



KDDL Limited

**“KDDL Limited
Q2 & H1FY26 Earnings Conference Call”
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KDDL Limited



**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 H1FY26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and 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 the 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 afternoon, everyone. This is the KDDL Limited Quarter 2 and H1 FY '26 Earnings Conference Call and I thank you for joining us. I hope you had the opportunity to review our financial results and investor presentation, which has also been posted on the company's website and stock exchanges. I'm joined today by our CFO and Executive Director, Mr. Sanjeev Kumar Masown; and SGA, our Investor Relations Advisors.

The global economic environment continues to show mixed signals. Inflation has begun to moderate across most developed markets, but consumer spending on discretionary goods continues to be uneven. Geopolitical tensions, shifting trade dynamics and currency headwinds continue to weigh on global demand and sentiment.

The global watch business is navigating a complex environment shaped by rising tariffs, changing consumer behavior and currency volatility. China and Hong Kong, which have traditionally been strong markets for Swiss watch exports, continue to face significant challenges.

From January to September of the current year, Swiss watch exports to China declined by 16% Y-o-Y. That's lower by 16% Y-o-Y, and they are now 37% below the levels of 2023. Exports to Hong Kong fell by 27% compared with 2023. In contrast, India stands out as a bright spot. From January to September '25, Swiss watch exports to India grew by nearly 10% compared to the same period last year and by 35% versus 2023.

While this growth reflects India's rising affluence, expanding middle class and appreciation for fine watchmaking, I would like to remind all our listeners that India is still in a very nascent stage and accounts for less than 2% of the world's exports of Swiss watches. The global export environment for Swiss watches remains challenging.

And consequently, it is also difficult for watch component suppliers like us. Still, the pressures we face are not without opportunities. They encourage us to adapt, innovate and build long-term strength. We have strengthened our relationships with leading Swiss brands and have also begun exploring newer geographies beyond Switzerland, particularly in Europe and other Asian markets where watch making is experiencing a rebirth.



This strategy not only reduces concentration risk, but also opens opportunities for new growth. In contrast to the global environment, the domestic market remains strong. Demand visibility continues to be healthy, supported by improving consumer sentiment, growing organized retail and sustained momentum in domestic watch manufacturing.

Our volumes have remained steady with a notable improvement in realization. This progress has been driven by a combination of price adjustment and our focus on premiumization, emphasizing value-added components and special offers. Our bracelet division continues to progress steadily and is an integral part of our broader watch component portfolio.

Over the past year, we have focused on process optimization, cost rationalization and quality improvement. Capacity utilization is increasing in line with our plans. With this, the division is better placed to scale volumes and enhance profitability as the market demand normalizes. We are also working closely with leading customers to co-develop new bracelet designs that align with emerging aesthetic and technical trends in luxury watchmaking.

Our Precision Engineering business continues to deliver consistent and profitable growth. Demand from export market remains healthy, supported by reliability and technical excellence. For this quarter, the revenue in this segment grew by 55% Y-o-Y and by 44% Y-o-Y for the half year FY'26.

This strong performance reflects the trust our customers place in us and our ability to deliver high-precision components for complex engineering applications. To further support this momentum, we are expanding our in-house electroplating capacity in line with the market requirements, which is expected to be operational by the end of quarter 1 in FY '27. This expansion will significantly enhance our efficiency and our capability to serve new customers with larger, more complex orders.

Our Packaging division has delivered an exceptional performance in H1FY26, registering 70% Y-o-Y revenue growth, although on a small base. This division focuses on premium packaging solutions for international and domestic luxury brands. By offering high-quality locally manufactured solutions, we are enabling our clients to reduce lead times and strengthen supply chain reliability.

We are also exploring export opportunities for our packaging products, targeting global luxury brands that are seeking sustainable and differentiated packaging solutions. This business, though at an early stage, represents a strategic growth pillar for KDDL, one that complements our core watch component portfolio and leverages our design and manufacturing strengths.

During this month, Mahen Distribution Limited, a wholly owned subsidiary of KDDL Limited, has declared an interim dividend of INR30 per share, and the company has also declared an interim dividend of INR15 per share to pass on the benefit to the shareholders of the company. With this, I would now like to request Mr. Sanjeev Masown to update you on the company's financial performance.

Sanjeev Masown:

Good afternoon, everyone. Now let me take you through the company's stand-alone financial performance. A lot of information is already available in our presentation, but I will briefly share



here. The total income for the Q2FY26 stood at INR126.8 crores, which grew by almost 30% Y-o-Y. And for the H1FY26, the revenue was INR241.6 crores, and it grew by 32.5% Y-o-Y.

EBITDA for the quarter stood at INR28.9 crores, and it grew by almost 11% Y-o-Y whereas for the H1FY26, the EBITDA stood at INR54.3 crores, representing a growth of 20.5%. EBITDA margins for the quarter stood at 22.8% and for the half year, it was 22.5%.

PAT for the Q2FY26 was at INR14.5 crores with a PAT margin of 11.4% and for the H1FY26, the PAT was at INR26.4 crores with a margin of 10.9%. During the first half, the company has spent almost INR9 crores on the capital expenditure for expanding the capacity in some of the businesses. And in the balance second half, we expect to further invest an amount in the range of INR15 crores to INR18 crores.

Now coming to the consolidated financial performance. The total income for the Q2FY26 stood at INR531 crores, and it grew by almost 29.5% Y-o-Y. Whereas for the H1FY26, the revenue crossed the INR1,000 Crores and the actual number was INR1,007.9 crores, and it grew by 29.2% Y-o-Y.

EBITDA for the quarter at a consolidated level was INR86.3 crores, and it grew by 12.4% year-on-year, whereas for the H1FY26, EBITDA was INR166.8 crores, representing a growth of 17.5%. EBITDA margins for Q2FY26 was at 16.3%, whereas for the H1FY26, this was at 16.5%.

PAT for Q2FY26 stood at INR32.7 crores with a PAT margin of 6.2% and for the H1FY26, the PAT stood at INR62.4 crores with a margin of 6.2%. With this, I open the floor for questions and answers, and I request everyone to restrict the questions mainly to the manufacturing business of the company. Thank you very much. And with this, the floor can be open for the questionnaire.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Yash Sonthaliya from Edelweiss Public Alternatives. Please go ahead.

Yash Sonthaliya: Congratulations on the good set of numbers. So my first question is on our Favre-Leuba brand. So what is the current sales run rate? And what are our expectations going ahead? And any new distributions we have signed for the brand?

Yashovardhan Saboo: Why don't you ask all your questions at the same time, please? So we can answer all of them together. That will be more efficient.

Yash Sonthaliya: Got it. And my second question is on the forex management strategy, like because most of our business is dependent on forex. So how we are planning out their strategy in this difficult time period. These are my two questions?

Yashovardhan Saboo: Right. So let me answer for Favre-Leuba. As you know, Favre-Leuba is being handled by our subsidiary company in Switzerland, Silvercity Brands. And the sales of Favre-Leuba are very much on track. In fact, we are exceeding the sales targets. Unfortunately, I can't give you numbers exactly.



But I can just tell you that not only are the sales numbers being exceeded, but also in terms of bottom line, while you can understand that in the initial years, there's a fair amount of expenditure on brand building, creating distribution and so on. So it's a targeted or it's a budgeted loss in the initial year, but the loss is expected to be significantly lower than what was budgeted.

Distribution is proceeding on a global level. New markets are being opened. So I can say that actually, the results are better than what we had expected so far, and everything is on track. Of course, there has been a, let's say, a road bump in the sales in the U.S. with the policy of the tariffs of 39% on Swiss watches until last week.

It's only 3 days ago that it was announced that the tariffs are down to 15%. So I believe that the Favre-Leuba sales efforts in the U.S. will also now start to deliver results. Your second question about forex. We have a fairly robust system of looking at forex trends on a long-term basis.

And based on that, we take partial cover. the policy is really to de-risk, it is a de-risking policy. It's not an opportunistic policy to make benefits. And based on that, whatever calls we need to take in terms of hedging forex exposures, we are doing that. That said, I want to also say to you that at a consol level, there's a natural hedge that we have between Ethos and KDDL. In KDDL, we have export earnings in foreign exchange and in Ethos, there are imports. So there is a natural hedge at a consolidated level.

Moderator:

The next question comes from the line of Rupesh from Long Equity Partners.

Rupesh:

Congratulations on good set of numbers. I'm fairly new to the company. So some of my questions might be basic. So first question is, I mean, what is driving this 44% growth in Eigen division, Precision Engineering division on a half year basis? If you can give some idea around that.

When I look at your presentation, I see that you are present in several exciting segments, aerospace and defense is there, then consumer durables is there, automotive is there. So I mean, can each of these segments become like meaningfully large, INR100 crores, INR200 crores each for us in the next 3, 4 years? What are some interesting products or programs or customers?

I looked at your customers also on website, they look very interesting. So overall, just if you can give color around Eigen on the growth and future products. That is question number one. Question number two, sir, is I think you also mentioned about electroplating. So electroplating is rather a broad term. And if you can narrow it down which product, which segment this electroplating is used in.

I think you also do reel-to-reel electroplating. I think that is used in smartphone manufacturing. So are we present in that segment or this is some other form of electroplating? That is second question. Favre-Leuba, how many stores are we planning to open, which geographies? How much -- how is the online? How are we looking at online some more color around that. So I think I'll start with these three and then maybe come back in the queue?

Yashovardhan Saboo:

Right. I'll answer the question regarding Favre-Leuba, and I'll ask Sanjeev, our Executive Director, to answer the questions regarding Eigen. So as I already answered on Favre-Leuba,



things are going as per plan. We are opening points of sale, not only in India, but in other Asian countries, Middle East, Europe.

And there's a plan for the U.S. as well, which now with the import taxes in the U.S. having moderated to 15%, that will also be on course. Exactly how many points of sale we're going to open, I don't wish to answer that because that's a little bit confidential. All I can say is that geographies are worldwide and the expansion is going as per plan. And actually, the results are better than what we budgeted for Favre-Leuba. Sanjeev, would you like to answer further?

Sanjeev Masown:

Rupesh, I will answer your queries regarding the Eigen business. You have already shared that you are new to the investors call and may be asking some of the questions, which may be repetitive or the others may be already aware about. but I will try to answer only a brief because the business as such has many other important parameters, which we can't discuss in a short call of one hour.

Broadly, the Eigen has presence into four, five major segments. You have rightly said that the presence is into the aerospace, defense, even to the auto ancillaries, electrical and electronics and the consumer durables plus some other segment, mainly into the alternate energy. The strength of the USP of the Eigen is that basically it is into the progressive tooling and the stamping business.

We do not have any standard product as such, but we normally sell our capabilities and based on the customers' designs and their drawings, we made the customized products for those customers. And these capabilities are used for serving and making those products and the parts. You asked about the growth, how the growth is coming and what are the major areas of the segments.

Yes, we are seeing good inquiries as well as the flow of orders from almost all the segments. And as our focus is mainly for the export market, we believe that there are a lot of opportunities for these type of niche capabilities and the single-stop solution where the most of the other ancillary processes are also available in-house.

You talked about the electroplating. This electroplating, there are different types of the electroplating, whether this reel-to-reel electroplating or the barrel plating or the rack plating. Presently, we are having the capacities and the capabilities for the rack plating and the barrel plating.

But maybe in the coming years, we may be adding the reel-to-reel plating also. It's not a separate business or the revenue stream for us for the electroplating. This is an add-on process for giving the comfort to the customer that most of the critical processes are in-house and which meets the stringent quality as well as the specifications of those customers. This is broadly what we are doing. And going forward, we will continue to focus on primarily these segments only and mainly for the export market. If you have any further questions regarding, I'll be very happy to answer.

Rupesh:

Just one clarification. So this growth momentum, I mean, it was not clear from your answer, but we can expect it at least for next, let's say, 6 to 12 months?



- Sanjeev Masown:** Will You just repeat again?
- Rupesh:** I mean growth momentum that we are seeing in the Eigen business, we can expect it to continue, right? I mean, whatever the drivers for the growth, they will be there...
- Sanjeev Masown:** As of now the way the market environment is there, primarily we are confident for the coming at least few quarters, this type of growth will be there. It's difficult to comment for the long period based on a lot of uncertainties, the geographical constraints which are there. So it's difficult to comment on the long term.
- Moderator:** The next question comes from the line of Vikram Suryavanshi from PhillipCapital.
- Vikram Suryavanshi:** What was the revenue from Precision Engineering and watch component?
- Sanjeev Masown:** Vikram, the watch component revenue for the half year is around INR115 crores. And for the Precision Engineering business, it's about INR90 crores.
- Vikram Suryavanshi:** INR90 crores. Okay. And we were supposed to start one lease facility for Precision Engineering and then our own facility. So how is the progress happening on that and customer additions from say, battery storage, aerospace. So if you can comment on that side, I think it will be helpful?
- Sanjeev Masown:** So the new facility, which we are working on that, actually, that's not an addition of some new capacity or thing. As I already shared, this is mainly for the plating setup, but some of the existing capacity may be shifted to that facility and the gradually -- some investments may happen in the existing facility. So it's not that we are enhancing the capacity for the overall revenue growth. Mainly the back end of the processes will be made in the new facility.
- Vikram Suryavanshi:** Okay. Understood. And how is the ramp-up happening for, say, bracelet facility?
- Yashovardhan Saboo:** Vikram, as I mentioned in my remarks, it's going well. We are proceeding on track. We are actually looking at expanding the capacity further and new customers are also very interested. So we are on track. It's actually delivering good results. It's already profitable.
- Vikram Suryavanshi:** Okay. So in terms of capacity utilization and all that, it's almost like reaching to the 75,000 pieces per annum. So is there any scope for utilization increasing or it already coming close to peak of the capacity?
- Yashovardhan Saboo:** We are close to & I think we have more than 80% capacity utilization is already happening. What you have to understand is that like many engineering and businesses, it's not a capacity utilization like a process industry. A lot depends on the kind of product that you're making. If it's a more complex product, you will produce less and so on.
- But overall, on an average, we are at more than 80% capacity utilization, and we are already in the process of enhancing the capacity. But what is interesting is that the enhancement is not exactly in the same technology, but it is also the choice of technology, which we are now choosing for the expansion is also something that allows us to make smaller production runs and so more flexible and at a faster speed.



Faster speed, meaning faster reactivity. That is the way the industry is growing that people need shorter cycle times for new products and smaller production runs. So our expansion capacity is not just the addition of the same thing, but already going one step further for more flexibility in manufacturing.

Vikram Suryavanshi: Got it. And lastly, on what was the export share in our revenue this quarter?

Sanjeev Masown: Normally, our export is always about two-third of the revenue.

Vikram Suryavanshi: But are we seeing the similar trend in the precision also or how that will?

Sanjeev Masown: Yes, in the precision also it is in the similar...

Vikram Suryavanshi: Okay. And there, do we have any exposure to U.S.A. in terms of precision?

Sanjeev Masown: We have the exposure in the U.S.A. as well as in the European countries.

Vikram Suryavanshi: I just want to understand like was there any material impact on tariff and probably we can see further growth coming back if tariff normalize for Precision Engineering product also?

Sanjeev Masown: As I earlier shared with the other gentlemen who asked the question, in Eigen, we made the customized products for some of our customers there. And U.S. is one of the big markets for us. Mainly for the customized products in the immediate future, there is not much impact. But the customers are waiting and watching.

And how this whole tariff story will unwind and whether there will be any agreement on the tariffs. So once the clarity comes into that, then probably some of the long-term call may be taken by the customers. but everyone believes that these type of tariffs are not sustainable, both for India as well as for the U.S., but it's mainly wait and watch as of now.

Vikram Suryavanshi: Got it. Broadly, we are on track of like 20%, 25% kind of growth what we are hopeful about?

Sanjeev Masown: Yes, that's our long-term plan, and we are on track.

Moderator: The next question comes from the line of Sanjay Kumar from ithub PMS.

Sanjay Kumar: In Precision Engineering, we have done INR90 crores in H1 and in FY26, it was INR147 crores. Is it possible to give the current mix of revenues by the end market that we have listed 5 different segments, electronics, aerospace, automotive, consumer durables and industrial. Do you have a market mix for H1 or FY26?

Second question, can you list the top three products that are driving this growth? Because there seems to be a bunch of products, but is there any skew towards top three best-selling products for you? Third question, I see connectors as one of the products. What connectors are these? Do we compete with, say, Amphenol, TE Connectivity or Molex? Can we make connectors for, say, iPhones or other mobile phones, which are seeing increased demand in India?

Fourth question, what is the peak revenue potential from the current Eigen facilities? Are we planning expansion given the significant growth that we are seeing? And to a previous



participant, you said that you're working on expanding the new technology. Can you elaborate on this new technology, please?

Yashovardhan Saboo: Sanjay, I'm sorry, we cannot share our top customers and top products. As you are aware, this is sensitive information and it would be extremely valuable for our competitors. So I'm sorry, that's not something that we share. As far as connectors are concerned, yes, it's an important segment for us, and we make connectors of a wide range, including all the product segments that you mentioned. And if you are not making, we are obviously talking to customers for all kinds of applications of connectors.

Sanjeev Masown: All those names which you have taken they are actually our customers. So we do not make the connectors directly for the end consumption, but we make the components for the connectors.

Sanjay Kumar: Okay. Like do we supply the metal part to them?

Sanjeev Masown: Our strength is into the metal stamping and mainly for the connector industry. So the customers, whatever you are naming, some of those buy the components or which are ultimately used for making the connectors.

Sanjay Kumar: Got it. And on the peak revenue potential?

Yashovardhan Saboo: Peak revenue -- it's difficult in our business, like most businesses, it's not that you have one facility with a peak revenue. And then when that peak revenue is achieved, you put up another facility, so the revenue doubles or whatever. As you go along, you keep adding either it's machines or its space, it's on an incremental basis, right?

So currently, with the facility that we have, I think we are close to full utilization. And that's why we are adding, as you know that in the previous question, we said we've added more space for Eigen. And similarly, we are adding more space for the bracelet unit also.

Incrementally, we keep expanding as per market -- what we assess as the market requirements and what is our own growth targets. Overall, on the long term, we do expect to expand the business of Eigen at somewhere between 20% to 25% on a long-term basis. So according to that, we plan the facilities.

Sanjay Kumar: Got it. I'm from Chennai. Is it possible to visit the Eigen plant to understand your capabilities?

Yashovardhan Saboo: I think you should contact SGA Our Investor Relation Advisors. We organize some interactions from time to time and do factory visits as well, and we'll be glad to welcome you there.

Moderator: The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: A few questions from my end, right? Firstly, on the overall profitability, right? Is there anything in other expenses in the first half of FY26, which is kind of one-off, right? Because I see some deterioration in profitability. The related question to it would be, I just wanted to understand Eigen's margin profile, right? Let's say, even in H2, are we upwards of 20% in that business? So that's one -- that's the question on profitability. The second aspect that I wanted to understand is



that, did I hear correctly that you did INR150 crores in the watch division, right? Because last year as full year, we did...

Yashovardhan Saboo: INR115 crores. Prolin, it's INR115 crores.

Prolin Nandu: Okay. Last year, we did INR160 crores, right, INR140 crores or INR160 crores, right, in a way. So no, so the larger question, Mr. Saboo was whether the kind of initiatives that we have taken, right, getting into bracelet packaging, thinking about non-Swiss kind of a market. So will this help us probably counter this slowdown that we are seeing in Swiss watch industry.

And so that was the second thing. And the lastly on Favre-Leuba, right, our CEO, Mr. Patrick had guided for a capacity of close to 8,000 watches sometime in the calendar year of 2026. Does that number look achievable on the sales side as well? So Yasho Ji, these are my three questions?

Yashovardhan Saboo: Right. Let me answer the second and the third question for Eigen and for profitability overall, I'm going to let Sanjeev answer that. what was your third question on the watch components part?

Prolin Nandu: The 8,000 capacity that Mr. Patrick had mentioned...

Yashovardhan Saboo: So let me answer your thing about the watch component business. So A, there are opportunities in the watch component business because there is very little Indian activity in the export space of watch components. We are more or less the only exporter.

And our biggest competition is with China and Thailand. So diversifying into bracelets and other components obviously helps a lot. And that is the reason why we are able to keep a growth momentum, whereas actually, if you see the Swiss Watch or the international watch business is not really growing that much. And we hope that we'll be able to keep this up with growing sort of product lines and product specializations and value increases.

So indeed, that is the idea. It is true that currently, there is a bit of a slowdown due to the reasons I already mentioned in my remarks. But it's not the first time that it has happened in the global watch business. Every 10 or 12 years, it's a cyclical pattern. This is also a reaction to the very unprecedented kind of boom in luxury that happened post-COVID.

So it's a normalization of that. And we are already seeing the bottom being hit and from next year, the market will start to normalize. It's not going to be a massive bounce back, but I think we're going to start to see an upward climb of the market, and things are sort of stabilizing now.

As far as Favre-Leuba is concerned, I think our original plans have been tweaked up. We've got a very, very energetic team led by Patrick and others and they are seeing the amazing responses that we're getting to the new products that we are launching in Favre-Leuba, which I encourage you to follow Favre-Leuba, Instagram and social media.

And I think if things go as well, we are upping the plan. So I'm not sure about exactly what numbers and guidance, which Patrick has given, but I do know that we are upping the estimates from the original budgets. Indeed, this year as well, our actual performance is going to be higher than the budget. So in line with that, we have up targets.



We always take stretch targets. It's never easy to achieve those. It's always a challenge, but we've not backed up from a challenge. So of course, whatever targets the head of Favre-Leuba is putting, we are all behind that, and I'm sure we will do our best to achieve that. For the issue on profitability, overall, I'm going to let Sanjeev answer that Prolin.

Sanjeev Masown:

So Prolin, you asked two questions about the -- first of all, the quarterly numbers as well as the Eigen profitability. As far as the quarter or the half year numbers are concerned, there are no exceptional or one-off expenses. It is mainly the profitability, if you are comparing with the previous period, it is lower as the product mix is changing during this current year.

Number two, the two businesses which have started during the current year or just the end of the last year, one is the new packaging unit as well as the bracelet unit. A lot of expenditure of that is, to a large extent, front-ended and still the full capacity utilizations have not reached. That may be the reason the profitability you may be seeing it, compared to the previous period, it may be on the lower side. Now coming to the Eigen, the Eigen operates broadly in a range of EBITDA of around 20%.

Prolin Nandu:

Okay. That's it from my side. Thank you so much.

Moderator:

Thank you. The next question comes from the line of Rupesh from Long Equity Partners.

Rupesh:

Thank you for the follow up. One question on Eigen, sir, is, I mean, in automotive, I would like to know what is our exposure to EVs. The reason to ask that question is we're seeing a lot of pushback, credits being phased out. That is one issue. China is gaining market share in some of these Western countries. So that industry looks headed towards disruption a little bit. So just wanted to understand our exposure to EV in Eigen with that backdrop.

The second question is I mean Hong Kong and China are some of the major markets for Swiss watches, but I didn't follow why this downturn would be linked to tariffs. I mean because the cost, I think for Hong Kong and Chinese consumers, I don't think they would have gone up because of tariffs. So that maybe if there is some cyclical element or something you couldn't explain?

Yashovardhan Saboo:

Okay. Let me answer the question on Hong Kong and China. The demand in Hong Kong and China is not impacted because of U.S. tariffs. You're completely right. If I gave that impression, that was wrong. There are 2 large markets for Swiss watches. One is the U.S. and the other is Hong Kong, China. U.S. is impacted because of tariffs. And Hong Kong and China is impacted because of the general slowdown in consumer sentiment over there. China and Hong Kong have nothing to do with tariffs. And as far as EV exposure is concerned, Sanjeev, maybe you can answer it better.

Sanjeev Masown:

Rupesh, we don't track EV sales separately, but mainly our exposure is into the alternate energy. And alternate energy has many other things, including the EV. As of now, broadly in the range of around 40% of our revenue is from this alternate energy segment.

Rupesh:

So EV is part of alternate energy?

Sanjeev Masown:

Yes, EV is part of the alternate energy.



- Rupesh:** I see. I see. Okay. again, coming back to this Hong Kong, China question, I mean, is there usually like some sort of cyclical pattern that plays out that demand goes up for 2, 3 years, then we see one down year or I mean, is there like...
- Yashovardhan Saboo:** No, Rupesh. For the last 20 years, China was the fastest-growing market for Swiss watches. There is a change in sentiment. This is widely reported in China, there are macroeconomic issues and there's a change in consumer sentiment, especially in luxury segment. So it's not a cyclical thing. It's a change that is happening, and it has been there for almost 2 years, a slowdown in the demand for consumer products, especially luxury products in China.
- Rupesh:** Okay. sir, with this 15% tariff certainty coming on Switzerland do you think that -- I mean -- as and when Hong Kong and China come up, but at least for the U.S. now, we can start seeing uptick maybe in another quarter or 2 for the watch component business?
- Yashovardhan Saboo:** Well, for the watch business, it will be. And consequently, I hope it will follow for the watch component business as well. Thank you. There are other questions in the queue, please.
- Moderator:** The next question comes from the line of Lala Ram from LRS Capital.
- Lala Ram:** So I have three questions. Number one, it will be very good to understand how you are thinking of KDDL as a company, non-Ethos divisions. if you can paint a picture for us, how it will look like in the next 5 years each of these divisions.
- Yashovardhan Saboo:** Sorry.
- Lala Ram:** If you can paint a picture for us how KDDL, the stand-alone company would look like over the next 5 years. If you can paint a picture for us, that will be very useful. Number two is I want to understand if we are looking to acquire even more brands beyond Favre-Leuba or is the focus still Favre-Leuba as of now? Number three, I want to understand if there is a possibility of separating, demerging the existing KDDL businesses like Eigen and other businesses separately?
- Yashovardhan Saboo:** So KDDL, again, I'm talking you non-Ethos, I think our vision is very clear. KDDL has important segments. One is relating with watch components, which means supplying to them. One is on Precision Engineering, stampings. And the third is the watch business of Favre-Leuba. Now they all have a common thread, which is of precision and global capabilities.
- We believe all these segments to be growing steadily. In the watch component business, the growth will be not only in the existing product lines, but also in new product lines. And similarly, in Precision Engineering, the precision stamping, it will be in the current product lines and further product lines, also new geographies and new markets.
- Overall, we do expect the business to be growing at 20% to 25% on a long-term basis for the next several years. Third segment is really about watches, finished watches, is Favre-Leuba. And some time back, I had mentioned that I think KDDL, we have a very unique capability. If I include also the capabilities of Ethos, our subsidiary company, we are unique in the sense that we know the manufacturer of many key components.



And we are adding more to these components. We are familiar with markets and retailing. And therefore, we've got a unique situation of creating a, let's say, a watch major like large international brands, which -- large international groups, which hold brands, but which are verticalized. So that is the long-term vision.

we don't have any plans to keep acquiring brands for the sake of acquiring brands. The first priority is to make Favre-Leuba a success globally. We are well on the track to do that. Once we are secure that, that goal is completely on track, we will look for opportunities to acquire other brands. It makes sense. There are huge synergies when you have a portfolio of brands across different price segments. But there are no immediate plans as such for that.

As far as separating the businesses of the company, we have not really applied any thought to it. But on a need based on what is best for maximizing shareholder value, but also in terms of maximizing growth for all the elements of the company, we will surely look at that. As you know, we have been very flexible in this. We believe in a delegated and a decentralized management. So whatever is necessary to optimize the growth and optimize performance and shareholder value, we will do that.

Moderator: The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: Just on a couple of medium- to long-term targets that you had shared in the previous calls, like in December '24 slide deck, you had said that Eigen, you want to make it a INR750 crores to INR1,000 crores kind of business in next 7 to 10 years. Now given obviously, tariff has probably put some doubts on everybody's minds as to how the export business across the country will grow.

But Yasho sir, you want to share anything on that, right, as to whether those targets are still achievable. Also, you gave some targets of INR80 crores to INR100 crores in 3 to 5 years for bracelet as well as packaging business. Again, those targets, given how the ramp-up is happening, seems to be achievable?

Yashovardhan Saboo: I'm not sure where these figures -- I'm not sure if these figures were there in our earnings call. But I want to say this, tariffs is a short-term thing, right? I don't think -- nobody is expecting that tariffs of 50% are going to continue long term. And I'm sure that the government, not only of India, but also of the U.S. is aware that this is a major trading country.

And I'm pretty sure that this tariff is a short-term thing. It will normalize. So we don't see any reason to alter any long-term forecast because of a short-term tariff situation, right? If in the rare and unexpected situation that for years and years, the tariff remains at 50%, then of course, there will be an impact on India, there will be an impact on the U.S., there will be all kinds of impact- - and then there will be other solutions which will come.

But we don't expect that. We expect that this will be resolved soon. And long term, we are going to be pretty much on track. As far as individual businesses are concerned, I think all of them have their growth targets. with the numbers that we have given in the past, we stand by them. We don't see any reason to deviate from them. I think if you see our progress, by and large, is



pretty much on track. It will continue to be on track. So we are not changing any long-term forecast.

Moderator: Ladies and gentlemen, that was the last question for today's call. I would now like to hand the conference over to Mr. Yashovardhan Saboo for closing comments.

Yashovardhan Saboo: Thank you, everyone. I hope we've been able to answer all your questions. If you need further clarifications or want to know more about the company, please contact the SGA team, our Investor Relation Advisors. Thank you, Sanjeev, for joining me on this call. Thank you, SGA. Have a nice day. Thank you, everyone.

Moderator: On behalf of KDDL Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.