

SKP Bearing Indus.

19 February 2026

Operator: Ladies and gentlemen, on behalf of the Captifi Consulting Investor Relations team, I welcome you all to the Q3 and nine months FY26 post-earnings conference call of SKP Bearing Industries Ltd. Today on the call from the management team, we have with us Mr. Shrinand Parshikar, Chairman and Managing Director, along with his management team. As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risks and uncertainties. Also, a reminder that this call is being recorded. I would now request the management to brief us about the performance highlights for the period ended December 31, 2025, the growth plan, and the vision for the coming year, after which we will open the floor for Q&A.; Over to the management team.

Management: Thank you, Vanessa. A very good morning to everyone present here. I am Shrikda Patil, CFO of SKP Bearing Industries Ltd. We have gathered here for the Q3 financial highlights. To give a small brief on what happened in the previous quarter, our standalone revenue from Q2 to Q3 has increased substantially by 41%. Also, our EBITDA margins have increased slightly by 9.5%. Even on a consolidated basis, including the consolidation of the India and France entities, we see a substantial increase in revenue of 38.9%.

Regarding operational highlights, in the current roller plant, the space constraint was removed since the ball plant has shifted. We have started expansion in the roller plant itself. Some capacity has been added and utilization has started. Further addition is on the way, which is in line with our targets of 200 tons per month. Also, we are focusing on our synergies, and our export-oriented focus has increased, which has started to show in terms of revenue. There are many projects underway which might translate into revenue in the next quarter and in the next financial year.

Regarding customers, we underwent an initiative to balance our portfolios to reduce the weightage of any one industry. That balancing strategy is working well, and we are seeing our portfolio diversify as well as growth in revenue because of this initiative. Also, with our France plant and new technology, new products are coming into play which have started generating revenue on a small basis. These will give a substantial contribution in the coming year, and this ramp-up is underway as expected.

For the ball plant, as we have said earlier, capacity has been fully installed, and utilization is now slowly coming into play. More customers have started coming in with small start-of-production orders, so the numbers are improving. Our utilization is also improving because of our flexible strategy between rollers and balls. We are seeing improvements in certain departments, because of which all our lines are functional and utilization is on an increasing trend. With the improvement of our ball plant, we have good leverage in the international market where global multinationals are showing a positive response.

In this financial year, ISO certification is achievable after 3 months. We have started that initiative, and next year we will be eligible for automotive IATF certificates. All that is planned for the next financial year. Regarding France operations, we see good progress. Even though we saw a slight dip in this particular quarter, if you see the nine-month performance, we are making good progress. Our customers have ramped up, and it is still on an improving trend. Our strategy for aligning operations and utilizing our skills is underway. Stainless steel products are improving and scaling up.

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Customer engagement is better in all plants. One of the key wins is that our target of 100 crores is on track, and we are looking forward to fulfilling it this year. Rest assured, with major deals coming into play, both our France and India plants have good traction ahead.

As I explained earlier, you can see the utilization. Our roller plant capacity has slightly increased and utilization has increased because of customer demand. In the ball plant, our capacity is now installed and utilization is increasing. The utilization percentage might look small, but since the overall capacity has increased, I would say it reflects a good figure.

Regarding our international strategy, last year our exports were 2% of the overall revenue. This year, exports have increased to 5% of overall revenue. We are looking to improve it further by the end of this financial year. Our manufacturing facilities include Plant 1, which we use as an R&D; center for developing specialized machines and testing technology; Plant 2, which is our head office where we specialize in rollers like needle, cylindrical, and special products; and Plant 3, specifically for ball manufacturing.

Our France plant focuses on the precision of stainless steel balls and miniature balls. We took over a 95-year-old French company, Valedan Industries, which has now become SKP France. Through this, we have a vast and diverse portfolio, and the customer segment is quite extensive. In India, we are more focused on automotive and technical segments, while in France we work more with pharma, cosmetics, and other industries. When we completed this acquisition, there was a presence of over 400 assets under one roof. It is a good synergy and a complementary takeover for us, which is showing results now. Our products include needle rollers for axles, bearings, and industrial machinery, as well as cylindrical rollers for heavy machinery and gear applications. Precision pins are used for gearboxes, and balls are used in water pumps and accelerators.

Our way forward for the coming quarters and the next financial year is to improve the utilization of the ball plant. Our France subsidiary has completed a 2-year milestone, and we are looking to turn green in the coming financial year. Roller capacity and utilization are increasing as customer demand is strong. Export acceleration is ongoing as per our vision, and we are focusing on improving it further. SKP is targeting international clients with plants across multiple continents. The France plant is stabilizing and we expect it to be a big driver in our growth. We are looking to target 100 crores this year. I will now open the floor for the question-and-answer session.

Operator: Thank you. We will now open the floor for the question-and-answer session.

Management: Before we take questions, let me ask a question considering the Free Trade Agreement (FTA) signed between India and Europe. How do you see it favorably playing out with our French acquisition? Do you think this will help in a faster turnaround in France, absorption of technology, and pushing manufacturing to India?

Management: This is a good opportunity for both SKP India and SKP France because we are already present on two continents. The FTA helps resolve previous challenges. Earlier, when we were present only in India, many European customers had concerns regarding just-in-time delivery. Now, being present in two continents, we can maintain consignment stocks in France and export from there. It is a very good opportunity to explore and cash in on new opportunities as they arise.

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Operator: Thank you, sir. We have a question from the line of Pankit Shah.

Pankit Shah: Good morning. I have a question regarding the ball plant, which I believe is Plant 3. How is the traction there? I believe we had specific clients with whom we discussed and agreed on commercial terms. Have any new customers started at that plant yet?

Management: For the ball plant, discussions regarding quality requirements with many customers are ongoing. This involves benchmarking samples, providing samples, and receiving feedback. For some, approval has come, and for others, quality audits are in progress. We are at different stages for different clients. Six months ago, the driver was the implementation of Quality Control Orders (QCO). Because that activity was delayed by the government, people are currently more relaxed, and imports are in full swing. This is a challenge, which is why the utilization of Plant 3 is not progressing as fast as planned. However, we have settled commercial terms and are focusing on meeting customer needs. Cost-wise, we are meeting requirements, but fulfilling quality and system requirements is the current focus to generate revenue and utilization as fast as possible.

Pankit Shah: Our plant has been ready for almost one year, right? Can we expect material dispatches for new clients in this quarter or the next?

Management: Dispatches have already started. If a customer is substituting imports, they will not buy 50% or 80% of their requirement from SKP immediately. They will start with 5% or 10% until they are assured of the performance and quality. Our products are high-precision and performance-oriented, so this is a slow process.

Management: To add to that point, it is not that customers have not started. Dispatches are underway; it is the ramp-up phase that takes time. Usually, in our industry, the ramping-up process takes another year. If the annual demand is 100,000 pieces, they might start with 1,000 pieces every month. We are in the ramp-up stage for certain customers.

Pankit Shah: Okay, so the new clients for this new plant have already started buying in small quantities. I also have a question about our subsidiary. How is the traction there? Are we on track for a break-even in the near future?

Management: Yes, we are very much on track.

Pankit Shah: Regarding demand, I believe the sales from the French subsidiary were good in Q1 but lower in Q2 and Q3. What was the reason for that?

Management: There were several factors. Last year, many customers had smaller volumes for testing trials. Now, those customers have allocated specific capacities and volumes to us, so we expect a turnaround.

Pankit Shah: Your presentation mentioned a 100 crore customer that we signed. Can you clarify that?

Management: That was a misunderstanding; 100 crores is the consolidated revenue target for the entire entity for this financial year end.

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Operator: Thank you. We will take the next question from the line of Vimal Modi.

Vimal Modi – Shareholder: Congratulations to the management for starting quarterly reporting. It provides confidence to SME investors. I have a few queries. First, what is the total number of employees in our Indian and French operations?

Management: In India, we have around 200 plus employees. In France, when we took over, there were 52 employees; now we have 31.

Vimal Modi – Shareholder: We reduced the number of employees in France. What was the reason?

Management: When we took over, revenue was around 8 million euros. Because European employee costs are very high, it is important to balance revenue versus employee strength to remain efficient and profitable. Sustainability is very important to European customers. We had some economic dismissals, which are one-time costs, to reach an efficient threshold.

Vimal Modi – Shareholder: Are we able to build confidence with customers now? Are pilot orders materializing into larger quantities?

Management: Yes, we are a market leader in terms of quality. Even though our turnover in France is currently localized, we are a 95-year-old brand. European customers often wait a year to see if a new entity is sustainable before committing fully.

Vimal Modi – Shareholder: The French subsidiary reported a loss of 5.81 crores. What were the major points that resulted in this loss? Were there one-time expenses?

Management: As mentioned, economic dismissal is a one-time cost of paying employees who were reduced. Now we are at a threshold level. If volumes increase, we may add manpower, but right now we are focused on productivity.

Vimal Modi – Shareholder: Are we doing any fresh automation there to offset high labor costs?

Management: It already has one of the highest levels of automation.

Vimal Modi – Shareholder: So that loss should not recur in the coming quarter?

Management: Compliance and social system costs in Europe are high. Higher utilization will amortize these fixed costs like rent and energy. Our focus is on increasing sales volumes.

Vimal Modi – Shareholder: At the end of the September quarter, we had about 17 crores worth of inventory. Have we liquidated that?

Management: Inventory figures are available in the reports. For specific value details, please email us, and our team will reply.

Vimal Modi – Shareholder: Just a point of feedback, the announcement for the meeting on February 16 was not communicated well in advance to me.

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Management: The announcement was made on the exchange several days before. There was a clerical error regarding the covering letter which was corrected, but invitations were sent via email and WhatsApp. We will have our team connect with you offline regarding your interest in visiting our facilities.

Operator: We will take the next question from the chat from BR. What kind of exposure do we have toward the defense and aerospace sectors, and what is the plan for the next 2–3 years?

Management: We are already present in both sectors. These are niche sectors. We are working with OEMs to develop products for advanced engineering that require high precision.

BR: Would you like to give any guidance at the consolidated level for FY27 and FY28?

Management: It is difficult to give specific figures right now, but growth is planned. We are focusing on bringing back the 16 million euro revenue levels for the France entity that it achieved previously, aided by the FTA.

Operator: The next question is from the line of Pratham Setia.

Pratham Setia: Thank you. I will ask in Hindi/English. The French subsidiary is currently impacting the profit from Indian operations. The loss has increased over the last few quarters to 5.33 crores. When will the France operations start contributing positively?

Management: Pratham, we acquired the company in February 2024. Most European customers finalize their requirements for the following year in the last quarter of the previous year. We missed the cycle for 2024 due to the acquisition and due diligence. In 2025, we had to win back customers and invest in infrastructure. Now, in 2026, we are at a much better level. It might take another year or two to reach peak requirements, but the foundation is set. Customers are exploring options to have products manufactured in France using Indian synergies. We have a huge opportunity, and once we turn around, which I am confident will be very soon, you will see significant growth.

Management: I would like to add that even with a 15-day holiday in December, our revenue from operations improved. The substantial part of the quarter's expense was the one-time employee retirement cost required by European regulations.

Pratham Setia: Was the company making a loss when you acquired it?

Management: Yes, the company was in insolvency and making losses. Revenue had dropped from 8.5 million euros in 2023. After the acquisition, the change in legal entity meant we had to go through a full re-validation process with large customers, which takes a long time. These customers are now validating us, and we are confident of turning green soon.

Pratham Setia: Is your Indian business model B2B or B2C?

Management: It is 100% B2B. We supply directly to Tier 1 and Tier 2 customers like SKF and Timken. There is no job work; we sell finished products.

Operator: The next question is from the line of Rudraksh Rehja.

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Rudraksh Rehja: For the France entity, do you get more clarity by Q1 of the next year on the total contribution for the year?

Management: Usually, in Q3 and Q4, European customers finalize their volumes for the next year. We have clear visibility for the 2026 calendar year and expect to be green during that period.

Rudraksh Rehja: Will we achieve the 16 million euro level in two years?

Management: It's not that easy because of global challenges and cheap imports. We have to achieve high productivity in a high-compliance cost environment. Our focus is to be competitive against imports by manufacturing efficiently in France.

Rudraksh Rehja: How do you onboard customers? Is it a gradual increase in wallet share?

Management: Initially, it starts with small volumes to build confidence. They test our quality and just-in-time delivery before increasing the volume.

Rudraksh Rehja: On the standalone business, gross margins dropped from over 70% to 58% this quarter. Why?

Management: There might have been a shift toward items with lower value addition, but the overall revenue increase was higher. This happens with product mix volatility.

Rudraksh Rehja: What are the sustainable EBITDA margins for the standalone business?

Management: These levels are generally sustainable as our manufacturing costs remain stable. For specific percentage targets, please email us.

Rudraksh Rehja: Regarding the QCO delay, what is the strategy to ramp up the ball plant?

Management: We cannot depend on government-driven delays. The trials and product validations are ongoing. When there is no regulatory pressure, customers take their time, but they know the QCO can be implemented any time, so they are working with us as a priority alternative.

Operator: The next question is from the chat from Chat Mallo regarding volume and realization for Q3.

Management: Please send an email for specific numerical data to the company.

Operator: Vimal Modi has a follow-up question.

Vimal Modi – Shareholder: I wanted to know about the current order book and the status of the IATF 16949 certification.

Management: The IATF certification is a regular procedure and has already been renewed. Regarding the order book, the export portion is 5% of revenue and is expected to grow. We have open order books with monthly schedules from customers rather than a single "closed" order book figure. Our share of business is fixed, and we supply based on monthly schedules.

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Operator: A question from Anil Kumar Agarwal regarding the increase in employee benefit expenses in the consolidated P&L;

Management: As answered, there were one-time costs for retiring employees. Additionally, Q3 includes holiday bonuses, which are a standard annual cost in December.

Operator: The next question is from Amresh Kumar.

Amresh Kumar: Was the French acquisition for technology or customers?

Management: It was for both. It gave us a foothold in Europe, allowed us to serve global customers from two sites, and enabled technology transfer. We can export raw materials and tooling from India to reduce costs in France. We also acquired a huge number of assets that would be difficult to build from scratch. Many bidders wanted to break the company, but we chose to build it.

Amresh Kumar: In the standalone business, are we end-to-end manufacturers? Do you do everything from wire rods to finished balls?

Management: Yes, we are end-to-end manufacturers. We handle everything from wire processing to heat treatment and grinding. In India, we are one of the very few companies globally that are truly end-to-end.

Operator: The last question is from Pankit Shah.

Pankit Shah: Regarding the roller plant expansion, have we commissioned the new machines?

Management: These are piecemeal additions. We add capacity step-by-step as we identify bottlenecks. We have been adding continuously over the last two years, which is reflected in our revenue growth. We have strong customer demand and export potential, and we are moving steadily for long-term growth.

Operator: Thank you to all the participants and management for joining the call. This concludes today's conference.

Management: Thank you everyone.