

Strong margin profile with diversification - led growth...

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.

Q4FY26 performance: NRB Bearings Limited reported a strong Q4FY26 performance with revenue up 13% YoY to ₹372 crore, EBITDA rising ~11% YoY to ₹67 crore (~18%), and PAT at ₹41.4 crore compared to a loss of ₹2.1 crore YoY, reflecting a sharp turnaround in profitability. The company declared a third interim dividend of ₹2.25/share, taking total FY26 dividend to ₹7.95/share. For FY26 revenue grew ~11.3% YoY to ₹1,335 crore, EBITDA rising ~16% YoY to ₹232 crore with margin expanding to ~17.4% (+80 bps YoY), and PAT increasing ~21.7% YoY to ₹144.7 crore, supported by improved product mix and lower finance costs., while the company also approved ~₹40 crore capex for capacity expansion and continued investments in subsidiaries to support growth.

Investment Rationale:

- **Strong margin-led earnings growth supported by operational efficiencies:** NRB Bearings delivered healthy profitability improvement in FY26 with EBITDA margin expanding to 17.4% (+80 bps YoY) driven by structural cost initiatives including automation, solar energy adoption, yield improvement and optimized procurement practices. Management expects further operating leverage benefits from ongoing capacity expansion and process improvements, supporting sustainable earnings growth. Additionally, the company continues to focus on high-value engineering applications with disciplined pricing, targeting a sustainable long-term profitability range of 18–20% EBITDA margins over medium term with aspiration to achieve ~₹2,500 crore revenue by FY31, led by industrial bearings, aerospace, and export-driven growth.
- **Diversification into high-margin industrial and aerospace segments strengthens long-term growth visibility:** Industrial business currently contributes ~14–15% of revenue, with management targeting 20–25% contribution over the medium term through expansion into specialized industrial and friction solutions. The Mahant Tool Room aerospace acquisition has already seen its order book increase from ~₹25 crore to ~₹50 crore, supported by strong orders from HAL, accelerating NRB's entry into high-value aerospace and defence manufacturing. Additionally, the company has announced nearly ₹240 crore capex/investments over the next 18 months to support capacity expansion and future growth.

Rating and Target Price

- We estimate Revenue & PAT to grow at ~12% CAGR over FY26-28E, with EBITDA margins sustaining at ~18-19% during the period. We value the company at **22x FY28E EPS** to arrive at a fair value of **₹435 with a Buy Rating.**



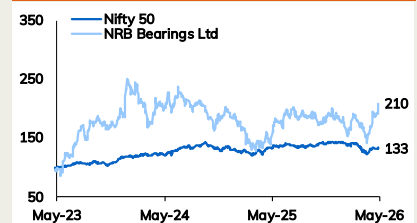
Particulars

Particular	Rs. (in crore)
Market Capitalisation	3218
Total Debt (FY26)	151
Cash and Inv (FY26)	33
Enterprise Value	3336
52 week H/L (Rs.)	351/213
Equity capital	19.4
Face value (Rs.)	2

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	51.20	51.20	51.20	51.20
FII	14.05	14.29	14.12	14.69
DII	13.33	12.27	10.31	10.06
Public	21.42	22.25	24.37	24.06

Price Chart



Key risks

- slowdown in domestic automotive and industrial segment
- increase in commodity prices

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Key Financial Summary

(Rs Crore)	FY23	FY24	FY25	FY26	3 Year CAGR (FY23-26)	FY27E	FY28E	2Year CAGR (FY26-28E)
Revenue	1,057	1,094	1,199	1,335	8.1%	1,482	1,678	12.1%
EBITDA	172.2	173.8	199.2	232.5	10.5%	265.2	312.3	15.9%
EBITDA margin (%)	16.3	15.9	16.6	17.4		17.9	18.6	
Adjusted Net Profit	88.9	54.1	134.2	152.7	19.8%	162.7	191.4	12.0%
Adjusted EPS (Rs)	9.2	5.6	13.8	15.8		16.8	19.7	
P/E (x)	34.2	13.6	40.0	22.6		20.3	17.2	
EV/EBITDA	20.5	19.4	17.2	14.7		13.1	11.2	
RoCE (%)	15.4	14.4	15.7	18.5		18.2	19.1	
RoE (%)	13.3	6.3	14.6	15.1		15.5	16.5	

Key results and earnings call highlights:

- NRB Bearings Limited reported a strong Q4FY26 performance with revenue up 13% YoY to ₹372 crore, EBITDA rising ~11% YoY to ₹67 crore (~18%), and PAT at ₹41.4 crore compared to a loss of ₹2.1 crore YoY, reflecting a sharp turnaround in profitability.
- For FY26 revenue grew ~11.3% YoY to ₹1,335 crore, EBITDA rising ~16% YoY to ₹232 crore with margin expanding to ~17.4% (+80 bps YoY), and PAT increasing ~21.7% YoY to ₹144.7 crore, margin expansion was driven by structural operational improvements including higher solar energy usage, increased automation, better yield management and renegotiation of vendor costs across logistics, insurance and material procurement.
- International business recorded over 4% growth in FY26 despite global macro challenges, logistics disruptions and Middle East-related supply chain issues. Management guided for 10–14% growth in international business in FY27.
- Company indicated effective utilization levels at several plants are close to full capacity despite reported utilization of ~85%, after adjusting for maintenance shutdowns, product changeovers and demand fluctuations.
- Management reiterated focus on high-margin niche industrial opportunities rather than commoditized bearings, targeting sectors such as construction equipment, industrial gearboxes, switchgears and power generation.
- Industrial business currently contributes ~14–15% of revenues, with management aiming to increase this contribution to 20–25% over the medium term through expansion into specialized industrial friction solutions.
- Aerospace diversification remains a major strategic focus, with Mahant Tool Room acquisition progressing well. The order book of the acquired entity doubled from ₹25 crore to ~₹50 crore post acquisition, supported by strong order inflows from Hindustan Aeronautics Limited (HAL).
- FY27 capex guidance was increased to ~₹120 crore, while total announced expansion and land-related investments stand at nearly ₹240 crore over the next 18 months, primarily focused on machinery additions.
- Management has guided its aspiration to achieve ~₹2,500 crore revenue by FY31, led by industrial bearings, aerospace, and export-driven growth company has reiterated its intent to maintain EBITDA margin within 18–20% range despite growth investments.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Revenue	1,094.0	1,198.6	1,335.2	1,481.9	1,678.4
% YoY Growth	3.5	9.6	11.4	11.0	13.3
Other Income	20.2	24.6	34.4	28.0	28.0
Total Revenue	1,114.2	1,223.3	1,369.5	1,509.9	1,706.4
Cost of materials consumed	441.1	461.6	522.9	570.1	650.8
Change in inventories	(24.5)	(8.7)	1.7	7.4	8.4
Employee cost	170.3	191.5	206.8	223.3	241.2
Other Expenses	333.4	354.9	371.3	415.8	465.7
Total expenditure	920.2	999.4	1,102.7	1,216.7	1,366.1
EBITDA	173.8	199.2	232.5	265.2	312.3
% YoY Growth	1.0	14.6	16.7	14.1	17.8
Interest	22.3	11.1	8.6	17.7	21.7
Depreciation	43.3	47.6	57.0	58.6	63.4
PBT	315.9	113.3	194.2	216.9	255.2
Tax	74.4	31.0	48.6	54.2	63.8
PAT	54.1	134.2	152.7	162.7	191.4
% YoY Growth	(39.1)	148.2	13.7	6.5	17.7
EPS	5.6	13.8	15.8	16.8	19.7

Source: Company, ICICI Direct Research

Exhibit 2: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	54.1	134.2	152.7	162.7	191.4
Depreciation	43.3	47.6	57.0	58.6	63.4
Interest	22.3	11.1	8.6	17.7	21.7
Other income	(20.2)	(24.6)	(34.4)	(28.0)	(28.0)
Prov for Taxation	74.4	31.0	48.6	54.2	63.8
Change in Working Capital	(35.0)	(84.2)	41.7	(104.2)	(92.4)
Taxes Paid	(61.7)	(36.3)	(52.1)	(54.2)	(63.8)
Cashflow from Operations	77	79	222	107	156
(Purchase)/Sale of Fixed Assets	(39.9)	(85.1)	(105.0)	(147.4)	(110.0)
(Purchase)/Sale of Investments	(8.5)	11.2	(26.4)	34.6	-
Other Income	20.2	24.6	34.4	28.0	28.0
Cashflow from Investing	(28)	(49)	(97)	(85)	(82)
Issue/(Repayment of Debt)	(148.7)	10.6	(33.0)	70.0	50.0
Changes in Minority Interest	1.7	2.2	2.1	-	-
Changes in Networth	138.0	(76.1)	(108.2)	(77.5)	(77.5)
Interest	(22.3)	(11.1)	(8.6)	(17.7)	(21.7)
Others	-	-	-	-	-
Cashflow from Financing	(31)	(74)	(148)	(25)	(49)
Changes in Cash	17.7	(44.8)	(22.6)	(3.4)	24.8
Opening Cash/Cash Equivalent	83.1	100.8	56.0	33.4	30.1
Closing Cash/ Cash Equivalent	101	56	33	30	55

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Share Capital	19.4	19.4	19.4	19.4	19.4
Reserves & Surplus	840.7	898.8	943.3	1,028.4	1,142.2
Total Shareholders fund	860.1	918.2	962.6	1,047.8	1,161.6
Minority Interest	16.1	18.3	20.4	20.4	20.4
Total debt	173.4	184.0	151.0	221.0	271.0
Deferred tax liability (net) & others	25.7	20.4	16.9	16.9	16.9
Total Liabilities	1,075.2	1,140.9	1,151.0	1,306.1	1,469.9
Gross Block	910.4	999.3	1,101.0	1,221.0	1,321.0
Acc: Depreciation	577.9	625.5	682.5	741.1	804.5
Net Block	332.5	373.8	418.6	479.9	516.5
Capital WIP	43.1	39.4	42.6	70.0	80.0
Investments	75.4	64.2	90.6	56.0	56.0
Inventory	418.1	437.3	433.7	507.1	574.5
Sundry debtors	172.1	215.6	244.2	266.6	301.9
Cash	100.8	56.0	33.4	30.1	54.9
Loans & Advances	0.2	0.2	0.1	1.5	1.7
Other current assets	96.6	119.3	91.9	118.5	134.2
CL& Prov.	164.2	165.2	204.7	224.1	250.2
Net Current Assets	623.7	663.1	598.8	699.7	816.9
Total Assets	1,075.2	1,140.9	1,151.0	1,306.1	1,469.9

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Per Share Value					
EPS	24.9	8.5	15.0	16.8	19.7
Cash EPS	29.4	13.4	20.9	22.8	26.3
BV	88.7	94.7	99.3	108.1	119.8
DPS	5.1	6.8	10.0	8.0	8.0
Operating Ratios					
EBITDA Margin	15.9	16.6	17.4	17.9	18.6
PBT / Net Sales	11.9	12.7	13.1	13.9	14.8
PAT Margin	4.9	11.2	10.9	11.0	11.4
Inventory days	139.5	133.2	118.6	125.0	125.0
Debtor days	57.4	65.6	66.8	65.7	65.7
Creditor days	59.3	54.1	48.6	43.8	38.7
Return Ratio					
RoE	6.3	14.6	15.1	15.5	16.5
RoCE	14.4	15.7	18.5	18.2	19.1
RoIC	17.8	18.1	19.3	19.4	20.5
Valuation Ratio					
P/E	13.6	40.0	22.6	20.3	17.2
EV / EBITDA	19.4	17.2	14.7	13.1	11.2
EV / Net Sales	3.1	2.9	2.6	2.4	2.1
Market Cap / Sales	3.0	2.7	2.5	2.2	2.0
Price to Book Value	3.8	3.6	3.4	3.1	2.8
Solvency Ratio					
Debt/EBITDA	1.0	0.9	0.6	0.8	0.9
Net Debt / Equity	0.1	0.1	0.1	0.2	0.2
Current Ratio	3.1	3.5	3.6	4.1	4.7
Quick Ratio	0.9	1.1	1.3	1.4	1.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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