NRB Bearings (NRBBEA)

CMP: ₹ 280 Target: ₹ 350 (26%) Target Period: 12 months

BUY

November 13, 2025

Focus on increasing exposure to higher-growth segments...

About the stock: NRB Bearings is India's largest needle and conventional cylindrical roller bearings producer. NRB has a significant presence in Indian automotives.

- Domestic markets contribute ~70% of total revenues while exports contribute the balance ~30%. In domestic markets, company cater mainly to automobile industry including 2W, PV, CV.
- Company exports its products to about 45 countries worldwide including America, German, Sweden, France, Italy, the US, Mexico, Brazil, Thailand, Bangladesh etc

Q2FY26 performance: NRB Bearings reported healthy set of Q2FY26 results, with domestic auto volume recovery beginning on the consumption push. The revenues grew by 8% YoY at ₹ 325 crore. The company reported 105 bps decline in EBITDA margins at 16.5%. Consequently, PAT came in at ₹ 41.4 crore up 15% YoY, PAT margins at 12.2% up 67 bps YoY. NRB plans to invest ₹200 crore to develop customer offerings aimed at driving business growth to achieve ₹ 2500 crore topline by 2031.

Investment Rationale:

- **Focus on increasing exposure in new higher-growth segments:** After the recent family settlement agreement with NRB Industrial Bearings (NIBL), the company is looking to re-invent its growth strategy to gain market share in underpenetrated segments (like Electric & Hybrid Vehicles, industrial mobility and after-market). With 77% revenue share, company is currently focused on automobile segment (including two-three wheelers, passenger vehicles, trucks, commercial vehicles and automotive ancillaries). Industrial mobility segment (including tractors & agricultural equipment, off highway such as construction equipment, cranes and industrial gear boxes, defence etc) contributes ~11% to revenues while after-market segment contributes ~12% to revenue. We believe that these newer segments are relatively higher-margin segments and have been witnessing healthy growth led by buoyant capex scenario.
- **Capex announced for expanding capacity for newer segments:** Company recently announced a capex plan of ~₹ 500 crore of which ₹ 200 crore will be invested over the next two years, for expanding and upgrading its manufacturing capabilities and R&D. The capex will be primarily towards enhancing capacities for Cylindrical Roller Bearings, Needle Roller Bearings, Thrust and Combination Bearings and Taper Roller Bearings. This expansion is aimed at supporting its growing pipeline of lifetime nominated business (amounting to ₹ 600 crore) from leading European Tier 1 customers (like BMW, Stellantis, Renault), across their next-generation vehicle platforms, including EVs, Hybrids, and ICE models. The expansion is expected to be completed by Q4FY27 and will increase company's total production capacity by 15-25% across various products group and provides longer-term growth visibility

Rating and Target Price

- We estimate revenue to grow at ~12% CAGR over FY25-27E, with EBITDA margins sustaining at 17% during the period
- Valuation at 17x P/E on FY27E earnings, is at significant discount as compared to peers' valuations. Despite factoring in the fact that NRB's presence in only auto space, we believe that this seems unjustified considering the company's focus on growth. We maintain BUY on NRB with revised target price of ₹ 350 per share (based on 21x FY27E EPS)

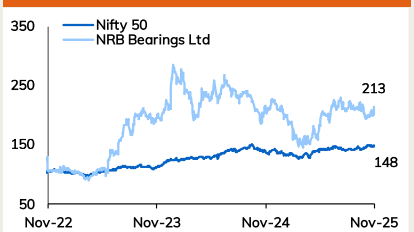
Particulars

Particular	Rs. (in crore)
Market Capitalisation	2746
Total Debt (H1FY26)	131
Cash and Inv (H1FY26)	35
Enterprise Value	2842
52 week H/L (Rs.)	314/191
Equity capital	19.4
Face value (Rs.)	2

Shareholding pattern

%	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	51.12	51.20	51.20	51.20
FII	13.45	13.65	14.05	14.29
DII	15.34	14.56	13.33	12.27
Public	20.08	20.59	21.42	22.25

Price Chart



Key risks

(i) slowdown in domestic automotive and industrial segment

(ii) increase in commodity prices

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Rs Crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenue	944.2	1,057.2	1,094.0	1,198.6	8.3%	1,348.4	1,501.8	11.9%
EBITDA	146.5	172.2	173.8	199.2	10.8%	235.2	260.8	14.4%
EBITDA margin (%)	15.5	16.3	15.9	16.6		17.4	17.4	
Adjusted Net Profit	69.3	88.9	54.1	134.2	24.6%	147.7	162.2	9.9%
Adjusted EPS (Rs)	7.2	9.2	5.6	13.8		15.2	16.7	
P/E (x)	37.7	28.6	11.4	33.6		18.7	17.0	
EV/EBITDA	20.4	17.4	16.3	14.5		12.1	11.4	
RoCE (%)	13.7	15.4	14.4	15.7		17.7	17.7	
RoE (%)	11.8	13.3	6.3	14.6		14.8	15.0	

Source: Company, ICICI Direct Research

Key results and earnings call highlights:

- The company's products find their presence in over 90% of vehicles in Indian. NRB has more than 30% market share by value (50% by volume) in cylindrical roller bearings and 60% market share in needle roller bearings.

- Company is undertaking research and development to develop products which can replace high margin products currently imported in India. This it expects to act as its next growth driver for the next 5 years.

- Board has approved ₹200 crores capex with additional ₹250-300 crores planned over next 5 years, totaling around ~₹500 crores. The Hyderabad plant foundation stone will be laid on December 4th, focusing on industrial cylindrical roller bearings for import substitution, with commissioning targeted by Q1FY28.

- The company has secured lifetime nominated business worth ₹750 crores (₹600 crores international & ₹150 crores domestic) including orders for next-generation platforms from global Tier-1s and OEMs including BMW, Mercedes-Benz, Renault, Stellantis for advanced hybrid and EV applications. Products are EV agnostic and positioned across ICE, hybrid and EV platforms.

- Company is rapidly expanding into industrial segment, targeting high-margin, high-entry-barrier areas including highway & construction equipment, sunrise industries (robotics, automation, drones, humanoid robots), and medium-to-large industrial gearboxes. Industrial segment already showing rapid growth from 10% to 15% in one quarter, moving towards 20% revenue mix.

- Management has guided its aspiration to achieve ~₹2,500 crore revenue by FY31, led by industrial bearings, aerospace, and export-driven growth, while maintaining ROE in the 17–18% range and sustaining double-digit margins through value-added, engineering-led solutions.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	1,094.0	1,198.6	1,348.4	1,501.8
% YoY Growth	*3.5*	*9.6*	*12.5*	*11.4*
Other Income	20.2	24.6	27.0	28.0
Total Revenue	1,114.2	1,223.3	1,375.4	1,529.8
Cost of materials consumed	441.1	461.6	512.4	576.3
Change in inventories	(24.5)	(8.7)	-	-
Employee cost	170.3	191.5	206.9	223.4
Other Expenses	333.4	354.9	394.0	441.3
Total expenditure	920.2	999.4	1,113.2	1,241.0
EBITDA	173.8	199.2	235.2	260.8
% YoY Growth	*1.0*	*14.6*	*18.0*	*10.9*
Interest	22.3	11.1	13.9	17.9
Depreciation	43.3	47.6	51.3	54.7
PBT	315.9	113.3	197.0	216.2
Tax	74.4	31.0	49.2	54.1
PAT	54.1	134.2	147.7	162.2
% YoY Growth	*(39.1)*	*148.2*	*10.1*	*9.8*
EPS	5.6	13.8	15.2	16.7

Source: Company, ICICI Direct Research

Exhibit 2: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	54.1	134.2	147.7	162.2
Depreciation	43.3	47.6	51.3	54.7
Interest	22.3	11.1	13.9	17.9
Other income	(20.2)	(24.6)	(27.0)	(28.0)
Prov for Taxation	74.4	31.0	49.2	54.1
Change in Working Capital	(35.0)	(84.2)	(9.7)	(63.5)
Taxes Paid	(61.7)	(36.3)	(49.2)	(54.1)
Cashflow from Operations	77	79	176	143
(Purchase)/Sale of Fixed Assets	(39.9)	(85.1)	(80.6)	(200.0)
(Purchase)/Sale of Investments	(8.5)	11.2	9.2	(1.0)
Other Income	20.2	24.6	27.0	28.0
Cashflow from Investing	(28)	(49)	(44)	(173)
Issue/(Repayment of Debt)	(148.7)	10.6	(10.0)	50.0
Changes in Minority Interest	1.7	2.2	-	-
Changes in Networth	138.0	(76.1)	(67.8)	(77.5)
Interest	(22.3)	(11.1)	(13.9)	(17.9)
Others	-	-	-	-
Cashflow from Financing	(31)	(74)	(92)	(45)
Changes in Cash	17.7	(44.8)	40.1	(75.2)
Opening Cash/Cash Equivalent	83.1	100.8	56.0	96.1
Closing Cash/ Cash Equivalent	101	56	96	21

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Share Capital	19.4	19.4	19.4	19.4
Reserves & Surplus	840.7	898.8	978.7	1,063.3
Total Shareholders fund	860.1	918.2	998.1	1,082.7
Minority Interest	16.1	18.3	18.3	18.3
Total debt	173.4	184.0	174.0	224.0
Deferred tax liability (net) & others	25.7	20.4	20.4	20.4
Total Liabilities	1,075.2	1,140.9	1,210.7	1,345.4
	-	-	-	-
Gross Block	910.4	999.3	1,069.3	1,139.3
Acc: Depreciation	577.9	625.5	676.8	731.5
Net Block	332.5	373.8	392.4	407.7
Capital WIP	43.1	39.4	50.0	180.0
Investments	75.4	64.2	55.0	56.0
Inventory	418.1	437.3	461.8	514.0
Sundry debtors	172.1	215.6	242.7	270.1
Cash	100.8	56.0	96.1	20.9
Loans & Advances	0.2	0.2	1.3	1.5
Other current assets	96.6	119.3	114.6	120.1
CL& Prov.	164.2	165.2	203.7	225.4
Net Current Assets	623.7	663.1	712.8	701.1
Total Assets	1,075.2	1,140.9	1,210.7	1,345.4

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per Share Value				
EPS	24.9	8.5	15.2	16.7
Cash EPS	29.4	13.4	20.5	22.4
BV	88.7	94.7	103.0	111.7
DPS	5.1	6.8	7.0	8.0
Operating Ratios				
EBITDA Margin	15.9	16.6	17.4	17.4
PBT / Net Sales	11.9	12.7	13.6	13.7
PAT Margin	4.9	11.2	11.0	10.8
Inventory days	139.5	133.2	125.0	125.0
Debtor days	57.4	65.6	65.7	65.7
Creditor days	59.3	54.1	48.1	43.2
Return Ratio				
RoE	6.3	14.6	14.8	15.0
RoCE	14.4	15.7	17.7	17.7
RoIC	17.8	18.1	20.2	20.4
Valuation Ratio				
P/E	11.4	33.6	18.7	17.0
EV / EBITDA	16.3	14.5	12.1	11.4
EV / Net Sales	2.6	2.4	2.1	2.0
Market Cap / Sales	2.5	2.3	2.0	1.8
Price to Book Value	3.2	3.0	2.8	2.6
Solvency Ratio				
Debt/EBITDA	1.0	0.9	0.7	0.9
Net Debt / Equity	0.1	0.1	0.1	0.2
Current Ratio	3.1	3.5	3.7	4.2
Quick Ratio	0.9	1.1	1.3	1.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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