Date: 25th May 2026

To,

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G-Block,
Bandra- Kurla Complex, Bandra (East),
Mumbai – 400051 Maharashtra, India.

NSE Symbol - OBSCP

Dear Sir/ Madam,

Sub: - Transcript of Analyst / Institutional Investor Earnings Conference Call for Q4 FY26 results held on 21ST May, 2026 at 2 PM

In compliance with Regulation 30 of the SEBI (Listing Obligations and disclosure Requirement) Regulations 2015 and further to the Transcript of the Analyst / Institutional Investors conference call for discussing the Company's Q4 FY26 results held on 21st May, 2026 submitted by us on 20th May, 2026, we are hereby submitting the Transcript of the said conference call.

The Transcript is also available on website of the Company at Nuvama-OBSC-May21-2026-revised.pdf.

Request you to take the same on your records.

Thanking you,

Yours faithfully
For OBSC PERFECTION LIMITED
(Formerly known as OBSC Perfection Private Limited)

ASHA NARANG Digitally signed by ASHA NARANG Date: 2026.05.25 16:33:39 +05'30'

ASHA NARANG
DIRECTOR
DIN NO. 00296714

"OBSC Perfection Limited
Q4 FY26 Earnings Conference Call"
May 21, 2026

MANAGEMENT: **MR. SAKSHAM LEEKHA – MANAGING DIRECTOR – OBSC PERFECTION LIMITED**
MR. SANJEEV VERMA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – OBSC PERFECTION LIMITED

MODERATOR: **MR. NISHANT SHARMA – NUVAMA WEALTH AND INVESTMENT LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the OBSC Perfection Limited Q4 FY26 Conference Call, hosted by Nuvama Wealth and Investment Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference, please signal for an operator by pressing star and then zero on your touch-tone telephone. Please note that this conference call is being recorded.

I now hand the conference over to Mr. Nishant Sharma from Nuvama Wealth and Investment Limited. Thank you, and over to you, sir.

Nishant Sharma: Thank you, Farah. Good afternoon, everyone and welcome to the Q4 and FY26 result conference call of OBSC Perfection Limited. We at Nuvama Wealth, sincerely thank the management team for giving us the opportunity to host this call. From the management side, we are joined by Mr. Saksham Leekha, Managing Director, and Mr. Sanjeev Verma, Executive Director and CFO of the company.

Before we begin the call, I would like to remind you about the Safe Harbor. The management may make some forward-looking statements in today's presentation, and this must be understood along with the uncertainty and risk associated with the company and in general the current scenario.

I would now like to invite Mr. Saksham to share his opening remarks, following which we will open the floor for Q&A. And over to you, sir. Thank you very much.

Saksham Leekha: Hello, everyone. This is Saksham Leekha. I am the Managing Director of OBSC Perfection. And thank you, Nuvama, for hosting us today for this con call. I would like to extend a very warm welcome to you all for OBSC Perfection's earnings conference call for the year ended 31st March 2026.

The financial year '26, we clocked 54% revenue growth with EBITDA margins of 19.5%. At the last year con call, we had a guidance of 40% revenue growth and 2% gross margin improvement. We have surpassed on both. Our exports revenue share stood at 20%, as sales expanded to 17 countries. In absolute terms, our export sales went up by 50%, while non-automotive revenue was up by 150%.

As the year had uncertainty with tariffs and West Asia conflict, we proactively invested in working capital and built-up inventory to ensure business continuity. We now have a very strong order book of INR1,200 plus crores, which provides us revenue visibility over and above our existing revenue and customers.

Of this, our automotive order book is approximately INR980 crores, while non-auto order book stands at approximately INR230 crores, both of which are to be served in over a period of six to seven years.

During this year, we did a preferential issue of INR43.3 crores to augment our growth and invest in building mega factories. This year has been one of tremendous growth for OBSC Perfection. When we started the company, we were a one-process company with only CNC machining in-house. The last year particularly has been tremendously fruitful in terms of adding new processes and capabilities.

We acquired new processes like Cold Forging, Hot Forging, as well as Stamping. There has been very, very serious focus on diversification, with Defence, Aerospace, non-auto sectors like humanoid, medical, have been something that we've been working towards, and we have been getting significant success in some of these sectors as well.

So all-in-all, today we are a company that does not just CNC machining, but several processes: CNC machining, investment casting, Cold Forging, Hot Forging, as well as Stamping in-house. The decision behind having all these processes is to create a company that can eventually get into sub-assemblies. The process has already started, the journey has begun.

And with all these processes in-house, it essentially gives us scale and scope to enter any supply chain in the world, which is the only reason we have, in such a short period of time, been able to enter coveted supply chains like the medical implants, where we've supplied our first casting parts, which have been tested rigorously and are now practically perhaps inside a human body.

And we've also become a part of not just humans, but also humanoids, where we have supplied our first lots of aluminium milled parts, very, very complex close tolerance parts, which will become part of some of the largest selling humanoids in the world. So all-in-all, a very, very successful year for your company, and we believe we have been walking the path and that we told you we would.

So over to you, we are happy to answer any questions you might have.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Piyashu Jain from Growth X Infinity. Please go ahead.

Piyashu Jain: Hi, am I audible?

Moderator: Yes, sir. Please go ahead.

Piyashu Jain: Hi, Saksham. Congratulations on a good set of results.

Saksham Leekha: Thank you so much.

Piyashu Jain: Yes, so my first question will be on, as we have an order book of around INR1,200 crores, like how much we are planning to, like, convert in revenue for this year?

Saksham Leekha: So, like I said, INR1,200 crores is going to be converted entirely in five to six years. So every year we would see approximately INR100 crores to INR200 crores of this INR1,200 crores added to our existing revenue. So that is the kind of growth we are hoping will – the order book translates to revenue at the pace of INR100 crores to INR200 crores per year.

Piyashu Jain: Okay, so like this year we somewhere around INR220 crores, so like for the upcoming year we can expect somewhere around INR330 crores, yes?

Saksham Leekha: So I would give you guidance on that later, but as of today what I can say is all projects have their own start of – start of execution point. So not every project starts this year, there are some projects that will start next year, and some might start a year and a half later.

And so if you know automotive industry works with meticulous planning of at least two years in advance we get the orders for what needs to be set up and what kind of infra needs to be put in place. So all in all, I would say that yes, I mean, this order book gets done in the next five to six years, but most of the revenue starts from this year itself. Most of the projects are starting and some would start from the next year.

Piyashu Jain: Great. And just second, because as we already know that the geopolitical tensions are a bit and the commodity prices are rising, so what kind of EBITDA, because like can you explain or throw some light on it, like what kind of EBITDA margins we can see for the upcoming year?

Saksham Leekha: So this has been, no doubt this has been a challenging year, so was the last one. But we have, mitigated tariffs, we've been very, very meticulous with our planning. And this year was also difficult, this and the Iran war is creating a lot of issues for the manufacturing industry.

Well that said, we have taken proactive measures, and whether it comes to building enough inventory, keeping enough stock before the whole price increases happened, we were meticulous enough to hold on to more aluminium, more oils, so we could navigate this with as much care as we could. So that was done.

The shipping costs have gone up, no doubt about it. And there is, this is a VUCA world, a lot of uncertainty. And so to give you a solid number is difficult, but what I hope is that we can still grow our margins by 1% this year, simply because our exports is going to be much larger and you'll see our defence revenue and our non-automotive revenue will continue to grow.

Piyashu Jain: Okay, so like on a conservative side if we can say that at least we will sustain these margins which we are getting as of today.

Saksham Leekha: That is correct, yes.

Piyashu Jain: Okay, great. And just last question will be on the expansion side, as we are going in Sanand and Supa, so like would you like to throw some light on it, like what kind of projects, as we are also setting up a dedicated plant for a largest, one single large player, so like on that project if you throw some light on it.

Saksham Leekha: Absolutely. So as we continue our expansion, we've seen that we need land in strategic places. Sanand is one of the, continuing to be one of the largest automotive hubs in India with Maruti presence and their suppliers are there. So we are right now in Delhi, Faridabad rather, Faridabad, Chennai, Pune. And Sanand puts us right in the middle of a lot of action that we've been missing out on. So that particular plant has been set up and we already have a confirmed nomination from one of our largest customers, that's Tenneco, to provide a certain application which is the shock absorber rod to them. And so the plant has been set up dedicated for them, and as we of course, as we explore the area, we have our presence there, I am already in touch with multiple other customers who want to source from us. So that said, Sanand is going to be another strategic hub for OBSC's growth.

Supa is a piece of – is a land parcel between Pune and Aurangabad. So Supa is an industrial land, where a lot of new companies are coming up, and we decided to integrate some of our facilities in Pune and put them all together in one giga factory or one mega factory. And so this is a very large land parcel, almost 11 acres, where we'll have integrated processes like casting, forging, stamping, all within one large 10-acre shop floor.

Piyashu Jain: Okay, thank you. Thank you, that's all from my side. I will, I have certain questions but I will join back the queue. Okay, thank you.

Saksham Leekha: Absolutely.

Moderator: Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Hi, am I audible?

Moderator: Yes, sir.

Agastya Dave: Thank you very much for the opportunity and congratulations on a great set of numbers. You really did beat your guidance quite handsomely across the Board. I was trying to find any particular line item where you were off by a certain amount, you were not. Margins and revenue, everything is looking pretty tick-out.

Sir, the previous participant touched upon a lot of things that I wanted to ask, but I would like to emphasize more on the large capex that you've announced in terms of capacity addition. If you can go into certain, a little bit more detail, what kind of visibility do you have from your clients that gives you the confidence to have such a huge quantum leap in your capacity?

And second, what are the timelines you're looking at here? So when does the work start, when do you see commercial operations starting? And would we see, because it's such a huge jump in capacity that you already have, on top of the capacity that you already have, would you have a few years of subpar margins and very high depreciation costs till you can like absorb everything, or do you have the visibility that the ramp-up will be fairly, fairly fast, once you have commissioned the project?

Saksham Leekha: So there's a lot of parts to your question and let me try and answer from the beginning. So why are we doing? What kind of visibility do we have? So just to answer that, we have been growing at nearly 40%, 50% year-on-year, where in areas where space ultimately becomes a big constraint for us every six months to one year. We have to find new plants from time-to-time, lease them, take whatever is available because growth has been unprecedented for us in the last couple of years.

So looking at that, also the fact that all these years our large customers like Tenneco, ZF, MAHLE, Faurecia, these are multi-billion dollar, multi-billion euro companies, blue chips in their own, all most of them are listed players in their own country.

So we have been serving them domestically for a while and only in the last one or two years we've truly been given a chance to serve their global counterparts, which is more than 90% of their revenue. So most of these customers' revenue in India is less than, in fact when you say Tenneco, it's less than 5% of their global revenue.

And only last year we got – only last year we have received the opportunities after having served them consistently for like three, four years, five years in India, we've been presented the opportunity to go meet their global counterparts where we are now discussing very, very large scale projects for their American or Mexican applications. So I do see that export would itself become so big for us that we would need these lines.

And of course, of course, India is the only, I still believe very much in China Plus One, and where India is the only viable alternative, so all those opportunities are flowing to us right now. So that's why I think we can grow at a much faster pace from this moment onwards, we've barely touched the tipping point now.

Agastya Dave: Right, so you expect the growth to accelerate, is that your guidance?

Saksham Leekha: Absolutely over the years, yes. In absolute terms, yes.

Agastya Dave: Right. And on the margin side sir, once this facility comes in, I mean gets commissioned, would you see like a lot of overheads on the P&L and then the drive up of the depreciation and interest, or you are comfortable enough with that?

Saksham Leekha: So we are always frugal in the way we utilize our resources. Even in Supa, we're going to go in a very phased, calculated manner. We're not going to put all our resources, set up a huge infrastructure and then wait for it to turn into revenue. We're going to go slow and we're going to go frugal to ensure that the depreciation costs are minimal while we continue to expand. So that has been the plan all along that we go in a phased manner in any place we grow.

We test the soil first before we put all the eggs in one basket. So we test the waters before we go all in, and that's our plan with Supa as well. So I, in our line of work I'll tell you, we're not putting fixed dedicated lines for a certain product because we're a build-to-print company and essentially that advantage we have is that our machines are all very, very fungible, where one machine can make an automotive part and within a couple of hours it could do an entirely different part which still would find application.

So if one business goes down, the other business scales up at the same time. So that's an advantage we have over traditional automotive suppliers which have their own perhaps patented design or products and where depreciation costs are really heavy if a project doesn't kick off. That is not the case with us. I can tell you that with complete confidence, yes.

Agastya Dave: Great, great. Thank you very much, all the best. And whenever you're comfortable sharing the timelines of this project and the guidance, we would all appreciate it. Thank you very much, sir.

Saksham Leekha: Sure

Moderator: Thank you. The next question is from the line of Vileh Rai from Kamaya. Please go ahead.

Vileh Rai: Hi, congratulations Saksham on a great set of results.

Saksham Leekha: Thank you so much.

Vileh Rai: Can you please throw some light on what products are we exactly making in the new areas of say aerospace, humanoid, and medical devices?

Saksham Leekha: So, let's talk about defence first, then we'll go to humanoids and medical and aerospace. So defence, we've been, last one year we've done a lot of new developments, where we've prototyped multiple medium and low caliber ammunition castings – casings. I'm sorry, casings. So these are very, very high volume parts which are – which have been tested, some of these are under testing right now and some have been validated. And so that's one thing we've done.

We expect that to be a big part of our business in some time to come. Then we are doing ignition primers. So primers are essentially assemblies that are consumed every time a shell is fired. So ignition primer is the consumable part of the artillery gun to fire a shell. Essentially this is what causes the shell to leave the artillery gun. So that's again a very high volume part or assembly of parts, co-parts to be precise, where we have received our first orders and this is actually gone into mass production from this month onwards.

So this is the one project that will continue to run for a while and while we're developing other primers as well for different – other different guns. So we've also developed recently in our casting facility fins for a certain bomb called MK-84 and these are again some of the most popular bombs in the world and very, very high value parts, very critical, very high value parts for us. So those are the kind of stuff we've been doing for defence.

In the medicare, we have developed orthopedic surgical implants. Essentially this is a cast part made in high chrome, high cobalt material and this goes actually inside the close to the femur bone during the surgery. So this is the implant itself. We are not finishing it in-house, but we're making the casting and supplying it to companies that do the post-processing. So that's what we've done.

And our efforts on aerospace are right now at the last leg. Our audit, so AS9100D is a very serious audit and it takes at least a year from the start point or sometimes even more. So we are on the very last leg right now and within what I feel two months our certification will come.

For that we've been in touch with two or three large customers who have visited us and we've done supplier registration with a few of them. And so essentially in aerospace, I cannot give you guidance of what parts we will be doing because we're yet to get there is what I'll say.

Vileh Rai: Okay, thank you, that's very detailed. And how did we manage that tariff situation? Was there a situation of de-stocking in supply chain during the 50% regime and can we see increase in orders as inventory build-up

Saksham Leekha: Yes, so tariff situation was of course difficult for the entire world. It was extremely unpredictable. To this day, a lot of people are confused as to what the real tariffs are going to be, including even our buyer sometimes because it's so unpredictable what's happening there. But there was, for us at that time export was a very small part of our business which continues to grow now.

Some of the projects that were nominated, the customers did come to us and say this tariff is not making the pricing viable. So we did offer them a certain subsidy on the price, like we said we'll give you 10%, so we reduced the price by 10% to make the project viable until the tariff situation resolves.

Fortunately for us, all tariff situation as of today seems like it has resolved to a certain level and so the original pricing comes back before the projects start. A lot of these export projects you'll see start in – yes, what I was saying is, the majority – the majority bulk of the export orders to the U.S. are going to start for us in the next two to three months and you'll see a sudden surge in our export in terms of numbers too to the U.S. So fortunately the tariff situation is right now very, very manageable, so we get the original price that we had determined with the customer.

Vileh Rai: And how is the RFQ pipeline and orders from Europe because we've seen a slowdown in the auto industry? And when we talk about China Plus One, we've seen that the INR has depreciated around 20% compared to Yuan. So has it put us in a favourable position to get more export orders?

Saksham Leekha: Absolutely. I feel the INR depreciating, while it may not be, it's actually horrible for the country, but for exporters like us it brings a whole range of increased margins. We are a net exporter, we're hardly importing anything right now, so perhaps a few machines here and there, but everything else is sourced indigenously and the increasing rupee will give us more margin to play with and more competitiveness will come along as well.

Vileh Rai: And what about the pipeline from Europe?

Saksham Leekha: Europe is slowing down, man, there's no doubt about it. Europe is right now in a very tough spot when it comes to the automotive industry. There's the whole confusion of whether the Chinese EVs will start dominating the European automotive space as well. So our focus that's why has moved on when it comes to exports to the US and Mexico, which are very thriving right now.

So we work with ZF, which is a very large European player for a while, and while our revenue with them in absolute numbers is only growing, not reducing, but still last couple of years we've put more focus, if I had to say, in the American subcontinent. And we have a dedicated resource in the U.S., we have a business advisor who's working with us and helping us grow in that market.

Vileh Rai: Okay, thank you so much Saksham and best of luck for the future.

Saksham Leekha: Thank you.

Moderator: Thank you. The next question is from the line of Soumil Jain from Lucky Securities. Please go ahead.

Soumil Jain: Hi, Saksham. Thanks for taking my question and congratulations on a good FY26.

Saksham Leekha: Thank you.

Soumil Jain: Out of the INR220 odd revenue, how much is CV exposure and on the total business how much is from the shock absorber rods? Just a follow-up on that as well, the new plant that you're setting up and the visibility from Tenneco, just wanted to check if this is for their new suspension system product that they've launched, DaVinci, is it for that product?

Saksham Leekha: Okay, so can I give you some high-level numbers of the first question that you asked me? I feel of the INR220 crores we did last year, around INR40 odd crores must be from EV-related components. And do we have the exact number, wait.

Soumil Jain: Did you mentioned EV or CV related?

Saksham Leekha: You said, EV. You asked me EV or CV?

Soumil Jain: CV.

Saksham Leekha: Okay. Of all the automotive revenue we do, I think around 50% of it goes to commercial vehicles, between 40% to 50% depending on quarter-to-quarter. So CV is a big part of our business. Most of the Tenneco business we're doing with Clean Air goes to CVs, Ashok Leyland, Tata Motors, Mahindra, so those are our largest end consumers of our products.

Soumil Jain: Okay. That was the only absorb systems. The shock absorber rod, is that new plant for the DaVinci product and what is the spare of revenue today? How do you see that climbing up?

Saksham Leekha: The shock absorber rod must have been around 8%, 9% of our total revenue is my high-level estimate. Yes, 8%, 9%. And this number in absolute terms is going to grow to almost double with the new plant being set up in Sanand for Tenneco. So that would be, we're expecting INR40 crores sort of revenue from the shock absorber line that we're setting up in Sanand. And that said, some of these are yes for the new technology that Tenneco is putting up, DaVinci.

Tenneco also now by the way intends to export a lot of their applications from India. So they are making India their major automotive manufacturing hub. A lot of the plants in the U.S. are being brought to India because they've realized the efficiencies are far better in India and they're more competitive. So Tenneco is going to grow really fast and for anyone who's associated with them, including us, we're going to grow with them.

Soumil Jain: Wonderful, great to know that. Second, on the humanoid side, is it via a Tier 1 sub-system manufacturer or is it directly with the OEM themselves?

Saksham Leekha: No, it is through a Tier 1 manufacturer and the part is going to be assembled in India into an assembly that eventually cools down those motors. So every humanoid is a lot of motors and a lot of heating up. So we will be making critical aluminium parts, which get brazed together and become a functional what is called a cold plate of humanoids.

We have supplied more than in the last – I feel in the last half year we might have supplied more than 4,000 parts as a, you know, during the trial phase and so it's expected to become a very large part of our business this year.

Soumil Jain: This year itself humanoids?

Saksham Leekha: I am sorry?

Soumil Jain: Humanoids is expected to become a very large part of your revenues this year itself?

Saksham Leekha: I hope so, yes. This year itself, yes. We know for a fact that our principal customers have received large orders and it's only a matter of time before those the supply chains are set and we are the only one who's done the prototyping so far and the first batch validation. We've been part of the development from the beginning

Soumil Jain: Great, great.

Saksham Leekha: For this particular project.

Soumil Jain: One final question, about 40%, 45% of our revenue comes from CV right, and CV volumes this year especially in the second half have been extremely strong. Now the industry projections say that leading into H2, there we might see some slowdown. So do you see that affecting our growth at least for the base business? The incremental opportunities are of course, incremental but the base business, do you see some hit there between…

Saksham Leekha: SO while the existing volumes may drop over a quarter or two, we continue to add new CV projects as well. So we're always – we're at the forefront of any new development that happens, that our customers do, and we are the most preferred suppliers which is why we've continued to grow despite difficult conditions, difficult times.

Any new project that comes to them automatically comes to us. So I feel that we will, I feel optimistic about the industry in general. I'm not panicked about the automotive numbers slowing down for us. There's far too many things we're doing right now and a lot of those cannot be discussed right now, so there's multiple avenues of growth and multiple opportunities we're working on.

Soumil Jain: Great, Saksham. Thank you for answering my questions and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Deepak from Kalyani Family Office. Please go ahead.

Deepak: Yes. Hi, Saksham, congratulations for the good set of results. I wanted to know more about, you know, the longest term vision, like right now you are more of a build-to-print business right? So I mean what would be the long-term course of chart would look for you broadly, like would you look to move towards a higher specifications or an IP-driven business or build-to-spec something like that?

Saksham Leekha: Yes, so we are, you're right, we are a build-to-print business right now and that gives us agility, flexibility and we can do defence work, we can do marine work because we're not really focused on a certain sector. And the way to scale in that business is to have not restrict ourselves what I feel in a certain commodity or a certain industry, which is why we have been venturing out, doing a lot of defence work. It's a very high priority for us right now.

As the Managing Director, I am personally completely involved in the automotive side of the business. And so we continue to build more difficult, more precise parts which are used in far more niche applications than the cars and the bikes of the world. That's how we move up the value chain one.

And second, we are also exploring with all these different processes in-house, we're exploring, we have been exploring getting into assemblies. This year with the stamped, we've acquired, we are on the verge of closing down an acquisition of a set of a stamping company and so with that comes also capabilities to create welded assemblies.

Now that further moves us up the value chain. The company is also very much interested in building its own products and I see it's only a natural curve for us where we will be having our own IP products over the next five years I feel. Now these could go to an automotive application or a defence application, that is yet to be figured out, but I do see with all these processes and with the mindset we have, we will be able to crack that line of work.

Deepak: Sure, sure, hoping for the best. Thank you.

Saksham Leekha: Thank you so much.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir, am I audible, sir?

Moderator: Yes. Please go ahead.

Deepak Poddar: Okay, okay. Thank you very much sir for this opportunity. So just wanted to understand first on this capex that we have planned, I mean the 5x space that we mentioned, so any capex amount and what could be our revenue potential post this commissioning? So any color you can provide on that?

Saksham Leekha: So I could tell you what that plant is capable of doing. A space like that for an industry like ours in itself is capable of doing very large revenues of, that one Supa plant could do INR700 crores, 800 crores on its own, maybe more when it runs at peak efficiencies.

Of course, would it happen overnight? No, it would take a lot of time, effort to get to that stage. So we're going to be slow with our approach and very calculative. But that is the kind of vision we have to create a plant that has enough capacity that surpasses our four or five separate dissociated plants and create that one space. And of course it's going to take a lot of money to create such facilities, but it's a long journey I feel, so I don't have the exact numbers on my mind.

Deepak Poddar: Okay, and what's the capex plan we have for FY "27?

Saksham Leekha: So we are hoping to put some of our, from our internal approvals another INR15 crores to INR20 crores in the business as incremental capex. And we are pretty much set – what I feel, we are pretty much set for the next two years with that kind of money put back in the business. So that should sustain us.

Deepak Poddar: Okay, okay. So INR15 crores to INR20 crores kind of a capex. And any revenue growth outlook we have shared for FY "27? I mean what was the range we are looking at. I mean, we grew by more than 50% last year, right?

Saksham Leekha: We did, and we committed for 40%, so we exceeded our commitment. We'll happily do the same and so we commit of a similar guidance of 40%, 45% this year as well.

Deepak Poddar: 40%, 45% revenue growth?

Saksham Leekha: Yes.

Deepak Poddar: Okay, okay. And just last thing if I can squeeze in, I mean your export, if you see the share of your export in your current order book is much higher than the 20% export mix we are doing, right? So ideally going forward your export revenue mix is likely to increase. So I mean we see higher margins in export as compared to domestic and will be margin accretive for us as the export mix increases? So any thoughts on that would be very helpful.

Saksham Leekha: I mean you had the answer in your question. You're right about everything you said. So export would be more than 30%, 35% of our business this year. And yes, it's, we quote at least 10% plus over our domestic pricing for those parts. So that's why despite all these challenging times, we feel there's going to be a margin expansion.

Deepak Poddar: Okay, I got it. That's very helpful, sir. I mean wish you all the best. Thank you so much.

Moderator: Thank you. The next question is from the line of Gaurav Shah from Nitya Capital. Please go ahead.

Gaurav Shah: Hello.

Saksham Leekha: Hi, Gaurav.

Gaurav Shah: Thank you for giving this opportunity and congratulations on a good set of numbers. I just had one question on the order book. Would it be possible to quantify how much is confirmed and what is the nomination that we've received?

Saksham Leekha: So I would not say any nomination that we've received is not a confirmed order. That would not be the truth. So in our line of work there are two ways of working. The defence companies, they release a short-term order and keep renewing it, like let's say an order that lasts two or three months and then they renew the order the moment that order is consumed. So that's one way of working.

But for the larger companies in the world, the automotive who's who, they work on nominations. These nominations are to be taken with utmost seriousness. They are essentially, they don't ever release purchase orders, they release nominations and then they release schedules, that's all. So when a nomination comes to me it tells me this is the start of project, this is the end of project and these are the volumes I have to provide over the next three to four or five years. So our nominations are confirmed and these are binding, these are legally binding terms.

The volumes could go plus-minus 20%, which is not unheard of in any line of work. Even a confirmed order could get cancelled in, not with us, with any other company as well. So we take nominations with the same seriousness and so nominated out of, so just to answer your question with clarity, our short-term orders would be around INR200 crores, INR300 crores out of this, which and the rest – which I like – which the company calls a purchase order and the rest of the business would be nominated orders plus scheduling agreements.

Gaurav Shah: Understood sir. Thank you for this clarification.

Moderator: Thank you. The next question is from the line of Vardhman Lunia from Trisula Capital. Please go ahead.

Vardhman Lunia: Hi, Saksham, thanks for the opportunity. My question is about trying to gauge the company's broader competitive strategy. So what exactly is the common synergy in terms of capability across all our products and what's stopping other precision players from following along?

Saksham Leekha: So if I understand your question correctly. I would ask you to repeat it for me once please. It wasn't very clear.

Vardhman Lunia: Sure. What exactly is the common synergy of the capability across all our products and what's stopping some other precision player from falling along?

Saksham Leekha: So we're a precision engineering company at the heart of everything we do. So the common factor is when a defence customer needs something really precise made out of metal, or an automotive customer needs something really precise again made out of metal, so that's what we do: metal precision engineering.

You give me a metal part, tell me you need 10,000 of these or 100,000 of these or 1 million of those over a period of time and no matter what sector you come from, if it's a viable, lucrative business for me and if you are big enough for me to set up a line for you and I see that this business is going to grow, I'll do that business for you. So essentially precision forging, precision casting.

Now these metal parts are made through different processes and we have a lot of those in-house. So the growth has come from the fact that we have over the years continuously added capabilities and new capacity for different processes. Started with machining, got into casting, this year cold/hot forging and now getting into stamping.

Within a couple of months, our stamping acquisition would be completely done and we would be sitting on 32 presses ranging from 50 to 500 tons. Now all of these processes combined gives us scalability, gives us visibility to new avenues of growth. So that's the common factor. And what was – could you also ask maybe second part of your question?

Vardhman Lunia: No, only one part, but just again more specifically, as you know I mean there are various kinds of precision engineering players of various sizes and scales. Again, in terms of machinery, sub-assemblies, what exactly differentiates our capabilities from others' capabilities?

Saksham Leekha: So see this precision engineering business just like any other business is a business of discipline and it's a business of financial management, having the right team. So there is no, I don't think there is a magic pill to any such thing. So we have been disciplined in our approach of business, we have taken calculative risks along the way, we've added new capacities which is what sets us apart today.

In a short time span of eight, nine years we've been able to achieve what most players take a couple of decades. And so this continuous focus on improving our processes. If we have – let's say, if I have a machine right now, the labour issue lately has been very significant if you've gotten to know across India. So we always had that – had the vision to have fully automated machines to be able to counter that.

And today we had the vision five years back that we need to get into automations and robotics in terms of what we use in our company. So we were able to add 50 machines three years back which were fully automated out of our fleet of 200. Now those 50 machines obviously, has put us ahead of the curve when it comes to those problems.

So there is no one answer to this, everything comes down to first principles and I don't know how our peers are different from us but I think I could tell you with certainty that we're doing everything right with the right level of integrity and the care and the right teams are in place at our plants.

Vardhman Lunia: Understood, thank you.

Saksham Leekha: Thank you.

Moderator: Thank you. The next question is from the line of Pranjal Mukhija from GrowthSphere Ventures. Please go ahead.

Pranjal Mukhija: Hi, am I audible?

Moderator: Yes, please go ahead.

Pranjal Mukhija: Hi Saksham ji, it's been a while, I hope all is well. First of all I would like to say congratulations on a great set of numbers. I mean the execution keeps on happening from the OBSC team, so really happy about that. I have a couple of questions, sir. So the first question is around the stamping business. If you could just highlight what kind of products we're thinking of entering into the stamping division?

Is it the same customers that we're catering here and are we able to like sort of cross-sell them into different products using this capability? Also wanted to understand here that there were some machines that were in transit right, we were sort of upgrading our machinery here, so is the setup completely, is it all set up now? That is the first question.

Saksham Leekha: So when it comes to the stamping business, yes, in fact our customers told us that why don't you get into this, we have a very large order, you've served us well and we'll hold your hand, we'll tell you how to do it. So our customers buy a lot of stamped products and we got the opportunity to offer distress sale of a certain asset that were lying in Pune and we acquired that because of that.

Now having those assets in-house, we can cross-sell stampings to all of our other customers as well. And that's how we've been operating right from the beginning. One customer tells us to add capacity for them because there's a dedicated nomination and then we acquire other customers around that area. So that's what we plan to do with stamping as well.

Pranjal Mukhija: Right. And sir, unit economics wise, like is it, can we compare it to a forging or like how is the unit economics here in terms of like the kind of capex it will involve and the kind of asset turns it will generate?

Saksham Leekha: So asset turn in stamping is pretty, pretty decent what I feel compared to machining because the processing is very, very fast in stamping line of work. And so you can compare it to somewhere between forging and machining where you have to be selective about what stamping business you're taking.

In general, stamping is considered a low margin business, but you have to be selective again of the kind of work you're picking up and it has to be a means to an end. In our case, stamping is critical to us because it leads us to assemblies eventually. And stamping and assemblies, sub-assemblies are about 80% of everything that is bought.

Turned parts, forged parts are relatively in terms of the spend are much smaller. Also we have our defence customers who buy a lot of stampings and they are also now visiting, auditing our plant and we see there can be synergy where defence parts can also be made through this new acquisition that we've done.

Pranjal Mukhija: Right. So the second question I had was around forging business basically. So we've expanded our forging capacity by roughly 5x to 6x kind of a scale jump post this Faridabad acquisition.

So just wanted to understand now that as a company and over the last couple of years we've been adding a lot of capabilities, we've moved away from, we're not just a machining company anymore, we're also doing casting, forging, now you're saying stamping and then eventually have plans of getting into welding and assemblies.

So just wanted to understand, I mean I think right now there's the BL product that we're doing which we're also casting right now, I think we've started doing casting for it. But like what kind of plans do we have for backward integrating for our own products that we're anyway supplying to the customer and how will that actually add to the unit economics of the business?

Saksham Leekha: No, so let me tell you we're not backward integrating in entirety. In fact, it's not a priority for us. We did it for a certain line where our dependence on a certain customer for let's say a Hot Forged product was too high and the project was going to last 10 years. So it made sense to have that certain product commodity in-house.

The reason we're getting into multiple processes is because it is the only way you can continue to scale in an uncertain world, which it is right now. You cannot be dependent on one process in-house and see that that process will give you enough scale. You have to have different avenues of growth to continue to grow at 50%, even 100% growth can be achieved by having multiple processes in-house. So that is one reason we're doing it.

And the second reason is of course all of these – when you have all these processes in-house essentially what you can do is combine them together and create an assembly. So if I become an assembly player having all these things in-house, I would become the cheapest assembly player in India because my competition would be buying those parts from me or someone else.

So the idea is to grow, which is why we continue to add new processes and when you have all these processes in-house you essentially can tap on any customer because at any given time they need one or the other commodity. So then you can cross-sell everything else.

Pranjal Mukhija: Makes sense. So finally one last question I had on aerospace, you know we've mentioned that we're working with one customer closely now and again we're very close to you know getting our AS9100D certification. So just wanted to understand this engine-based player that we're working with, I mean the kind of products that you know they're wanting us to supply in future world, where were they procuring these products from before us and were they doing it in-house or was it some other supplier and generally what is the rational behind the customer sort of outsourcing these products to us?

Saksham Leekha: So the rational behind outsourcing is the same as everywhere else because nobody wants to get into machining. If I'm a big aerospace system supplier, then why would I machine my own part? Because it's not my specialty, right? So I go to a supplier who has specialized that process.

So some of these – we have received expression of interest and RFQs from three or four different aerospace customers, which is when we decided to get into our own certification, get our own certification done, it's taken over a year and I am pretty sure currently these parts are being made at other large aerospace companies.

I don't know the names but perhaps we'll have similar capabilities like an Azad Engineering has right now in terms of five-axis milling and those are the kind of processes we'll have in-house with this new capabilities and with this new certification.

Pranjal Mukhija: So what would be the like you know, like capital deployment roadmap here because if let's say we decide to get full-on into aerospace I think the machines, the size of the machines are a bit on the expensive side. So will that not like weigh down on the whole unit economics of the business as we're trying to scale it up?

Saksham Leekha: So like I've always maintained we are a – we will take calculative risk when we see the opportunity and right now it's too early for me to comment on this because we don't have the business in hand. If the RFQ is lucrative enough where we can put in money and it's a good – in the end we get good aerospace, high value, high margin business out of it, we'll take that risk.

Otherwise of course, we start small, just like everywhere else. We've never – we're not a company that goes all in and deploys all resources and then suffers or maybe tries to get something out in one year and gets heavily depreciated. We've never done that traditionally. So we always start small, we learn and we build in a certain manner which is safe for us and our investors.

Pranjal Mukhija: Right. And sir, finally one small question, like we've been hearing on-ground feedback that Tata AutoComp is like getting very aggressive in India in terms of like how they want to expand. So are we also experiencing or are we also benefiting from that aggressiveness?

Saksham Leekha: Absolutely. So Tata AutoComp was our 10th largest customer one year back and this year it is, this month it was our second largest. So we are growing very fast with them and they are a great company and they are focused on technology, focused on bringing the niche businesses to India that you see.

We've already told you that the Tesla business we have right now, the automotive Tesla business is done through Tata AutoComp and they are hand-in-glove with Tesla right now. So they – anything large coming from Tesla to India comes to Tata AutoComp and there we are an approved machining supplier, one of the only ones for certain commodities. So that is a big advantage for us as well.

Pranjal Mukhija: Right, so in future we could see possible expansion in dedicated capacity for this particular customer?

Saksham Leekha: It's certain, it will happen, it's not probable, it will happen because we are already negotiating a couple of very large projects with them.

Pranjal Mukhija: Right, Saksham, sir, thank you for giving me this opportunity and again, I would just like to say congrats on a great set of numbers and a fabulous execution. Thank you.

Saksham Leekha: Thank you. Thank you, Pranjal.

Moderator: Thank you. The next question is from the line of Samarth Gupta from Divisa Family Office. Please go ahead.

Samarth Gupta: Hello, is my voice audible?

Moderator: Yes sir, please go ahead. Yes, sir.

Samarth Gupta: Sir just one elementary question, when will the –when will we be able to see that the free cash flow is positive? Second question is in the export line, is there any cost sharing basis of the expense side? Do you have any contracts related to that also? Just wanted to understand.

Saksham Leekha: I'll let Mr. Verma answer the first question.

Sanjeev Verma: Yes. Hi, everyone. This is Sanjeev Verma. So we have been investing a lot of capex in our businesses and there has been a lot of expansions, some have been in our plans and visions and some of course comes up with opportunities. So and as we generate cash, we're continuously deploying that, we've raised funds from equity, we're also sort of raising funds from debt. So there'll be a lot of expansions and capital investments which will go on.

So till the time of course, we see there is good amount of capacity available for at least three, five years. And since we're at the scale-up phase as of now, we're growing fast, we're growing at 50% plus growth rate. So we do see continuous requirement of capital investment and hence tough to say, when our free cash flow will be positive, but the cash flow which whichever will be generated is of course going back into the business and that's what is sort of helping us to grow fast.

Samarth Gupta: Got it, got it.

Saksham Leekha: And could you come back with your second part of the question so I could answer that?

Samarth Gupta: Sir just wanted to understand this elementary thing, on the export side, when we are exporting, are there any contracts where the cost of export is being shared by the – to the supplier?

Saksham Leekha: I don't understand that, what do you mean by the cost of exports? I'm sorry, could you be more clear on that?

Samarth Gupta: Sir I have heard like in few, the general, sir, the cost of – like the freight management and these things, are they shared or it's all bared by us only?

Saksham Leekha: No, so that is whatever contracts have been negotiated and have been formed between a buyer and a customer – between a buyer and a supplier. With ZF, we are working on ex-works terms, essentially we just pack the parts and they lift it. Everything else is their responsibility. So we just pack and we tell them the parts are ready, they do whatever they have to, they consolidate and put containerize and then ship those parts.

With some other customers we have terms like CIF, essentially where we have to supply the parts to the port, port in let's say in the U.S., up to New York we pay the freight. So it just depends upon the terms. In general, the buyer provides us with development cost at the time of development of parts, the tooling and fixture cost. So whatever other overheads other than of course, the piece price, we also charge from our customers the tooling, development and fixtures, whatever goes to make that part for the first time. So that is provided by the buyers.

Samarth Gupta: Okay, got it, got it. That's all, that's all. Thank you.

Moderator: Thank you. The next is a follow-up from the line of Pranjal Mukhija from GrowthSphere. Please go ahead.

Pranjal Mukhija: Yes hi, so thank you for this opportunity once again. Saksham, I had two more questions. So wanted some sort of understanding as to we've been hiring a lot of advisors for different geographies and I think for USA we have Tom Huggins. But if you could also highlight like what is the progress on hiring other advisors for different geographies and like what kind of business opportunities are we seeing in those particular geographies through them?

Saksham Leekha: So yes, Tom Huggins was hired about more than a year back and our business in U.S. has expanded significantly after that. We have been presented with opportunities like there's new marine companies that we're working with or quoting for right now. Next month Arush and I, Arush is our Head of U.S. business or he's also my brother, so we are both in the U.S. for almost the entire month and so we are working very closely with Tom Huggins, meeting new companies in the U.S.

Pranjal Mukhija: So in terms of a dedicated person for like Israel or like some other geographies that we're looking to look for business?

Saksham Leekha: So we, if you are reading our updates, we have a new independent director, Saurab Singh. Saurab is ex-armed forces, he has served in the MOD or armed forces for almost 10 years before he came and saw the potential in us and wanted to be associated with the company. And he's a very, he knows exactly where our products can go and he's been helpful in bridging the gap between what we do and what the defence needs from us.

So last six months with his presence, we've been able to meet a lot of new companies. I can give you names of some: BDL, we've done our supplier registration, Bharat Dynamics Limited, the supplier registration has been done there successfully. Other DPSUs are YIL, MIL, where we've started quoting for those parts and these are also good ammunition or and if you know BDL makes missiles, exclusively makes missiles, so they use a lot of machined parts to make those missiles. So yes, Saurab's presence has been helpful and he's helping us create more defence opportunities.

Pranjal Mukhija: Right. And sir in the BL business I mean the artillery shells that we're supplying right now. Any plans of like you know, getting into the Ferguson Fuse technology, going forward maybe with the tie up with someone or some sort of collaboration with someone on this because I mean it's a huge market in India, right and you're seeing like various demand for this 155 mm shell product?

Saksham Leekha: Yes. Pranjal, all the options are on the table. We have explode that. We have explode TOTs, we've explored joint ventures, where we could make a fully finished product but of course, its – but it's something that's still very much at just a discussion. So whenever there's something concrete happening, we will be telling you all about it.

Pranjal Mukhija: Right, sir. Thank you. Thank you for giving me this opportunity.

Saksham Leekha: Thank you. so much.

Moderator: Thank you. The next question is from the line of Vileh Rai from Kamaya. Please go ahead.

Vileh Rai: Hi, Saksham, can you please tell amount of capex spent on the stamping project and what was the cost of acquisition of that 10-acre land?

Saksham Leekha: So the 10-acre land, starting with that, costed us around INR17 crores to INR18 crores. It's essentially more than 10 acres, it's about 11 acres. So that's the total money we paid. And the capex on the stamping was – is ongoing, it's not completed yet. I would say about 70% of it has been done and as we continue to buy the rest of the assets in a phased manner. And so the total capex incurred including the tools, fixtures, everything that's needed to run the plant, run the business would be approximately INR9 crores.

Vileh Rai: And in the investor presentation I saw like INR2.5 crores in revenue was from renewables. So what are we exactly doing here, are we trying to scale-up the business, what is the strategy for the same?

Saksham Leekha: So yes, we make some cast products which are assembled in Solar Trackers. And so that was, that's been a big project for us last year. And other than that we have started making Solar Fasteners as well from our Cold Forging facility in Faridabad. So those are the two products that we've done last year and they continue to be part of our business even today. SOLAR FASTENERS could grow in volume, these are stainless steel fasteners and that's because now we have capabilities of Cold Forging in-house.

Vileh Rai: All right, thank you, thank you so much.

Saksham Leekha: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the floor over to the management for closing comments.

Saksham Leekha: Thank you. Thank you to all the investors and all the potential investors who joined us. And yes, we look forward to being your partners and to give you another successful year and hope we surprise you with our numbers in the next earnings call as well.

Moderator: Thank you very much. On behalf of Nuvama Wealth and Investment Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines. Thank you.