Management Discussion

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Good morning, everyone. I'm Yashovardhan Sabu. Thank you for joining us today at the KDDL Limited H1 FY27 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 am joined today by our Executive Director and CFO, Mr. Sanjeev Meson, and our Investor Relations Advisors, SGS. Over the past few years, we have been assiduously 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 FY27, and the steps we are taking to consolidate and strengthen our position and the growth. The watch component business, uh, dials and hands, we see a very encouraging performance during H1 of this fiscal year with revenue growth of approximately 30% YOY.

The growth has been led by volume growth both from the domestic and export customers, which is a very healthy sign than a growth driven 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 FY28, we have already started work on it And we will be able to share more details about this in our next interactions. 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 FY27 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 to restore the growth trajectories quite soon. Now, a few words about our precision stampings 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 '27, 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 revenue growth for FY27 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 IGEN 2, we have accelerated our expansion plan according- 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, Ornapak. 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 Q2 of FY27.

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 we 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 will continue to focus on disciplined execution of the plans we have outlined. With these opening remarks, I would now like to invite Mr. Sanjeev Messon to take you through the financial performance of the company.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Thank you, Sanjeev. Thank you, Mr. Sabu. Good morning everyone. Let me take you through the company's standalone financial performance for the first half of the financial year. During the first half, the total income for Q2 FY26 stood at Rs 174.7 crore, registering a year-on-year growth of 37.7%. And for the half year ended September 27th, the total income stood at Rs 329 crore, representing year-on-year growth of 36.2%. EBITDA for Q2 stood at Rs 39.4 crore, registering year-on-year growth of 36.3%. And for the half year ended September 2017, EBITDA stood at Rs 75.2 crore, again representing year-on-year growth of 38.4%.

EBITDA margins for Q2 FY2017 stood at 22.6%, While for the H1 FY27, it was at 22.9%. So broadly, you will see that in both the quarters, quarter 1 and the quarter 2, the growth and the EBITDAs are in the similar range. PAT for the quarter 2 FY27 stood at Rs 21.8 crore with a PAT margin of 12.5%. For

the H1 FY27, PAT stood at Rs 41.3 crore with a margin of 12.5%. Now moving to the consolidated financial performance for the first half. Total income for quarter 2 FY27 stood at Rs 698.7 crore, registering year-on-year growth of 31.6%.

And for the half year ended September '27, total income stood at Rs 1,345.8 crore, representing again year-on-year growth of 33.5%. EBITDA for Q2 FY27 stood at Rs 112.1 crore, registering year-on-year growth of 29.8%. And for the half year at September '27, EBITDA stood at Rs 220.50 crores, again representing year-on-year growth of 32.3%. EBITDA margins for Q2 FY27 stood at 16%, while for the half year FY27 It was at 16.4%. PAT for the quarter 2 FY27 was Rs 48.2 crore, while for the half year ended September 27th, it stood at Rs 92.9 crore.

The PAT margin was 6.9% for both quarter 2 and the half year ended September 27th. With this, now I would like to open the floor for questions and answers. And you are open to ask the questions.

Questions & Answers

Operator
Thank you. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Digant Hariya with GreenEdge Wealth. Please go ahead.

Digant Hariya - Analyst, GreenEdge Wealth
Hi, thank you for the opportunity. So my question is in the iGen division, the precision engineering. So 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, you know, last year there was U.S. Tariff and, you know, now tariff situation has probably normalized? Or is it we are getting more customers, doing more products, more approvals?

If you can just, you know, share some highlight, because I guess 50% of our revenue of this division comes from the U.S.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Uh, so, uh, that's a, that's a great question. Are there any other questions? Why don't you ask all the questions at once?

Digant Hariya - Analyst, GreenEdge Wealth
Okay, okay. Other questions are on the other 2, uh, you know, especially the bracelet division and the packaging, like, you know, how are they moving ahead, uh, like, you know, because I think we are very on a very small base. So is the scale-up happening as fast? And, you know, what have we found more customers for the same? These 2 questions only.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Right. So, um, as far as Eigen is concerned, uh, that's right, uh, this year we have seen exceptional growth. Even, uh, it has taken us, uh, a little bit by surprise, but of course a very pleasant surprise. Um, it's not really a backlog. We are just seeing, uh, 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, 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, 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, as I- or not the division, but the bracelet unit, 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 has been- 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 have- we are developing, and we have actually got responses from other customers in other geographies as well. So we expect, uh, the, uh, the sales to revive there and be back on the growth path quite soon.

Digant Hariya - Analyst, GreenEdge Wealth
Okay, okay, all right, that's, that's, you know, very detailed answer. Yeah, can I ask a follow-up?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Like, okay, yeah, please go ahead. Yeah, yeah, so, so

Digant Hariya - Analyst, GreenEdge Wealth
In the US, like, you know, at least in some pockets, we are seeing that data center investments or these AI-related Uh, investments, they'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 iGEM division, like, you know, is that data center and this whole AI thing also a big, uh, customer or a big end market? Or, uh, you know, we are more into aerospace and EVs and those segments?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
You know, our, our, 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, uh, you know, and again, we have- 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.

Digant Hariya - Analyst, GreenEdge Wealth
Okay, all right, thank you. So thank you and all the best.

Operator
Participants, in the interest of time and fairness to others, please restrict yourselves to 2 questions. For any more questions, you may rejoin the queue. The next question comes from the line of Nitish Regge with Crisp Capital. Please go ahead.

Unidentified Participant - Analyst
Hi, sir. Thank you for the opportunity. My question is related to the iron business. So, you know, could you specify the new customer additions which you mentioned in your opening remarks? Just which sectors are these new customers from? Are they 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, Deepth, you said 50% growth, right, in the iDUN business in first half?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
That's right.

Unidentified Participant - Analyst
Yeah, and my second question also,

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Please go ahead.

Unidentified Participant - Analyst
Yeah, second question is mainly, uh, you said that you're pre-planning CapEx because of demand under both components and iGen. Could you quantify the demand and the revenue potential from this CapEx? Uh, sorry, quantify the CapEx.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Uh, hi, Nitish. Um, so in iGen, new customers are actually across the segments. You know, we are in segments which is not only EV, it is energy storage systems, 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 US but also in other markets. So it seems there is, and we are really focused on the US 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 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 customers want. Customer wants. But what we, 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 an increase in enhanced capabilities. I already mentioned rack plating. That's an important part that we do. There are other different forms of welding, different forms of blanking, uh, and, you know, 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, you know, what CapEx will give rise to how much revenue, but typically we go by the norm of 3 to 1 on the CapEx.

Unidentified Participant - Analyst
Okay, got it. So if I didn't catch What's the number for the CapEx?

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Anything

Unidentified Participant - Analyst
Planned for now?

Sanjeev Meson - Executive Director and CFO, KDDL Limited
The number for the CapEx? For the year? Yes. Uh, during, during the year we will be spending in the range of around 70-75 crores for the CapEx.

Unidentified Participant - Analyst
So I meant for the proposed preponing of CapEx because of demand. Are we finalizing? Earlier

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Plan was in the range of around Rs 50 crore. Now there is an increase of around Rs 15 to Rs 20 crore.

Unidentified Participant - Analyst
Got it, sir. Thank you so much.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Thank you.

Operator
The next question comes from the line of Kunal Mehta with Incred Equities. Please go ahead.

Kunal Mehta - Analyst, Incred Equities
Hi, sir. Very good morning and congrats on the good set of numbers. Uh, my first question is on, uh, you know, the revenue mix. If you can provide You know, maybe half-yearly revenue mix percentage at least or possible absolute numbers of IGEN and Taratec, you know, this first half and YOY as well as FY26. And the second question is on the gross margins which have declined sequentially and YOY. Is it because of the change of mix in revenue or is it because of, you know, are we facing any raw material Uh, you know, input cost inflation that has led to this.

Uh, so these are my 2 questions now, if you can answer.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
So on the revenue mix, uh, Kunal, we, uh, you know, 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, your basic question is very right. It is, uh, 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 mixed, uh, the, the blended gross margin will drift downwards a bit. But this 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, 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 has been- has risen faster than export sales.

So both these impacts have caused this slight decline in the gross margin. I hope I have answered your questions.

Kunal Mehta - Analyst, Incred Equities
Yes, sir. And so just one follow-up question, if you can just let me know the constant currency growth You know, YOY for Aigen as well as, you know, Tyrotech, what is the constant? How much is the impact of the currency versus, you know, the impact of the actual value and volume growth?

Sanjeev Meson - Executive Director and CFO, KDDL Limited
We don't- Sanjeev, would you like to answer that? So 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 - Analyst, Incred Equities
Okay, so major it's volume. The 50% and 30% growth both is driven by volume. Yes, majorly part. And sir, Estima, uh, can we expect breakeven this year?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Maybe there are other people in the queue, so maybe you can come back. Okay, sir,

Kunal Mehta - Analyst, Incred Equities
I'll fall back. I'll fall back in the queue. Yeah, thank

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
You. Thank you.

Operator
The next question comes from the line of Pritesh Chhetta with Lucky Investment. Please go ahead.

Pritesh Chheta - Analyst, Lucky Investment
Sir, I have 2 questions. So one on, uh, again, uh, 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 Aigin. 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, you know.

So these are my 2 questions.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Let me, let me answer the question on the watch components. In dials and hands, we've grown at about 30% YOY. In breastlets, it's been a little less. Overall, it has been a little bit lower than the average because obviously Igon and packaging have both grown faster than the average. For your questions relating to Igon, I'm inviting Sanjeev to answer them, please.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Uh, Pritish, regarding your first question related to the plating line which we were setting up, Mr. Sabu has already shared in his speech that that 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 the- your question regarding the number

Pritesh Chheta - Analyst, Lucky Investment
Of RFQs or

Sanjeev Meson - Executive Director and CFO, KDDL Limited
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. Or 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 the US and the European countries. From both the places, the RFQs are there.

From the US, there is a slight slowdown post the tariff issue.

Pritesh Chheta - Analyst, Lucky Investment
Okay, but maybe, can I assume that between the last 2 quarters or the last 6 months, the, the RFQ interests are rising, are stagnant? You know, some comment that-

Sanjeev Meson - Executive Director and CFO, KDDL Limited
More or less it is stable. Sometimes, because initially we were focusing more into the US, the RFQ RFQs were coming from there, and of course the tariff RFQs slowed down from there, but from the- that has been compensated by the RFQs from the European market.

Pritesh Chheta - Analyst, Lucky Investment
Okay, okay.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Thank you very much, sir. All the best, sir. Thank you. Thank you.

Operator
The next question comes from the line of Ishwar Arumugam with iThought PMS. Please go ahead.

Unidentified Participant - Analyst
Hi, am I audible?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Yes, you are issued.

Unidentified Participant - Analyst
Yeah, hi sir, thank you for taking my question and congrats on the good set of results. So I wanted to understand, uh, how much was alternate energy, which is EV and BESS, uh, part of our revenue today? Because I remember last number you were saying it was around 40% of our revenue, and how much is it today, and how much specifically is BESS? Okay, are there any other questions? Yes, sir. Uh, the other questions I have are regarding Fabry- sorry, uh, the other questions I have are regarding, uh, Silver City.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Yes, please.

Unidentified Participant - Analyst
Yes, so I wanted to understand like how many watches, uh, did Silver City sell in FY26 and H1 FY27? Against the 8,000 unit capacity we had announced. And how much was the- was it, uh, Senkro 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 Sabu - Chairman and Managing Director, KDDL Limited
Right? So, uh, Ishwar, We are, we are not really sharing the breakup of each micro segment of the IGEN 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's been no significant change in the percentage composition of, of this part. That is as far as the share of business of alternate energy in Eigen is concerned. For Avarluba, 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 have 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'll need a little bit of time to check on it. And more than 40 or 45 doors in countries other than ethos. So more- almost 50% of the doors are outside ethos. So it's indeed a fully, fully global brand working across continents and countries. Thank you.

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 upward the budgets and plans for the next 2 years.

Unidentified Participant - Analyst
Right, right. So can I ask one more follow-up regarding SimCity, please? Okay, so this brand was previously owned by an Indian company only, and it has- they had invested around $40 million into the brand and it had burned them. Uh, and also, if you see globally, uh, these heritage brand acquisitions have become a pressure point for even global watchmakers. So according to you, what are the guardrails you have in place? Like, what is the board-approved capital ceiling for Silver City, and at what unit volume would it get to break even?

And at what, uh, point would you decide to, you know, pull the plug on the brand?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
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 have already- 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 Powerluva, which is in Switzerland, is doing an excellent job, and we are seeing results even better than what we'd expected, and certainly much better than what, what we had seen from the previous owners.

Unidentified Participant - Analyst
Right, right. That's all the questions here. Thank you.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Thank you. Thank you.

Operator
The next question comes from the line of Neeraj with Damac. Please go ahead.

Unidentified Participant - Analyst
Yeah, uh, thank you so much for the opportunity. Can you hear me? Yes. Yeah, sir, I had, uh, maybe 2 questions. Sir, around 2 years back, uh, we shared a presentation on the, on the BSE website, and it mentioned that we are working on new technologies like friction stir welding, flexible busbars, reel plating, and carbide stamping tool. So I 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 Sabu - Chairman and Managing Director, KDDL Limited
Are there any other questions, Neeraj?

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

Thank you.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Sure, sure. Sanjeev, please, can you answer? Uh, Neeraj, coming to your first question regarding the- what we have shared about the new capabilities which we plan to add, uh, this is our continuous process of adding new capabilities. Whatever those capabilities we had shared, most of them have already been- we are already using those capabilities and we have developed those and learned the art of managing those capabilities. But it's 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 learning the new capability. Uh, now just coming to your second question about the segments and the growth, what is 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. The, uh, there are wide applications of these parts and the components which we make. In the respective segment. So it's difficult to pinpoint, okay, that which part or which market and market is leading to the growth.

Unidentified Participant - Analyst
Got it. Can I squeeze in one more?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
We have a lot of questions in the queue, Niraj, so maybe- No problem,

Operator
I will fall back in the queue. Yeah, thank you. The next question comes from the line of Vikram Suryavanshi with Phillip Capital India. Please go ahead.

Vikram Suryavanshi - Analyst, Phillip Capital India
Yeah, hi, good morning, sir.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Hi, Vikram, how are you? Yeah,

Vikram Suryavanshi - Analyst, Phillip Capital India
Hi, sir. I'm good, sir. 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 a segment-focused or it is a one-team across which will be focusing on product development and sales, the way we are looking for expansion.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Any other questions, Victor?

Vikram Suryavanshi - Analyst, Phillip Capital India
Uh, second, if you would be able to possibly share what was the revenue of Precision Engineering and overall what is the export share for the company.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
So you're saying what is the export share for Precision Engineering, right?

Vikram Suryavanshi - Analyst, Phillip Capital India
Uh, overall company. Including our watch component.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Right, Sanjeev, to

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
The sales structure,

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Uh, the sales in the export is almost 75% overall for the company. For the iGun, it is slightly on the higher side. And,

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Uh, as far as your question regarding, you know, the sales team and so on, uh, Sales team, most of our business is coming for exports, so we are strengthening our sales team focused on export markets, which includes managers, expat 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 tackle, that we plan in the different geographies.

Vikram Suryavanshi - Analyst, Phillip Capital India
Got it. And in case of CapEx, you said, uh, there has been some, uh, challenges in bracelet. So, uh, bracelet side, are we now waiting for adding more customer and then take on the CapEx for a

bracelet? Or right now focus is more on iGun only?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Oh, their focus is on both. I mean, these are independent of each other. In CAPE, in bracelet, uh, we moved to start expanding the customer base several months ago. But as these are made-to-order parts, you know, 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 in different customers, these are different stages, and we expect that the customer base- we will start to see the results of the expansion of the customer base in the next quarter, from the next quarter onwards.

Vikram Suryavanshi - Analyst, Phillip Capital India
Got it. Thank you very much.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Thank you.

Operator
The next question comes from the line of Vedant Narola with Niveshay. Please go ahead.

Unidentified Participant - Analyst
Hello. Hi, sir. Congrats on a great set of numbers. I just had one question. Like, so on the Aegon 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 grow by 50%. Like, I don't know what the directional number, but if you could give us some like clarity on like the order book visibility for Aegon, that would be really helpful.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
I think, uh, 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 will- we are growing in the range of about 25% and we will maintain that. So the customers, products, segments, these are immaterial. We have the order position, we have the visibility to deliver what we have committed.

Unidentified Participant - Analyst
Okay, and my last question would be like if you could provide a directional trend on like how you're seeing the best segment going in the United States or Europe and whether you're getting more and more inquiries than your previous quarters.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
So we are getting decent inquiries from almost all the segments, and as our focus remains in exports mainly from Europe, now the better inquiries are there.

Unidentified Participant - Analyst
Okay, thank you.

Operator
The next question comes from the line of Akshay Jogani with Exponent Tribe. Please go ahead.

Unidentified Participant - Analyst
Thank you for the opportunity, sir. I have a couple of questions. Um, on the, on the, on the IGEN business, uh, some of your, uh, clients and some of your competitors have over time transitioned to

making full-cell contact systems and not just busbars. So my question to, like, 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 your clients beyond Beyond- as of how many- I mean, are there larger opportunities that we see within Bhatswars beyond EV and clean energy?

And which areas do you think that can become large over the next 2 to 3 years?

Sanjeev Meson - Executive Director and CFO, KDDL Limited
You have any other question?

Unidentified Participant - Analyst
No, sir. These are the 2 questions.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Hello

Unidentified Participant - Analyst
[Foreign Speech]

Sanjeev Meson - Executive Director and CFO, KDDL Limited
What what what was the first question about the capabilities you wanted to cell contacts have

Unidentified Participant - Analyst
Lot of your peers and competitors evolve have evolved from making bus bars to making cell contact systems right and that sort of is that a

Sanjeev Meson - Executive Director and CFO, KDDL Limited
Pass very 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 will 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. Uh, regarding the busbar applications, there are- busbar is an application, 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 commit 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 good demand, good visibility, and the decent growth we are witnessing in this segment. We'll pursue that.

Unidentified Participant - Analyst
Thank you. And sir, if I may squeeze in one more question on aerospace, uh, 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 Meson - Executive Director and CFO, KDDL Limited
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 our capabilities, we definitely try for that and do our best.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
And the aerospace,

Sanjeev Meson - Executive Director and CFO, KDDL Limited
In all segments, whatever we do is insignificant compared to the market size. So I think there is a room for everyone to play and to grow further in the, uh, whatever area they want to pursue. So aerospace, there are many other competitors pursuing different capabilities, chasing different markets. Yes, they are also growing, and we also believe that wherever we have presence, there is a potential to grow further into it.

Unidentified Participant - Analyst
Sure, sir. Thank you.

Operator
The next question comes from the line of Lalaram Singh with Sabre Edges. Please go ahead.

Unidentified Participant - Analyst
Good morning, sir. Good morning, Shoji and Sanjeev ji. 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? Throw some light. I think few con calls earlier had said, um, Faveluba itself can be a Rs 1,000 crore brand, uh, if I remember correctly. So secondly, iGen, I think we have been saying it will grow 25% plus. So that looks like it will become, you know, fairly big business.

So beyond these 2, anything else, uh, that management is excited about? Um, would want to know that.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Uh, you know, the segments that we are in, uh, all these segments are growing pretty handsomely. Igen, we have spoken about extensively, and we know the potential of that business. Uh, 20 to 25% is the guidance that we are 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 have very 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. You know, 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. Our presence is still small over there, so there is the 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 and, you know, 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 Favaluba is concerned, yes, we certainly believe it to be- to have a very high potential, and Rs 1,000 crore is something that we have sort of spoken about that number, and we believe it's a feasible number to go after.

Unidentified Participant - Analyst
Thank you so much. Next question is a follow-up. 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 Sabu - Chairman and Managing Director, KDDL Limited
So I don't know what exactly that means. Effectively, we are focusing on creating value from growing our businesses.

Unidentified Participant - Analyst
Yeah, yeah, it's like, you know, we have separated out the ethos in the past. Uh, similarly, is there any merit in, you know, again separating specific businesses that have different economic drivers, etc.? That was the-

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
You know, uh, you know, there are- I mean, there are a lot of people who argue both ways. Um, I'm concerned that, uh, You know, if you start fragmenting businesses too much, the economies of scale, the economies of, you know, management teams- there are- you 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, you know, all of this restructuring takes a lot of time and effort.

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. Really happy to hear that. 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.

Unidentified Participant - Analyst
Good to hear that. One last question, recently we've seen a wave of startups 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? Is it significant?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
You know, if you look at the total quantum and value of all these startups put together, it's, 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, uh, you know, are we looking at that? Yes. Can some of these brands become significant in the future? Maybe if they play their cards right. But, you know, it's too early to tell, Brian. 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 startups combined. So I'm only saying that it's exciting. This new space is exciting. 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, uh, you know, 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.

Operator
The next question comes from the line of Kunal Mehta with Incred Equities. Please go ahead.

Kunal Mehta - Analyst, Incred Equities
Yeah, hi sir. At the first half, we have an amazing around 40% YoY growth, and usually our business's 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 FY27.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
First half of our growth is around 35% overall compared to the last year,

Kunal Mehta - Analyst, Incred Equities
On standalone basis. So just standalone basis, just-

Sanjeev Meson - Executive Director and CFO, KDDL Limited
I am talking on standalone basis.

Kunal Mehta - Analyst, Incred Equities
Okay.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
And the second half, we believe, will be something similar to the H1 of the year.

Kunal Mehta - Analyst, Incred Equities
Okay. And taken some additional debt, is that for the CapEx or is that, uh, also attributed to, uh, you know, the higher working capital requirement that Aydin, you know, commands?

Sanjeev Meson - Executive Director and CFO, KDDL Limited
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 induction. And as the level of the business is going up, the working capital requirements is also increasing, and there is a marginal increase in that.

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

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
I think a lot depends on how the revival of the Swiss market, Swiss watch business happens. 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 US, UAE, and China, and all these markets have been

sort of volatile and disturbed. The US is still okay. UAE is obviously very much impacted. China has not shown the revival it was showing.

It is hoped that the bottom has been hit over there. So, uh, 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're adding, which will actually, uh, enable us to achieve breakeven much faster. We are hoping that if everything goes right, perhaps next year will be the breakeven year.

Kunal Mehta - Analyst, Incred Equities
Is it that, uh, I want

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
To add one comment over here, right? Um, there is- we have an unwavering belief in the future potential of Estima, given that such a large part of Swiss business, 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 a huge potential for Estima once the economic situation, uh, improves and we are able to build the capabilities that we are building now in Estima.

Kunal Mehta - Analyst, Incred Equities
So does adding parts help in procuring, you know, customers or onboarding customers? Because we currently have dials in hand there, and when we add cases and, you know, other capabilities, as you mentioned, Will that actually help us get, you know, more, uh, uh, you know, business, or maybe get customers, uh, easily?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
You mean customers for Estima?

Kunal Mehta - Analyst, Incred Equities
Yeah, customers for Estima.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
No, but these are different components and they require very, very different capabilities. So, uh, 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 - Analyst, Incred Equities
Okay, and from Estima, can we cater to other markets outside Swiss?

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Yes, of course.

Kunal Mehta - Analyst, Incred Equities
Okay, thank you.

Yashovardhan Sabu - Chairman and Managing Director, KDDL Limited
Thank you.

Operator
The next question comes from the line of Neeraj with Demac. Please go ahead. Let's

Unidentified Participant - Analyst
Make the last question, please.

Operator
Sure, sir.

Unidentified Participant - Analyst
Yeah, yeah, hello, uh, thank you for the opportunity, sir. One, one broad-ended question, sir. When a global OEM awards, you know, iGen, uh, busbar or a connector component program or any new program, sir, Sir, who are you typically displacing? You are displacing Chinese supply chain or European stampers, or you are, you know, bringing the capability in-house from that OEM's, you know, supply chain? And we are winning it on what basis? Because of the cost, tooling capability, or we are like a, you know, one-stop model?

If you can elaborate more on this.

Sanjeev Meson - Executive Director and CFO, KDDL Limited
So, Kunal- uh, no, not Kunal, Nirej. Uh,

Unidentified Participant - Analyst
Yeah,

Sanjeev Meson - Executive Director and CFO, KDDL Limited
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 anyone, the others may also be growing. And in 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 de-risk from one supplier, then they come to the countries like India and the other places.

But cost is not the only criterion. 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. Thank

Operator
You. 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 Sabu - Chairman and Managing Director, KDDL Limited
Thank you everyone. I hope we've been able to answer all your questions satisfactorily. Should you require any further clarification, uh, please feel free to contact SGA team, our investor relations advisors. Thank you once again. I wish you a good day.

Operator
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.