OBSC Perfection

Operator: Ladies and gentlemen, good day and welcome to the OBSC Perfection Limited Q4 FY26 conference call, hosted by Nuwama 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 an operator by pressing star and then zero on your touchtone telephones. Please note that this conference call is being recorded. I now hand the conference over to Mr. Nishant Sharma from Nuwama Wealth and Investment Limited. Thank you and over to you, sir.

Nishant Sharma – Nuwama Wealth and Investment Limited: Thank you, Farah. Good afternoon everyone and welcome to the Q4 and FY26 results conference call of OBSC Perfection Limited. We at Nuwama 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. Over to you, sir. Thank you very much.

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

In the fiscal year 2026, we clocked 54% revenue growth with EBITDA margins of 19.5%. At the last year conference call, we had guidance of 40% revenue growth and 2% gross margin improvement. We surpassed both. Our export 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 the 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 1,200 plus crores, which provides us revenue visibility over and above our existing revenue and customers. Of this, our automotive order book is approximately 980 crores, while our non-auto order book stands at approximately 230 crores, both of which are to be served over a period of 6-7 years.

During this year, we did a preferential issue of 43.3 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 a very serious focus on diversification with defense, aerospace, and non-auto sectors like humanoids and medical. These have been areas we have been working towards, and we have been getting significant success in some of these sectors as well.

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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. With all these processes in-house, it essentially gives us the scale and scope to enter any supply chain in the world.

This is the only reason we have, in such a short period of time, been able to enter coveted supply chains like medical implants, where we supplied our first casting parts which have been tested rigorously and are now practically, perhaps, inside a human body. We have also become a part of not just humans, but also humanoids, where we have supplied our first lots of aluminum milled parts. These are very complex, close-tolerance parts which will become part of some of the largest selling humanoids in the world.

All in all, it was a very successful year for your company, and we believe we have been outperforming the path that we told you we would. So over to you; we are happy to answer any questions you might have.

Operator: 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 Priyanshi Jain from Growth X Infinity. Please go ahead.

Priyanshi Jain – Growth X Infinity: Hi, am I audible?

Operator: Yes, please go ahead.

Priyanshi Jain – Growth X Infinity: Hi Saksham, congratulations on the good set of results.

Saksham Leekha – OBSC Perfection Ltd: Thank you so much.

Priyanshi Jain – Growth X Infinity: My first question is regarding our order book of around 1,200 crores. How much are we planning to convert into revenue for this year?

Saksham Leekha – OBSC Perfection Ltd: As I said, 1,200 crores is going to be converted entirely in 5-6 years. So every year, we would see approximately 100-200 crores of this 1,200 crores added to our existing revenue. That is the kind of growth we are hoping for; the order book translates to revenue at the pace of 100-200 crores per year.

Priyanshi Jain – Growth X Infinity: For this year, we reached somewhere around 220 crores. For the upcoming year, can we expect somewhere around 330 crores or thereabouts?

Saksham Leekha – OBSC Perfection Ltd: I will give you guidance on that later. But as of today, what I can say is all projects have their own start-of-execution point. 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. The automotive industry works with meticulous planning of at least 2 years in advance; we get the orders for what needs to be set up and what kind of infrastructure needs to be put in place. All in all, I would say that this order book gets done in the next 5-6 years, but most of the revenue starts from this year itself. Most of the projects are starting and some would start from next year.

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Priyanshi Jain – Growth X Infinity: Great. Secondly, as we already know that geopolitical tensions are everywhere and commodity prices are rising, could you explain or throw some light on what kind of EBITDA margins we can see for the upcoming year?

Saksham Leekha – OBSC Perfection Ltd: This has been a challenging year, no doubt. So was the last one. But we have mitigated tariffs and have been very meticulous with our planning. This year was also difficult with the Iran conflict creating a lot of issues for the manufacturing industry. That said, we have taken proactive measures. Whether it comes to building enough inventory or keeping enough stock before the price increases happened, we were meticulous enough to hold onto more aluminum and more oils so we could navigate this with as much care as we could. That was done.

The shipping cost has gone up, there is no doubt about it. This is a VUCA world with a lot of uncertainty. To give you a solid number is difficult, but I hope that we can still grow our margins by 1% this year, simply because our exports are going to be much larger, and our defense and non-automotive revenue will continue to grow.

Priyanshi Jain – Growth X Infinity: So on a conservative side, we can say that we will at least sustain these margins this year that we are getting as of today.

Saksham Leekha – OBSC Perfection Ltd: That is correct, yes.

Priyanshi Jain – Growth X Infinity: Regarding the expansion side, as we are going into Sanand and Supa, could you throw some light on the kinds of projects? Are we also setting up a dedicated plant for a single large player? Could you throw some light on that project?

Saksham Leekha – OBSC Perfection Ltd: Absolutely. As we continue our expansion, we have seen that we need land in strategic places. Sanand continues to be one of the largest automotive hubs in India with the Maruti presence and their suppliers. We are right now in Faridabad, Chennai, and Pune. Sanand puts us right in the middle of a lot of action that we have been missing out on.

That particular plant has been set up and we already have a confirmed nomination from one of our largest customers, Tenneco, to provide a certain application, which is the shock absorber rod, to them. The plant has been set up dedicated for them. As we explore the area, we have our presence there, and I am already in touch with multiple other customers who want to source from us. So Sanand is going to be another strategic hub for OBSC's growth.

Supa is a land parcel between Pune and Aurangabad. Supa is an industrial area 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 mega factory. This is a very large land parcel of almost 11 acres, where we will have integrated processes like casting, forging, and stamping all within one large 10-acre shop floor.

Priyanshi Jain – Growth X Infinity: Okay, thanks. Thank you, that is all from my side. I have certain other questions, but I will join back the queue.

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

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Agastya Dave – CAO Capital: Hi, am I audible?

Operator: Yes, sir.

Agastya Dave – CAO Capital: 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, and you were not. Margins and revenue, everything is looking pretty good.

I would like to emphasize more on the large capex that you have announced in terms of capacity addition. If you can go into 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? Second, what are the timelines you are looking at here? When does the work start and when do you see commercial operations starting? Because it is such a huge jump on top of the capacity you already have, would you have a few years of sub-par margins and very high depreciation costs until you can absorb everything? Or do you have visibility that the ramp-up will be fairly fast once you have commissioned the project?

Saksham Leekha – OBSC Perfection Ltd: There are a lot of parts to your question. Let me try and answer from the beginning. Why are we doing this and what kind of visibility do we have? We have been growing at nearly 40-50% year-on-year in areas where space ultimately becomes a big constraint for us every 6 months to 1 year. We have to find new plants from time to time and lease whatever is available because growth has been unprecedented for us in the last couple of years.

Looking at that, and the fact that all these years our large customers like Tenneco, ZF, and Mahle for Asia—these are multi-billion dollar and multi-billion Euro companies and blue chips—most are listed players in their own countries. We have been serving them domestically for a while, and only in the last year or two have we truly been given a chance to serve their global counterparts, which represent more than 90% of their revenue. Most of these customers' revenue in India is less than 5% of their global revenue.

Only last year have we received the opportunities, after having served them consistently for 3-5 years in India, to go meet their global counterparts. We are now discussing very large-scale projects for their American or Mexican applications. I do see that exports will itself become so big for us that we will need these lines. India is still a place I believe in regarding China Plus One, where India is the only viable alternative. All those opportunities are flowing to us right now. That is why I think we can grow at a much faster pace from this moment onwards. We have barely touched the tipping point now.

Agastya Dave – CAO Capital: So you expect the growth to accelerate? Is that your guidance?

Saksham Leekha – OBSC Perfection Ltd: Absolutely, over the years, yes.

Agastya Dave – CAO Capital: On the margin side, once this facility gets commissioned, would you see a lot of overheads on the P&L and a drive-up of depreciation and interest, or are you comfortable with that?

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Saksham Leekha – OBSC Perfection Ltd: We are always frugal in the way we utilize our resources. Even in Supa, we are going to go in a very phased, calculated manner. We are not going to put all our resources in, set up a huge infrastructure, and then wait for it to turn into revenue. We are going to go slow and go frugal to ensure that the depreciation costs are minimal while we continue to expand.

That has been the plan all along—to go in a phased manner. In any place we grow, we test the soil first before we put all our eggs in one basket. We test the waters before we go all in, and that is our plan with Supa as well. In our line of work, we are not putting in fixed, dedicated lines for a certain product because we are a built-to-print company. Essentially, the advantage we have is that our machines are very fungible; one machine can make an automotive part and within a couple of hours, it could do an entirely different part for a different application.

If one business goes down, another business scales up at the same time. That is an advantage we have over traditional automotive suppliers which have their own patented designs or products 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.

Agastya Dave – CAO Capital: Great, thank you very much and all the best. Whenever you are comfortable sharing the timelines of this project and the guidance, we would all appreciate it.

Saksham Leekha – OBSC Perfection Ltd: Sure.

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

Vinay Rai – Kamaya: Hi, congratulations Saksham on a great set of results. Can you please throw some light on what products exactly we are making in the new areas of aerospace, humanoids, and medical devices?

Saksham Leekha – OBSC Perfection Ltd: Let's talk about defense first, then we will go to humanoids, medical, and aerospace. In defense, over the last year, we have done a lot of new developments where we have prototyped multiple small, medium, and low-caliber ammunition casings. These are very high-volume parts which are currently under testing or have been validated.

We expect that to be a big part of our business in the time to come. Then we are doing ignition primers. Primers are essentially assemblies that are consumed every time a shell is fired. An 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. This is again a very high-volume assembly of 4 parts, where we have received our first orders. This actually went into mass production from this month onwards. This is one project that will continue to run for a while, while we are developing other primers for different guns.

In our casting facility, we have also recently developed fins for a certain bomb called the MK84. These are again some of the most popular bombs in the world and these are very high-value, critical parts for us. In medical care, we have developed orthopedic surgical implants. This is a cast part made in high-chrome, high-cobalt material and this goes inside the body, close to the femur bone, during surgeries. This is the implant itself. We are not finishing it in-house, but we are making

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the casting and supplying it to companies that do the post-processing.

Our efforts on aerospace are right now at the last leg. The AS9100D is a very serious audit and it takes at least a year. We are at the very last leg now and within 2 months, our certification will come. For that, we have been in touch with 2-3 large customers who have visited us and we have done supplier registration with a few of them. In aerospace, I cannot give you guidance on what parts we will be doing because we are yet to get there.

Vinay Rai - Kamaya: Thank you, it was very detailed. How did we manage the tariff situation? Was there de-stocking in the supply chain during the 50% regime? Can we see an increase in orders as the situation normalizes?

Saksham Leekha - OBSC Perfection Ltd: The tariff situation was of course difficult for the entire world and was extremely unpredictable. To this day, a lot of people are confused as to what the real tariffs are going to be, including buyers sometimes.

At that time, exports were a very small part of our business, which continues to grow now. For some of the projects that were nominated, customers came to us and said the tariff is not making the pricing viable. We did offer them a certain subsidy on the price; we said we will give them 10%, effectively reducing the price by 10% to make the project viable until the tariff situation resolved.

Fortunately for us, the tariff situation as of today seems like it has resolved to a certain level. The original pricing comes back before these projects start. The majority bulk of the export orders to the US are going to start for us in the next 2-3 months, and you will see a sudden surge in our export numbers to the US. Fortunately, the tariff situation is right now very manageable, so we get the original price that we had determined with the customer.

Vinay Rai - Kamaya: How is the RFQ pipeline and orders from Europe, given we have seen a slowdown in the auto industry? Since the Indian Rupee has depreciated about 20% compared to the Yuan, has it put us in a favorable position to get more export orders?

Saksham Leekha - OBSC Perfection Ltd: Absolutely. While the Rupee depreciating may be difficult for the country, for exporters like us, it brings a whole range of increased margins. We are a net exporter and are hardly importing anything right now besides a few machines here and there; everything else is sourced indigenously. The increasing value of the dollar relative to the Rupee will give us more margin to play with and more competitiveness will come along as well.

Europe is slowing down; there is no doubt about it. Europe is right now in a very tough spot when it comes to the automotive industry. There is total confusion over whether Chinese EVs will start dominating the European automotive space. Our focus for exports has moved to the US and Mexico, which are very thriving right now. We worked with ZF, which is a very large European player, for a while. While our revenue with them in absolute numbers is only growing and not reducing, over the last couple of years, we have put more focus on the American subcontinent. We have a dedicated resource in the US and a business advisor who is working with us to help us grow in that market.

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

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Saksham Leekha – OBSC Perfection Ltd: Thank you.

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

Somil Jain – Lucky Securities: Hi Saksham, thanks for taking my question and congratulations on a good FY26. Out of the 220 odd crores in revenue, how much is Commercial Vehicle (CV) exposure? On the total business, how much is from shock absorber rods? As a follow-up, regarding the new plant and visibility from Tenneco, is this for the new suspension system product they have launched, Da Vinci?

Saksham Leekha – OBSC Perfection Ltd: I can give you some high-level numbers. Of the 220 crores we did last year, around 40-45 crores must be from CV-related components. Of all the automotive revenue we do, I think around 40-50% of it goes to commercial vehicles, depending on the quarter. CV is a big part of our business. Products go to TVS, Tata Motors, and Mahindra; those are our largest end consumers for our products.

The shock absorber rod revenue was around 20 crores last year, so about 8-9% of our total revenue. This number in absolute terms is going to almost double with the new plant being set up in Sanand for Tenneco. We are expecting 40 crores of revenue from the shock absorber line we are setting up in Sanand. Some of these are for the new technologies Tenneco is putting up, including Da Vinci.

Tenneco also now intends to export a lot of their applications from India. They are making India their major automotive manufacturing hub. A lot of the plants in the US are being brought to India because they realize the efficiencies are far better and they are more competitive. Tenneco is going to go really fast, and for anyone associated with them, including us, we are going to grow with them.

Somil Jain – Lucky Securities: On the humanoid side, is it via a Tier 1 sub-system manufacturer or directly with the OEM?

Saksham Leekha – OBSC Perfection Ltd: It is through a Tier 1 manufacturer and the part is going to be assembled in India into an assembly that eventually cools down dual motors. Every humanoid involves a lot of motors and a lot of heating. We will be making critical aluminum parts which get brazed together and become a functional cold plate for the humanoid. In the last half year, we might have supplied more than 4,000 parts during the trial phase. It is expected to become a very large part of our business this year.

Somil Jain – Lucky Securities: That would be this year itself for humanoids?

Saksham Leekha – OBSC Perfection Ltd: I hope so, yes. We know for a fact that our principal customers have received large orders and it is only a matter of time before those supply chains are set. We are the only ones who have done the prototyping so far and handled the first batch validation. We have been part of the development from the beginning for this particular cold plate.

Somil Jain – Lucky Securities: Great. One final question regarding EV revenue. About 40-45% of our revenue comes from EV, and EV volumes this year, especially in the second half, have been

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extremely strong. Industry projections suggest that leading into the second half of the next year, we might see some slowdown. Do you see that affecting our growth for the base business?

Saksham Leekha – OBSC Perfection Ltd: While existing volumes may drop over a quarter or two, we continue to add new EV projects as well. We are at the forefront of any new development that our customers do, and we are the preferred suppliers, which is why we continue to grow despite difficult conditions. Any new project that comes to them automatically comes to us. I feel optimistic about the industry in general and I am not panicked about automotive numbers slowing down for us. There are far too many things we are doing right now, some of which cannot be discussed yet. There are multiple avenues of growth and multiple opportunities we are working on.

Somil Jain – Lucky Securities: Great, thank you for answering my questions and all the best.

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

Deepak – Kalyani Family Office: Hi Saksham. Congratulations on the results. I wanted to know more about the long-term core strategy. Right now you are more of a build-to-print business. What would the long-term course look like for you broadly? Would you look to move towards a higher specification or an IP-driven business?

Saksham Leekha – OBSC Perfection Ltd: You are right, we are a build-to-print business right now, and that gives us agility and flexibility. We can do defense work or marine work because we are not strictly focused on one certain sector. The way to scale in that business is not to restrict ourselves to a certain commodity or industry. This is why we have been venturing out to do a lot of defense work. It is a very high priority for us right now. As the Managing Director, I am personally completely involved in the automotive side of the business as well.

We continue to build more difficult, more precise parts which are used in far more niche applications than the general cars and bikes of the world. That is how we move up the value chain. Secondly, with all these different processes in-house, we are exploring getting into assemblies. With the stamping capabilities we have acquired, we are on the verge of closing down an acquisition of assets of a stamping company. With that comes the capability to create welded assemblies. That further moves us up the value chain.

The company is also very much interested in building its own products and I see it as a natural curve where we will have our own IP products over the next 5 years. These could go to an automotive or defense application; that is yet to be figured out, but I do see that with all these processes and the mindset we have, we will be able to crack that line of work.

Deepak – Kalyani Family Office: Hoping for the best. Thank you.

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

Deepak Poddar – Sapphire Capital: Thank you very much for this opportunity. I wanted to first understand the capex we have planned. You mentioned a 5x space. Is there any specific capex amount and what could the revenue potential be post-commissioning?

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Saksham Leekha – OBSC Perfection Ltd: I could tell you what that plant is capable of doing. A space like that for an industry like ours is capable of doing very large revenues. That one Supa plant could do 700-800 crores on its own, maybe more when it runs at peak efficiency. Will it happen overnight? No, it could take a lot of time and effort to get to that stage, so we are going to be slow and calculated with our approach. But that is the kind of vision we have: to create a plant that has enough capacity that surpasses our four or five separate plants. It is going to take a lot of money to create such facilities, but it is a long journey. I don't have the exact cumulative numbers right now.

Deepak Poddar – Sapphire Capital: What is the capex plan for FY27?

Saksham Leekha – OBSC Perfection Ltd: We are hoping to put another 15-20 crores into the business from our internal approvals as incremental capex. I feel we are pretty much set for the next 2 years with that kind of money put back into the business.

Deepak Poddar – Sapphire Capital: Have you shared any revenue growth outlook for FY27? We grew by more than 50% last year.

Saksham Leekha – OBSC Perfection Ltd: We did, and we had committed to 40%, so we exceeded our commitment. We will happily do the same and we are providing a similar guidance of 40-45% for this year as well.

Deepak Poddar – Sapphire Capital: 40-45% revenue growth.

Saksham Leekha – OBSC Perfection Ltd: Yes.

Deepak Poddar – Sapphire Capital: The export share in your current order book is higher than the 20% export mix we are doing currently. Going forward, your export revenue mix is likely to increase. Do we see higher margins in exports compared to domestic, and will the mix increase be margin accretive for us?

Saksham Leekha – OBSC Perfection Ltd: You had the answer in your question; you are right about everything you said. Export should be more than 30-35% of our business this year. Again, those parts are quoted at least 10% plus over our domestic pricing. That is why, despite these challenging times, we feel there is going to be margin expansion.

Deepak Poddar – Sapphire Capital: That is very helpful. Thank you so much.

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

Gaurav Shah – Nitya Capital: Hello, thank you for this opportunity. I just had one question on the order book. Would it be possible to quantify how much is confirmed and what is nomination?

Saksham Leekha – OBSC Perfection Ltd: I would not say that any nomination we have received is not a confirmed order. In our line of work, there are two ways of working. Defense companies release short-term orders and keep renewing them—an order might last for 2-3 months and then they renew it once it is consumed.

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The larger companies, the automotive players, work on nominations. These nominations are to be taken with utmost seriousness; they are essentially binding. They don't usually release purchase orders initially; they release nominations and then schedules. When a nomination comes to me, it tells me the start of the project, the end of the project, and the volumes I have to provide over the next 3-5 years. So our nominations are confirmed and legally binding.

Volumes could vary by 20%, which is common in any line of work. We take nominations with the same seriousness as confirmed orders. To answer your question specifically, our short-term orders would be around 200-300 crores, and the rest of the business would be nominated orders plus scheduling agreements.

Gaurav Shah – Nitya Capital: Understood, sir. Thank you for the clarity.

Operator: Thank you. The next question is from the line of Vardhaman Luniya from Trishula Capital. Please go ahead.

Vardhaman Luniya – Trishula Capital: Hi Saksham, thank you for the opportunity. My question is about the company's broader competitive strategy. What exactly is the common synergy in terms of capability across all our products, and what is stopping other precision players from following along?

Saksham Leekha – OBSC Perfection Ltd: We are a precision engineering company at the heart of everything we do. The common factor is that whether a defense customer needs a precise part made out of metal or an automotive customer needs one, that is what we do: metal precision engineering. You give me a metal part and tell me you need 10,000, 100,000, or a million of them over a period of time. If it is a viable and lucrative business and if you are big enough for me to set up a line and I see growth potential, I will do that business for you.

The common factor is precision. Whether it is precision forging or precision casting, these metal parts are made through different processes we have in-house. Our growth has come from the fact that we have continuously added capabilities and capacity for different processes. We started with machining, got into casting, and this year added cold and hot forging, and now stamping. Within a couple of months, our stamping acquisition will be completely done and we will be sitting on 32 presses ranging from 50 to 500 tons. All these processes combined give us scalability and visibility to new avenues of growth.

Regarding differentiation from others, this precision engineering business is a business of discipline, financial management, and having the right team. There is no magic pill. We have been disciplined and have taken calculated risks along the way to add new capacities, which sets us apart. In a short time of 8-9 years, we have been able to achieve what most players take a couple of decades to do. This continuous focus on improving processes is key.

For instance, across India, the labor issue has been very significant lately. We had the vision 5 years ago to move toward fully automated machines to counter that. Two years ago, we were able to add 50 fully automated machines to our fleet of 200. Those 50 machines put us ahead of the curve when it comes to those problems. Everything comes down to first principles. I think I can tell you with certainty that we are doing everything with integrity and high care, and the right teams are in

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place at our plants.

Vardhaman Luniya – Trishula Capital: Thank you.

Operator: Thank you. The next question is from the line of Pranjal Mukhija from Growth Sphere Ventures. Please go ahead.

Pranjal Mukhija – Growth Sphere Ventures: Hi, am I audible? Hi Mr. Sashank, it has been a while. I hope all is well and congratulations on a great set of numbers. Execution continues from the OBSC team. I have a couple of questions. Regarding the stamping business, what kinds of synergies are we seeing? Are we catering to the same customers or are we cross-selling different products? Also, were some machines in transit, and is the setup completely done now?

Saksham Leekha – OBSC Perfection Ltd: Regarding stamping, our customers actually asked us why we weren't getting into this because they have large orders and they have served us well. They offered to help us. Our customers buy a lot of stamped products. We got the opportunity for a distressed sale of assets in Pune and we acquired them.

Having those assets in-house, we can cross-sell stamping to all our other customers. That is how we have operated since the beginning. One customer asks us to add capacity for them because of a dedicated nomination, and then we acquire other customers in that area. That is what we plan to do with stamping as well.

Pranjal Mukhija – Growth Sphere Ventures: Unit economics-wise, can we compare it to forging? What kind of capex involves and what asset turns will it generate?

Saksham Leekha – OBSC Perfection Ltd: Asset turn in stamping is pretty decent compared to machining because the processing is very fast. You can compare it to somewhere between forging and machining. You have to be selective about what stamping business you take. In general, stamping is considered a low-margin business, but if you are selective about the work you pick up, it can be lucrative.

In our case, stamping is critical because it leads to assemblies. Stamping assemblies and sub-assemblies account for about 80% of everything that is bought, whereas turned and forged parts are relatively smaller in terms of spend. Also, our defense customers buy a lot of stampings; they are visiting and auditing our plant now. We see synergies where defense parts can be made through this new acquisition.

Pranjal Mukhija – Growth Sphere Ventures: Regarding the forging business, we have expanded capacity by 5-6 times with the Faridabad acquisition. We have moved from being just a machining company to doing casting, forging, and now stamping and assemblies. What are the plans for backward integrating for products we supply and how will that add to unit economics?

Saksham Leekha – OBSC Perfection Ltd: Backward integrating in its entirety is not a priority for us. We did it for a certain line where our dependence on a customer for a hot forged product was too high and the project had been going on for 10 years. It made sense to have that in-house.

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The reason we are getting into multiple processes is that it is the only way to continue scaling in an uncertain world. You cannot be dependent on one process for enough scale. You have to have different avenues of growth to continue growing at 50% or even 100%. One reason we are doing it is for that growth.

Secondly, when you have all these processes in-house, you can combine them to create an assembly. If I become an assembly player with 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 others. The idea is to grow, and having all these processes means we can tap into any customer because they usually need one or another of these commodities. Then we can cross-sell everything else.

Pranjal Mukhija – Growth Sphere Ventures: Regarding aerospace, we are very close to getting the AS9100D certification. Regarding the engine-based player we are working with, where were they procuring these products from before us? What is the rationale behind the customer outsourcing these products to us?

Saksham Leekha – OBSC Perfection Ltd: The rationale is the same as everywhere else; nobody wants to do their own machining. If I am an aerospace system supplier, machining is not my specialty. I go to a supplier that has specialized in that process. We have received expressions of interest and RFQs from 3-4 different aerospace customers. These parts are likely being made at other large aerospace companies now. With our new capabilities like five-axis milling and this certification, we will have similar capabilities to a company like Azad Engineering.

Pranjal Mukhija – Growth Sphere Ventures: What is the capital deployment roadmap here? Aerospace machines can be expensive. Will that not weigh down on unit economics?

Saksham Leekha – OBSC Perfection Ltd: As I have maintained, we will take calculated risks when we see opportunity. It is too early to comment on this because we do not have the business in hand yet. If the RFQ is lucrative enough to invest in and it provides high-value, high-margin business, we will take that risk. Otherwise, we start small just like everywhere else. We are not a company that goes all in, deploys all resources, and then suffers from high depreciation. We have never done that traditionally. We start small, learn, and build in a manner that is safe for us and our investors.

Pranjal Mukhija – Growth Sphere Ventures: We have been hearing that Tata AutoComp is getting very aggressive in India. Are we benefiting from that?

Saksham Leekha – OBSC Perfection Ltd: Absolutely. Tata AutoComp was our 10th largest customer 1 year ago, and this month they were our second largest. We are growing very fast with them. They are a great company focused on technology and bringing niche businesses to India. The automotive Tesla business we have right now is done through Tata AutoComp, and they are hand-in-glove with Tesla. Anything large coming from Tesla to India comes to Tata AutoComp. We are an approved machining supplier and one of the only ones for certain commodities, which is a big advantage for us.

Pranjal Mukhija – Growth Sphere Ventures: In the future, could we see expansion in dedicated capacity for this particular customer?

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Saksham Leekha – OBSC Perfection Ltd: It will happen; it is not just probable. It will happen because we are already negotiating a couple of very large projects with them.

Pranjal Mukhija – Growth Sphere Ventures: Thank you for the opportunity and congrats again on the great numbers and execution.

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

Samarth Gupta – BGSA Family Office: Hello? Is my voice audible? When will we be able to see free cash flows turn positive? Secondly, on the export line, are there any cost-sharing contracts on the expense side?

Sanjeev Verma – OBSC Perfection Ltd: We have been investing a lot of capex in our businesses and there has been a lot of expansion. As we generate cash, we are continuously deploying that. We have raised funds from equity and are also raising funds from debt for our capital investments. As long as we see good capacity requirements for at least 3-5 years, and since we are in the scale-up phase growing at 50% plus, we see a continuous requirement for capital investment. It is tough to say when free cash flow will be positive, but the cash being generated is going back into the business to help us grow fast.

Saksham Leekha – OBSC Perfection Ltd: Regarding your second question on export costs, could you be more clear on what you mean by cost of export?

Samarth Gupta – BGSA Family Office: I wanted to understand if freight management and those things are shared or borne by us?

Saksham Leekha – OBSC Perfection Ltd: That depends on whatever contracts have been negotiated between the buyer and the supplier. With ZF, we are working on ex-works terms. Essentially, we just pack the parts and they lift them; everything else is their responsibility. They consolidate in India and then take it. Other customers have terms like CIF where we supply the parts to the port. For a port like New York, we might pay the freight. It just depends upon the terms. In general, the buyer provides us with development costs, tooling, and fixture costs at the time of development. We charge the tooling and development fees for everything needed to make that part for the first time.

Samarth Gupta – BGSA Family Office: Got it. Thank you.

Operator: Thank you. The next is a follow-up from the line of Pranjal Mukharjee from Growth Sphere. Please go ahead.

Pranjal Mukharjee – Growth Sphere: Thank you for this opportunity again. We have been hiring a lot of advisors for different geographies. For the US, we have Tom Huggins. What is the progress on hiring other advisors for other geographies and what kind of opportunities do you see?

Saksham Leekha – OBSC Perfection Ltd: Tom Huggins was hired more than a year ago and our business in the US has expanded significantly since then. We have been presented with opportunities like the new marine companies we are working with or quoting for right now. Next

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month, Ayush and I will both be in the US for almost the entire month working closely with Tom Huggins to lead initiatives with new companies there.

Pranjal Mukharjee – Growth Sphere: Any specifically for Israel or other geographies you are looking at?

Saksham Leekha – OBSC Perfection Ltd: If you are reading our updates, we have a new independent director, Saurabh Singh. Saurabh is ex-armed forces and served for almost 10 years before seeing the potential in us. He knows exactly where our products can go and has been helpful in bridging the gap between what we do and what the defense sector needs.

In the last 6 months with his presence, we have been able to meet a lot of new companies. To give some names: we have done our supplier registration with Bharat Dynamics Limited (BDL). Other Defense Public Sector Undertakings (DPSUs) include YAL and MIL, where we have started quoting. BDL specifically makes missiles and they use a lot of machined parts. Saurabh's presence has been helpful in creating more defense opportunities.

Pranjal Mukharjee – Growth Sphere: In the artillery shell business, any plans of getting into precision fuse technology, perhaps with a tie-up or collaboration? There is a huge demand for 155 mm shell products.

Saksham Leekha – OBSC Perfection Ltd: All the options are on the table. We have explored Transfer of Technology (TOT) and joint ventures where we could make a full finished product, but that is still just at the discussion stage. Whenever there is something concrete, we will be telling you all about it.

Pranjal Mukharjee – Growth Sphere: Right, thank you.

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

Nilay Rai – Kamaya: How much capex was spent on the stamping project and what was the cost of acquisition for the 10-acre land?

Saksham Leekha – OBSC Perfection Ltd: Starting with the land, it is actually about 11 acres and cost us around 17-18 crores. The capex on stamping is ongoing and not yet completed. I would say about 70% of it has been done as we continue to buy the rest of the assets in a phased manner. The total capex incurred, including tools, fixtures, and everything needed to run the plant, would be approximately 9 crores.

Nilay Rai – Kamaya: I saw 2.5% revenue from renewables. What exactly are we doing there?

Saksham Leekha – OBSC Perfection Ltd: We make some cast products which are assembled in solar trackers; that was a big project for us last year. Other than that, we have started making solar fasteners from our cold forging facility in Hyderabad. Those products continue to be part of our business today. Solar fasteners could grow in volume because they are stainless steel fasteners, and we now have cold forging capabilities in-house.

Nilay Rai – Kamaya: Thank you so much.

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

Saksham Leekha – OBSC Perfection Ltd: Thank you to all the investors and potential investors who joined us. We look forward to being your partners and giving you another successful year. I hope we surprise you with our numbers in the next quarter's call as well.

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

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