KDDL Limited

ETHOS Limited

Result Update Presentation

3Q&9M FY17

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Financial Highlights

Ethos - Q3FY17 vs Q2FY17

EBITDA
₹4. 5 crore

353%

EBITDA
₹1.0 crore

PAT
₹1.7 crore

181%

PAT
₹-2.1 crore

Consolidated – Q3FY17 vs Q2FY17

EBITDA
₹9.6 crore

47%

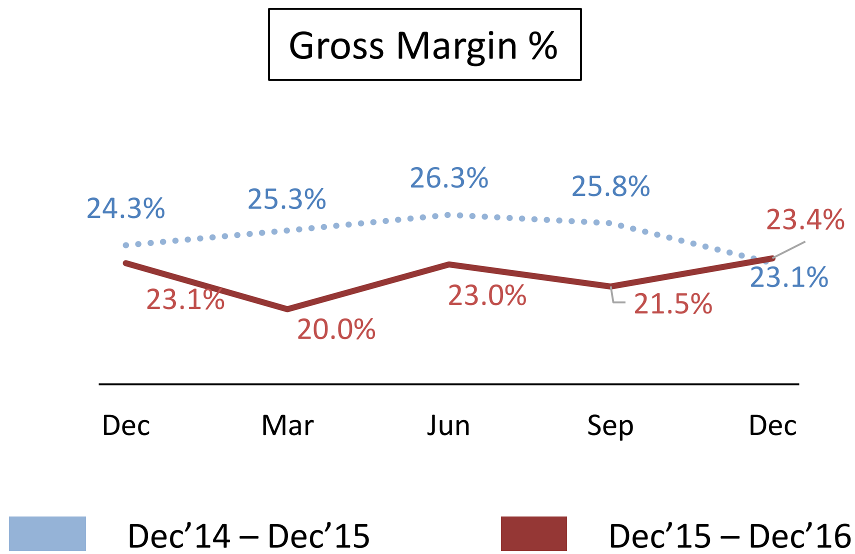
EBITDA
₹6.5 crore

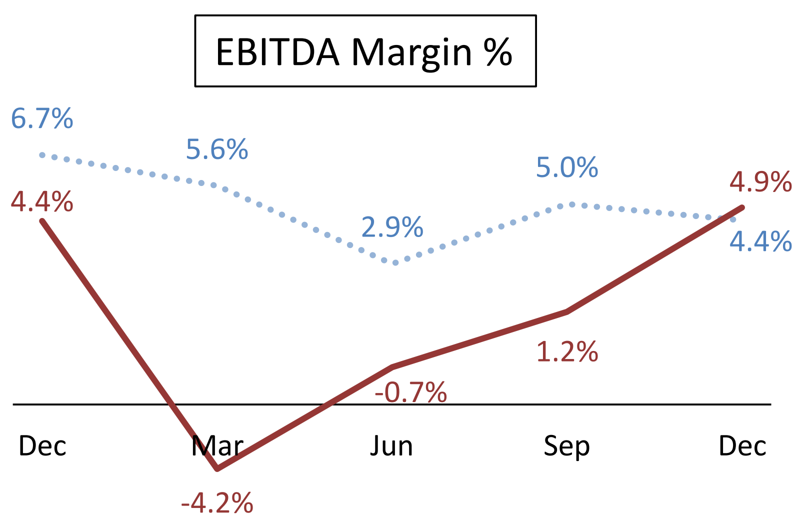
PAT After MI
₹2.6 crore

2092%

PAT After MI
₹-0.1 crore

Ethos growing in difficult times





Store strategy to move towards operating profitable stores keeps our cost structure lean and is helping grow margins

Increased proportion of sales from House Brands aiding margins

Higher portion of Online billing maintains increases sales at lower operating costs

Moving up the Value Chain

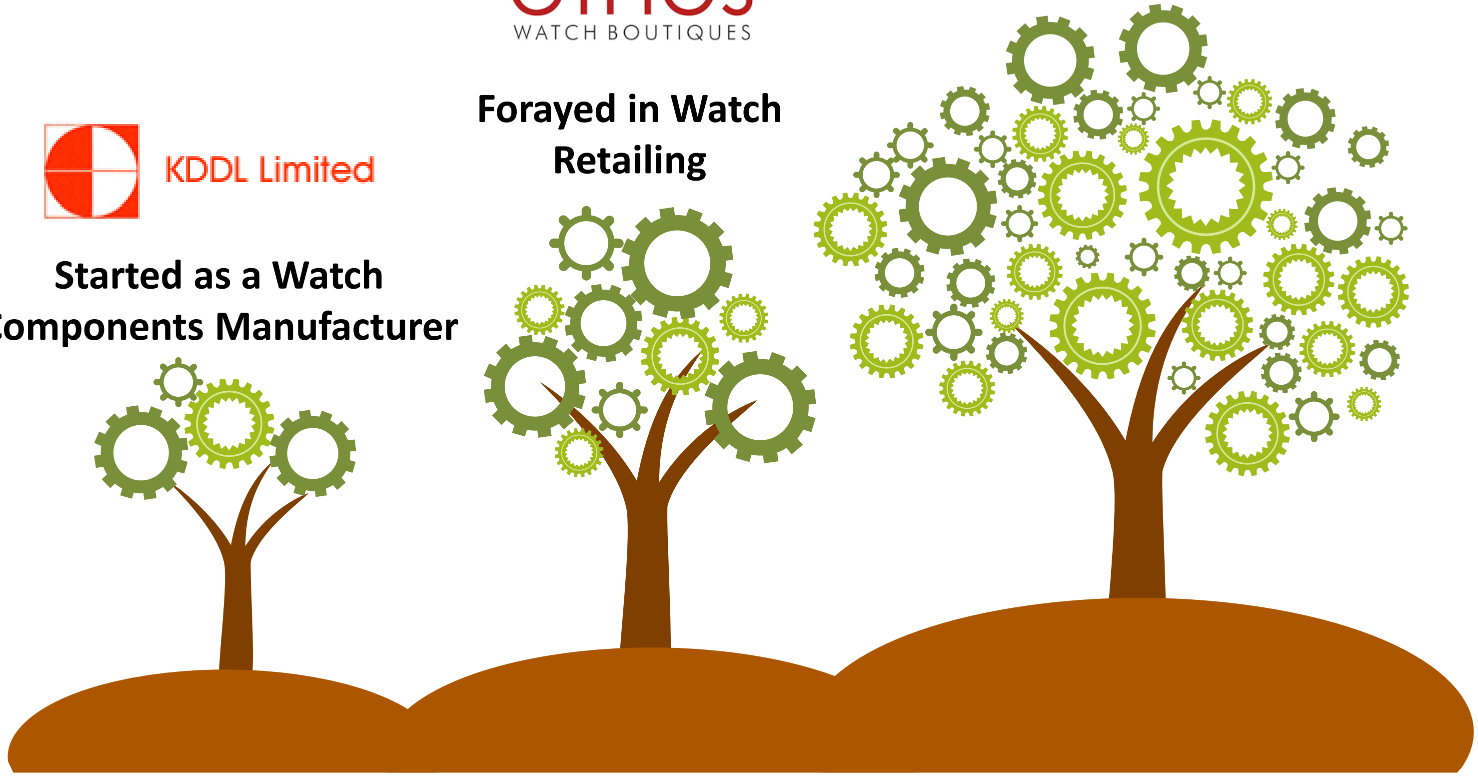
The Largest & Preferred Retailer of Swiss Watches in India

ēthos
WATCH BOUTIQUES

Forayed in Watch Retailing

KDDL Limited

Started as a Watch Components Manufacturer



Ethos' Strategic Partnerships with Swiss Watch Brands…

Q2FY17

Exclusive Retailer for Corum Watches in India

Ethos alongwith Helios (retail arm of Titan Ltd) to be Exclusive Retailers for Raymond Weil Watches in India

Q3FY17

Ethos alongwith Helios (retail arm of Titan Ltd) to be Exclusive Retailers for Favre – Leuba Watches in India

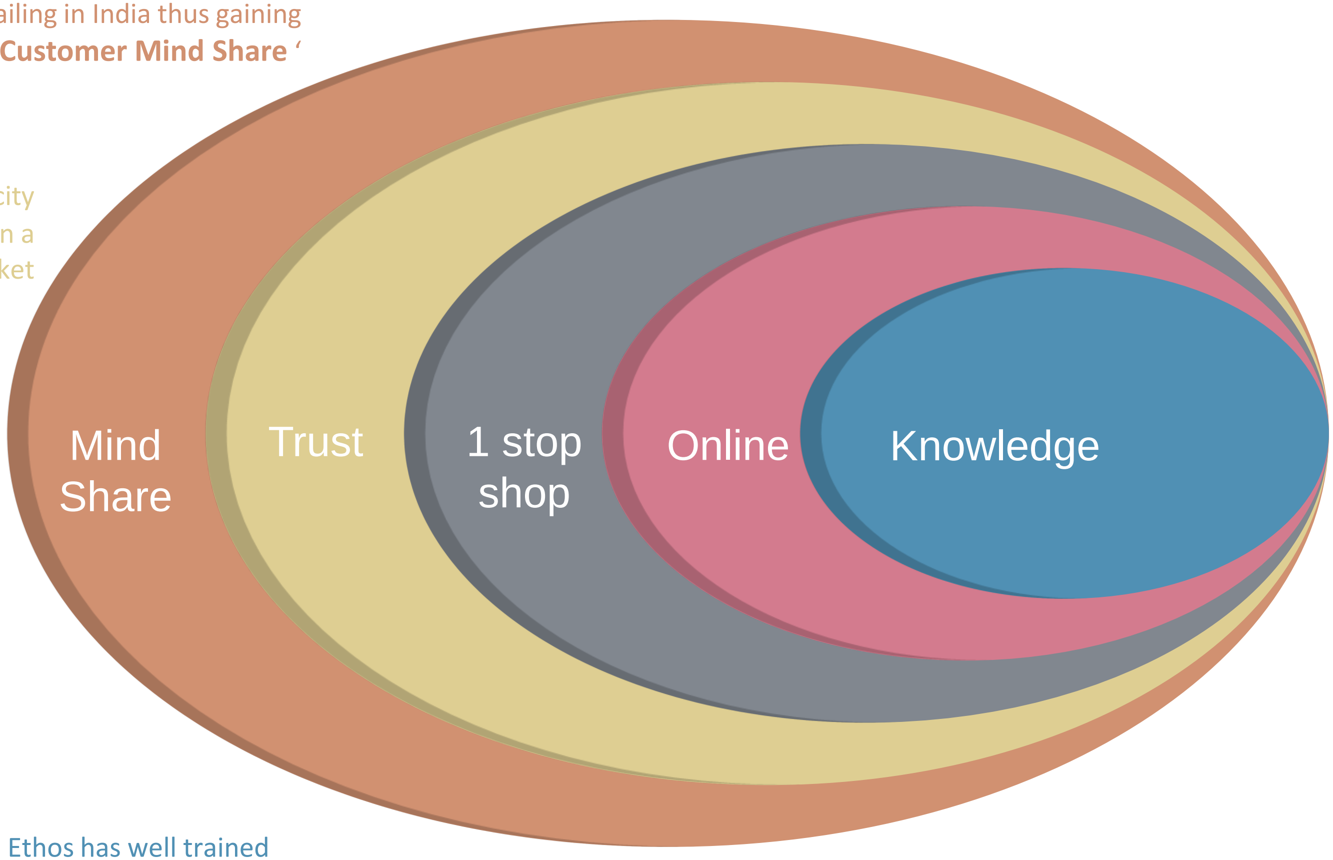
Ethos is India's Preferred Destination for Luxury Watches

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

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

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

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

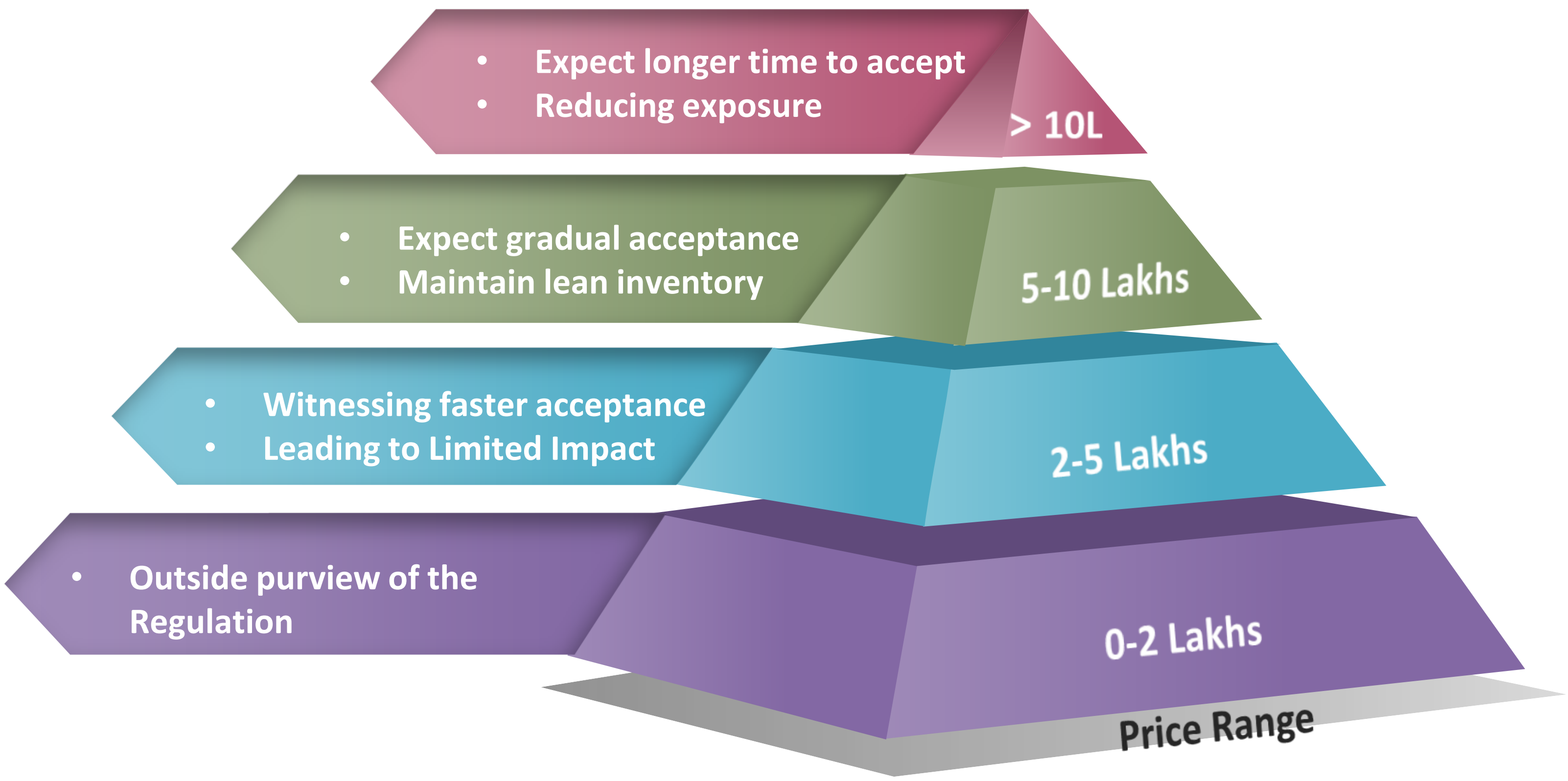


Ethos has well trained **Knowledgeable** staff to ensure highest customer satisfaction and increasing repeat buying.

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

Asset Light Model...

Focus on Online Presence

Rationalize Store Presence

Minimize Investment

Expand catchment area of offline store, leading to higher revenue

Maximize Reach

Reduce Front-End Cost like Manpower and Rental expenses

Operating Leverage Playing Out

Improve Return On Capital Employed

P&L– 9M FY17

Rs. Crs	Consolidated*			Standalone			Ethos		
	9M FY17	9M FY16	YoY %	9M FY17	9M FY16	YoY %	9M FY17	9M FY16	YoY %
Revenue	**352.1**	**341.7**	**3%**	**95.2**	**87.9**	**8%**	**251.7**	**251.9**	**0%**
Cost of Goods Sold	219.6	209.1		22.0	19.4		194.6	189.5	
Gross Profit	**132.5**	**132.6**	**0%**	**73.2**	**68.5**	**7%**	**57.0**	**62.3**	**-9%**
Employee Expenses	45.8	46.5		29.7	27.5		15.4	15.1	
Other Expenses	64.3	59.8		26.8	26.2		36.6	36.7	
EBITDA	**22.4**	**26.3**	**-15%**	**16.7**	**14.8**	**13%**	**5.1**	**10.6**	**-52%**
Margin (%)	**6.4%**	**7.7%**		**17.5%**	**16.8%**		**2.0%**	**4.2%**	
Other Income	1.8	4.6		1.3	1.5		0.1	0.1	
Interest	11.2	11.5		4.3	4.9		6.2	6.1	
Depreciation	8.6	8.5		5.2	5.3		2.9	2.8	
PBT	4.3	10.8	-60%	8.5	6.1	40%	-4.0	1.8	-328%
Tax	3.0	1.9		3.0	2.1		0.0	0.6	
PAT	**1.3**	**8.9**	**-86%**	**5.5**	**4.0**	**36%**	**-4.0**	**1.2**	**-445%**
PAT After MI	**2.0**	**8.4**		**5.5**	**4.0**		**-4.0**	**1.2**	
Cash PAT	**10.6**	**16.9**	**-37%**	**10.7**	**9.3**	**15%**	**-1.1**	**4.0**	**-127%**

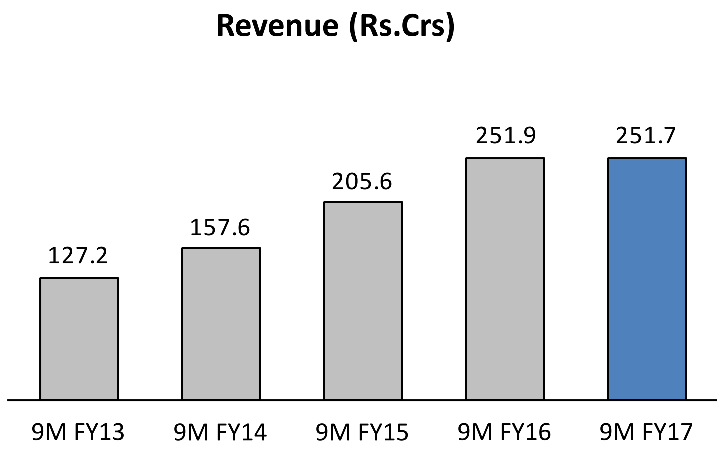
** Consolidated Results include Standalone, Ethos Ltd and other subsidiaries*

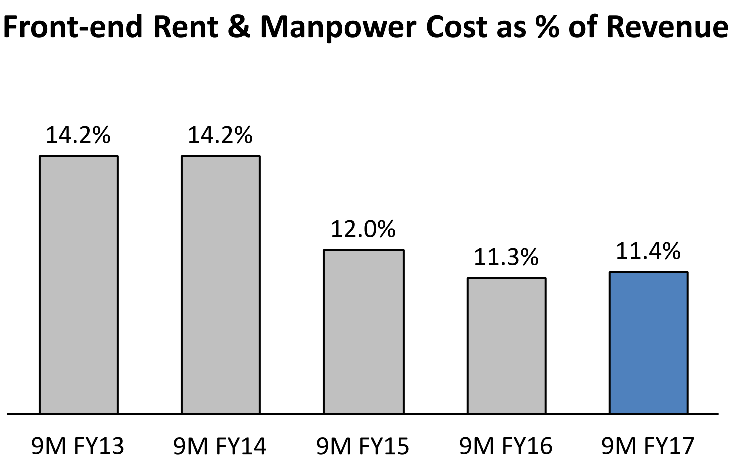
Consolidated Balance Sheet

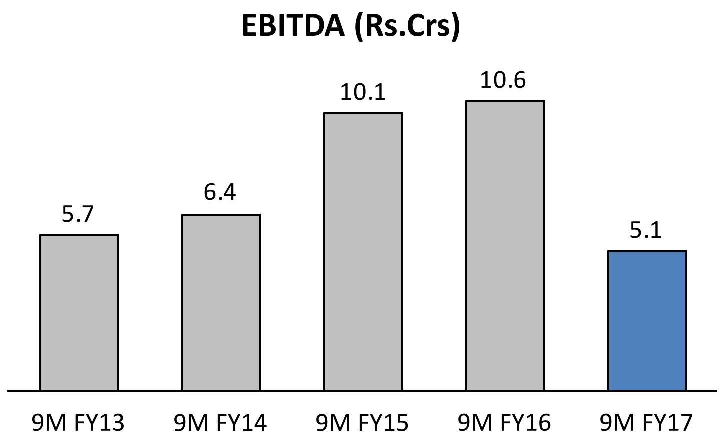
Rs. Crs	Sep-16	Mar-16
Shareholder's Fund	**79**	**82**
Share capital	10	10
Reserves & Surplus	69	72
Minority Interest	**34**	**34**
Non-current liabilities	**49**	**43**
Long term borrowings	39	33
Deferred Tax Liabilities	4	3
Other Long Term Liabilities	3	3
Long Term Provisions	4	4
Current liabilities	**198**	**183**
Short term borrowings	69	68
Trade Payables	86	78
Other current liabilities	43	37
Total Liabilities	**361**	**342**
Non-current assets	**102**	**104**
Fixed assets	80	82
Non Current Investments	3	1
Long-term loans and advs.	19	21
Other Non Current Assets	1	1
Current assets	**259**	**237**
Inventories	195	185
Trade receivables	32	26
Cash and bank balances	18	12
Short-term loans and advs.	14	14
Total Assets	**361**	**342**

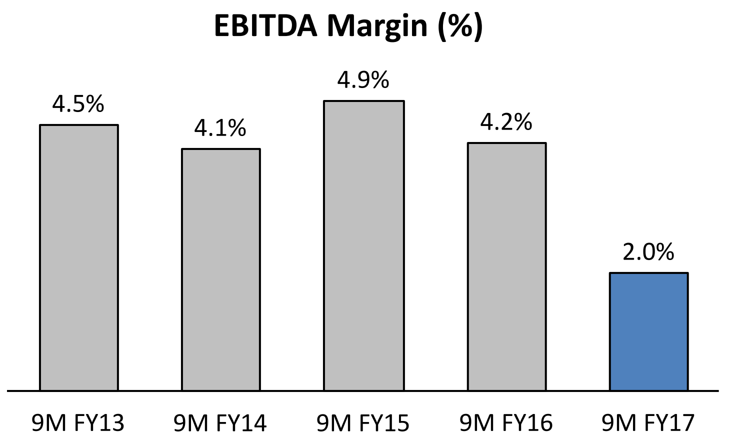
** Consolidated Results include Standalone, Ethos Ltd and other subsidiaries*

Ethos Performance Trend – 9M





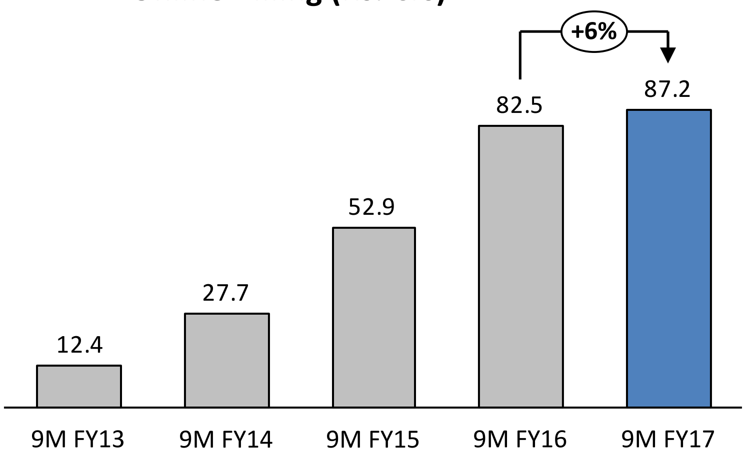




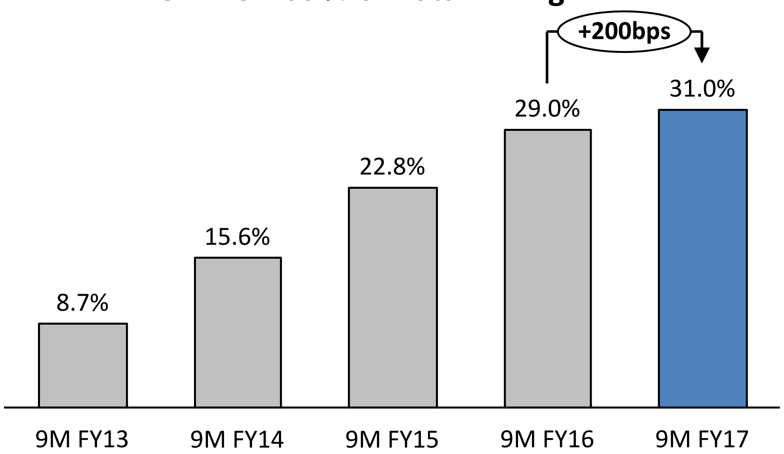
Continuously gaining market share despite near term challenges

Ethos Online Sales Trend– 9M

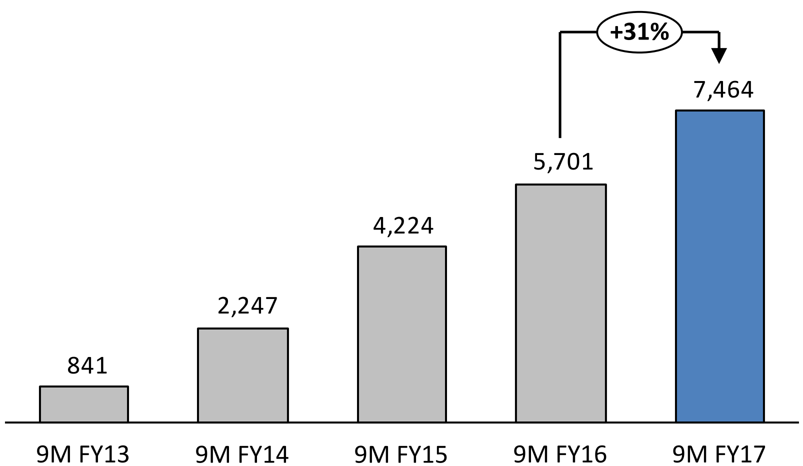
Online Billing (Rs. Crs)



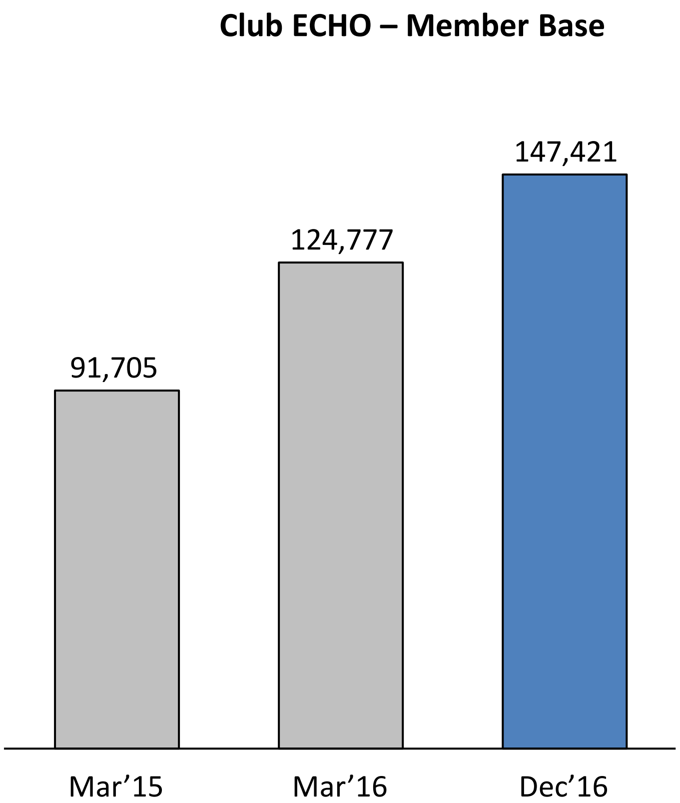
Online – as % of Total Billing

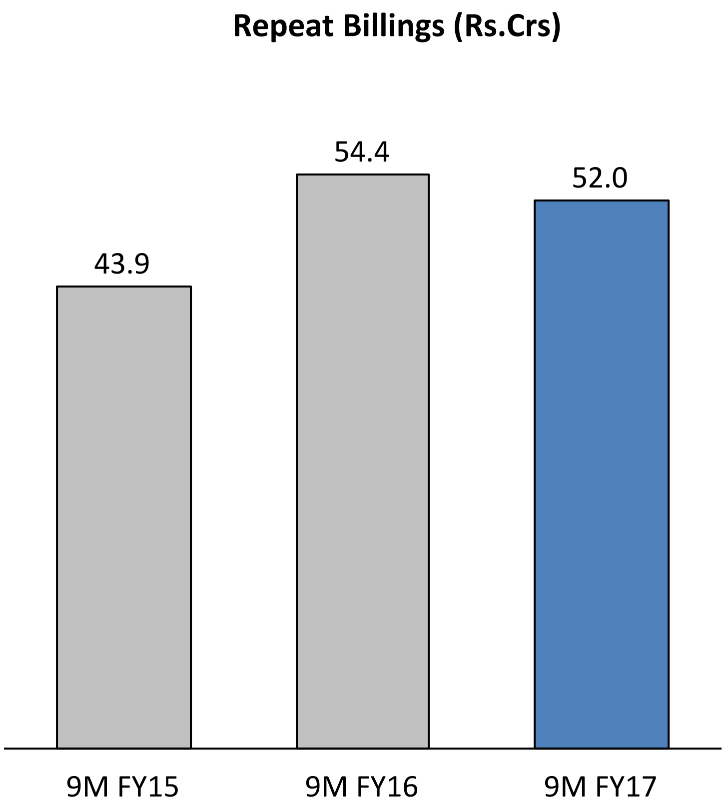


Visitors on website ('000)



Ethos Repeat Sales Trend – 9M





Pan-India Presence with Offline Store Network

India's Largest retail chain of Luxury Watches with 35 stores

Presence across Metros, Tier I, Tier II cities

2 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

Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

Continued Investments in Advertising

Print Ads on The Economic Times Front Page


THE ECONOMIC TIMES

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THE ECONOMIC TIMES

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Crowded Schedule Posing Threat to Test Cricket

Home Buyers to Reap Dividends of Rate Cut War

Tatas Accuse Mistry of Leaking Confidential Info

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To Gain Currency, Govt's Payments Platforms to come in New Avatars

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THE ECONOMIC TIMES

Won't Retaliate Against US: Putin

Authoritarian Leaders and their Appetites

ON Saturday

Cash Crisis Set to Pass into History Early Next Year

2017: The Year That may Define Modi's Tenure

MSY Expels Akhilesh, Ram Gopal

Maruti, Hyundai to Hike Prices from Jan

Sex Wellness Portals don't Click with Investors

ORIS
Swiss Made Watches
Since 1904

ethos
WATCH BOUTIQUES

... with ETHOS co-branding

Continued Investments in Advertising

Print Ads on The Times of India Front Page

THE TIMES OF INDIA

DMK CHIEF KARUNANIDHI, 93 IN HOSPITAL FOR DRUG-INDUCED ALLERGY

DIDI ACCUSES CENTRE OF RAISING SPECTRE OF 'CIVIL WAR' IN BENGAL

MAGNUS CARLSEN BEATS KARJAKIN IN TIE-BREAKER TO RETAIN WORLD CHESS TITLE

Veggie wholesale rates crash, retail prices only dip in cities

4 of 10 Indians migrants; most move for marriage

Can't use old notes for fuel after today

No tax on jewellery from known income

Fog hits 144 flights; 1 dead in e-way crash

18 die in fire at explosives factory in TN

THE TIMES OF INDIA

POLISH SC REJECTS DIRECTOR POLANSKI'S EXTRADITION TO US IN 1977 CHILD SEX CASE

GOVT WON'T INTERVENE, WILL ADOPT HANDS-OFF APPROACH IN TATA-MISTRY TUSSLE

MERKEL CALLS FOR BAN ON FACE-COVERING BURQA WHEREVER POSSIBLE

TN bids a calm, tearful farewell as Jaya is laid to rest next to MGR grave

10 youths from Punjab on death row in UAE

Now, The Onus Of Carrying Forward Her Legacy

Amid Cong talk, VB raids SAD MP's engg college

Justice Khehar to be first Sikh CJI

THE ECONOMIC TIMES

Coca-Cola Shakes Up its India Top Deck

Democrats Plotting 'Collision Course' With Trump's Tax Plan

Sehwag the Coach may Boost Kings XI Mood

Digital Payments Hold the Cards Post Note Ban

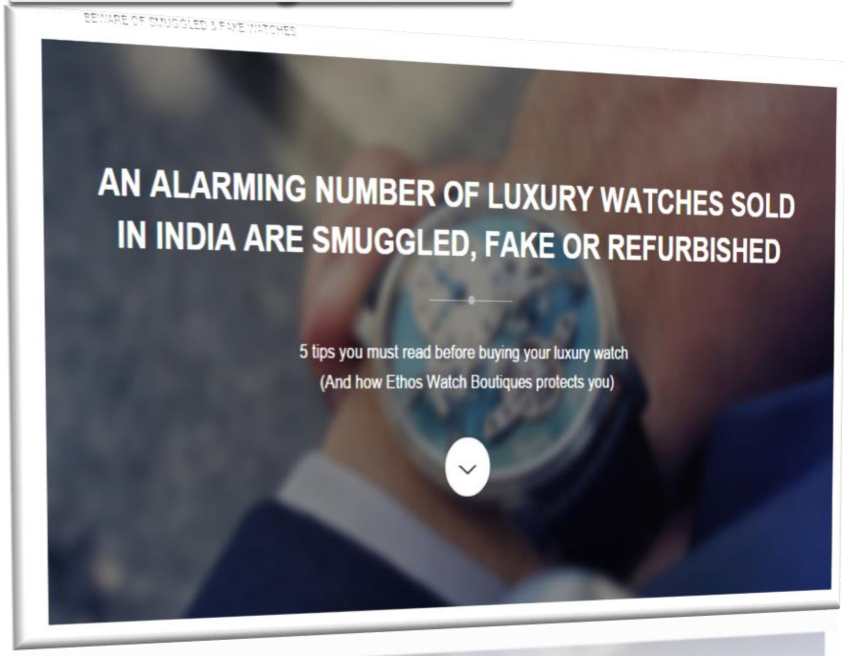
Weeks Before Budget, Jaitley Lists Benefits of Low Tax Rate

Retro Tax Ghost Won't Haunt Foreign Portfolio Investors

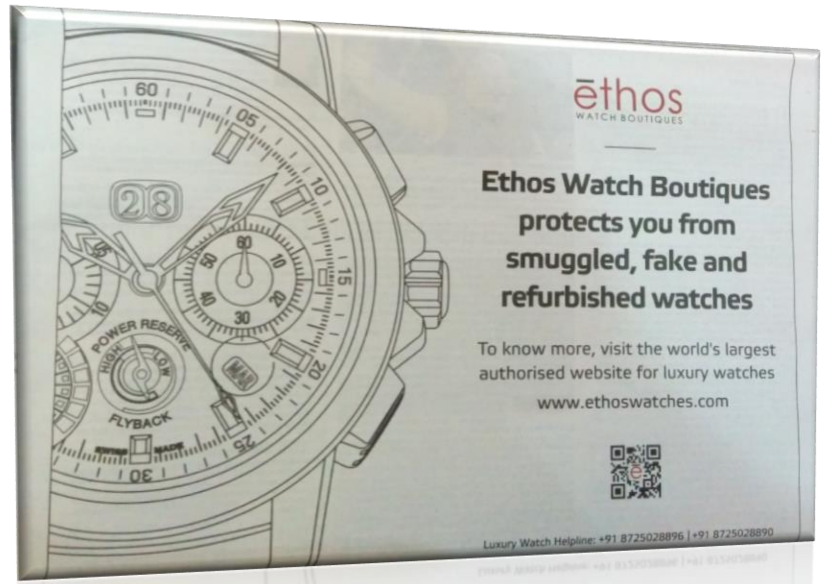
… with ETHOS co-branding

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"

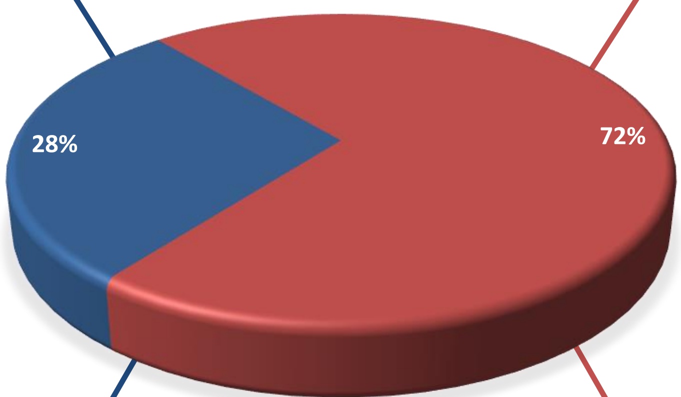
Company Overview

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 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
- 35 premium watch boutiques across country
- CAGR of 24% over FY13 - FY16
- 73.22% subsidiary of KDDL Ltd on a fully diluted basis

*Figures updated as on date

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

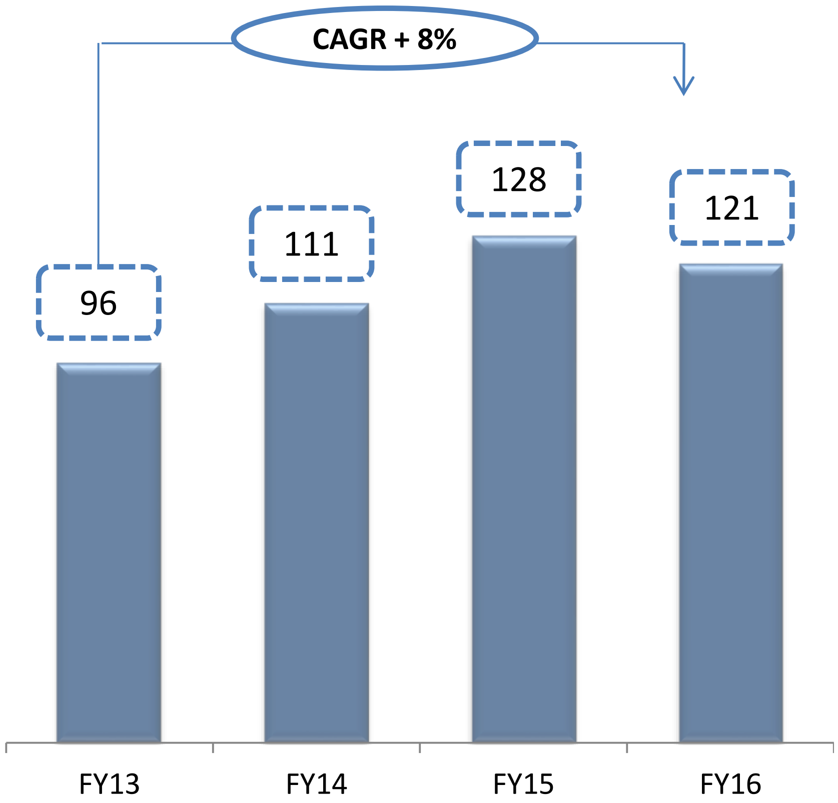
Expected to commence operations by FY17 end

Financial Closure has been achieved & project is proceeding as per schedule

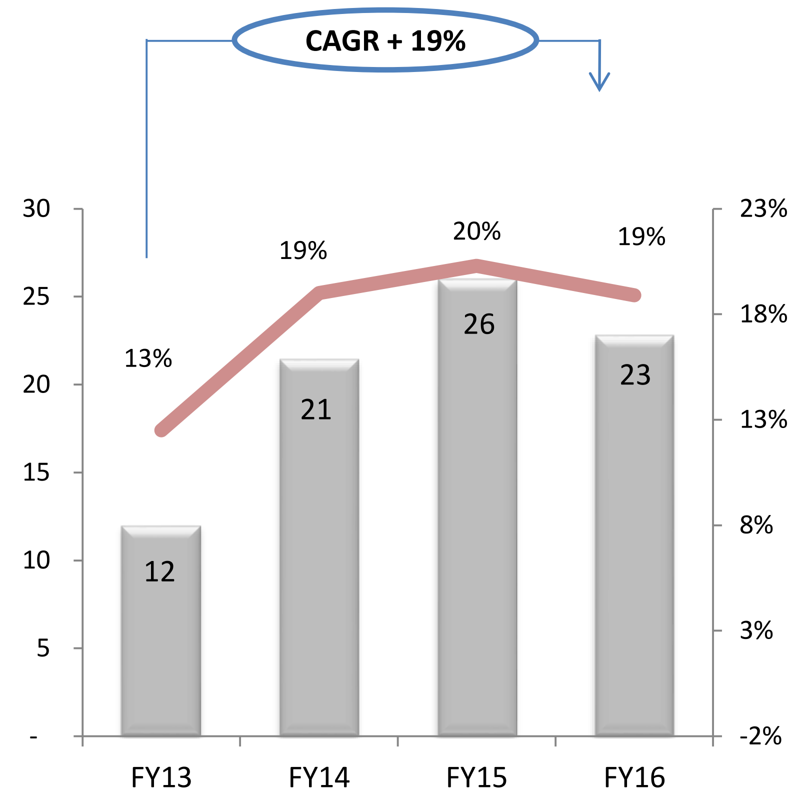
… to emerge as "Strong Player" in Organized space

Stable Manufacturing Performance

Revenue (Rs.Crs)

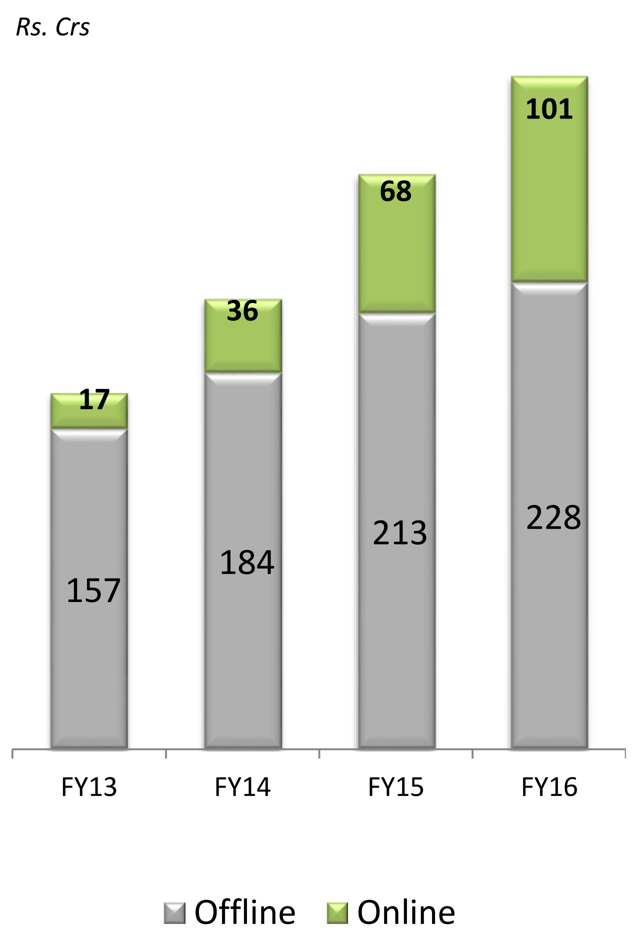


EBITDA (Rs.Crs)

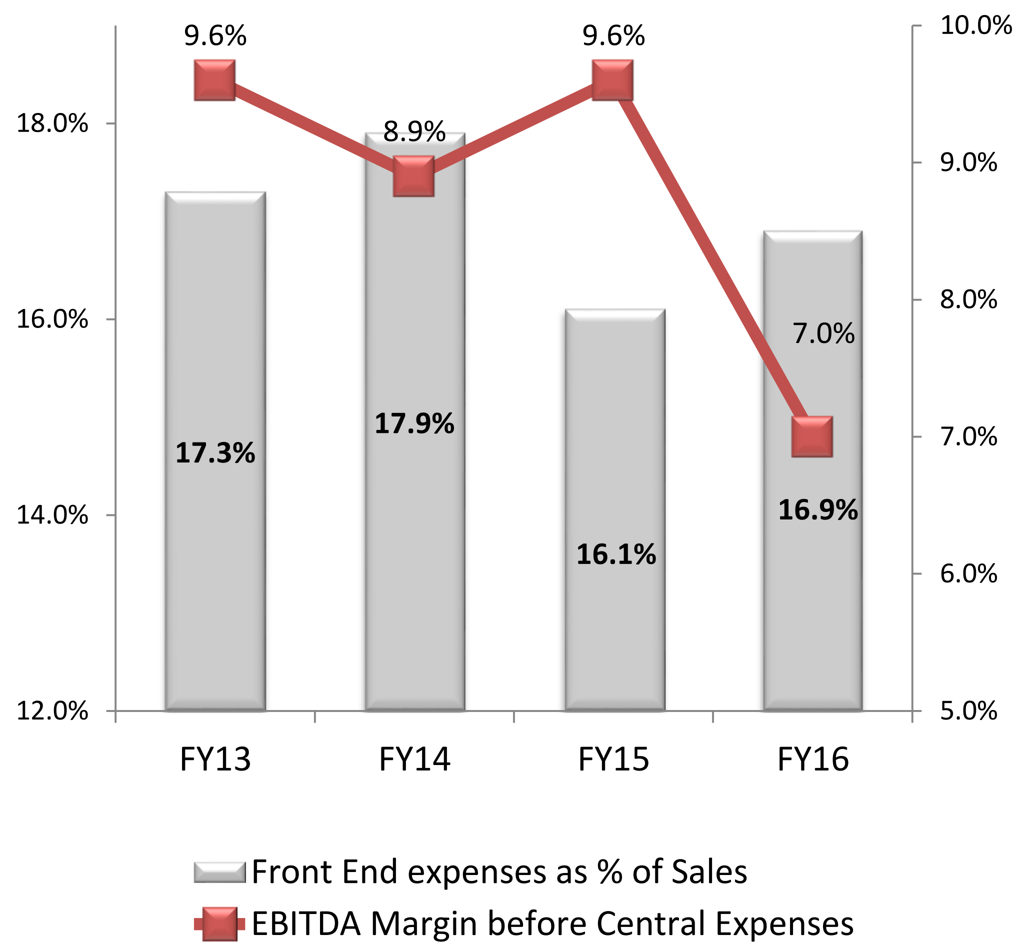


Scaling-Up Retail Performance

Increasing Online Revenue...



... Improved Absorption of Fixed Expenses



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