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KDDL

Ref: KDDL/CS/2026-27/32 **Date: 24th November, 2026**

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BSE Limited,
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Trading Symbol : KDDL **Scrip Code : 532054**

Subject: Regulation 30 of the SEBI (LODR) Regulations, 2015 – Transcript of Earnings Call

Dear Sir/ Madam,

With reference to captioned subject, we are enclosing herewith transcript of Earnings Call held on Tuesday, 17th November, 2026, to discuss operational and financial performance of the Company for Q2 & H1 FY 27.

Kindly take the same on record.

Thanking you,

Yours truly

For KDDL Limited

Brahm Prakash Kumar Digitally signed by Brahm Prakash Kumar

Brahm Prakash Kumar
Company Secretary

“KDDL Limited

Q2 & H1 FY ‘27 Earnings Conference Call”

November 17, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges and the Company website on 17th November 2026 will prevail.”

MANAGEMENT: **MR. YASHOVARDHAN SABOO – CHAIRMAN AND MANAGING DIRECTOR**
MR. SANJEEV MASOWN – CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR
SGA – INVESTOR RELATION ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to the KDDL Limited Q2 and H1 FY '27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs and opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yashovardhan Saboo, Chairman and Managing Director. Thank you, and over to you, sir.

Yashovardhan Saboo: Good morning, everyone. I'm Yashovardhan Saboo:. Thank you for joining us today at the KDDL Limited H1 FY '27 Earnings Conference Call. I hope you've had the opportunity to review our financial results and the presentation that has been uploaded on the company's website and the stock exchanges. I'm joined today by our Executive Director and CFO, Mr. Sanjeev Masown; and our Investor Relation Advisors, SGA.

Over the past few years, we have been contiuously working to build a stronger and more diversified manufacturing platform, strengthening our capabilities, expanding the customer relationships, improving operational efficiencies and creating the infrastructure required to exploit emerging business opportunities. The results are starting to show.

Let me take you through our individual manufacturing businesses, the developments during the first half of FY '27 and the steps we are taking to consolidate and strengthen our position and the growth. The watch components business, dials and hands. We see a very encouraging performance during H1 of this fiscal year with revenue growth of approximately 30% Y-o-Y. The growth has been led by volume growth, both from the domestic and export customers, which is a very healthy sign that growth is driven not merely by higher realizations.

Based on this, we believe our full year revenue growth will be higher than our original expectation of about 12% to 14%. Our focus will continue to be on building a consistent and sustainable growth trajectory over the coming years. This growth has also led us to initiate our capacity expansion plan sooner than was originally planned. Instead of starting in FY '28, we have already started work on it, and we will be able to share more details about this in our next interaction.

Our business is majorly specialized in skill and experience. So establishing the training and skill enhancement infrastructure is as important as the manufacturing investments and capital investments.

Our focus remains on strengthening customer relationships, maintaining consistent quality and execution and ensuring that we are well positioned to support the next phase of growth. The bracelet business caters to international customers and its performance during H1 FY '27 was impacted by a relatively subdued demand environment in the export segment. While the near-term environment is challenging, our rapidly expanding customer base is expected to create the necessary opportunities to restore the growth trajectories quite soon.

Now a few words about our precision stamping or Precision engineering business, Eigen. This has been one of our strongest performing businesses during the first half of the year. The business has delivered close to 50% revenue growth in H1 FY '27. This performance reflects strong demand from our export customers, along with additional business opportunities from new customers.

Our ability to deliver consistent quality and reliable execution across customized components based on client-specific designs and technical requirements is helping us to build deep customer relationships and a moat around our business. We are working towards the revenue growth for FY '27 to be in line with the actual continuing growth. And our medium-term goal continues to be in the range of 20% to 25% CAGR.

It is important that our manufacturing infrastructure keeps pace with these requirements. Accordingly, in Eigen 2, we have accelerated our expansion plan across our existing and new facilities. This includes expansion of space at our existing Unit 1 facility to enable larger area for manufacturing operations. We have already installed the rack plating line as a backward integration step in Unit 2A, a new facility located about 6 kilometers from our existing plant and shifted a set of other machines there, too. In addition, we have also finalized the agreement for an adjacent plot for Unit 2B in order to provide us with additional manufacturing space. This will become operational in the middle of the next financial year.

Going forward, our strategy at Eigen will continue to focus on 3 areas: increasing our share of business with existing customers, adding new customers and developing additional products and capabilities. We see considerable headroom in this business and remain confident about the medium and long-term growth prospects.

A few words about our packaging business, Ornapac. This business has continued to make encouraging progress with revenue growing by over 30% during H1 of this year. Our focus remains on providing premium packaging solutions to international and domestic luxury brands. We believe there is a meaningful opportunity for high-quality, locally manufactured packaging solutions, particularly as brands increasingly look for supply chain responsiveness, consistent quality and shorter lead times.

An important milestone during the period was achieving positive PBT in quarter 2 of FY '27. We expect the positive profitability trend to continue through the remaining quarters of the year and in future years, supported by further revenue growth and better utilization of the existing operating base.

To recap, as we look ahead and build a stronger and more sustainable manufacturing platform, I believe we are making progress on several important fronts. We are seeing encouraging growth

and growth opportunities. And equally importantly, we are taking concrete steps to strengthen our businesses so that they can capitalize on these opportunities.

Our priorities are clear. First, we want to continue deepening our relationships with existing customers while expanding our customer base. Second, we will continue investing in manufacturing capacity and technical capabilities. Third, we will focus on improving operational efficiency. Finally, we will continue developing new products, processes and capabilities to increase the value we offer to our customers and thereby strengthen our market position.

Our objective is to build businesses that are not only larger but also stronger, more capable, more resilient and with the ability to deliver consistent performance over the long term. We remain confident in the opportunities ahead and we'll continue to focus on disciplined execution of the plans we have outlined.

With these opening remarks, I would now like to invite Mr. Sanjeev Masown to take you through the financial performance of the company. Thank you, Sanjeev.

Sanjeev Masown: Thank you, Mr. Saboo. Good morning, everyone. Let me take you through the company's stand-alone financial performance for the first half of the financial year. During the first half, the total income for quarter 2 FY '26 stood at INR174.7 crores, registering a year-on-year growth of 37.7%. And for the half year ended September '27, the total income stood at INR329 crores, representing year-on-year growth of 36.2%.

EBITDA for the quarter 2 stood at INR39.4 crores, registering year-on-year growth of 36.3% and for the half year ended September '27, EBITDA stood at INR75.2 crores, again, representing year-on-year growth of 38.4%. EBITDA margins for the quarter 2 FY '27 stood at 22.6%, while for the H1 FY '27, it was at 22.9%. So broadly, you will see that in both the quarters, quarter 1 and quarter 2, the growth and EBITDA are in the similar range. PAT for the quarter 2 FY '27 stood at INR21.8 crores with a PAT margin of 12.5%. For the H1 FY '27 PAT stood at INR41.3 crores with a margin of 12.5%.

Now moving to the consolidated financial performance for the first half. Total income for quarter 2 FY '27 stood at INR698.7 crores, registering year-on-year growth of 31.6%. And for the half year ended September '27, total income stood at INR1,345.8 crores, representing again year-on-year growth of 33.5%. EBITDA for quarter 2 FY '27 stood at INR112.1 crores registering year-on-year growth of 29.8% and for the half year ended September '27, EBITDA stood at INR220.5 crores, again representing year-on-year growth of 32.3%.

EBITDA margins for quarter 2 FY '27 stood at 16%, while for the half year FY '27, it was at 16.4%. PAT for the quarter 2 FY '27 was INR48.2 crores while for the half year ended September '27, it stood at INR92.9 crores. The PAT margin was 6.9% for both quarter 2 and the half year ended September '27.

With this, now I would like to open the floor for questions and answers, and you are open to ask the question.

Moderator: Thank you. The first question comes from the line of Digant Haria with GreenEdge Wealth. Please go ahead.

Digant Haria: Sir, my question is in the Eigen division, the precision engineering, sir we are already running much ahead of our guidance, like we have guided for a long-term growth of, say, 25%. But I think last 3 quarters, at least, we are growing more than 50%. So just wanted to know, is this because there was a backlog that last year, there was U.S. tariff and now tariff situation has probably normalized? Or is it we are getting more customers doing more products, more approvals? If you can just share some highlights because I guess 50% of our revenue of this division comes from the U.S.

Yashovardhan Saboo: So Digant, that's a great question. Are there any other questions? Why don't you ask all the questions at once?

Digant Haria: Other questions are on the other 2, especially the bracelets division and the packaging, like how are they moving ahead? Like -- because I think we are very -- on a very small base. So is the scale-up happening as fast? And have we found more customers for the same? These 2 questions only.

Yashovardhan Saboo: Right. So as far as Eigen is concerned, it's right. This year, we have seen exceptional growth, even it has taken us a little bit by surprise, but of course, a very pleasant surprise. It's not really a backlog. We are just seeing a lot of responsiveness from existing customers, new customers. These were projects that were in the funnel already but they have fructified sooner than expected, larger than expected. And fortunately, we've been in a position to actually grow and exploit these opportunities.

This has also led us to believe that we can expand our facilities. We need to expand our facilities faster, which is what I referred to in my speech. So I think our long-term guidance still remains what it was, but we are seeing exciting developments. And if this should continue, we do believe that there is an upside for growth higher than what we have expected so far.

As far as the packaging division is concerned, yes, it is a low base, but it's showing very, very promising signs, not only in the Indian market, but also now getting with some important customers in the export market, and we expect the packaging division to continue to grow quite handsomely in the years to come.

The bracelet division, it comes under the watch components. But as I mentioned in my speech as well, this is 100% export unit. And in the export segment where we are there have been some challenges. As you know, in the Swiss watch industry, there have been some challenges. So that has led to a little bit of a slowdown in offtake over there. But we are developing and we have actually got responses from other customers in other geographies as well. So we expect the sales to revive there and be back on the growth path quite soon.

Digant Haria: Can I ask a follow-up?

Yashovardhan Saboo: Yes, please go ahead.

Digant Haria: So in the U.S., like at least in some pockets, we are seeing that data center investments or these AI-related investments, we're just adjusting the pace. Like earlier, all the capex was supposed to happen in 3 years. Now maybe that will be spread over 5 years. At least this is what we keep hearing. So for our Eigen division, like is that data center and this whole AI thing also a big customer or a big end market or we are more into aerospace and EVs in those segments?

Yashovardhan Saboo: Our share of the market is actually so small that it's hard to imagine that we are going to be impacted too much either way. So I don't think -- and again, it's not really data center. It's across many, many industries. I do not believe that there's going to be such a swing. And even if there is, I don't think it will have a major impact on us.

Moderator: The next question comes from the line of Nitish Rege with ChrysCapital.

Nitish Rege: My question is related to the Eigen business. So could you specify the new customer additions, which you mentioned in your opening remarks? Just which sectors are these new customers from, the aerospace, defense, medical, semicon, EV, auto? Any rough idea on those? Secondly, on any new product additions, which we've done in terms of capabilities we've added, if anything you can share on that? And just wanted to clarify, you said 50% growth, right, in the Eigen business in the first half?

Yashovardhan Saboo: That's right.

Nitish Rege: Yes. And my second question also?

Yashovardhan Saboo: Sorry. Yes, yes, please go ahead.

Nitish Rege: Yes. Second question is mainly you said that you are preponing capex because of demand on the watch components and Eigen. Could you quantify the demand and the revenue potential from this capex -- sorry, quantify the capex?

Yashovardhan Saboo: So in Eigen, new customers are actually across the segments. We are in segments, which is not only EV, it is battery energy storage systems, electronics, aerospace, defense. And we are seeing a pretty robust pickup in demand and even new customers across these segments. So it's not that it is only in one segment that it is coming through. And this is, again, not only in the U.S. but also in other markets. So it seems there is -- and we are really focused on the U.S. or the Americas and Europe, not really so much on China and Asia. But both from America and Europe, we are seeing this fairly robust demand, which we expect will continue.

In terms of new products, I think we are -- we really look more at capabilities and those capabilities lead us to create products which the customers want. It's not that we create a product. We create the product that the customer wants. But what we put at the disposal of the customer is our capabilities and then we design and we work on products together with the customers.

So in terms of capabilities, we are continuing to look at and increase and enhance capabilities. I already mentioned rack plating. That's an important part that we do. There are different forms of welding, different forms of blanking and machining that these are incremental capabilities that allow us to expand our product base. So we are adding to this all the time. And this, of

course, helps us to get a larger share of any particular customer's business and also add new customers.

And as far as the capex is concerned, yes, we are, let's say, preponing or advancing the capex. We expect this to give us a lot of confidence to maintain the guidance, the longer-term guidance that we've given. And we certainly don't want to miss out on any opportunities. It's hard to quantify exactly what capex will give rise to how much revenue. But typically, we go by the norm of 3:1 on the capex.

Nitish Rege: Okay. Sorry, sir, I didn't catch the number for the capex given. Anything planned for now?

Yashovardhan Saboo: The number for the capex,

Sanjeev Masown: Yes. During the year, we will be spending in the range of around INR70 crores, ~75 crores for the capex.

Nitish Rege: No, sir. I meant for the proposed preponing of capex because of demand. We finalized on the number here?

Sanjeev Masown: This includes the preponing. Earlier plan was in the range of around INR50 crores. So there is an increase of around INR15 crores to INR20 crores.

Moderator: The next question comes from the line of Kunal Mehta with InCred Equities.

Kunal Mehta: Congrats on the good set of numbers. My first question is on the revenue mix, if you can provide maybe half yearly revenue mix percentage at least for possible absolute numbers of Eigen and Taratec in this first half and Y-o-Y based on FY '26.

And the second question is on the gross margins, which have declined sequentially and Y-o-Y. Is it because of the change of mix in revenue? Or is it because of are we facing any raw material input cost inflation that has led to this? So these are my 2 questions now, if you can answer.

Yashovardhan Saboo: So on the revenue mix, Kunal, the segment-wise division is part of what we share. We're not going to be able to share with more granularity the revenue mix of different product lines or different customers. We have to be conscious of some confidentialities. So we kindly request you to respect that.

As far as gross margin is concerned, I think your basic question is very right. It is almost completely due to the change in product mix. Inherently, Eigen has a slightly lower gross margin than the watch component business. And as Eigen is growing faster than the watch component business, the mix -- the blended gross margin will drift downwards a bit, but it is not -- the difference between the gross margins is not very significant. So you're not going to see a very great drift over there.

Even within the segments, typically, the gross margin on domestic sales is a little bit lower than export sales. And in the watch component group, especially, domestic sales have been -- has risen faster than export sales. So both these impacts have caused this slight decline in the gross margin. I hope I've answered your questions.

Kunal Mehta: Yes, sir. And sir, just one follow-up question. If you can just let me know the constant currency growth Y-o-Y for Eigen as well as Taratec. How much is the impact of the currency versus the impact of the actual value and volume growth?

Sanjeev Masown: In this first half, there is not much change into the currency compared to the previous year. So majorly, the growth is the volume-driven growth.

Kunal Mehta: Okay. So major it's volume, 50% and 30% growth, both are driven by volume?

Sanjeev Masown: Yes, majorly.

Kunal Mehta: And sir, Estima can we expect breakeven this year?

Yashovardhan Saboo: Maybe there are other people in the queue, so maybe you can come back.

Moderator: The next question comes from the line of Pritesh Chheda with Lucky Investment.

Pritesh Chheda: Sir, I have 2 questions. So one on Eigen. What is the progress on the plating capabilities that we wanted to create? And second, how do you see the RFQ buildups in terms of maybe the number of RFQs and the sizes of RFQs? Maybe some color if you could give, which would give us some indication on how the business will shape up over the next 3, 4 years. So this is on Eigen.

And on the watch component side, I missed the growth if you would have shared. So maybe you want to share what is the growth in watch components in H1 '27, either directionally or numerically, whichever you are comfortable whether it grew in line with the company growth or lesser than the company growth. These are my 2 questions.

Yashovardhan Saboo: Let me answer the question on the watch components. In dials and hands, we've grown at about 30% Y-o-Y in H1. In bracelets, it's been a little less. Overall, it has been a little bit lower than the average because obviously, Eigen and packaging have both grown faster than the average. For your question relating to Eigen, I'm inviting Sanjeev to answer them, please.

Sanjeev Masown: Pritesh, regarding your first question related to the plating line, which we were setting up, Mr. Saboo has already shared in his speech that this line has been commissioned. And we have done the trials and the samples have been sent to the customer for approval. Hopefully, in the next 1 or 2 months, the commercial supplies will start from there.

And moving to your question regarding the number of RFQs or the size of the RFQs. We have already shared the indication that going forward, the growth will be in the line of whatever indications we have shared. But the number of RFQs sometimes does not matter. What's the value of the RFQs are important criteria. We find that, okay, there are decent RFQs and there are many projects which are in pipeline, which will give us the growth which we are targeting for.

And our focus remains in both U.S. and the European countries. From both the places, the RFQs are there. From the U.S., there is a slight slowdown post the tariff issue.

Pritesh Chheda: Okay. But maybe -- can I assume that between the last 2 quarters or the last 6 months, the RFQ interests are rising, are stagnant. Some comment there

Sanjeev Masown: More or less, it is stable. Sometimes because initially, we were focusing more into the U.S., the RFQs were coming from there. And post the tariff, RFQ slowed down from there. But that has been compensated by the RFQs from the European market.

Moderator: The next question comes from the line of Eshwar Arumugam with ithoughtPMS.

Eshwar Arumugam: Congrats on good set of results. So I wanted to understand how much was alternate energy, just EV and BESS part of our revenue today because I remember last November, you were saying it was around 40% of our revenue. And how much is it today? And how much specifically is BESS?

Yashovardhan Saboo: Are there any other questions?

Eshwar Arumugam: Sir, the other questions I have are regarding Favre Leuba. The other questions I have are regarding Silvercity. So I wanted to understand like how many watches did Silvercity sell in FY '26 and H1 FY '27 against the 8,000 unit capacity we had announced? And how much was it sell-through to Ethos? And also I wanted to understand the economics of the particular brand, like what are the -- what is the blended ASP and what is the gross margins of the brand.

Yashovardhan Saboo: So Eshwar, we are not really sharing the breakup of each micro segment of the Eigen business. Yes, it is true that alternate energy storage systems is a large part of our business, and it continues to remain a large part. There has been no significant change in the percentage composition of this part, okay? That is as far as the share of business of alternate energy in Eigen is concerned.

Favre Leuba, we are not really disclosing quantity of sales. That's consistent with the general practice in Switzerland. But what I can tell you is that the quantity of sales has been very good. It has been higher than what we have expected. Indeed, Ethos is a large part of the business. But in terms of number of countries, we are in excess of, I think, 35 countries. I need a little bit time to check on it. And more than 45 doors in countries other than Ethos. So almost 50% of the doors are outside Ethos. So it's indeed a fully, fully global brand working across continents and countries.

The ASP numbers, I'll have to check and get back. These are not reported generally to us. We look at the financial numbers, but not really ASPs. Overall, there are no significant changes. Volumes are going up and the number of points of sale across different countries is going up. And we believe that the -- not only will the performance in this fiscal year be better than was budgeted, but we are also looking at revising upwards the budgets and plans for the next 2 years.

Eshwar Arumugam: Right, sir. Can I ask one more follow-up regarding Silvercity?

Yashovardhan Saboo: Please.

Eshwar Arumugam: So this brand was previously owned by an Indian company only and they had invested around $40 million into the brand and burned them. And also if you see globally, this heritage brand acquisitions have become a pressure point for even global watchmakers.

So according to you, what are the riders you have in place? Like what is the Board approved capital ceiling for Silvercity? And at what unit volume would it get to breakeven? And at what point would you decide to pull the plug on the brand?

Yashovardhan Saboo: So you are coming with the assumption that we will go exactly the way the previous business had gone. I beg to differ. And I want to tell you that we will achieve breakeven already in this year. I don't want to comment on what the previous owners of the brand achieved and why they achieved and so on. And I also can't comment on what other acquisitions of heritage brands are doing.

What I know is that our team managing Favre Leuba, which is in Switzerland, is doing an excellent job, and we are seeing results even better than what we had expected and certainly much better than what we had seen from the previous owners.

Moderator: The next question comes from the line of Neeraj with DAMAC.

Neeraj: Sir, I had maybe 2 questions. Sir, around 2 years back, we shared a presentation on the BSE website, and it mentioned that we are working on new technologies like friction stir welding, flexible busbars, real plating and carbide stamping tool. Sir, just wanted to understand, are these new technologies now within the production and we have live programs on this? What's the status, sir?

Yashovardhan Saboo: Are there any other questions, Neeraj?

Neeraj: Yes. Maybe one more question, sir. Given that we are growing very nicely on the precision engineering segment and we are preponing our capex plans, can you drill down a bit in terms of what are the end markets wherein we are seeing strong traction? Like I believe we are present across 3, 4 main segments like BESS, EV, aerospace, defense and electricals. So what would be maybe 2 or 3 segments which is driving most of the growth? If you can help us elaborate a bit more on this, that would be very helpful.

Yashovardhan Saboo: Sure. Sanjeev, please can you answer?

Sanjeev Masown: Neeraj, coming to your first question regarding the -- what we have shared about the new capabilities, which we plan to add. This is our continuous process of adding new capabilities. Whatever those capabilities we have shared, most of them have already been added and we are already using those capabilities, and we have developed those and done the part of managing those capabilities.

But it is a continuous process. There are some new capabilities now we are working on that. And as the market and the customer expectations are there, we are never shy of investing and running the new capability.

Now coming to your second question about the segments and the growth what we're driving. I think we are having presence only in 4 and 5 segments. We are not having presence in 20 segments. And almost all these segments are witnessing good growth. There are wide applications of these parts and the components which we make in the respective segment. So it's difficult to pinpoint whether which part or which market and market is leading to the growth.

Neeraj: Got it. Can I squeeze in one more?

Yashovardhan Saboo: We have a lot of questions in the queue, Neeraj. So maybe you can comeback

Neeraj: No problem.

Moderator: The next question comes from the line of Vikram Suryavanshi with Phillip Capital (India).

Vikram Suryavanshi: So in the case of precision engineering, how we are looking to set up a sales team or overall operational team? Will it be more on the segment focus or it is one team across which will be focusing on product development and sales, the way we are looking for expansion?

Yashovardhan Saboo: Any other questions, Vikram?

Vikram Suryavanshi: Second, if you would be able to -- possible to share what was the revenue of precision engineering and overall, what is the export share for the company?

Yashovardhan Saboo: So you're saying what is the export share for precision engineering, right?

Vikram Suryavanshi: Precision engineering for the overall company, yes, including our watch company?

Yashovardhan Saboo: Sanjeev, the sales structure.

Sanjeev Masown: The sales in the export is almost 75% overall for the company. For the Eigen, it is slightly on the higher side.

Yashovardhan Saboo: And as far as your question regarding the sales team and so on, sales team -- most of our business is coming for exports. So we are strengthening our sales team focused on export markets, which includes managers, export managers based outside India to work those respective markets. We have appointed and we will be appointing more managers for the export markets.

And they are really based on markets and not really product groups. But they understand the capabilities and they have the experience to tackle the whole range of customer bases that we plan in the different geographies.

Vikram Suryavanshi: Got it. And in case of capex, you said there have been some challenges in bracelets. So bracelet side, are we now waiting for adding more customer and then take on the capex for bracelet or right now, focus is more on Eigen only?

Yashovardhan Saboo: No, the focus is on both. I mean these are independent of each other. In capex, in bracelet, we moved to start expanding the customer base several months ago. But as these are made-to-order parts, it takes a certain time to get trial orders, to get the homologation, to understand the quality, submit the first samples, get the first trial order. So different customers, this is at different stages. And we expect that the customer base, we'll start to see the results of the expansion of the customer base in the next quarter -- from the next quarter onwards.

Moderator: The next question comes from the line of Vedant Narola with Niveshaay.

Vedant Narola: Congrats on a great set of numbers. I just had one question. Like -- so on the Eigen division part, like you gave a guidance of -- that we're going to grow by 20% to 25% CAGR. And during the first half, we grew by 50%. So like I don't want to address the number, but if you could give us some clarity on like the order book visibility for Eigen, that would be really helpful.

Yashovardhan Saboo: Sanjeev?

Sanjeev Masown: I think Vedant, this is again a repeat of these same questions which the others have also asked. I think you have to take it that we are growing in the range of about 25%, and we will maintain that. So the customers, products, segment, these are immaterial. We have the order position, we have the visibility to deliver what we have committed.

Vedant Narola: Okay. And my last question would be like if you could provide a digital trend on like how you're seeing the best segment going in United States or Europe and whether you're getting more and more inquiries than your previous quarters?

Yashovardhan Saboo: We are getting decent inquiries from the -- almost all the segments. And as our focus remains in exports, mainly from the Europe, now the better inquiries are there.

Moderator: The next question comes from the line of Akshay Jogani with Xponent Tribe.

Akshay Jogani: I have a couple of questions. On the Eigen busbar business, some of your clients and some of your competitors have over time transitioned to making full cell contact systems and not just busbars. So my question to the company is that, is that a plan that we have because obviously, that leads to a much larger opportunity but requires more capabilities. Second question is on new clients beyond -- how many -- I mean, are there larger opportunities that we see within busbar beyond EV and clean energy and which areas do you think that can become large over the next 2 to 3 years?

Sanjeev Masown: Akshay, do you have another question?

Akshay Jogani: No, sir. These are the 2 questions.

Sanjeev Masown: Akshay, what was the first question about the capabilities you wanted to...

Akshay Jogani: Yes, a lot of your peers and competitors have evolved from making busbars to making the cell contact systems, right? And that sort of -- is that a path that you also will take?

Sanjeev Masown: No, I think I will not comment anything on what the other competition is pursuing and what are the capabilities they are chasing. We remain committed to our core capability, and we are not shying of investing in new capabilities if it adds value and if it fits into the scheme of things, which we are good at. But we'll not be jumping because the others are doing something, and we will also pursue that. That's not our thought process and neither we do anything like that.

Regarding the busbar's application, the busbar has wide applications in many segments. But now our focus is mainly into the EV and the battery energy storage system. And it's too early for us to comment that, okay, from we leave this and start chasing something else. Why should we start chasing something else unless we see that, okay, here, there is no further opportunity.

Initially, our focus will remain into these 2 segments. And maybe at a later stage, maybe 5 years, 7 years down the line, something else may come. So presently, there is a good demand, good visibility and the decent growth we are witnessing in the segment, we'll pursue that only.

Akshay Jogani: Sure. And sir, if I may squeeze in one more question. On aerospace, how are -- I mean, are we expanding beyond the current set of customers? And how large is the opportunity for us over the next 2 to 3 years?

Sanjeev Masown: I think in all our business segments, we never say that we will stick only to the existing customers. We are continuously hungry, and we are continuously chasing new customers. We are scanning the market, whatever fits into the -- our capabilities, we definitely try for that and do our best.

And aerospace -- in all segments, whatever we do is insignificant compared to the market size. So I think there is room for everyone to play and to grow further in the -- whatever area they want to pursue. So aerospace, there are many other competitors pursuing different capabilities, chasing different markets, they are also growing. And we also believe that wherever we have presence, there is a potential to grow further.

Moderator: The next question comes from the line of Lalaram Singh with Sabre Edges.

Lalaram Singh: First of all, congratulations on the good results. I have a few questions on next 3 to 5 years, where will the value creation come from and which segments does the management think can become significantly bigger. If you can throw some light. I think a few concalls earlier you had said Favre Leuba itself can be INR1,000 crores brand if I remember correctly. So secondly,Eigen think we have been saying it will grow 25% plus. So that looks like it will become a fairly big business. So beyond these two, anything else that the management is excited about? Would want to know that.

Yashovardhan Saboo: The segments that we are in, Lalaram, all these segments are growing pretty handsomely.Eigen, we have spoken about extensively, and we know the potential of that business. 20% to 25% is the guidance that we have given.

Can it be higher than that? Yes, we are certainly planning investments, and we will be able to sort of get a preview of that as we go along. The watch component group, as the bracelet goes into full swing, we've already expanded some capacity there. And there is a future plan to add other components like cases as well. And we are working on many projects to enhance the value and the volume of production of other watch components.

So I believe the watch component business will also become important. Most of our business is in export, and we believe there are markets that we are not present in. For example, the Japanese market for watches, it's very important. The rest of the European market is important.

And what I want to say is that the Swiss market is also very large and our presence is still small over there. So there is a headroom to grow over there, both directly for KDDL and through Estima as well. So that is one thing.

The packaging business is small but it's growing rapidly. And you know the importance of packaging as more and more international brands sell in India. There's no -- of course, they have to bring their product, especially watches and very high branded jewelry and stuff like that. They have to bring their products from wherever they are manufactured, but they don't have to bring their packaging. Packaging can be sourced in India. And once we provide packaging in India, we can obviously go into their global supply chain. This has already started happening. It's not only a plan for the future. We're already seeing this kind of traction with some brands. Unfortunately, I can't name the brands, but these are international brands.

As far as Favre Leuba is concerned, yes, we certainly believe it have a very high potential. And INR1,000 crores is something that we have sort of spoken about that number, and we believe it's a feasible number to go after.

Lalaram Singh: Next question is -- a follow-up is given that we have a variety of businesses within KDDL, does the management internally think about any simplification of the structure for value creation?

Yashovardhan Saboo: So I don't know what exactly that means.

Lalaram Singh: Effectively...

Yashovardhan Saboo: We are focusing on creating value from growing our businesses.

Lalaram Singh: Yes,. Like we have separated out Ethos in the past. Similarly, is there any merit in again separating specific businesses that have different economic drivers, et cetera?

Yashovardhan Saboo: There are -- I mean, there are a lot of people who argue both ways. I'm concerned that you start fragmenting businesses too much, the economies of scale, the economies of management teams, there are -- we have to be conscious about that as well, right? These are -- we can fragment the businesses and think that restructuring is going to add value. It also adds cost. So there is a cost and benefit which we have to balance.

For the moment -- and all of this restructuring takes a lot of time and effort, Lalaram, as you know very well. Right now, the businesses, they have so much potential. There's so much growth happening. There is so much excitement in what we are doing. I think right now, the focus is really to increase efficiencies, get new customers, grow the businesses. Maybe the time for restructuring will come a little later. Your question is very valid. We think about it from time to time. But right now, we are focusing on making our businesses become as strong as they can.

Lalaram Singh: Good to hear that. One last question. Recently, we have seen a wave of start-ups in India focusing on premium watches at least that's the marketing pitch. Do we see any resurgence in domestic demand for premium watches? And what does that mean for our manufacturing business within KDDL for the watch component, if it's significant?

Yashovardhan Saboo: If you look at the total quantum and value of all these start-ups put together, it's quite small compared to the size of the customers that we are already serving. So is there a delta there? Yes. Is it a huge delta? No. Are we looking at that? Yes. Can some of these brands become significant in the future? Maybe if they play their cards right.

But -- it's too early to tell, right? I mean you're seeing Timex and Titan are both publicly listed companies. So I'm sure you're aware about the growth they're showing. And their incremental sales and business is several times the business of all the new start-ups combined. So I'm only saying that it's exciting. This new space is exciting. We think of going into this business. Everybody thinks of building up to a certain stage and IPOs are the flavor of the season.

I'm not sure what it means for the long-term stability and the long-term wealth creation of the new brands. I don't think every one of them will be successful. I hope they all are. I'm sure some of them will be successful. I think it's a little early to tell.

Moderator: The next question comes from the line of Kunal Mehta with InCred Equities.

Kunal Mehta: I think first half, we have an amazing around 40% Y-o-Y growth. And usually, our businesses first, second half mix is 45-55. So do we expect this growth to continue for the second half as well and probably see a 35% plus growth for FY '27?

Sanjeev Masown: First half our growth is around 35% overall compared to the last year.

Kunal Mehta: On stand-alone basis.

Sanjeev Masown: I'm talking on standalone basis. And the second half, we believe will be something similar to the H1 of the year.

Kunal Mehta: Taken some additional debt, is that for the capex? Or is that also attributed to the higher working capital requirement that Eigen commands?

Sanjeev Masown: We already shared that we will do the prudent financing for the capex when we plan. As in the current year, we are planning major capex. So there will be some debt addition. And as the level of the business is going up, the working capital requirement is also increasing, and there is a marginal increase in debt.

Kunal Mehta: Okay, sir. And sir, on Estima, if you can just give some color how -- when will it break even?

Yashovardhan Saboo: I think a lot depends on how the revival of the Swiss market, Swiss watch business -- we had seen signs of revival in the first half of this calendar year. And then, of course, the continuing war and the uncertainty in the overall macroeconomic situation, that impacts the Swiss Watch business a lot, right? Because their biggest markets are the U.S., UAE and China. And all these markets have been sort of volatile and disturbed.

The U.S. is still okay. UAE is obviously very much impacted. China has not shown the revival it was showing. It is hope that the bottom has been hit over there. So therefore, for Estima, it's still challenging times. However, we believe that the loss this year will be significantly lower than last year. And we are implementing a bunch of new capabilities in Estima we are adding, which will actually enable us to achieve breakeven much faster. We are hoping that if everything goes right, perhaps next year will be the breakeven year.

Yashovardhan Saboo: I want to add one comment over here, right? There is -- we have an unwavering belief in the future potential of Estima. Given that such a large part of Swiss brands actually procure from

within Switzerland. And that's a market not open to Asian suppliers. So I believe that there is going to be a huge potential for Estima once the economic situation improves and we are able to build the capabilities that we are building now in Estima.

Kunal Mehta: So does adding parts help in procuring customers or onboarding customers because we currently have dials and hands there? And when we add cases and other capabilities, as you mentioned, will that actually help us get more business or maybe get customers easily?

Yashovardhan Saboo: You mean customers for Estima?

Kunal Mehta: Yes, customers for Estima.

Yashovardhan Saboo: These are different components, and they require very, very different capabilities. So the focus is really to be at the very top in quality and product design and styling in Estima because Estima will reach customers that are difficult to reach if you're not Swiss Made. So Taratec not being Swiss made, India made, there is a certain ceiling beyond which it's difficult to reach luxury customers. And that ceiling doesn't exist for Estima.

Kunal Mehta: Okay, sir. And for Estima, can we cater to other markets outside Swiss?

Yashovardhan Saboo: Yes, of course.

Moderator: The next question comes from the line of Neeraj with DAMAC.

Yashovardhan Saboo: Let's make this the last question, please.

Neeraj: Sir, one broad-ended question. Sir, when a global OEM awards Eigen busbar or a connector component program or any new program, sir who are you typically displacing? You are displacing Chinese supply chain or European stampers or you are bringing the capability in-house from that OEM's supply chain. And we are winning it on what basis because of the cost, tooling capability or they are like a one-stop model? If you can elaborate more on this?

Sanjeev Masown: So Neeraj, basically, this is a mix of 2 things. One is these customers, these are the emerging segments and these are the emerging markets, where they themselves are creating new capacities and growing. In the growing market, sometimes you may not be replacing. The others may also be growing.

And in a few of the cases, it's possible based on the customer sourcing strategy, if they want to come out of China or if they want to concentrate on some other countries or to derisk from one supplier, then they come to the countries like India and the other places. But cost is not the only criteria.

In most of these high complex and the technology products, it is basically the understanding of the product, how is your manufacturability and how is your repeatability. The customer confidence in those matters is more important.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Yashovardhan Saboo: Thank you, everyone. I hope we've been able to answer all your questions satisfactorily. Should you require any further clarification, please feel free to contact SGA team, our Investor Relations Advisors. Thank you once again. I wish you a good day.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of KDDL Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.