



KDDL Limited

Result Update

May 2014

India's largest retailer for luxury watches

ēthos
WATCH BOUTIQUES

Safe Harbor

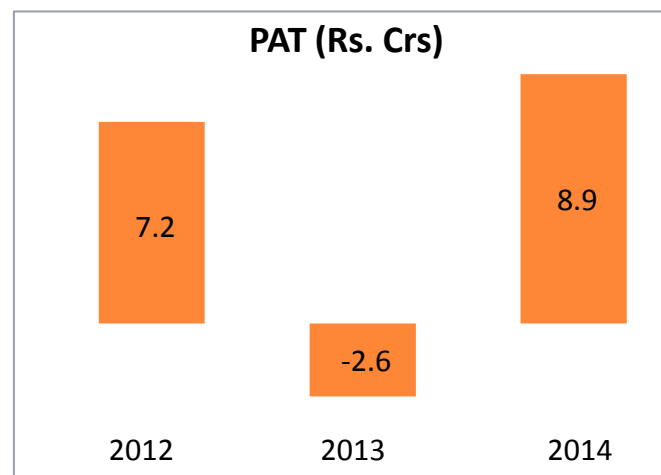
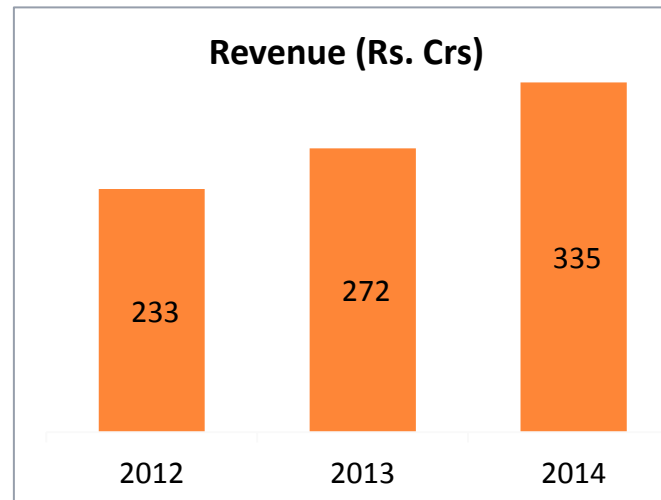
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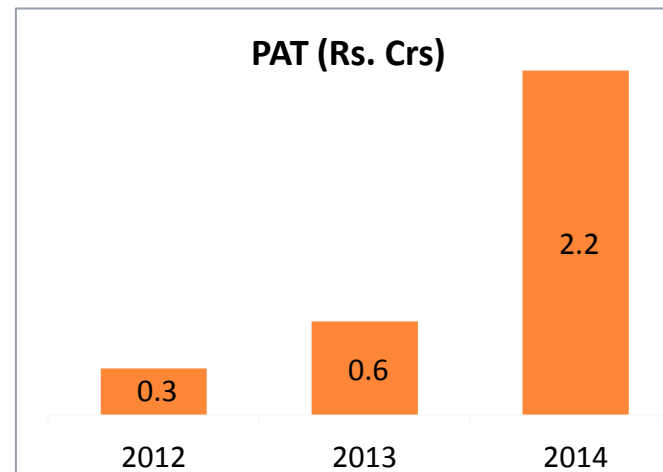
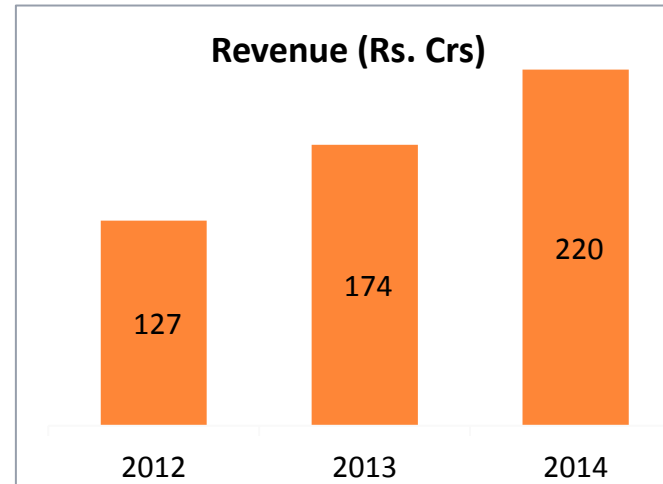
Consolidated Performance Highlights – FY14

- **Revenue of Rs.335 Crs, growth of 23% YoY**
 - Retail revenue at Rs.220 Crs
 - Manufacturing revenue at Rs.112 Crs
- **Gross Profit at Rs.145 Crs, margin of 43%**
- **EBITDA of Rs.30Crs, margin of 9%**
 - Margin expanded by 230 bps YoY
- **Net Profit of Rs.9 Crs, growth of 400% YoY, as against loss of Rs.3 Cr in FY13**
 - Margin at 2.69%



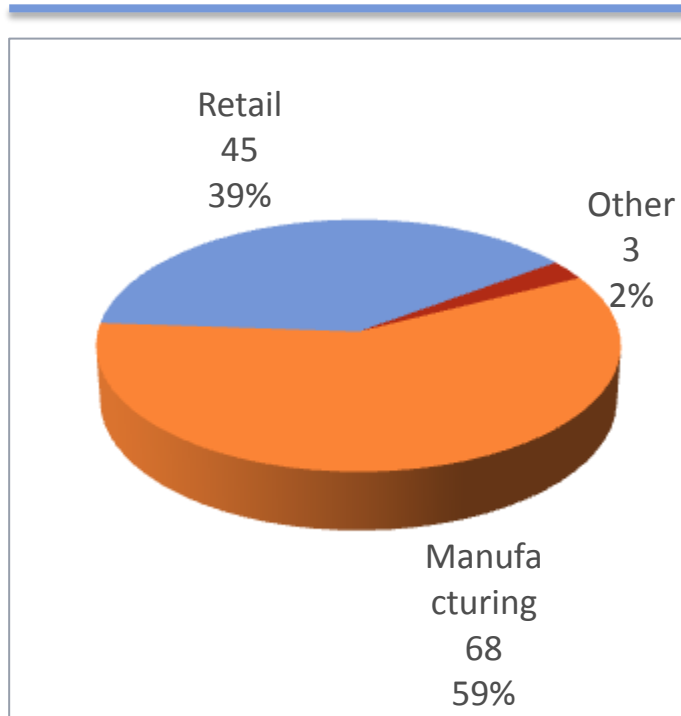
Ethos Performance Highlights – FY14

- **Retail revenue of Rs. 220 Crs, growth of 27% YoY**
 - 16% of retail revenue contributed through online leads generated
 - Average sales per mature store increased from Rs. 7.1 Crs to Rs. 7.2 Crs
- **Gross Profit at Rs. 58 Crs**
- **EBITDA of Rs. 9 Crs**
- **Net Profit of Rs. 2.2 Crs, growth of 265% YoY**
- **45 Stores as on 31st March 2014**
 - Mature Stores as on 31st March 2014 – 26
 - Recently opened new store in Mumbai

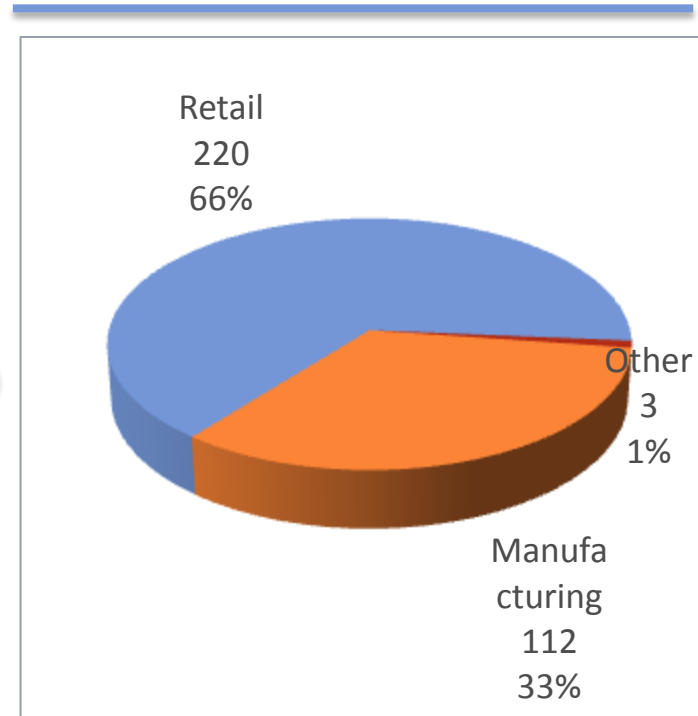


Retail... Consistently Growing at faster pace

Revenue FY 2009
Rs. 116 Crs



Revenue FY 2014
Rs. 335 Crs



Company Overview



Business Overview

KDDL

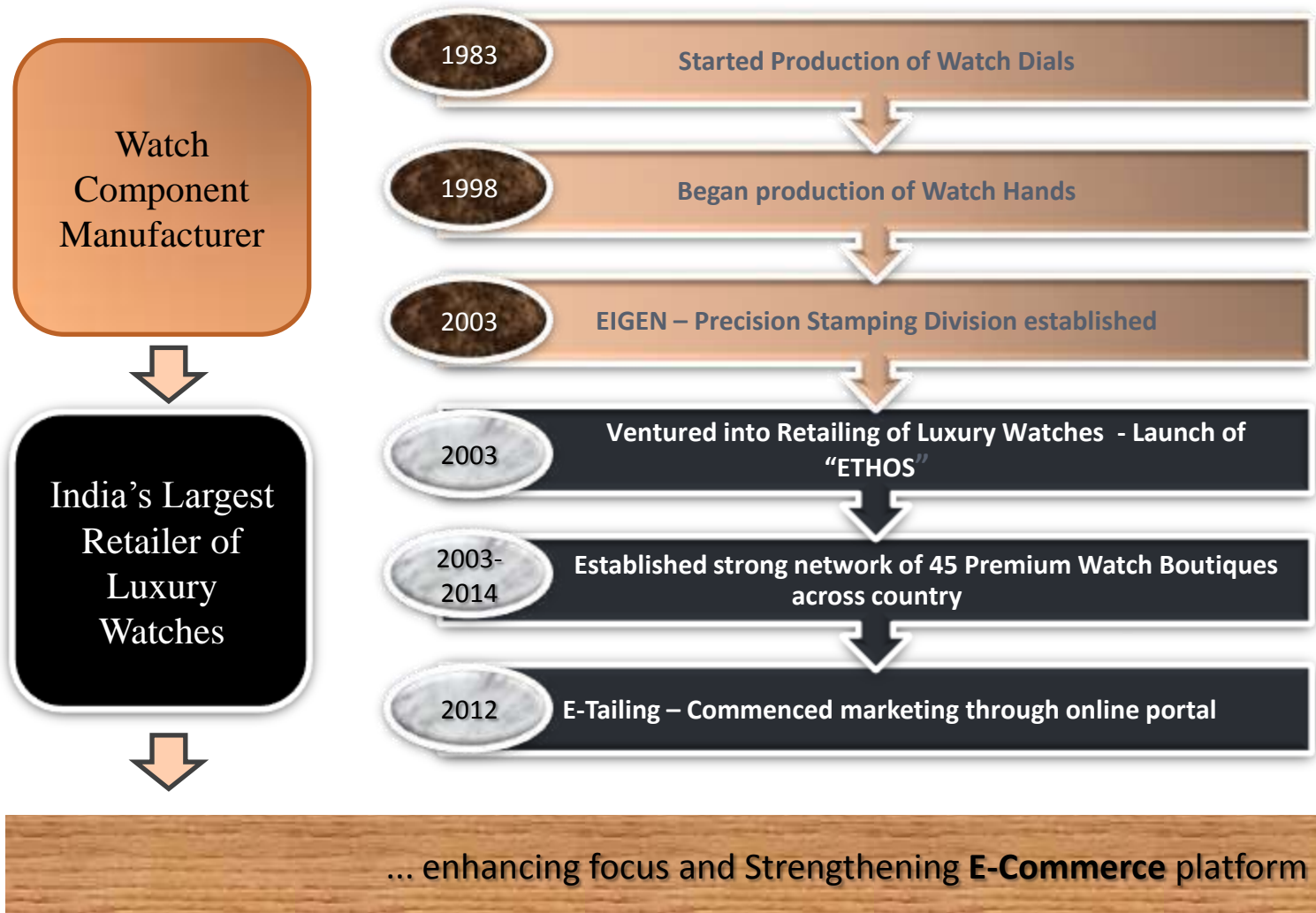
73%
Subsidiary

Ethos

- **Leading supplier of high quality watch components for international brands in Switzerland & India**
- **Manufacturing facilities**
 - Watch Dial - 3 manufacturing plants with capacity of over 4.5 mn pcs
 - Watch Hands - 2 manufacturing plants with over 47 mn capacity
- **EIGEN : Precision Stamping Division**
 - Offers high precision press component and tooling solution
 - Wide range of engineering applications

- **India's Largest Retail Chain of Luxury Watch Studios**
- **Authorized retailer of over 60 luxury watch brands through**
 - 45 premium watch boutiques across Country
 - Online marketing - Effective use of large social network and business development platforms
- **Distinct retail formats addressing various market segments**
 - Luxury & Prestige
 - Exclusive Boutiques
 - Airport Boutiques

Evolution ...



Through our specialized network...



- 45 Stores presence across India
- Presence in Metros, Tier I & Tier II cities
- Store selection preference : Reputed /Pedigree Mall at Premium location where other Premium brands present and having better facility management
- 9 Airport Stores at Duty Free Zone & Domestic Terminal at Bengaluru, Delhi, Mumbai, Hyderabad & Ahmedabad

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 watch industry

Mr. Sanjeev Masown - CFO, KDDL

- M.Com & Cost and Management Accountant (CMA), with more than 23 years of experience across industries

Mr. C. Raja Sekhar - CFO, Ethos

- B.E.(Mechanical) with MBA in Finance
- With more than 15 yrs of experience in watch industry , in manufacturing and retail areas

Mr. Dinesh Agrawal - COO, KDDL

- Mechanical Engineer with more than 38 years of experience
- Part of Management team since 1983

Mr. P. Rajendran - Operations Head [Ethos]

- MBA in Marketing , with more than 26 years experience in retail, has held national level leadership roles at various MNCs

Mr. Gregor Fiala - CMO, KDDL

- MBA with Experience of 20 years across Industries, with 7 yrs as Managing director of an MNC in India

Mr. Manoj Gupta - Operations Head [Summit]

- More than 20 years of experience, leading marketing & sales teams in international watch markets

India's largest Retailer for Luxury Watches

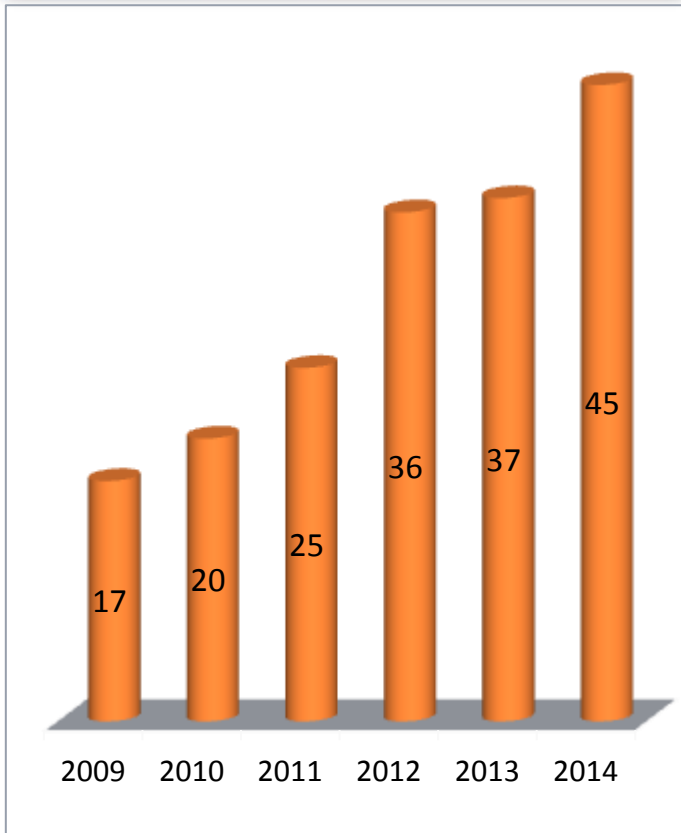
Ethos



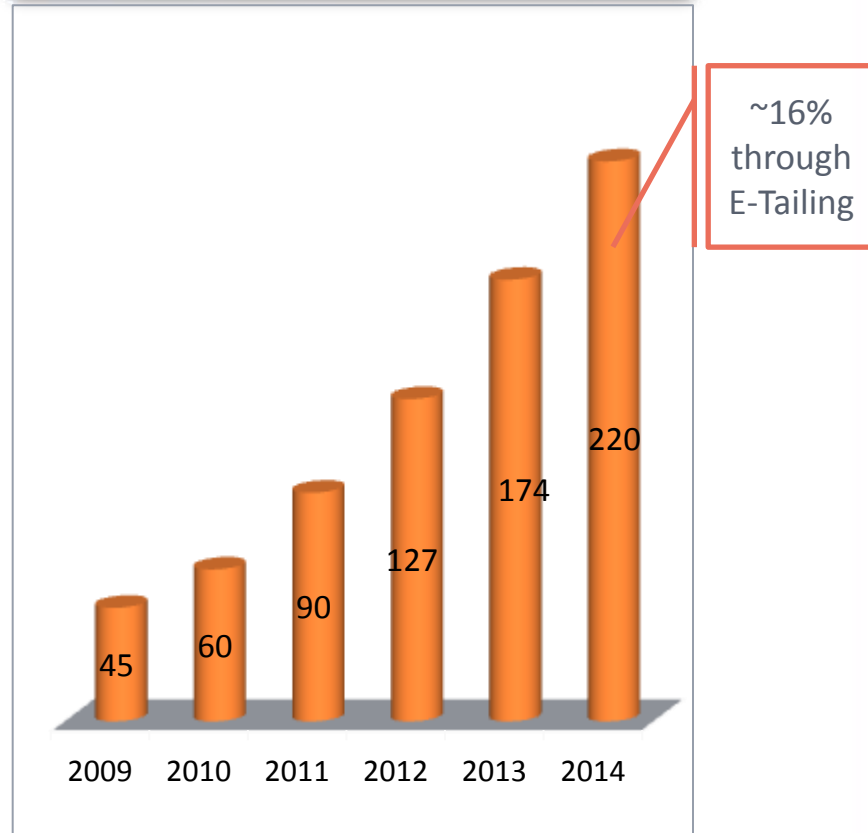
Consistent Growth in Revenue

Rs.Crs

No. of Stores (#)

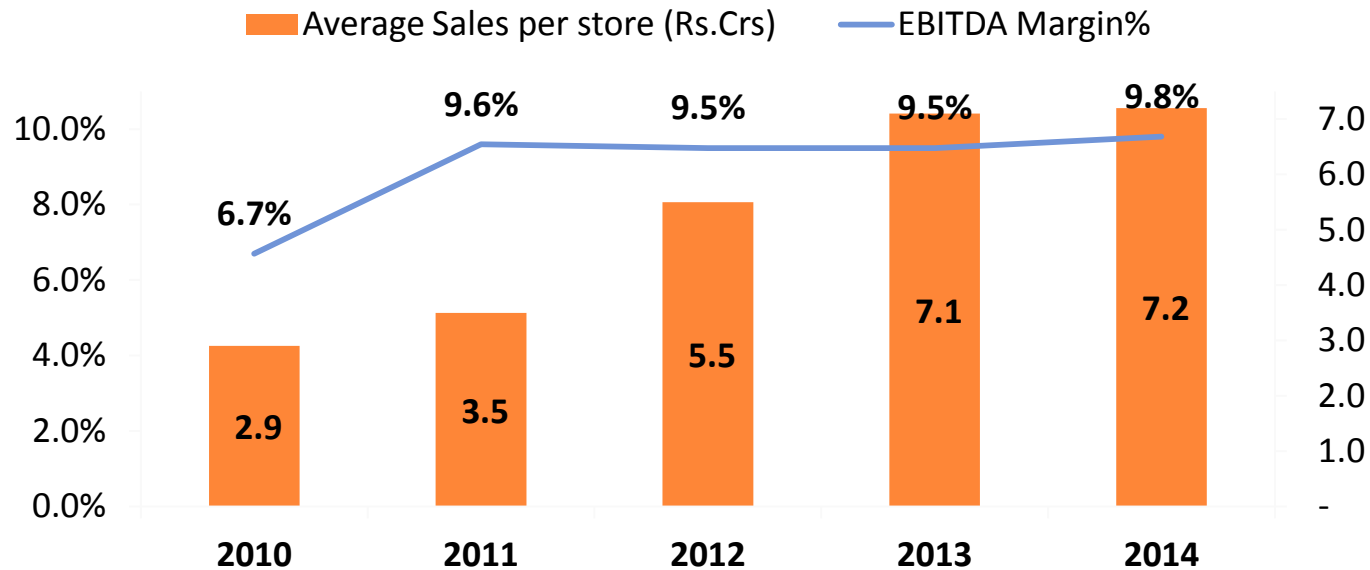


Revenue



Store presence increased to 45 stores as on Mar-2014

Mature stores growing profitably...



No. of Stores#

13

17

20

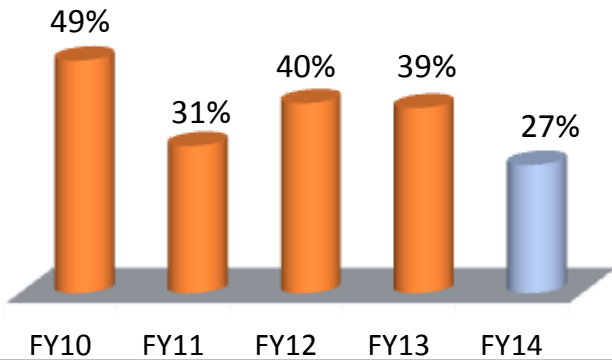
22

26

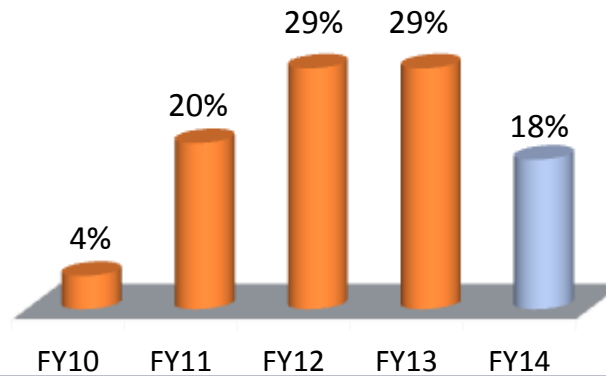
... with Average sales per store growing at CAGR of 26% over last 4 years, with EBITDA margins expanding gradually

Key Indicators

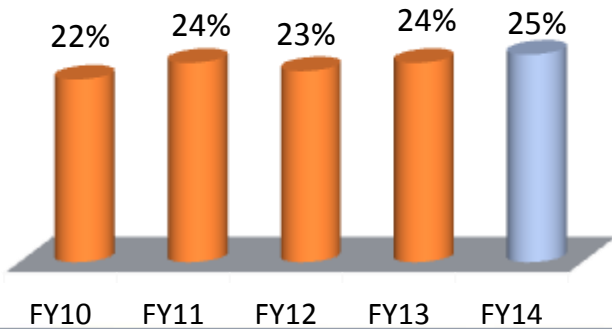
Billing Growth%



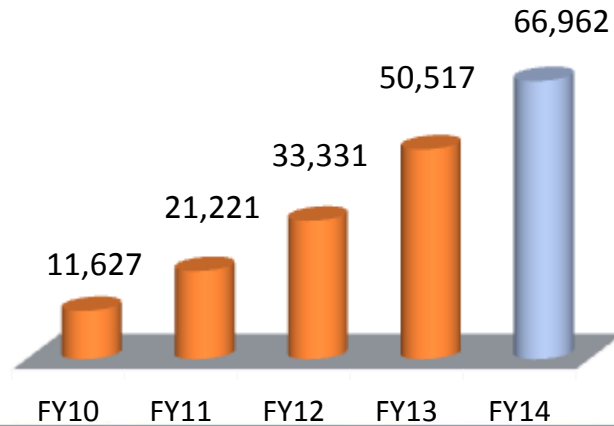
Same Store - Billing Growth%



% Repeat Sales



Club ECHO – Member Base



New Store Openings

- **Opened Ethos Summit store in Palladium Mall, Mumbai in March'14**
 - 2nd Summit store in Mumbai
 - Spread over 800 sqft
 - Offers 10 luxury swiss brands & 1 house brand

- **Opened “WSI” by Ethos Store in Trillium Mall, Amritsar in May'14**
 - In collaboration with Fossil Group
 - Spread over 300 sqft of area
 - Offers 9 premium watch brands



Ethos - Profitability Highlights

Rs.Crs	FY14	FY13	FY12	FY11
Revenue	220	174	127	90
Cost of Goods Sold	162	127	92	66
Employee Expenses	14	11	8	5
Other Expenses	36	28	21	14
EBITDA	9	8	6	5
<i>EBITDA Margin</i>	4.1%	4.5%	5.1%	5.9%
Other Income	0	0	0	1
Interest & Finance Charges	6	6	5	4
Depreciation	2	2	1	1
Prior Period Adjustments	0	0	0	0
PBT	2	1	0	1
Tax	(1)	0	0	0
PAT	2.2	0.6	0.3	0.6
<i>PAT Margin</i>	1.0%	0.3%	0.2%	0.7%

Ethos - Balance Sheet

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

Watch Component

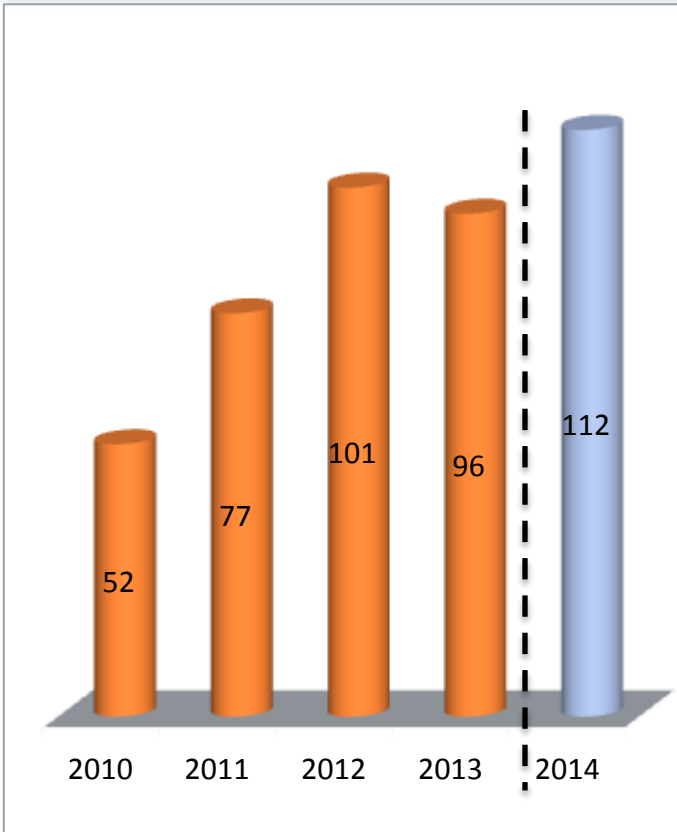
Manufacturing



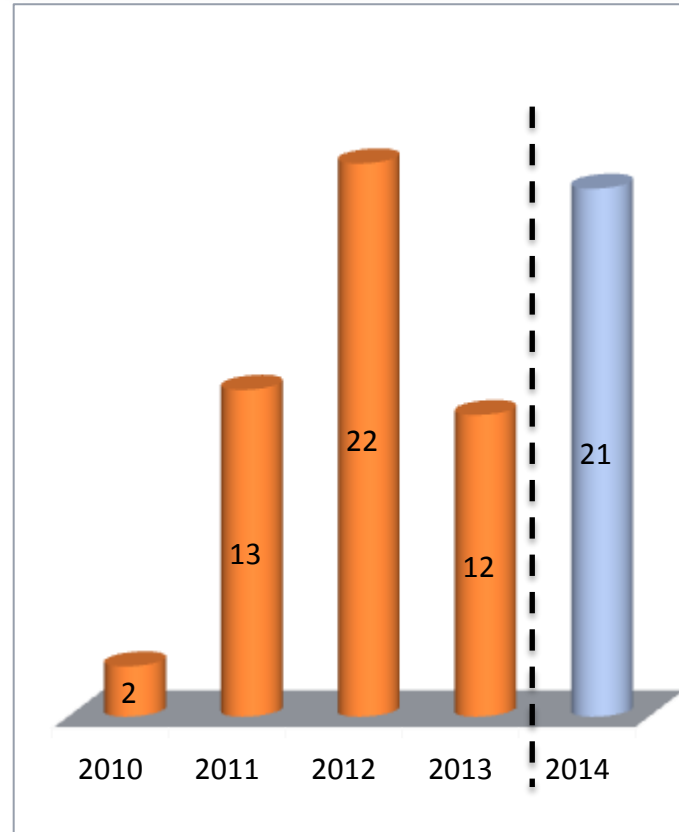
Watch Component Manufacturing - Consistent performance

Rs.Crs

Revenue



EBITDA



Consolidated

Financial Highlights



Profitability Highlights

Rs.Crs	FY14	FY13	YoY%
Revenue	335	272	23%
Cost of Goods Sold	190	152	
Employee Expenses	50	48	
Other Expenses	65	54	
EBITDA	30	18	67%
<i>EBITDA Margin</i>	9.00%	6.7%	
Other Income	3	1	
Interest & Finance Charges	14	13	
Depreciation	8	9	
PBT	11	(3)	
Tax	2	0	
PAT	9	(3)	400%
<i>PAT Margin</i>	2.69%	(1.0%)	

Balance Sheet

Rs. Crs	Mar-14	Mar-13
Shareholder's Fund		
Share capital	9	9
Reserves & Surplus	39	34
Minority Interest	18	18
Non-current liabilities		
Long term borrowings	41	39
Deferred Tax Liabilities	4	4
Long Term Provisions	5	6
Current liabilities		
Short term borrowings	57	56
Trade Payables	68	48
Other current liabilities	41	30
Total Liabilities	282	245
Non-current assets		
Fixed assets	80	77
Other non-current assets	1	1
Long-term loans and advances	15	17
Current assets		
Inventories	136	114
Trade receivables	21	17
Cash and bank balances	12	8
Short-term loans and advances	17	11
Total Assets	282	245

For further information, please contact:

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