

The background of the slide features a stylized world map. It includes a circular scale with numbers 1 through 12, and various city names such as NOLULU, MIDWAY, MAJURO, VLADIVOSTOK, YAKUTSK, TOKYO, BEIJING, BANGKOK, ASTANA, KARACHI, MOSCOW, and DOHA. The map is rendered in a light blue and white color scheme.

KDDL Limited

ETHOS Limited

Result Update Presentation
Q4 FY16

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Performance Highlights

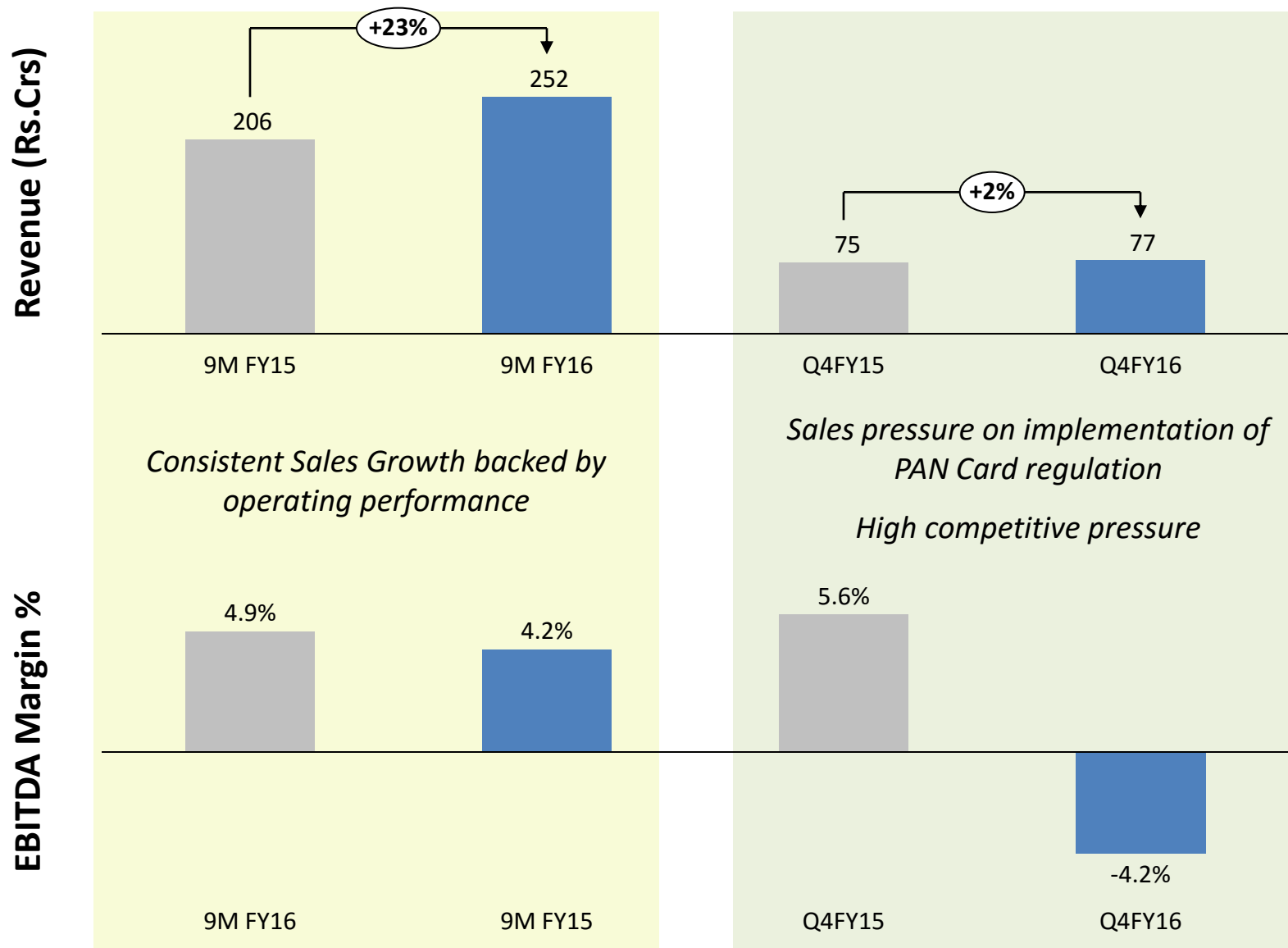
Consolidated

- **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

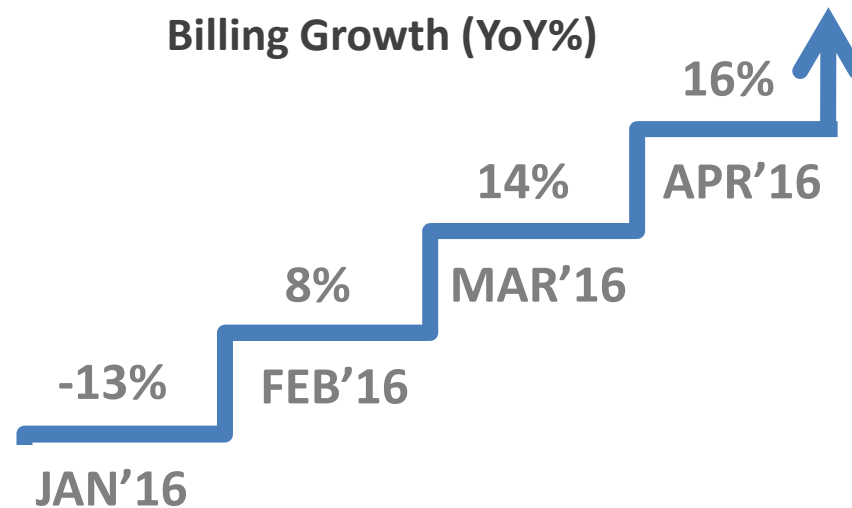
- **Revenue of Rs. 328.7 Crs, growth of 17% YoY**
 - Same store sales growth 12%
 - Online lead generation out of Total Revenue 31%
- **EBITDA of Rs. 7.3 Crs**
 - EBITDA Margin at 2.2%
- **Net Loss Rs. 5.9 Crs**
 - Business impacted on account new PAN Card Regulation implementation w.e.f January 2016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

Retail Business Fundamentals in Place



PAN Card Regulation : Gaining Acceptance with Customers

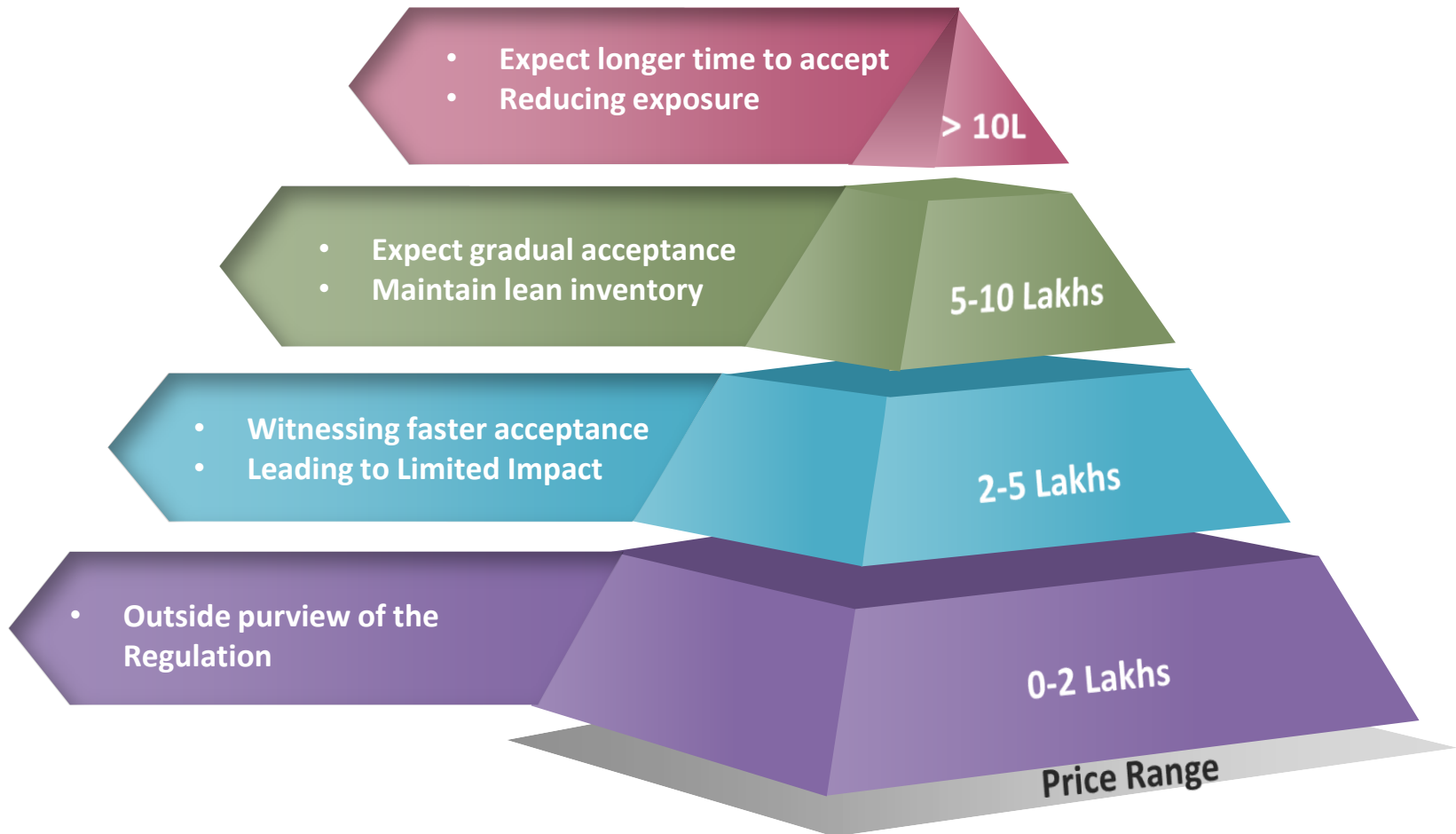
With effect from 1st January, 2016, Income Tax department made it mandatory to quote Permanent Account Number (PAN) for all transactions of amount exceeding Rs. 2 lakh, irrespective of mode of payment.



- *With implementation of PAN Card Regulation from 1st 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

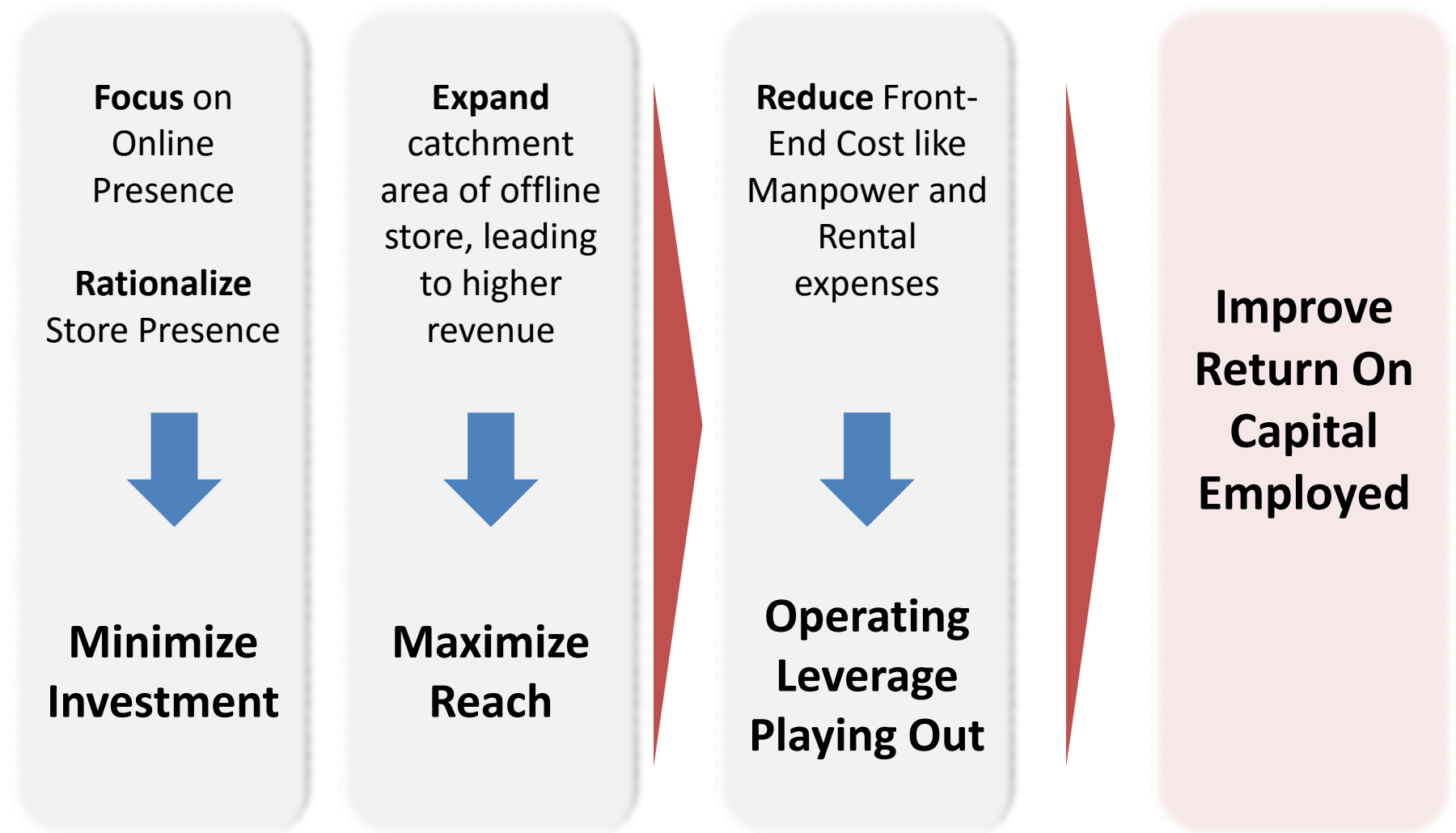
- Better profiling as customer are more open to sharing demographic information
- Creating tailor-made offering for targeting by segment
- Influencing buying behaviour of prospective customers



BETTER SERVICE to EXISTING CUSTOMERS

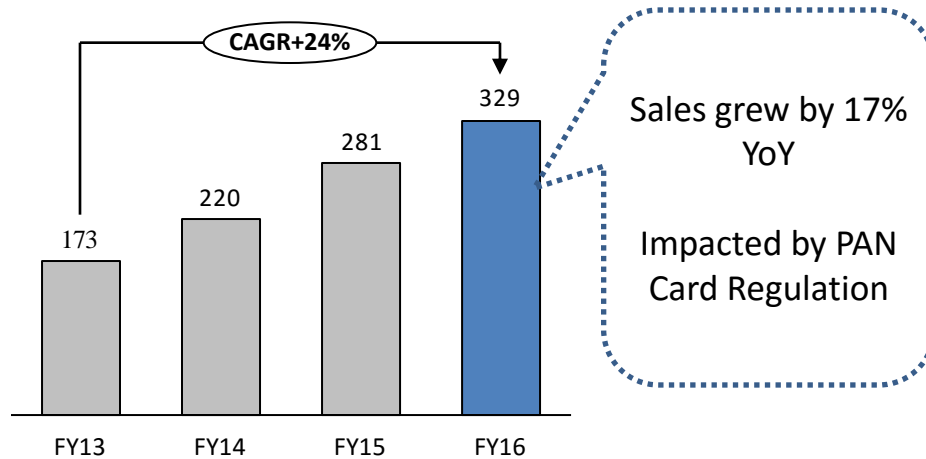
- Proactively and consistently engage with customers
- Make Customer feel valued

Asset Light Model In Ethos

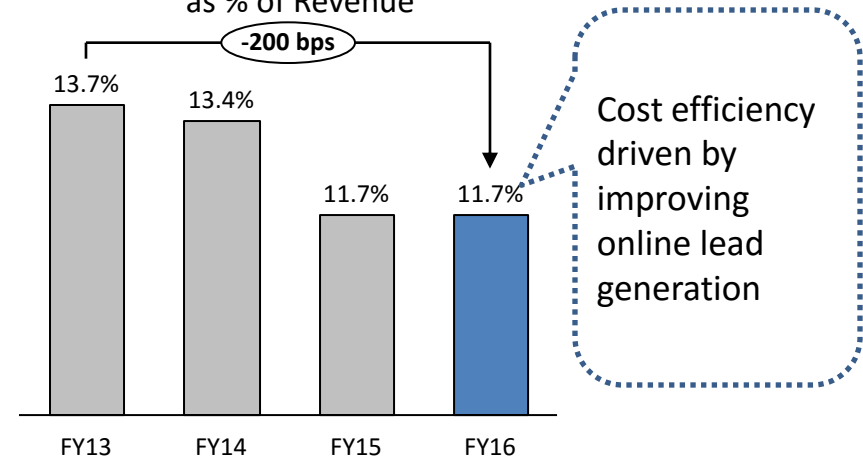


Ethos Performance Highlights

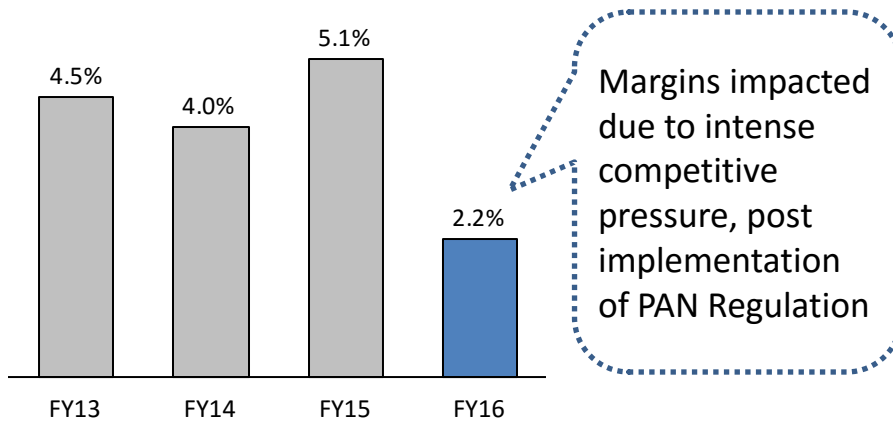
Revenue (Rs.Crs)



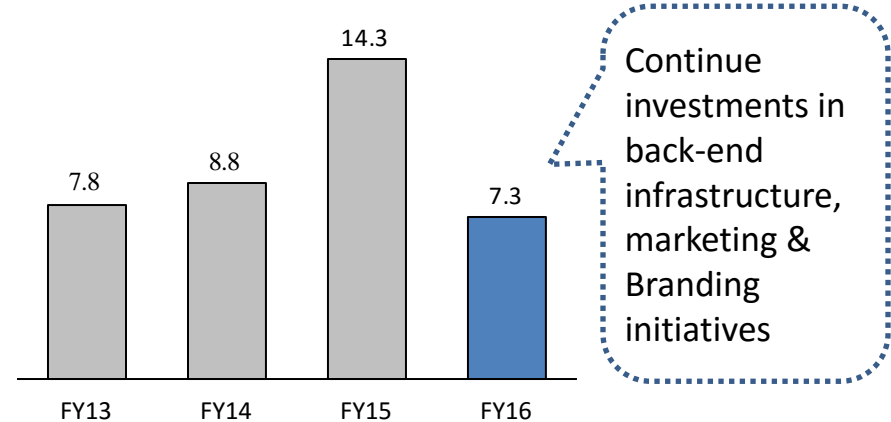
Front-end Rent & Manpower Cost as % of Revenue



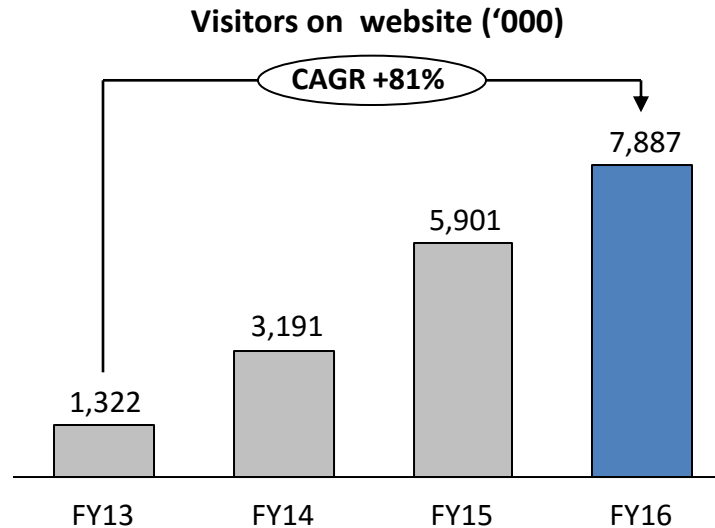
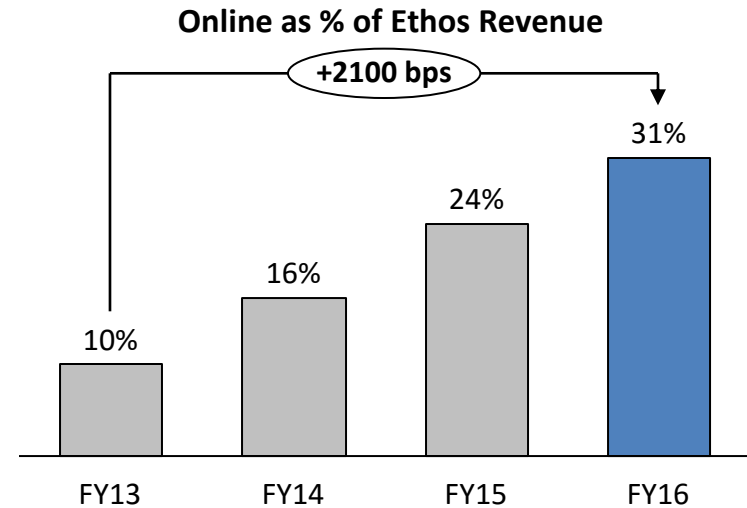
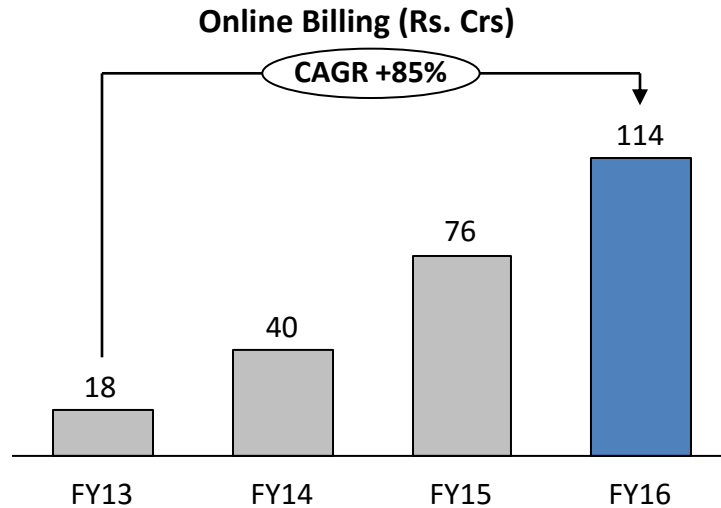
EBITDA Margin (%)



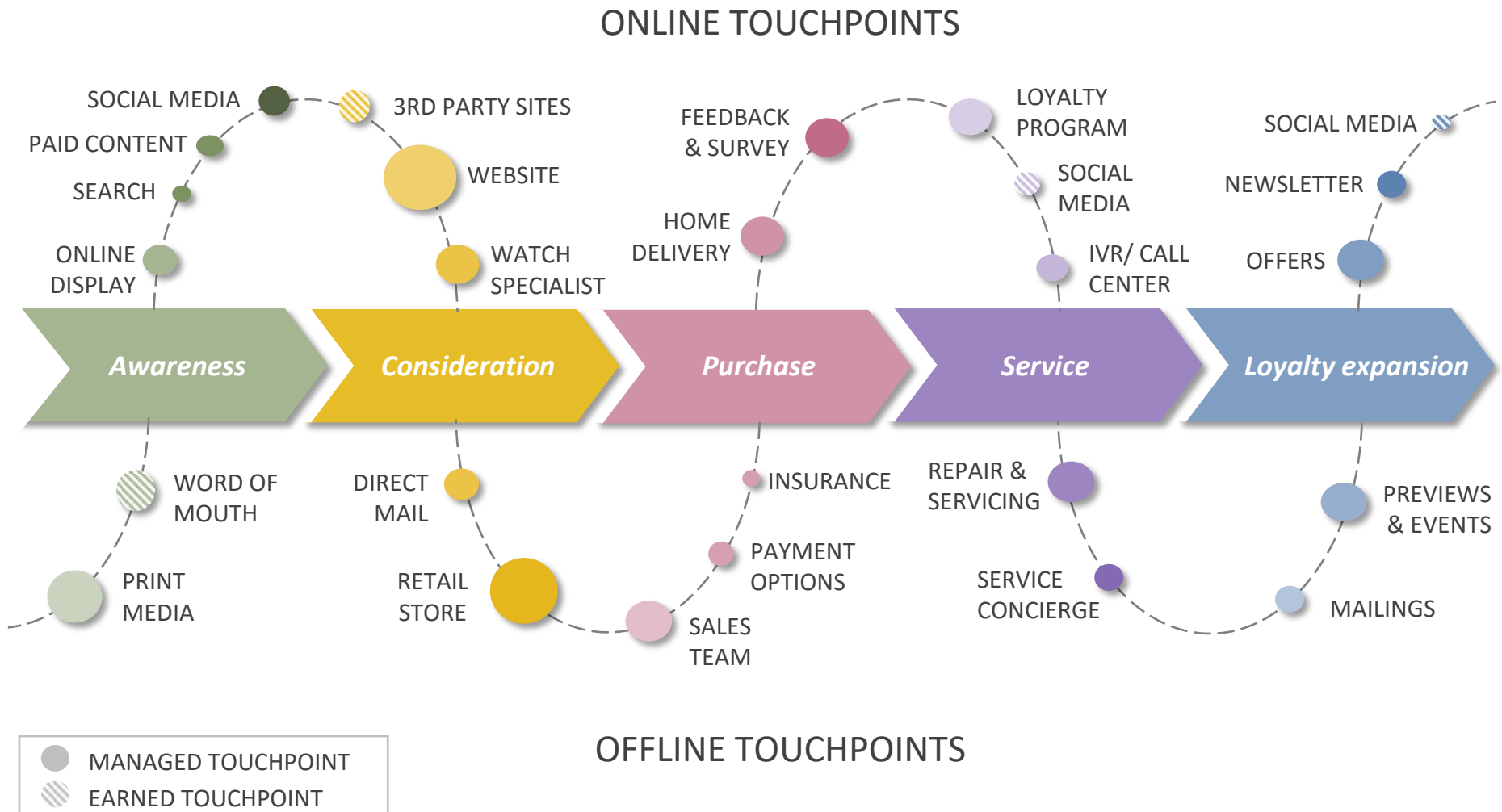
EBITDA (Rs.Crs)



Ethos Performance Highlights : Online Sales

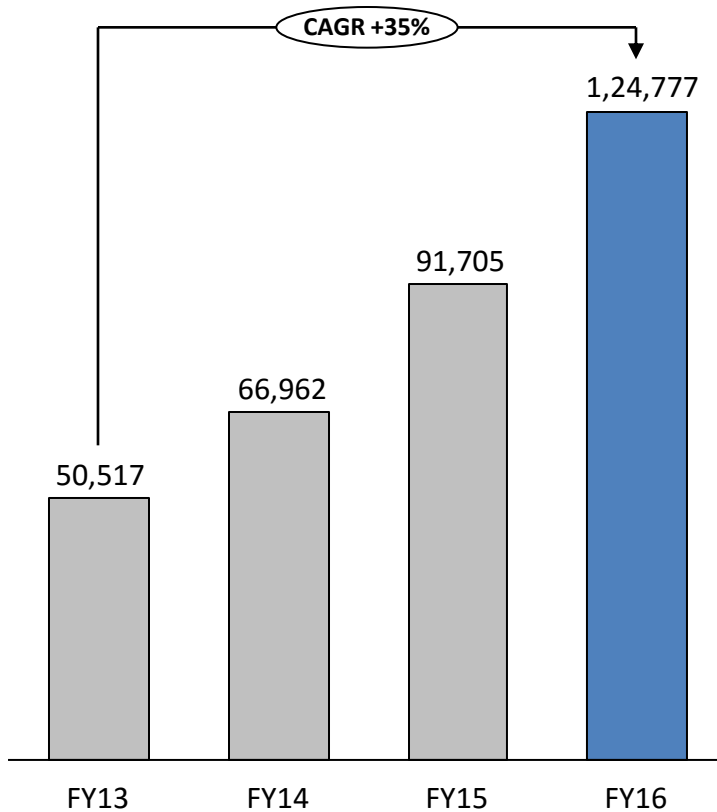


Turning 'Customers' into 'Brand Evangelists'...

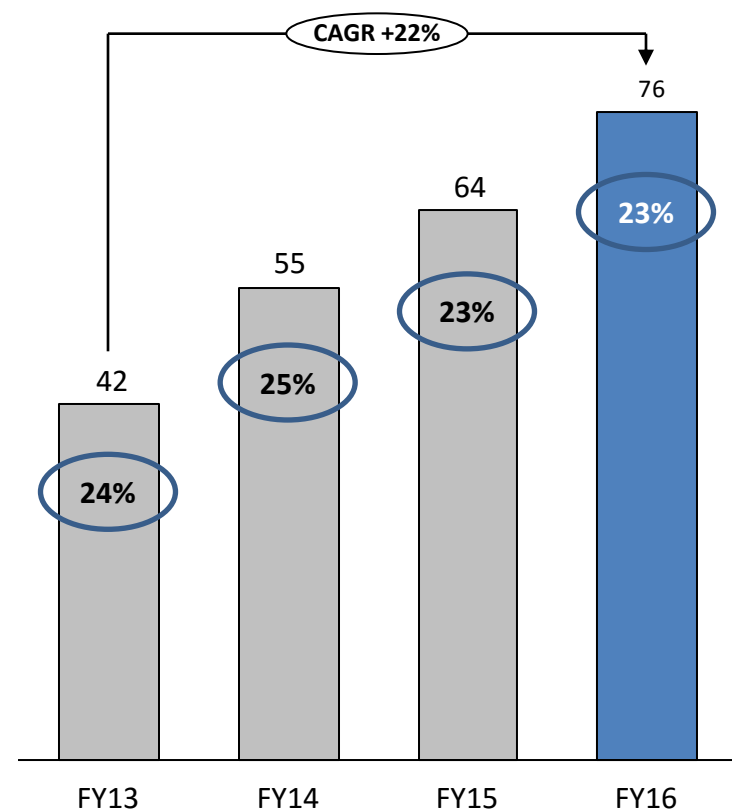



... To Increase Repeat Sales

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

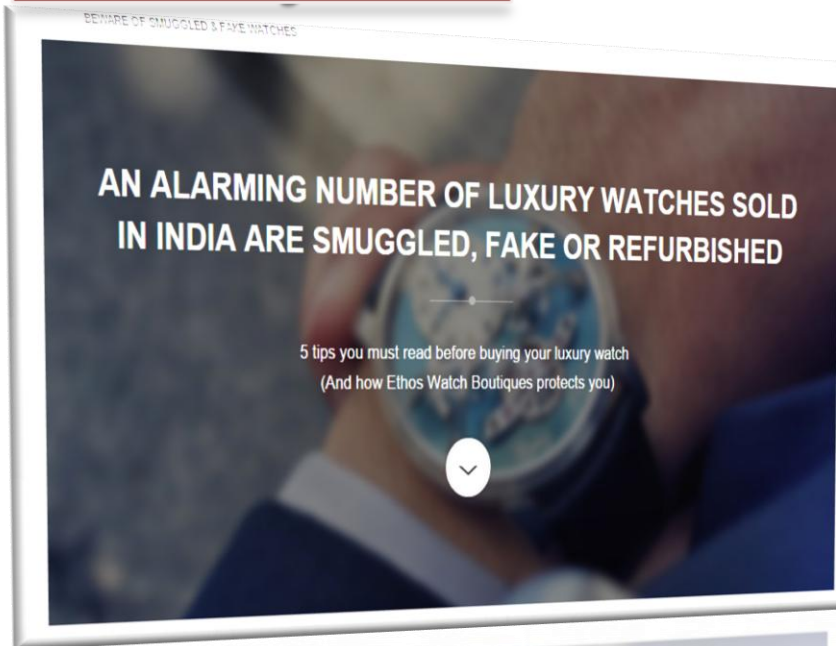
4 Duty Paid Retail Outlets at Domestic Terminals

2 Duty Free Retail Outlets at International Terminals

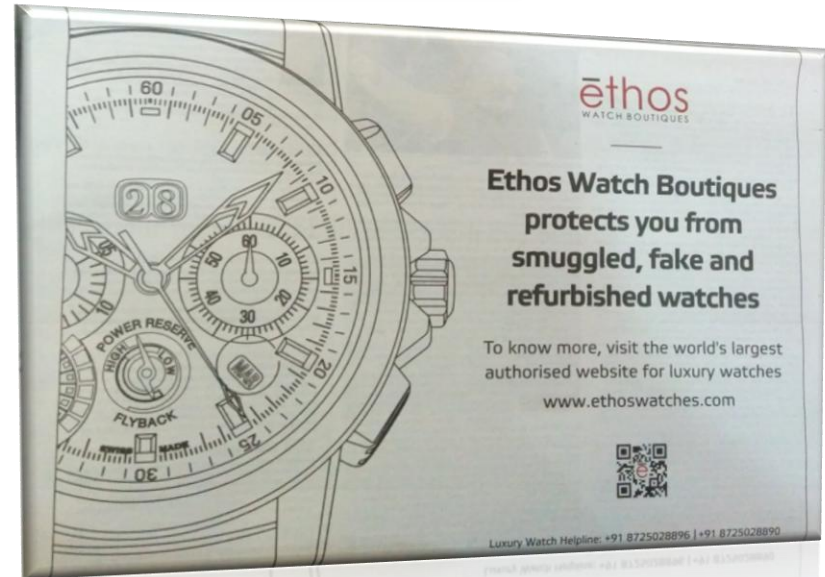
Store Selection Criteria :
Reputed /Pedigree Mall at
Premium location where other
Premium brands present and
having better facility
management

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
Revenue	328.7	281.0	76.8	75.4
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
EBITDA	7.3	14.3	-3.3	4.2
<i>EBITDA Margin</i>	2.2%	5.1%	-4.2%	5.6%
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
PBT	-4.6	3.5	-6.4	1.5
Tax	1.3	1.2	0.7	0.5
PAT	-5.9	2.4	-7.1	1.0
<i>PAT Margin</i>	-1.8%	0.8%	-9.3%	1.3%

Ethos – Balance Sheet

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

Consolidated – Profit & Loss Statement

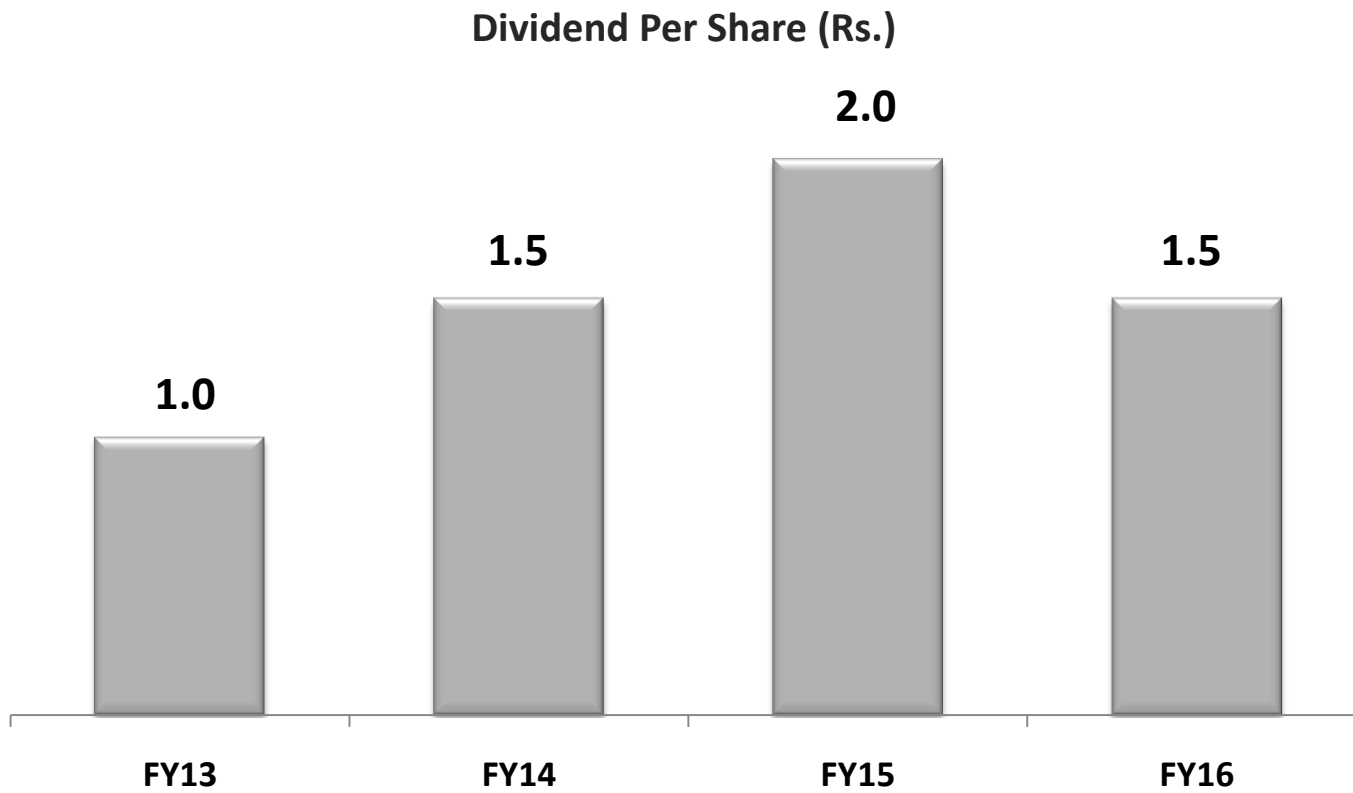
Rs.Crs	FY16	FY15	Q4 FY16	Q4 FY15
Revenue	449.8	411.5	108.1	107.3
Other Income	4.6	2.0	0.1	0.1
Total Revenue	454.4	413.5	109.2	107.4
Cost of Goods Sold	277.2	239.6	68.2	63.6
Employee Expenses	*57.0	53.7	10.5	10.2
Other Expenses	86.0	79.2	26.2	18.9
EBITDA	34.1	41.0	3.3	14.6
EBITDA Margin	7.5%	9.9%	3.0%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

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

Dividend History





Company Overview

Business Overview

Stable Business

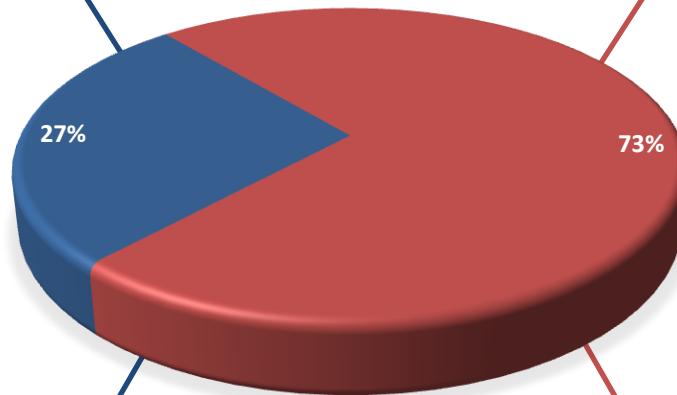
Stable Manufacturing Business

- 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 8% over FY13 – FY16

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
- 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



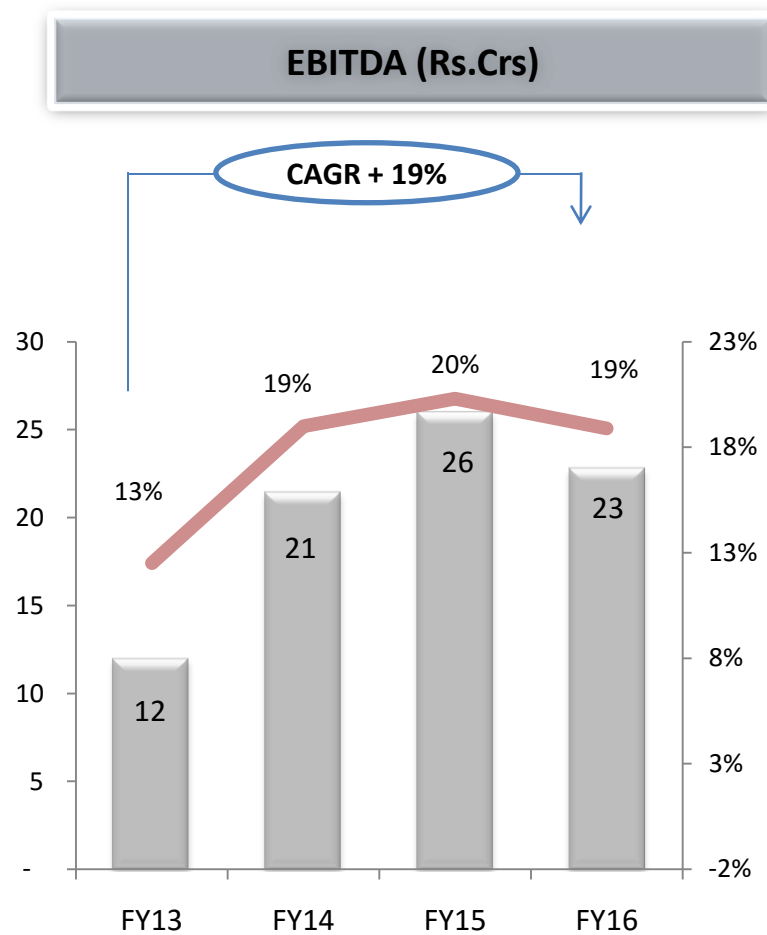
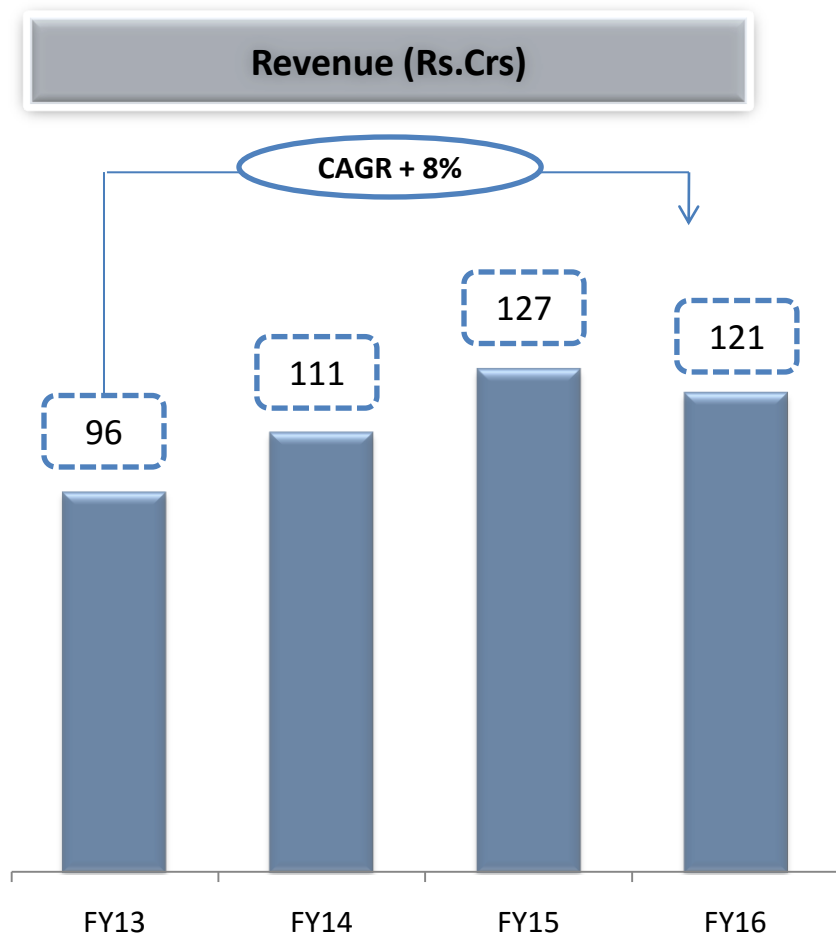
Investing Rs. 25 Crs over 2 years with 2:1 debt funding

~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

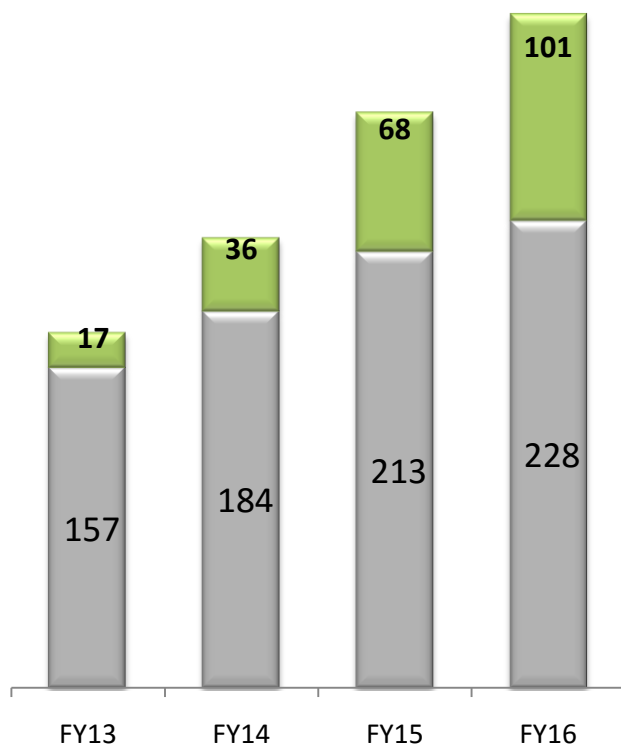
Stable Manufacturing Performance



Scaling-Up Retail Performance

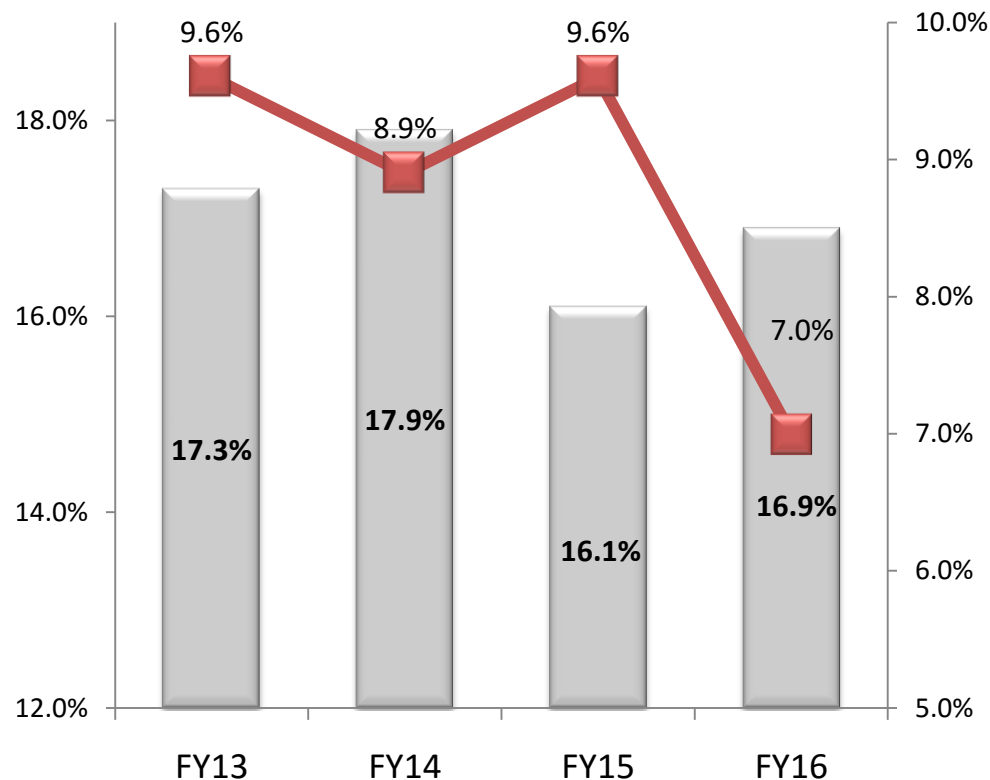
Increasing Online Revenue...

Rs. Crs



Offline Online

... Improved Absorption of Fixed Expenses



Front End expenses as % of Sales

EBITDA Margin before Central Expenses

Contact

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