



SKP Bearing Industries Limited

Q3 & 9M FY26

POST EARNINGS CONFERENCE CALL

February 19, 2026 11.00 AM IST

Management Team

Mr. Shrinand Palshikar - Chairman & Managing Director

Shripada Patil - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q3 and 9 months FY26 Post-Earnings Conference Call of SKP Bearing Industries Limited.

Today on the call from the management team we have with us, Mr. Shrinand Palshikar, 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 risk 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 2025, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Shripada Patil:

Thank you, Vinay sir. A very good morning to all present here. I am Shripada Patil, CFO of SKP Bearing Industries Limited. We are gathered here for Q3 financial highlights.

So a small brief on what happened in the previous quarter. So our standalone, from quarter 2 to quarter 3 has increased substantially as you can see in the figures. It's increased by 41%. Also, our EBITDA margins have also increased slightly, 9.5%. And even on a consolidated measure, if we go to see India and France entity consolidation that too we see a substantial increase in the revenue of 38.9%.

Next slide. A few operation highlights of what's happened in the roller plant. In the current plant with space constraint removed since the ball plant has shifted, we have started expansion in the roller plant itself. Some of the capacity has been added and utilization of the same has also been started. And further addition is on the way, which is in line with our target 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. Also, there are many projects underway, which might come into revenue into next quarter and in the next financial year.

Regarding the customer, we had undergone an initiative to balance out the portfolios to reduce the weightage of any one industry. So that

balancing out strategy is working out well. And we are seeing our portfolio diversify as well as growth in the revenue because of this initiative. Also, in view of our France plant and new technology, new products are coming into play now, which has started generating revenue on small basis, which might -- which will give a substantial contribution in the coming year. And this ramp up is going underway as expected.

Next slide. Regarding the ball plant, as we have said earlier, that capacity has been fully installed and now slowly utilization is coming into play. More and more customers have started coming in and they are starting off with small SOPs. So numbers are improving. Also our utilization because of our flexible strategy with roller and ball. So we are having improvements in for certain departments and because of which all our lines are also functional and utilization is slowly on an increasing trend.

With the improvement of our ball plant, we are having a good leverage on the international market where global multinationals are coming to SKP and showing a positive response. Also in this financial year, ISO is achievable after 3 months. So that we have started the initiative and next year we will be eligible for automotive IATF certificate. So all that is planned in the next financial year.

Regarding the France operation, we see a good progress in the France operation. Even though we are seeing a slight dip in this particular quarter, but if you see the 9 months, we are in a good progress. Our customers have ramped up and it's still on an improving trend. Also our strategy for aligning our operational and utilizing our skill is all underway. So stainless steel products are improving, scaling of operations is ongoing. Also customer engagement is better in all the plants. And one of the key wins is that we are looking, our target of INR100 cr. is on and we are looking forward to fulfilling it this year.

And rest assured with the mother of all deals coming into play, our France plant and India plants are both having a good traction ahead.

Next, please. As I've explained earlier, you can see the utilization. Our roller plant capacity itself has slightly increased. And similarly, utilization has increased because of our customer demand. Even on the ball plant, our capacity has now installed and that is utilization. The utilization percentage might look small, but since the capacity overall has increased, I'd say it's a good figure.

Next, please. This is a view of our international strategy. So last year, if we see our exports were 2% of the overall revenue. This year our exports have increased to 5% of overall revenue. And we are looking to improve it further by the end of this financial year.

Next, please. A small view of our manufacturing facilities. Our plant 1, which we are using as R&D centre for developing some of our specialized machines and trial and errors in technology. Plant 2, which is our head office as well. Here, we are doing specializations in rollers. That is needle cylindricals and special products, which are the demand of our customers. And plant 3, specifically for ball manufacturing.

Next, please. And our France plant. France plant is more into precision of stainless steel balls, miniature balls. And if you go to see, there are special coated balls. And these sort of special products in the ball segment are being used in, previously known as VGI. So we had taken over a 95-year-old French company, Valette & Gaurand Industries. And now it has become SKP France. So there we are having a vast, diverse portfolio. And even the customer segment over there is quite vast. So in India, if you see, we have more of automotives and technical. There we have more of pharma, cosmetics and all other industries.

And in view, when we took over this acquisition, there were a presence of over 400 assets in one room. Such a diverse portfolio. So it is a good synergy and a complementary takeover for us, which is showing results now.

Some of our products, needle rollers. These are going into axles and bearings, industrial machineries, pins, that way.

Next please. Cylindrical rollers. Cylindrical rollers are more for heavy machinery, heavy loads. So these are going into again bearing gear applications. And these pins also, cylindrical rollers also find their application in international market in machineries. So that's another new market which we are exploring.

Next please. Precision pins. They are going into gear boxes and anywhere where holding of two components is required.

Next. Balls. Balls, anything which moves, rotates at high speed, requires balls. So our balls are going into many, many applications. Water pumps, accelerators, etc. This is a photograph of some of our laboratory and instruments, high-end instruments available for testing

at our facilities. And these enable us to reach international clients which have precision requirement.

Next please. Our way forward. As you must have seen our previous strategies are coming into play and now we are seeing a better improvement. Our way forward for the coming quarters and next financial year is improving the utilization of Zamar plant. That is our ball plant. So there we are improving the utilization. Our France subsidy has completed a two-year milestone and we are looking to turn green in the coming financial year. Also our roller capacity is increasing as well as the utilization is increasing along with it because we are having customers over here. Demand is good. Export acceleration is ongoing as per our vision. So our export right now is at 5% wherein we are focusing on improving it further.

Also, in view of our international base, now SKP is looking to target international clients. Clients with their plants in multiple continents and that's the way we are going to go forward. And France plant is going to stabilize now, but we are looking to not just stabilize it to make it a big driver in the growth of SKP. And let's see now how our targets go. So as you see, we are looking to target this year, INR100 cr.

And I will open the question -- forum now for question-and-answer sessions. Vinay sir and Mr. Palshikar, MD, please, over to you.

Moderator:

Thank you, Ma'am. We will now open the floor for question-and-answer session. Anybody who wishes to ask the question please use the option of raise hand, if you are unable to do so you can put your question in chat box.

Vinay Pandit:

Sir, until the question queue assembles, let me ask you a question. Considering the free trade agreement signed between India and Europe right now, how do you see it favourably playing out with us with our French acquisition? And do you think this will help in faster turnaround in France as well as absorption of technology and pushing manufacturing to India along with it? If you could guide the audience on that.

Shrinand Palshikar:

It's a good opportunity for SKP India as well as SKP France, because now we are already present in two segments, two continents. And this FTA, where we had little challenges, now it's getting over. Plus, on and above that, earlier when we were there as only in India, many European customers have got a particular question of just in time. So they need a delivery immediately. They see this is a challenge. So now being

present in two continents we can have consignment stocks in France and then export from there. It's a very good opportunity for SKP, both the entities now. So we can explore new opportunities. As it comes, we can encash.

Moderator: Thank you, sir. We have a question from the line of Pankit Shah. Pankit Shah, you may go ahead.

Pankit Shah: Good morning, SKP, sir.

Shrinand Palshikar: Good morning.

Pankit Shah: Sir, I have a question regarding our roller plant, new plant, plant three. So how is the traction going for that plant? And I believe we had a couple of clients with whom we already discussed that agreed for commercial terms. So have any new customers started for that plant yet?

Shrinand Palshikar: Currently -- plant three is basically a ball. So you're talking about ball plant, correct?

Pankit Shah: Yeah, ball plant. Sorry, ball plant.

Shrinand Palshikar: No, no, it's okay. So ball, many customers, discussion, their quality requirements. So it's a benchmarking samples, giving samples, again, receiving feedbacks. This process is on correct. For some, the approval has come. For some, the quality audits, the processes are going on. So we are at different stages for each different client. In six months ago, three months ago, the driver was little because there was a QC implementation was going to be done very fast. So that was an impression. So because of that particular activity being getting delayed from government. So people are now a little relaxed. So imports in full swing. So that is a little challenge to us.

So that is why the utilization of plant three is not going the way we planned it to. Because we have already done all commercial settlement, everything. Only now question of utilization. But it's okay. We are focusing right now on meeting all the customer needs. Cost wise, we are already meeting their requirements. So that is not a problem. But quality requirement and the system requirement has to be fulfilled. So that is the process right now going on. Let us hope. We are focusing to generate the revenue actualization as fast as possible. That is our current focus. And we have all the capacity. Everything is available.

- Pankit Shah:** Yeah. So that is the reason. I mean, our plant is ready since last almost one year. Right.
- Shrinand Palshikar:** Not one year, but less one year. But yes.
- Pankit Shah:** So I mean, can we expect new -- I mean, material dispatches for new clients maybe in this quarter or next quarter?
- Shrinand Palshikar:** No, no. Dispatches, everything is okay. You know what we are talking of a customer who is importing. I'll give you an example. Right. He's importing, suppose
- Pankit Shah:** Yeah. Import substitution.
- Shrinand Palshikar:** He will not buy 50% or 80% of his requirement from SKP. He will buy only 5% or 10% till the time he see, okay, what is the performance level? Because our product are high precision and performance oriented. So the people has to be 100% assured of the performance and quality requirement. So this is a slow process, but okay, this is going on right now.
- Shripada Patil:** And I would like to add on to sir's point. It's not that customers are not started. We have already started dispatches and it's in the ramp up part. So usually in our industry, ramping up process takes another one year. In the ramp up process, people take small, small quantities. So if the annual demand, I'll give an example. If the annual demand is 1 lakh, they will ramp up with 1,000 pieces every month. After a few months, then the ramp up will start. So we are in the ramp up stage for certain customers. Those dispatches have started. Some of them are six months down. Some of them are two months down. That way multiple projects are on multiple stages.
- Pankit Shah:** Okay. So what do you mean to say is the new clients which we found for this new plant, they have already started buying in small quantities?
- Shripada Patil:** Correct.
- Pankit Shah:** Oh, okay, great. It is really great to know that.
- Shripada Patil:** Yeah, yeah.
- Pankit Shah:** Okay. And sir, I also have a question for our France subsidiary. So how is the traction going there? I believe we were targeting for a breakeven

maybe in a very near future, maybe this year or by next year. So I mean, are we on track?

Shrinand Palshikar: Yes, very well.

Pankit Shah: Okay. And how is the demand? I mean, I believe the sales has for the quarter one our sales from France subsidiary was good. But in Q2 and Q3, the sales was little less. Right. So can you please let us know what was the reason for that?

Shrinand Palshikar: It's fluctuations. Many, many, many -- not one factor, many factors were there. So because of that, the fluctuations were there. Last year, we had many customers with smaller volumes. So these smaller volumes will, what the way Shripada explained, these are like testing trials, similar type of fluctuations were there. Now all these customers have now allocated capacities, allocated volumes to us. So there is a big now turnaround. So these situations will change in time to come.

Pankit Shah: Okay. And sir, in your presentation, you have mentioned that there is one new customer. I mean, I believe one INR100 crore customer, which we have signed. So can you please let us know?

Shripada Patil: No, sir. I think there is a mistake. That's the revenue target, which we are keeping for our financial year. Our customers are being added. But our consolidated target as an entity for SKP top line is INR100 crores for this financial year end.

Shrinand Palshikar: We are targeting.

Pankit Shah: Okay. Okay. No problem. Thanks a lot, sir. Thank you for your time.

Moderator: Thank you, Pankit. We'll take the next question from the line of Vimal Modi. Vimal Modi, you may go ahead, please.

Vimal Modi: Hello, am I audible?

Shrinand Palshikar: Yes.

Vimal Modi: Thank you. Thank you so much, sir. My name is Vimal Modi. I am from Bombay. I am first time attending this meeting. I am a shareholder, actually, since maybe two or three years. I have -- let me first congratulate you, sir, because you've started quarterly reporting. You know, this is very, very important for investors like me. We invest in SME transparency. It gives a lot of confidence in the company. About

the impact of trade deals, you already highlighted something. I would like to know. I have few queries, four or five queries, basic queries. I would like to know the total number of employees in our Indian operation as well as France operation. If you can just tell me those numbers.

Shrinand Palshikar: In India operations, we are around 200 plus. In France, when we took over, it was 52 employees. Now we are around 31 employees.

Vimal Modi: 52 to 31. We have reduced. What could be the reason for that, sir?

Shrinand Palshikar: Simple. Because we didn't -- the revenue, when we took over, it was around 8 million euros. We didn't have the customers return. So the customers, some of the customers are taking more time than expected. So it's very important that you need to balance your revenue versus your employee strength. Because the employee cost is very high in Europe. So that's the way you balance it out. It's very important you be efficient. And this is what we believe in, to remain efficient and profitable. It's very important. So this is a process which has taken more time, because we had certain economic dismissal. All activities, customer coming back, to meet customers. You know, it's, Europe is not that easy. Because even if the customer sees you exist, even if the customer sees that you are doing very good, but they want a sustenance.

So it's just not you are present. How sustainable you are. So sustainability also is very important for the European customers.

Vimal Modi: So are we able to build the confidence in the customer's mindset now?

Shrinand Palshikar: Yes.

Vimal Modi: So we can, I mean, those orders which you are -- pilot orders now, they have started materializing in a larger quantity. And our quality is up to the expectation, right, sir?

Shrinand Palshikar: Yes, we are the market leader.

Vimal Modi: I see. In France, with the turnover just INR45 crores, we are market leaders?

Shrinand Palshikar: We are a 95-year-old company in France.

Vimal Modi: Our turnover is just INR45 crores as per the report.

- Shrinand Palshikar:** No, it's 95-year-old. You just see the presentation.
- Vimal Modi:** No, not the old, I'm talking about the turnover, the top line.
- Shrinand Palshikar:** Sorry?
- Vimal Modi:** Top line is just INR45 cr., as per the report.
- Shripada Patil:** Vimal sir, here we are comparing quality. So if you check the quality standard of our product, we are one of the top companies in the world who are giving this sort of quality to international clients. Now regarding the turnover and transition and leadership that's a different complaint which we can work out and study the market and then we can come back with that. But as of now, our quality is what the customers are requiring. And that quality -- and usually in France, European markets, what customers say, since you are a new entity, you wait for one year, you check if you are profitable, and then we'll come back to you.
- Vimal Modi:** Yeah, yeah, that's not a problem, madam. I'm quite excited. This French company we took over, such a huge, I mean, brand and quality of assets at a very, very low cheap price. Sorry -- that subsidiary made a loss of INR5.81 cr. So I just wanted to understand, like which are the major points, which resulted in such a loss? Like what kind of expenses or why there was such a huge loss? Have we booked any one-time expenses? That was not visible from the results which we have declared.
- Shrinand Palshikar:** Usually, just now also I said economic dismissal. So economic dismissal is a cost. It's a cost like -- it's a cost of when you -- some employees are reduced, you need to pay them. So this is a big cost. And these are one-time costs. So when you reduce from 52 to 31, you paid something to these employees. So these are the costs which are the one-time costs. If you must have observed our previous earnings calls also, we have mentioned the same. So this is now we are at the threshold level. Now it's just enough people to run the company with the current volumes. If we have larger volumes, probably we will have to add now to the manpower. This is already at the threshold levels.
- Vimal Modi:** Are we doing any kind of, I mean, automation there, fresh automation? So that we don't need more number of people, they are mostly over there.
- Shrinand Palshikar:** It's one of the highest automation levels already.

Vimal Modi: Okay. So sir, as you said, this 5.81 cr. loss, it won't be now there in the coming quarter from French subsidiary, right?

Shrinand Palshikar: See, it's very important. There are -- see, there is a -- you need to understand the models of European and other continents. I will not say only India, ASIAN and other countries. The compliance cost in Europe is very high. The compliance cost is to meet the requirements is the social systems. These are all systems. The cost is something. The product quality or product value also is different. But the compliance cost, if the same product is manufactured in other locations, there will be a cost difference. Okay.

Now you need to have a very high productivity level to meet the offset this particular. We are already at very good productivity levels in France. So I'm not afraid of that particular parameter, but the cost itself is little higher. So you need to have a fixed cost structure for France. So which is going to be there. Now you have a higher utilization. Automatically it gets amortized. So that's it. So we are focusing is to better volumes. Higher cells grow. Automatically it will be good.

Vimal Modi: But as you said there are quite a -- I mean, large portion of this INR5.81 cr., is a one time. So, I mean, naturally it won't come back, right? A portion of it.

Shrinand Palshikar: It's not exactly like that. There are many costs which is there, going to be there. Like rental is going to be there, like energy costs are going to be there. There are some which is fixed cost is going to be there.

Vimal Modi: Particularly the compensation paid to employees.

Shrinand Palshikar: that come in Usually industry systems.

Vimal Modi: Sir, at the end of September quarter, we had about INR17 crore worth of inventory. Are we able to liquidate the same in current quarter?

Shrinand Palshikar: You must, you just analyse the current.

Vimal Modi: I mean, inventory figures are not available.

Shrinand Palshikar: It's available. You need to analyse it properly. It's available.

Vimal Modi: So what is the present inventory level, sir?

Shrinand Palshikar: In number of days?

- Vimal Modi:** Yes. No, in terms of value.
- Shripada Patil:** We will check with the figures, and we will reply by email. You can just drop us the email of your...
- Vimal Modi:** No, I won't drop up. You please make a note of my requirement and you just email me. My email ID is [REDACTED]*Individual Confidential data
- Shripada Patil:** Okay, sir.
- Vimal Modi:** One more point, sir, which has upset me. You know, this Kaptify had informed NSE on 16th of February that the management is available for physical meeting in Mumbai. I am from Mumbai. Okay, but it was the same day on 16 morning. I'm not supposed to read each and every announcement on NSE every day. We should have planned it well in advance, actually. They should have informed -- see, if we had planned in advance, they should have informed us well in advance. So, I mean, like this upsets me.
- Vinay Pandit:** Vimalji, The announcement was made on the exchange at least 4-5 days before.
- Vimal Modi:** No, it is letter dated 16th. You check it.
- Vinay Pandit:** No, that is a mistake.
- Vimal Modi:** I have the letter actually.
- Vinay Pandit:** No, no, one minute, one minute, sir. That is a mistake on the part of the company whereby they declared the concall invitation and by mistake put the covering letter of the 16th meeting. Then the concall invitation was resubmitted to the exchange with the correct covering letter. The 16th meeting letter intimation was given 5 days before and was also sent on email and WhatsApp to all the investors. If you will see the intimation on 16th, the second page of that letter is the concall invitation. So, there was an error on the part of the company and they resubmitted the invitation to the exchange.
- Vimal Modi:** Thanks for clarification. Sir, actually I am trying to come that side. I had called the company also a year, maybe a year and a half back that I wanted to see the facilities of our company to get more confidence and increase my investment. So I was not getting a proper response.

Vinay Pandit: No problem, Vimalji. We will have our team connect with you on this and we will help you out on this front.

Vimal Modi: My mobile number is 93--

Vinay Pandit: No, no, sir, don't put it on the call because we have it in the registration. We will take it from there.

Vimal Modi: You have it, right?

Vinay Pandit: Yes, we have it in the registration.

Vimal Modi: One more thing, see whenever such kind of meetings are there, if you make it a point to email because we have very less number of shareholders. Email is zero cost. Why not to email?

Vinay Pandit: We will take the details from you sir, offline.

Vimal Modi: Thank you so much, sir. Thank you.

Vinay Pandit: Thank you.

Moderator: Thank you. We will take the next question from chat. It is from BR. What kind of exposure we have towards defence and aerospace sector at the moment and plan for next 2-3 years?

Shrinand Palshikar: We are already present in both these sectors. So defence and aerospace, we are already present. Now these sectors are very initial sectors. We cannot disclose you the volumes and all but we are supporting this to both the sectors from many years. For aerospace also, for advanced engineering, we are focusing certain new technologies where they require certain very high precision requirements. So we are already working with the OEMs to develop the products.

Moderator: Their second question is, would you like to give any guidance at consolidated level for FY27 and FY28?

Shrinand Palshikar: It is very difficult to give any figures, because very good growth is planned. That's what we can commit at this stage. Because these are the customers what we are focusing to bring back in FY27 and FY28, especially for France entity. Because the France entity at one point of time was doing something like 16 million euros. And our target is to

reach to that level with the same customers to come back and plus add new customers, where because of the duty and now FTA coming in place, we can engage them. So these two factors we are right now focusing.

Moderator: Thank you, sir. We will take the next question from the line of Pratham Shethia. Please go ahead.

Pratham Shethia: Thanks for the opportunity. Sir, if I ask in Gujarati, is it okay?

Shrinand Palshikar: No problem.

Vinay Pandit: No sir, this concall is a public call. If you can ask in Hindi.

Pratham Shethia: Okay, fine. Modiji has given many advice to you, please.

Vinay Pandit: No, problem is that transcription agency will not be able to transcribe.

Pratham Shethia: I understand. I understand everything. Sir, post the acquisition of the France company, SKP is maintaining the profit from the Indian operation. But failed to generate the profit from the France operation. And you have mentioned the reason for not making the profit that the low level of utilization plus the one-time cost in the quarter three. The more interesting is that from June, September and December, all quarter, the loss amount is increasing. In the last quarter, it is INR5.33 crore. So when the France business or France operation will start positive contribution?

Shrinand Palshikar: Very soon.

Pratham Shethia: Because you said that there was a low level of utilization and the company is the 95 years.

Shrinand Palshikar: Pratham, I just explained you. We did acquisition in February '24. Okay. All European customers, majority, their needs -- their requirement for the next year usually, last quarter, they start discussing and settle. Okay. So, we had already missed the bus for '24 in this because we did the acquisition. Many customers did a legal representation. They want a registration. You know many procedures, due diligence like that. So '24 was a very, very difficult period for us to do a revenue targets of our expectations. All the customers which were there present for '23 should come back to us in '24. That was our expectation. But that was not the case with many customers.

'25 was a better compared to '24. But then we have many costs which are like we planned to do because of that all the issues. In '25, we have to win back all the -- convince customers. See come, visit us, fulfil their needs, quality needs, infrastructure needs, investments. So all these things we have done in '25 for many customers. Now all these customers have placed faith in us. But they are not still put a faith 100% to us. They are better compared to where it was 0 in '24. '25, it was some level. '26, it is much better levels. Now to reach to their highest level, it will take maybe one more year, maybe two years. But then, it's okay. Now the customers which were present in 2010 to 2020 or '23. Now these customers are focused. Their requirements, quality needs, all identified.

We are discussing with them. Continuously, we are discussing. We are not -- we have also given them all the options that we can manufacture with India raw material, with other make raw materials, manufacture in France, in near present, provide to you just in solution, just in time solutions. So these customers are like puzzled right now that how you can provide the products which are competitive to India and China sitting in France. So we have given them that these are the options and how do we meet this particular requirement sitting in France. So these are now opportunities being explored with all these customers.

And that's why I am saying we have a huge opportunity and some customers which are still observing because they want a sustenance. Each our major customers do a financial audit. Now financial audit means if it is profitable or non-profitable. If the non-profitable are making losses, they will immediately question how do you going to recover these things. On this, all activities with major clients are in process. These are big clients, not small clients, big clients and global presence. Many entities globally present. So they analyse. So, this is a sustenance part. So, this portion is right now shipping. Once we are in a turnaround and which I am confident very soon it will be, and then you will see the revenue growth, everything.

Shripada Patil:

Sir, I would like to add on to your point. Pratham sir, I would just like to add on to sir's point. Some of you might be looking at the consolidated statement together. You must have seen that the revenue of operations from previous quarter to this quarter has increased, despite having a 15-day holiday in December because Christmas holidays are a big festival in France and European countries because of which the plant is shut down. So despite having holidays, we are having an improved turnaround.

And if you check on the employee benefit cost, so we had a few of our long-term employees retiring this quarter. So when the employees retire, we have to have a one-time cost which is to be given as per the European regulation rules. So, these are the one-time costs which came into play. So you must see the figure, the substantial part of quarter expense is because of the one-time employee cost which you can see in the figures in the consolidated financial result.

Pratham Shethia:

Okay. So whatever the Palshikar sir said that he was trying to suggest that the company, France business is trying to attract the new customer. And when the new customers comes, they do the due diligence technical as well as the financial. Okay, that's fine. But what about the existing? When we take over any company, there must be some relation with some customer and they are supplying the goods, the bearings or the finished product to someone. That client remains with the old company. So that business should be continued. And when do we have -- when we take over the company, was it profitable or was it incurring the loss and we bought out the loss-making unit and we tried to turnaround that company? What is the status, sir?

Shrinand Palshikar:

Yes, yes. The company was making losses and the previous management was not interested in running it because they had no expertise in this type of fit. So that was the reason it was under insolvency. We were confident. See, it's very simple. The customers which were there in '23, the value, the business value was around 80 million euros, around 8 million euros to 8.5 million euros. Business value, the revenue was 8 million euros to 8.5 million euros in '23. Please mind, '23. '24, you must have seen our figures went down drastically. Many of these customers, till 31 of January, the invoice is there. On the 1st of February, the invoice stopped. Because the change of legal entity.

We had tried to explain to all these customers that it's just change of legal entity from VG to SKP. No change, no 4M change, no man, no material, no method. Everything is the same. So when you have everything the same, why you are like -- they say it's legal. So legality you need to have a financial audit, quality audit, all the due diligence of the customers. Now these are big customers.

Now they took a lot of time, a lot of time. You can imagine a customer which is there from day 1 for certain products, the validation is still on. So it's like that. They were there on 31st of January. So their validation is still on. Now when it's an Indian company, their expectations also are different. They want a better quality. They want a lesser cost. Okay, that's okay. It's a customer expectation. You need to meet their

requirement. So it's a challenge. Of course, it's a challenge. Big challenge. But I am very confident, green is very close by.

Shripada Patil:

One more point I would like to add on, see the clients which we are working from France are all international clients. So we are dealing with OEMs who are having multiple plants in multiple countries and continents. And we as SKP France, before previously known as VGI, were a global supplier. So when these sort of entity change comes in, it is a standard procedure in OEMs and it is a regulatory requirement, which we were not aware that it is a regulatory requirement for these companies to do an entire revalidation. And these sort of things take almost one year, one and a half year of turnaround. So which is why sir is explaining that this activity itself takes a long time, because we are dealing with big customers who are international, who are in itself an international OEM.

Pratham Shethia:

So can we understand that now that procedure is over and now the few customers have been acquired and there is some concrete order book or something like that. Because sir, is mentioning that he is very confident about the turnaround. But every confidence must have some basis of the confidence. Say, are we empanelled with the new customer or we got any confirmed order or what is the status? What are the basis of that confidence? Because when we acquired that company, at that time also you must have been confident about the business.

Shrinand Palshikar:

Prathamji, you answered your own question. I cannot commit this -- I cannot say something without any proper data. All data is there, I cannot share in public domain.

Pratham Shethia:

That's fine, that's fine, Sir.

Shrinand Palshikar:

Okay, we have a confirmed order book, full requirement. Even customer have very clearly said that okay you do a performance, we will increase it to the next level also. So these are the confidence we have. We are also discussing with the many customers which were not -- they were lost many years back also. We are discussing and they have started talking also. So it's not that easy but okay. So it's a very bright future for us. So France there is no looking back now.

Pratham Shethia:

So my last question is related to the Indian business operations. See are we doing only job work or are we selling the finished product in SKP name or are we in our business model is B2B or B2C?

- Shrinand Palshikar:** There is no jobbing, there is nothing like that. We sell product directly to our customers, Tier 1, Tier 2 like that.
- Shripada Patil:** B2B sir, B2B.
- Pratham Shethia:** B2B. So we are supplying the product to either SKF, FAG, Timken or like that player only.
- Shrinand Palshikar:** Correct, correct.
- Pratham Shethia:** Okay, sir. Thank you, thank you. That's all from my side.
- Moderator:** Thank you, Pratham. We will take the next question from the line of Rudraksh Raheja.
- Rudraksh Raheja:** Yeah, thank you for the opportunity, sir. Is my voice audible?
- Shrinand Palshikar:** Yes, good.
- Rudraksh Raheja:** Thank you. Sir, some questions on the France entity itself. You said that in Q4, there is a lot of clarity like how much the business you will get for the next year. So is it the nature of the business like by Q1 of the next year, you will have a decent clarity on how much the France will be contributing for the whole year.
- Shrinand Palshikar:** Usually, previous year, Q3 and Q4, the customers will start finalizing their volumes, their needs for future, okay. And how much they do want to do allocate it to their suppliers. This is a common strategy adopted by most European customers. Now there could be some seasonal changes plus or minus, okay. But then more or less, this is a strategy. So we have very clear visibility for the financial '20 -- because there it's calendar year. So for '26, we have very clarity as to where do we stand. Okay. We could have more additions, but usually no subtraction. I hope I am clear.
- Rudraksh Raheja:** Yes. So since we are already done with Q3 and half way Q4, sir, what kind of traction are we getting for calendar year '26 as you said?
- Shrinand Palshikar:** That's why I already explained that this is our focus in '26 calendar year we will be green. That's very clear.
- Rudraksh Raheja:** Understood. That's good to hear. And sir, you said it could take at least one year or maybe even two years. And we are fine with that on ramping

up the France business. When you say two years, will we achieve the 16 million euros levels in two years? Is that what you meant?

Shrinand Palshikar: No, no, no. It's not that easy. It's not that easy. See you have global challenges. Now you have all these customers, majority of that is lost to very cheap imports. When I say cheap imports, manufacturing in a country where high compliance is there, high compliance cost is there. You still need to reach a very high of productivity and meet the cost requirement. These are the customers with very high volumes, very, very high volumes. So they are very cost conscious. So to reach to that particular level, we may take a little more time. I am not sure about the timeline, but our focus is that. You understand?

There are two things. One is you give up and one is you focus and you try to deliver the best possible. So this is the drive. Our focus is to beat cheap imports by manufacturing in France only.

Rudraksh Raheja: Got it, sir. And sir, how is the business like? Do we onboard a customer and eventually they give you more orders like we increase the wallet share with them? Or whenever you onboard a customer, you get a very large order. So which one of is it?

Shrinand Palshikar: Usually, it is, as Shripada explained, usually it is on initially small volumes. Then the confidence increases. Then a larger volume and a larger volume. How do you -- the customer tests you. They give you higher volumes all of a sudden, they will reduce your volumes all of a sudden. It's a usual system, you know. They will test you, the quality, they will check how you perform. It is just in time like that, you know. How do you perform? Then it's a confidence pat.

Rudraksh Raheja: So sir, is it possible to disclose like when we acquired the France business, how many customers did we have? And what's the status as of now?

Shrinand Palshikar: I already explained to you that value-wise, we had around 8 million euros just before 8 million euros to 8.5 million euros before we did acquisition, in '23, they were something like this. When we did acquisition, post acquisition, our revenue was just 25%, something like that, or even less probably. So you can imagine number of customers lost. So these customers are big customers. So value-wise, their volumes are huge. These customers are still discussing as on date with us for product validation, new generation requirement. And we are discussing with them, pushing them, we welcome them that you please

visit us. You see the things what we are doing. It takes time, but it's okay. It's going on. This process is on.

So our target first is to reach to the post-acquisition our level. After that, we have our next target of reach to the 2010 levels when it was something like 15 million euros, 16 million euros.

Rudraksh Raheja: Sir, value part, I understand 8 million euros to 2 million euros follows there. But in terms of number of customers, like you said, now we are already discussing with those customers. I am assuming even if you crack them, the order --

Shrinand Palshikar: We can't disclose exactly number of customers in public domain, is that okay with you?

Rudraksh Raheja: All right, sir. All right. I'll just pivot to the standalone business, sir. Quarter 3, the gross margins have taken a hit. Could you explain why is that the case?

Shrinand Palshikar: See, it could be little product shifts here or there. But there is nothing which is model change or nothing like that. Everything is okay. Everything is the same way it is. It could be because of some product or something. It could be a little shift.

Rudraksh Raheja: Sir, actually, it's not that little since, in quarter 1 and 2, we did 70% plus and it's 58% this quarter. So 15% is little substantial. So just wanted to get a better sense.

Shrinand Palshikar: Yeah, it could be some item which could be of low value additions we could have added. Because of that there could be a little shift. That is why the revenue increase is higher.

Rudraksh Raheja: Understood, sir. And sir, sustainable gross margins and EBITDA margins for standalone business. I understand France, we are still working on all of that. But for standalone business, what could be the sustainable levels?

Shrinand Palshikar: This is more or less going to be sustained. More or less, this is sustainable. There is no issue for that. Because our manufacturing activities, our cost, everything is the same. So there is no change going to be there.

Rudraksh Raheja: Sir, I would need a number on that part. Because as I explained, the quarter volatility is there, so I can't put a finger on. So could you just give me a number?

Shrinand Palshikar: You please send a specific email asking for specific information. We'll reply to it.

Rudraksh Raheja: Got it, sir. Sir, last question on the QCO part. Since you said it's delayed, so what's going to be a strategy to ramp up the plant that is having a low CU?

Shrinand Palshikar: See, QCO is government-driven. So we cannot be dependent on something which is not in our hand. Our strategy is very straight. Even if that would have been implemented, it would have been a big boost, something like that, if you are not allowed to import, immediately you need to find an alternative. Now this particular thing is not there with the big importers. So it's very obvious that they are taking their own time. We are not leaving our efforts or less efforts like that. So we are focusing on all these customers to get back to them, focus on them. And they also know that it is delayed, it is not cancelled. It could be implemented any time. In that case, they have no option.

So they are also working jointly with us. That's why, as we have already explained earlier, these trials, the product validation, this thing is going on. So this is going on. But it's very simple. When you are under pressure and when you are under no pressure, the timeline differs with the customers. You understand? Because there is no priority, and it becomes a priority. So these two things are there.

Rudraksh Raheja: Sir, at 23%, are we breaking even on this plant, the ball plant?

Shrinand Palshikar: That's okay. Breakeven is not a problem.

Rudraksh Raheja: Understood, sir. Thank you.

Moderator: Thank you, Rudraksh. We'll take the next question from the chat, which is from Charchit Malo. Sir, what is our volume and realization for Q3 FY26?

Shrinand Palshikar: It's the same question. I think it's better to ask for an email-specific question. Because it's pure numbers what they are asking. So let a email to be sent to the company. So we'll reply.

- Moderator:** Okay, sir. Sir, since there is no further questions, would you like to give any closing comments?
- Vimal Modi:** Madam, I have raised two questions in the chat box, please. You want me to read out?
- Vinay Pandit:** Sure, Vimalji. It will be better if you ask the question.
- Vimal Modi:** Actually, I forgot. This was in my list. I wanted to know the current local order book, as well as the export order book, point number one. And point number two is IATF 16949 certification was expired on 2nd December, 2023. So are we able to renew it? Two questions, current local order book, current export order book and IATF 16949 certification. Why I mean, have we renewed? Or are we able to renew it? Or any hurdles are there?
- Shripada Patil:** So there is no hurdle on the IATF certification. It's a regular procedure. We are IATF certified companies since past five to seven years. And as a regular procedure, we have renewed the certificate. It's just not.
- Vimal Modi:** It is renewed already. I couldn't find anywhere this information.
- Shripada Patil:** It's not updated in the public domain because it's a very regular activity. And regarding the order book percentage, we can say that the percentage of export, as we've mentioned in the call, it is 5% of the overall revenue in the export. So we're expecting that 5% to increase further by 1%, 2% this quarter. But besides that, I cannot disclose any order book for the entire financial year.
- Vimal Modi:** All the companies are doing, madam. I'm not asking any confidential information.
- Shripada Patil:** Then that's a call which we have to take with the Board, which we will consider your suggestion. Thank you.
- Shrinand Palshikar:** I would like to add one thing. We do not have exactly as customer book. This customer order book is a closed order book. We have open order book, with the customers. There is a difference between the order book, what you're talking. These order book are the closed order book. That means it's a specific orders. We have the open orders with customers. So it's the open orders and the monthly schedules. So this is a system we are following. So that is why when you are asking this particular question, what is your order book? Because we get puzzled, because our order books are very large, very large in value, very large. But we

get monthly schedules. So we get monthly schedules. That is what is important to us. Because order book could be very big. But we have a monthly schedule. As per that, we have to supply.

Vimal Modi: Okay, okay. I mean rate contracts you're talking about, I think, rate contracts.

Shrinand Palshikar: Usually, it's automotive. All major industries now, when you have a specific supplier, dedicated supplier, your SOB is fixed. Number 1. This SOB could be 100% also, it could be 50% also. It could be 75% depending on customer strategies.

Number 2. We have open order. So these open orders could be for very large volumes, very large values. But that is not important to us. What is most important to us, how much every monthly schedules we get. Because this, our SOB is fixed. Monthly schedule is fixed, that way.

Vimal Modi: Yeah, yeah. Sir, that's very nice. Thank you so much. Sir, some of the investors, you say, you send us email and you will reply. So I will be missing those replies. Can you ensure there -- those were my questions also, but I did not raise. So will I get those information?

Shrinand Palshikar: See what is, we can disclose, we will definitely let you know.

Vimal Modi: Whatever queries are answered, which you are deferring and requesting emails, I would like to know the answers.

Shrinand Palshikar: No, no. See, very simple, whatever exact figures someone is asking, what is...

Vinay Pandit: Sir, I think the point that he's trying to make is, can he get answers to the other questions that you are also replying to others?

Vimal Modi: Perfect, perfect. Because you are deferring the answers by requesting for emails. That is a little upsetting. But anyways, I mean, you may be right. It's a different issue. But being a -- I am a large investor, sir, let me tell you. I wanted to increase further quantity. But I got -- I lost confidence due to the lower performance. Now since you held the -- you declared quarterly results, I am back to the seat actually now for investing more. So for me, it is very, very important to know the whole thing. Thank you, sir.

Moderator: Thank you, Vimalji. We'll take one question from the chat from Mr. Anil Kumar Agarwal. Reasons for increase in expenses in consolidated P&L, employee benefit expenses.

Shripada Patil: Correct.

Moderator: So what's the reason to drive up the employee benefit expenses?

Shripada Patil: I think you've answered this question. There are employees which have retired after their tenure is over. So that's a one-time cost.

Shrinand Palshikar: That is one. And secondly, once in a year, like what we have in Diwali time, we have a bonus and all, right? So similar thing is there in -- it's Christmas and all, it's their Diwali. It's like that. So you have an additional cost of salaries for the December. That is why -- and we are reporting now quarter to quarter. So, it's -- we are very transparent. We are very open. So whatever is there, it is shown. Now quarter -- that particular quarter, the last quarter, Q4 for the calendar year, you have all the bonus. You also have the employee cost which are retiring plus their benefits of retirement. So, that is why the one-time cost is higher. Sorry, for Q3 for our financial year.

Moderator: Sure. We'll take the next question from Amresh Kumar. Amresh, you can go ahead, please.

Amresh Kumar: Sir, I am new to the company. So, forgive me for asking very simple questions. Sir this French acquisition you have done, is it for acquiring some new technology or for acquiring the customers itself? Because I can see that you are manufacturing balls and rollers. They are also into similar kind of business. Or is it that they also manufacture taper roller bearings, taper rollers and also outer or inner or something like that if you can give us some idea?

Shrinand Palshikar: No. This company, the acquisition was with multiple thought processes. One thought process was the business, overall business in European continent. So you need to have a foothold in European continent, number one. Number two, you need to add the customers which are in multiple continents with these customers. You present them with two sites of manufacturing, one in India and one in Europe. So they -- these customers which were not our customers could be bring to both India as well as to France, second.

Third, the technology. The technology which is available over there, many technology which is not available in India. So, this is a

technological transfer. Similarly, being Indian, I am very proud to say that it's not like that we are very down. So there are -- we have certain advantages which over a period of time we have gained. So we also transfer our technology to them.

Number four, the raw material, the processing which we do in India, we can export to them and we can reduce the cost over there. Number five, the toolings and all, what we have the proficiency in manufacturing which we have developed over a period of time in India, we can have a cheaper cost over there of manufacturing. Number six, number of assets what we acquired when doing the France, it's huge. It's huge, huge, huge. It's not small, it's huge. And these particular assets to acquire is not that easy also.

Number seven, when we did acquisitions before SKP, there were eight or nine bidders, all of them want to break the company and take away everything. We were the only company to run the company because we do not believe in breaking. We believe in building. Number eight, when we did acquisitions, our focus was very clear as to the customers to whom we are presenting SKP as a global manufacturer with a site in India, with a backup from India and present over there in their front. All the customers should stay with us. So okay, this particular strategy, a little strategy has not exactly given us the fruits, but it's okay.

We are confident. These customers, because they are still watching us, they are still in touch with us. These customers will very soon will come back and then we have a different situation. I hope I have very clarified about where our French entity acquisitions, what was strategy and what is our future plans.

Amresh Kumar:

Got it, sir. So my next question is in our standalone business, do we start our process from heat treatment or is it just the grinding that we do for balls and rollers?

Shrinand Palshikar:

We are end-to-end. We are the end-to-end manufacturers. We do everything. Probably in India, we are the only company which is totally end-to-end which are dedicated vendors to even supply raw material to us as per our specifications. So please understand we are the only company in India also. Probably very few companies globally which are end-to-end.

Amresh Kumar:

So you take the wire rolls, do the cold heading, you do the rough grinding, you do the heat treatment.

- Shrinand Palshikar:** We take a tender also to do a wire processing. Please understand.
- Amresh Kumar:** Got it, sir. Thank you so much.
- Moderator:** Thank you. We'll take the last question from the day from Pankit Shah. Pankit, you can go ahead.
- Pankit Shah:** Yeah. Thanks a lot for follow-up. Sir, I have a question regarding our roller plant. I believe we were doing expansion and we were installing new machines for rollers, right? So have we commissioned these new machines and have we started commercial supply from new machines or where are exactly? Where do we stand exactly?
- Shrinand Palshikar:** Pankit, it's like this. It's a piecemeal addition. We are at suppose level of X. So we do not become 2X overnight. In our case, it's not like that. So we have a piecemeal addition of each steps. So we have a bottleneck of some particular. So we establish manufacturing capacities in those getting established put operational that. So we are adding to every step. Some capacities are added. That is why you must have seen over 1 year back, maybe 2 years back the capacities and the current capacities level. That is why you have the revenue growth also.
- We are adding continuously. So some things are going to be added in this particular quarter. Something is going to be added in next quarter. Everything continuously addition. We have a good booking. We have a good customer demands. There is no problem. We have a very good export potential. Very, very good export potential. And we are just focusing right now because we don't want to have anything -- you eat something which you cannot chew. We don't want to do this particular thing. We believe in let it go slow, but it should be steady and it should be very long term.
- Pankit Shah:** Okay. It's great to know, sir, because I believe we were already utilizing more than 90% of our plan. Right? So that is the reason I wanted to know.
- Shrinand Palshikar:** You must have seen our figures two years back and probably our figures now. You will see there is a difference. And our utilization level is the same.
- Pankit Shah:** Yeah. Yeah. Thanks. Thanks a lot, sir, and all the best for the future.

Vinay Pandit: Thank you. Thank you to all the participants and management for joining on the call. This brings us to the end of today's conference call. Thank you so much.

Shrinand Palshikar: Thank you, everyone.