1%</i>	

# Consolidated – Balance Sheet

Rs. Crs	Mar-15	Mar-14
<b>Shareholder's Fund</b>		
Share capital	9	9
Reserves & Surplus	42	39
<b>Minority Interest</b>	<b>25</b>	<b>18</b>
<b>Non-current liabilities</b>		
Long term borrowings	36	41
Deferred Tax Liabilities	3	4
Long Term Provisions	5	5
<b>Current liabilities</b>		
Short term borrowings	71	57
Trade Payables	86	68
Other current liabilities	41	41
<b>Total Liabilities</b>	<b>318</b>	<b>282</b>
<b>Non-current assets</b>		
Fixed assets	77	80
Long-term loans and advs.	1	1
Deferred Tax Asset	17	15
<b>Current assets</b>		
Inventories	169	136
Trade receivables	25	21
Cash and bank balances	13	12
Short-term loans and advs.	17	17
<b>Total Assets</b>	<b>318</b>	<b>282</b>

# Dividend History



*Maintained Dividend Payout Ratio of 28% in last 2 years*

# Contact

**For further information, please contact:**

---

**Company :**

KDDL Limited  
CIN : L33302HP1981PLC008123

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

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

---

**Investor Relations Advisors :**

Strategic Growth Advisors Pvt. Ltd.  
CIN : U74140MH2010PTC204285

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

---