

KDDL Limited

Kamla Centre, SCO 88-89, Sector 8-C, Chandigarh - 160 009, INDIA. Tel: +91 172 2548223/24, 2544378/79
Fax: +91 172 2548302, Website:www.kddl.com CIN-L33302HP1981PLC008123



Ref : KDDL/CS/2019-20/05

Date : 4th May, 2019

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra,
Mumbai - 400 051

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001

Trading Symbol : KDDL

Scrip Code : 532054

Subject: Results Update Presentation of Ethos Limited, Material Subsidiary of the Company

Dear Sir/ Madam,

Please find enclosed herewith Q4 and FY19 Results Update Presentation of Ethos Limited, Material Subsidiary of the Company.

Please take the same on record.

Thanking you,

Yours truly

For KDDL Limited

Brahm Prakash Kumar
Company Secretary



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WATCH BOUTIQUES

Q4 and FY19 Result Update Presentation May 2019



Safe Harbor

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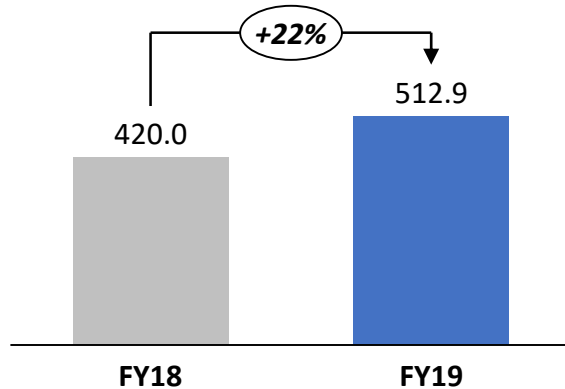


FY19 Snapshot

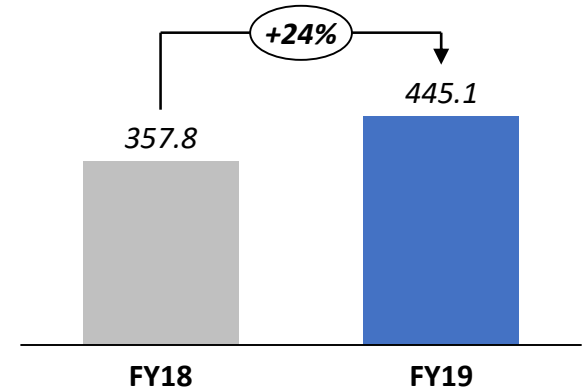
Record Performance in FY19

FY19 vs FY18 (Consolidated*)

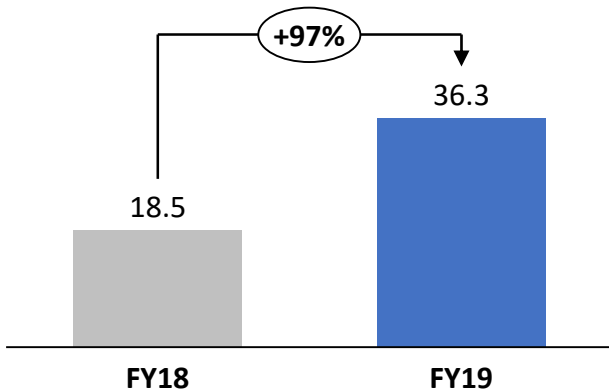
Billings (Rs. Cr)



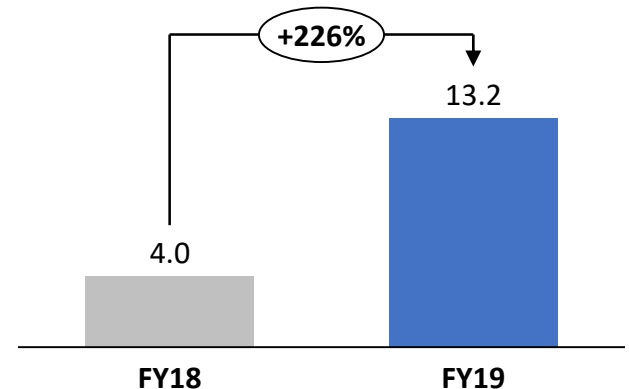
Revenue (Rs. Cr)



Normalized EBITDA (Rs. Cr)



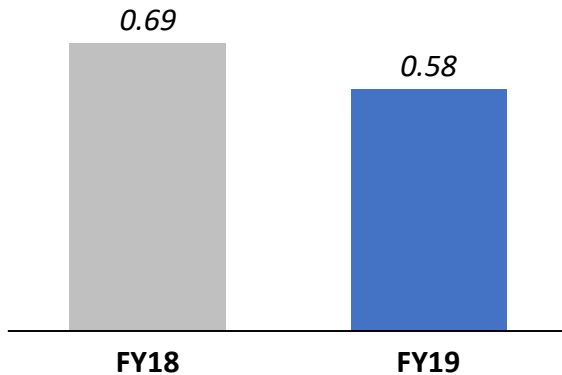
PAT (Rs. Cr)



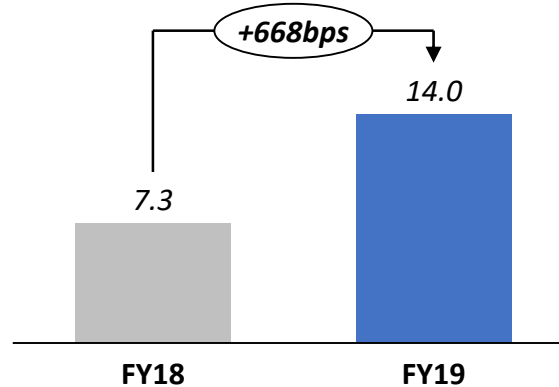
Record Performance in FY19

FY19 vs FY18 (Consolidated*)

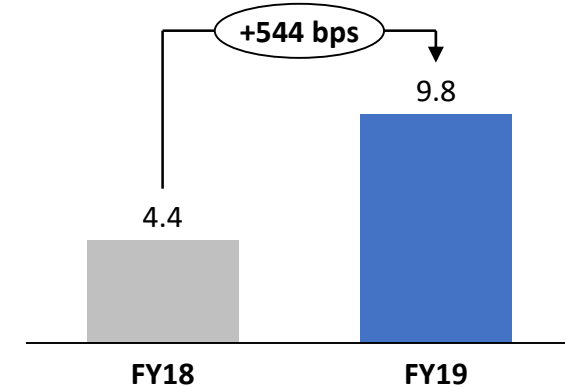
Debt/Equity



ROCE %



ROE %



- Reported Strong performance in FY19 on a high base of FY18. Benefits of scale and long term relationships with Watch Brands have helped to report record margins on Full year basis
- With operating leverage to further play out in coming quarters we expect improvement in Return ratios to continue
- **Robust Business model built; targeting to achieve 10% EBITDA margins over the next 2-3 years in Watch retailing business**

Consolidated Profit & Loss

Particulars (Rs. Crores)*	Q4FY19	Q4FY18	YoY %	FY19	FY18	YoY %
Revenue	102.9	97.4	6%	445.1	357.8	24%
Cost of Goods Sold	68.1	71.5		315.9	271.8	
Gross Profit	34.8	25.8	35%	129.2	86.1	50%
Employee Expenses	11.3	6.0		33.4	22.6	
Other Expenses	18.2	13.9		61.8	47.5	
Reported EBITDA	5.3	5.9	-11%	34.0	15.9	114%
Margin (%)	5.1%	6.1%		7.6%	4.5%	
Interest	2.0	1.5		7.7	6.6	
Depreciation	1.3	1.3		4.8	4.1	
PBT	2.0	3.1		21.5	5.3	
Tax	1.0	0.5		8.4	1.2	
PAT	0.9	2.6		13.2	4.0	
Cash PAT	2.3	3.9		18.0	8.1	

*Consolidated Financials include Watch Retailing Business and Digital Marketing business

Consolidated Balance Sheet

Particulars (Rs. Crores)*	Mar-19	Mar-18
Shareholder's Fund	134	92
Share Capital	17	16
Other Equity	117	76
Non-current liabilities	16	13
Long Term borrowings	14	11
Long Term Provisions	2	1
Current liabilities	148	146
Short Term Borrowings	53	41
Trade Payables	67	77
Other Current liabilities	29	27
Short Term Provisions	0	0
Total Liabilities	299	250
Non-current assets	50	40
Fixed Assets	27	17
Long Term loans and Advances	11	10
Other Non Current Assets	6	7
Deferred Tax Asset	6	5
Current assets	249	210
Inventories	206	171
Trade Receivables	8	6
Cash and Bank Balances	9	7
Short Term Loans and Advances	4	4
Other Current Assets	22	21
Total Assets	299	250

*Consolidated Financials include Watch Retailing Business and Digital Marketing business

Consolidated Performance Reconciliation

Particulars (Rs. Crores)	Q4FY19	Q4FY18	YoY %	FY19	FY18	YoY %	Commentary
Ethos Ltd - Watch Retailing Revenue	102.9	97.4	6%	443.4	357.8	24%	<ul style="list-style-type: none"> Standalone Watch Retailing EBITDA in Q4FY19 reported 9% increase on YoY basis with margin of 6.3% Consolidated EBITDA in Q4 was impacted by a loss of Rs. 1.2 crores in Digital Marketing subsidiary Cognition FY19 Standalone Watch Retailing EBITDA grew 92% on YoY basis to Rs. 30.5 crores with margin of 6.9% Watch Retailing PBT reported an increase 3.2% on YoY basis
Cognition - Digital Marketing Revenue	1.3	-		8.7	-		
Less: Inter company transactions	-1.3	-		-7.0	-		
Consolidated Revenue	102.9	97.4		445.1	357.8		
Ethos Ltd - Watch Retailing EBITDA	6.4	5.9	9%	30.5	15.9	92%	
Cognition - Digital Marketing EBITDA	-1.2	-		3.5	-		
Consolidated EBITDA	5.3	5.9		34.0	15.9		
Ethos Ltd - Watch Retailing PAT	1.7	2.6	-34%	11.0	4.0	172%	
Cognition - Digital Marketing PAT	-0.8	-		2.2	-		
Consolidated PAT	0.9	2.6		13.2	4.0		

Reconciliation to Consolidated Normalised EBITDA

Particulars (Rs. Crores)*	FY19	FY18
Revenue	445.1	357.8
Cost of Goods Sold	315.9	271.8
Employee Expenses	33.4	22.6
Other Expenses	59.5	45.0
Normalized EBITDA	36.3	18.5
Normalized EBITDA %	8.2%	5.2%
Forex Items	1.3	2.0
Credits written off	-	0.6
Provision for Legal case	1.0	-
Reported EBITDA #	34.0	15.9

*Consolidated Financials include Watch Retailing Business and Digital Marketing business

Standalone Profit & Loss

Particulars (Rs. Crores)#	Q4FY19	Q4FY18	YoY %	FY19	FY18	YoY %
Revenue	102.9	97.4	6%	443.4	357.8	24%
Cost of Goods Sold	68.1	71.5		315.9	271.8	
Gross Profit	34.8	25.8	35%	127.5	86.1	48%
Employee Expenses	10.7	6.0		32.4	22.6	
Other Expenses	17.6	13.9		64.5	47.5	
Reported EBITDA	6.4	5.9	9%	30.5	15.9	92%
Margin (%)	6.3%	6.1%		6.9%	4.5%	
Interest	1.9	1.5		7.6	6.6	
Depreciation	1.3	1.3		4.8	4.1	
PBT	3.2	3.1	3%	18.2	5.3	244%
Tax	1.5	0.5		7.2	1.2	
PAT	1.7	2.6		11.0	4.0	
Cash PAT	3.1	3.9		15.8	8.1	

Standalone Balance Sheet

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Largest Pan India retailer of Luxury Watches

Additions



Stores as of FY18
43



Panerai Boutique,
Chanakyapuri,
Delhi



Oris Boutique,
Palladium Mall,
Chennai



Multi Brand Boutique,
Palladium Mall,
Chennai



Rado Boutique,
Viviana Mall,
Thane



Stores as of FY19
47

With 47 pan India stores, Ethos offers the widest variety of Luxury watches in India

Fund Raise strengthens Balance Sheet



Rs. 29cr

**Ethos Limited raises
Rs. 29 crores equity
funds in FY19**



Rs. 480cr

**Funds raised at a pre
money valuation of
Rs. 480 crores**



72.53%

**Shareholding of
KDDL Ltd (directly
and indirectly) in
Ethos Ltd on fully
diluted basis**

Equity Funds will primarily be utilized towards New Store rollouts and working capital

New Initiatives in FY19

Repair and Service

Repair and services over 60 of the World's top Luxury watch Brands

Strap and Bracelet replacement

Servicing of Movements

Bracelet link removal and adjustment

Ultrasonic Cleaning

Pre-Owned Watches

Pre-Owned Watches has the **potential to expand the volume and customer base**

Ethos has the **expertise to check the authenticity** and to ensure that each time piece is in great condition for its new owner to enjoy

The prices we quote for each pre-owned watch is based on **a thorough assessment of its current market value, and its years of use.** This makes it a fair price

Financial consultancy Kepler Cheuvreux estimates the current **global market for pre-owned watches alone to be worth upward of USD \$15 billion annually**

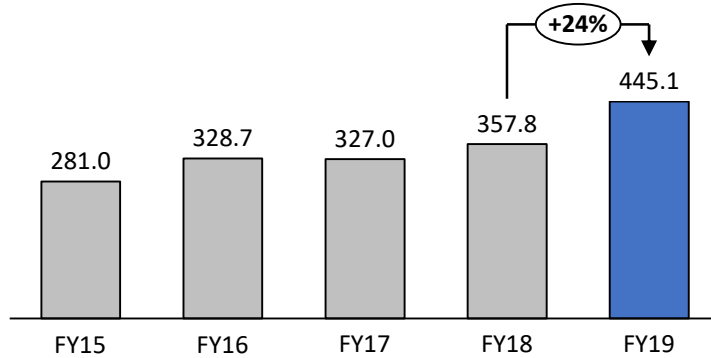
Ethos Watches is the #1 destination for Luxury Watch shoppers in India



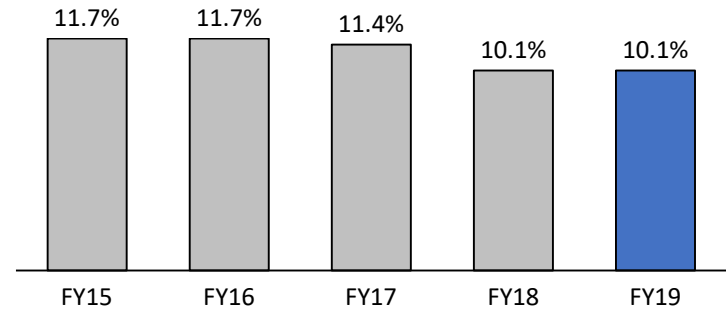
Operational Snapshot

Ethos - Performance Trend*

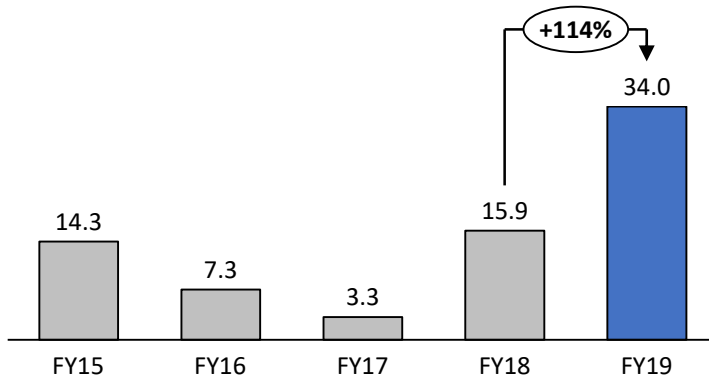
Revenue (Rs. Cr)



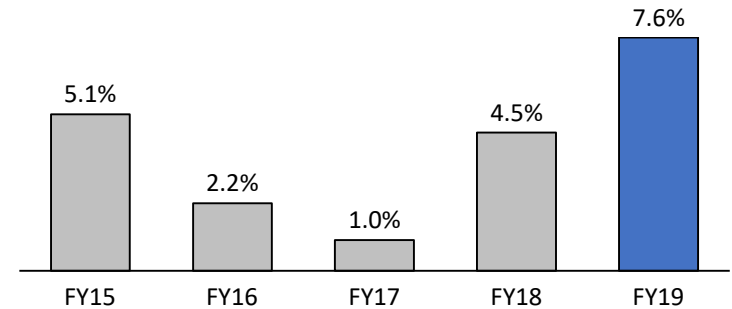
Front-end Rent & Manpower Cost as % of Revenue#



EBITDA (Rs. Cr)



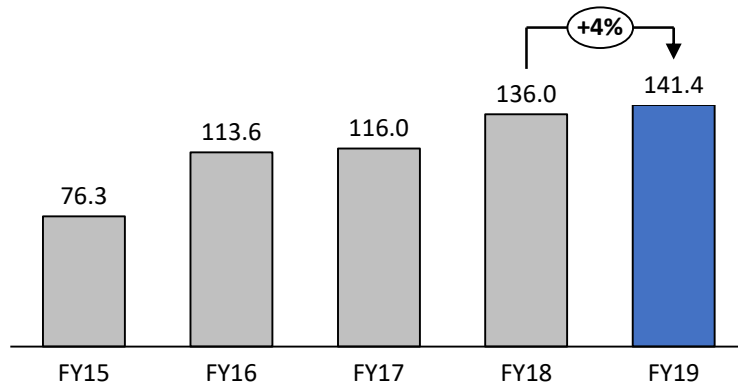
EBITDA Margin



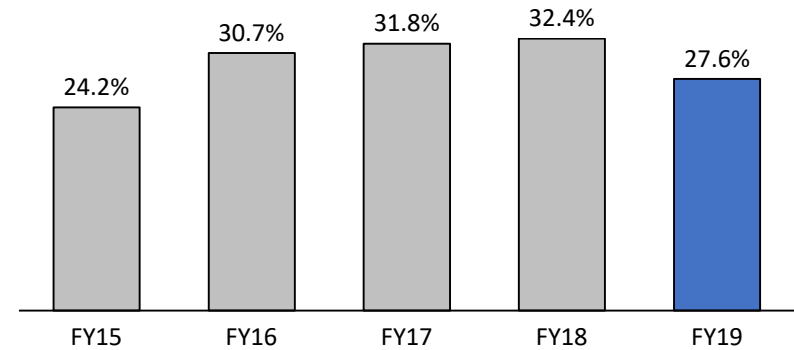
*FY18 and FY19 financials are as per IND AS

Ethos - Online Sales Trend

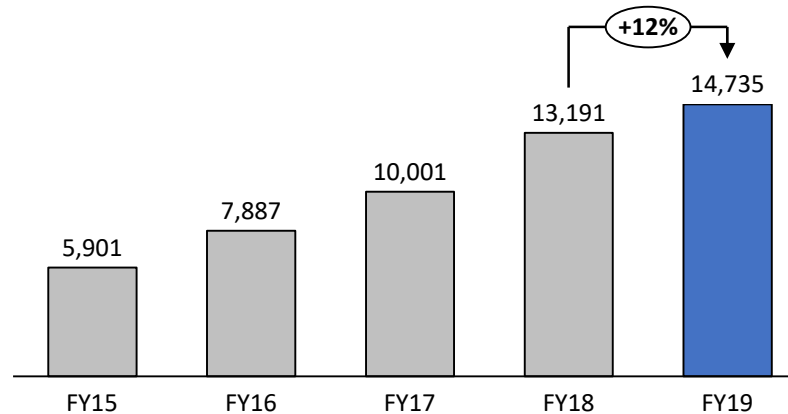
Online Billings (Rs. Cr)



Online Billing as % of Total Billing

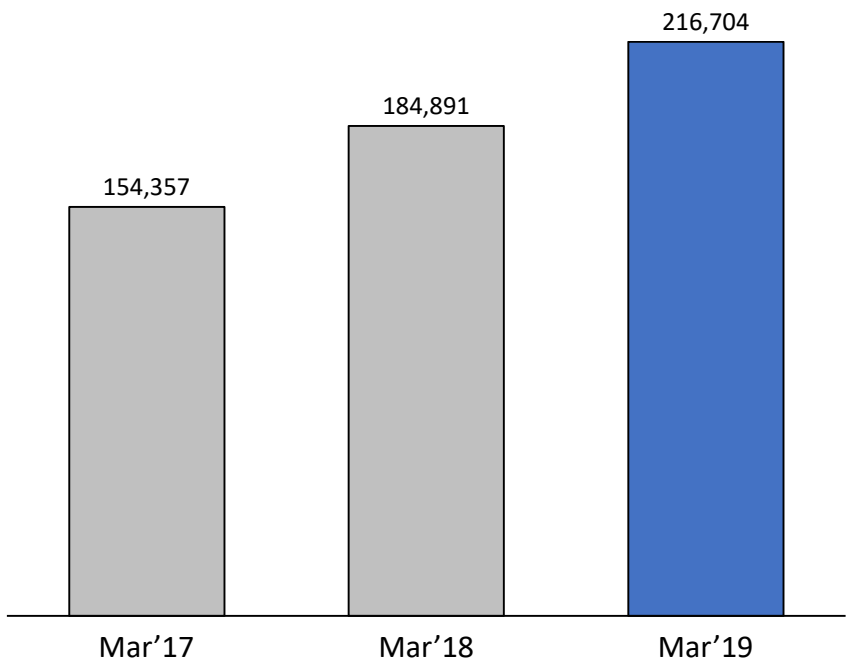


Visitors ('000)

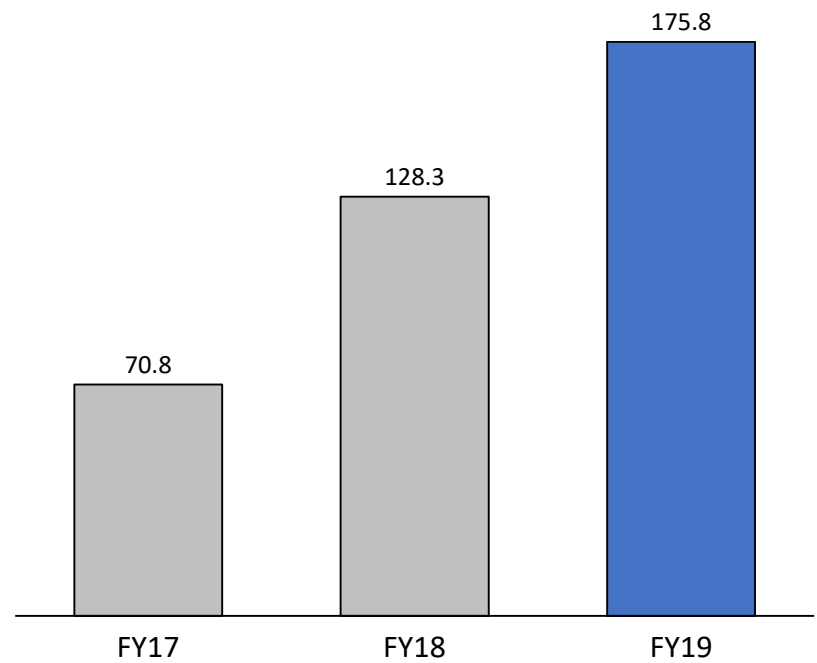


Ethos - Repeat Sales Trend

Club ECHO Member Base



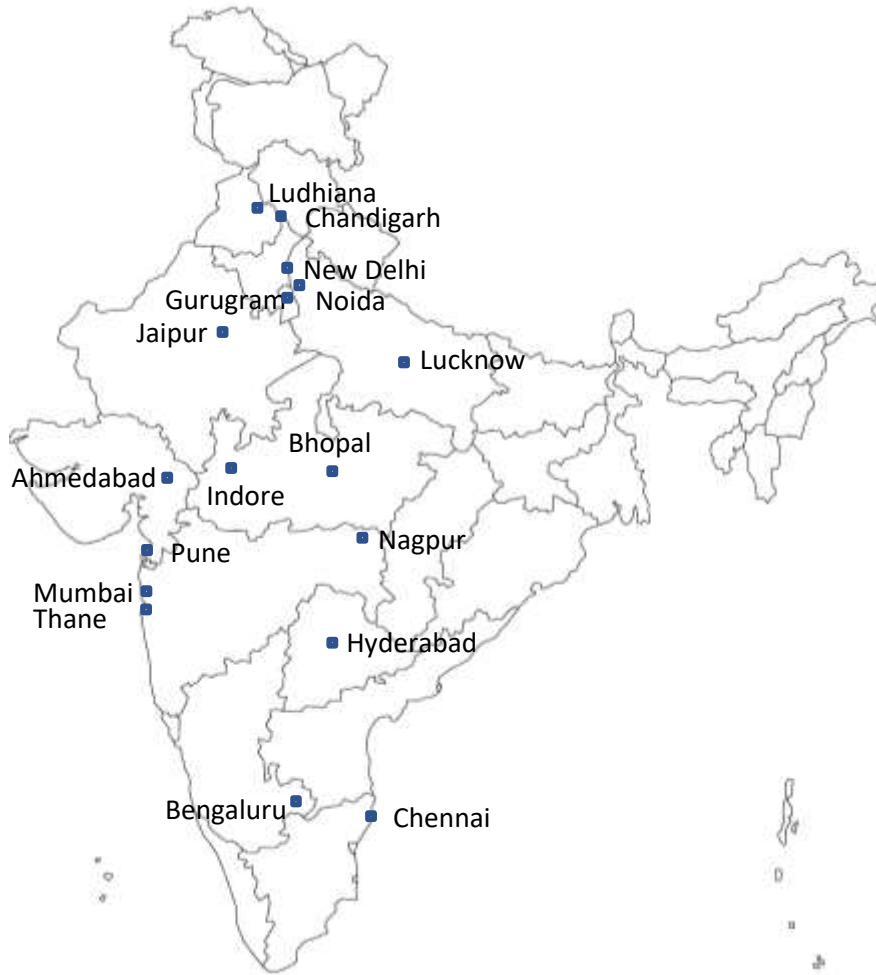
Repeat Billings (Rs. Cr)





*Ethos is India's Largest
Luxury Watch Retailer*

Pan-India Presence with Offline Store Network



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

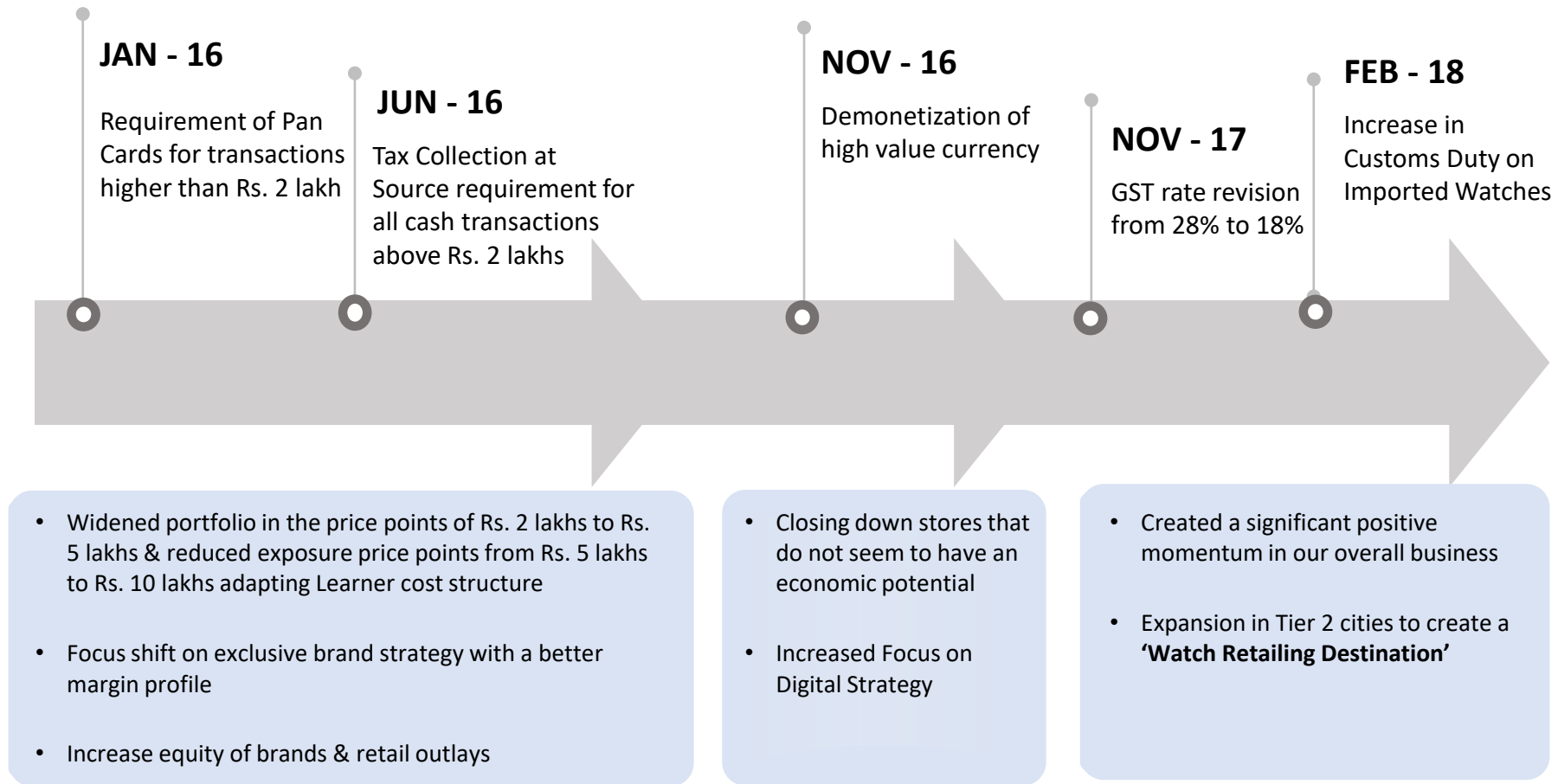
Presence across Metros, Tier I, Tier II cities

1 Duty Paid Retail Outlet at Domestic Terminals

2 Duty Free Retail Outlets at International Terminals

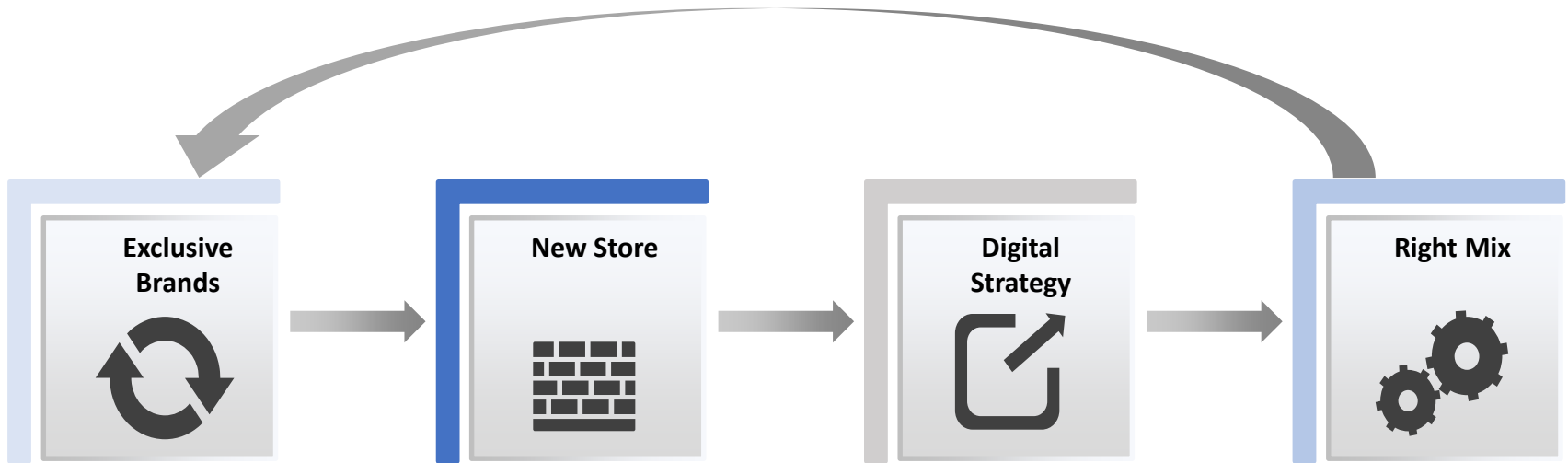
Store Selection Criteria :
Reputed /Pedigree Mall at
Premium location where other
Premium brands present and
having better facility
management

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'



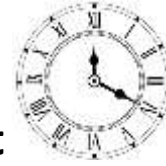
Online

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

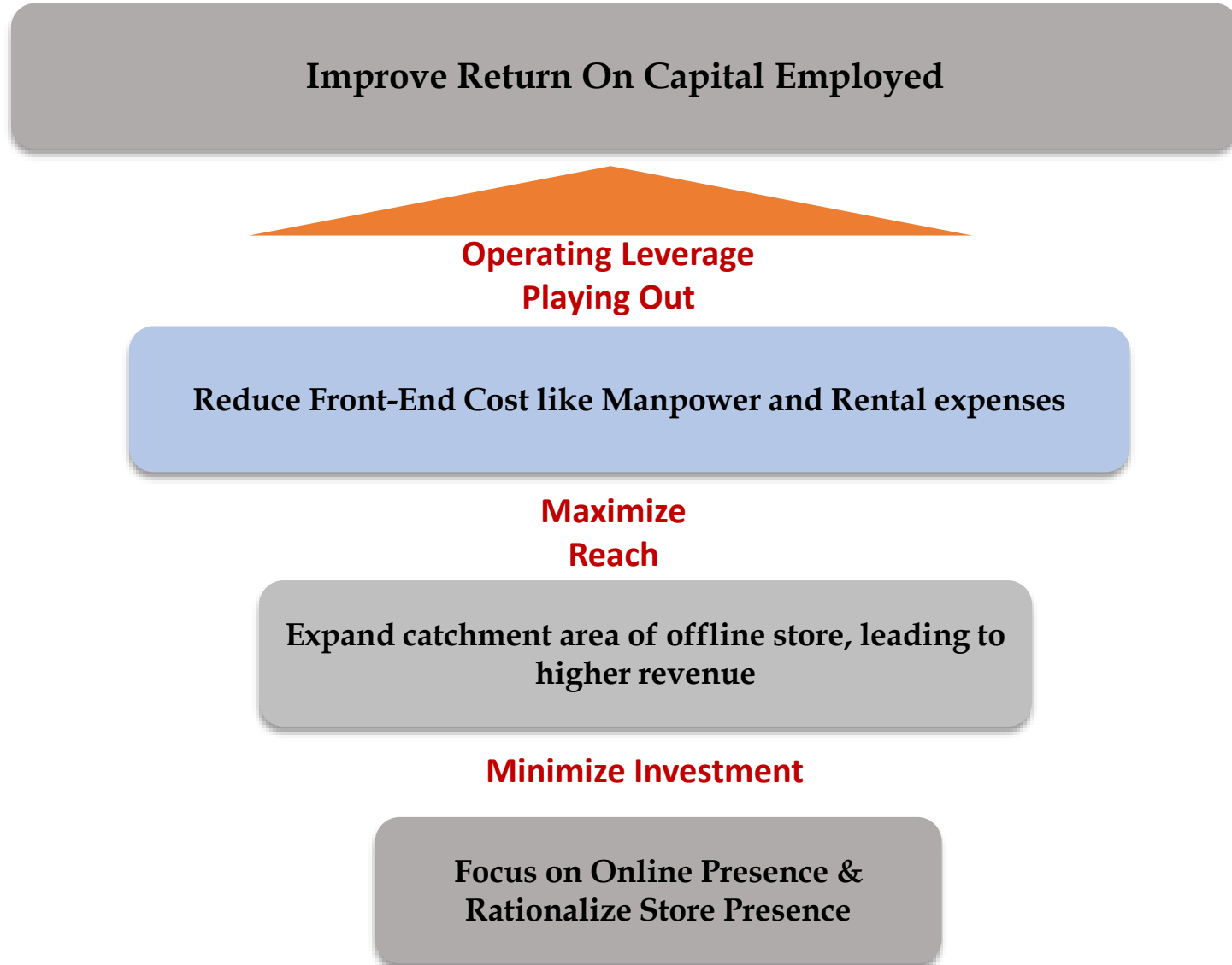


Trust

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



With an Asset Light Model...



and Continued Investments in Advertising...

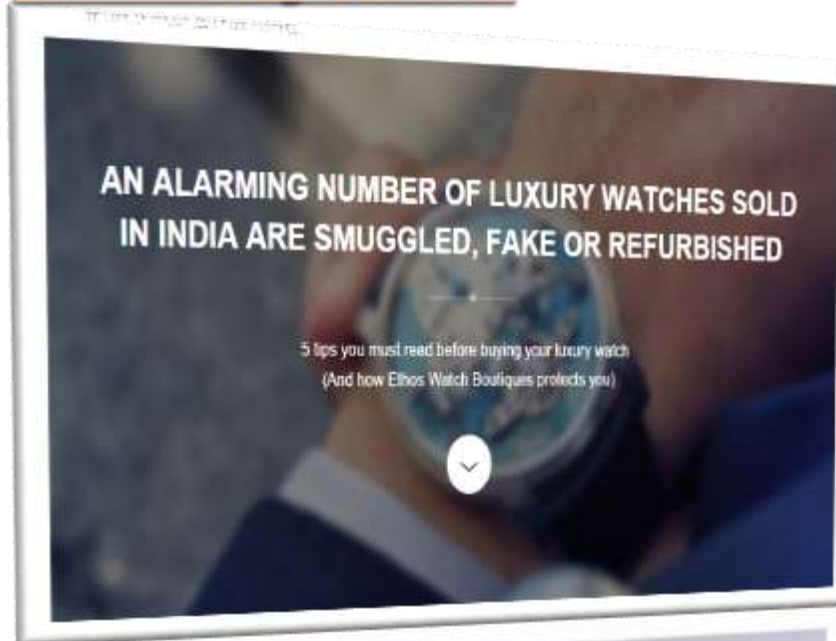
Print Ads in leading newspapers...



... 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”

Offering the best Watch Brands under one roof

NOMOS
GLASHÜTTE

GRAHAM
WATCHMAKERS SINCE 1695

TISSOT
Swiss Watches since 1853

FAVRE-LEUBA

VICTORINOX

ROLEX

A|X
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

MEISTERSINGER

RADO
SWITZERLAND

MOVADO

CORUM

TAGHeuer

LONGINES

Daniel Wellington

BVLGARI

For further information, please contact:

Company :



Ethos Ltd.

CIN : U52300HP2007PLC030800

Mr. C. Raja Sekhar

rajasekhar@ethoswatches.com

www.ethoswatches.com

Investor Relations Advisors :



CIN : U74140MH2010PTC204285

Mr. Shogun Jain/ Mr. Shrenik Shah

+91 7738377756 / +91 9664764465

shogun.jain@sgapl.net / Shrenik.shah@sgapl.net

www.sgapl.net