

NRB Industrial Bearings Limited (Revised)

November 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	16.10	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from NRB Industrial Bearings limited to monitor the rating(s) vide email communications/letters dated May 29, 2023, June 13, 2023, June 22, 2023, June 30, 2023, July 11, 2023, August 2, 2023, August 16, 2023, August 23, 2023 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. NRB Industrial Bearings Ltd has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on NRB Industrial Bearings Limited bank facilities will now be denoted as **CARE BB+; Stable; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that NRB Industrial Bearings Ltd will continue to benefit from the vast experience of the promoters in the industry.

Detailed description of the key rating drivers:

At the time of last rating on September 16, 2022 the following were the rating strengths and weaknesses.

Key weaknesses

Low profit margins

In FY23, NIBL reported 17% increase in TOI to ~Rs. 81.35 crore as on 31st March, 2023 as against 69.58 crore as on 31st March, 2022. The company continued to post losses in FY23. The company reported cash losses in Q4FY23.

Moderate capital structure

Due to decrease in term loans from bank and interest free unsecured loan from promoters, there has been a marginal improvement in the overall gearing which stood at 1.65x as on March 31, 2023 (PY: 1.70x).

Presence in the cyclical bearings segment

The demand for bearings is dependent on the industrial activity in the country. During the last few years, the industrial activity has been subdued in the country which has affected the demand for industrial bearings. However, increasing automation in manufacturing units, thrust by Government's 'Make in India' program, spending towards railways and metros will support growth of the industrial and manufacturing sector. This in-turn will support the bearings industry. NIBL is substitute for import of industrial bearings and with the reduction in low cost import from China, it has benefitted the company. NIBL plans to increase export to GCC countries, Nepal, Bangladesh, Brazil, Canada, US, Turkey and South Africa in addition to Europe where the company is exporting ~35% of total sales.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

High working capital intensity

NIBL has working capital intensive nature of business due to requirement of maintaining stock to cater to minimum batch requirement. Also, a higher amount of inventory has to be kept for industrial bearings segment as compared to the automotive bearings so that the company can cater to demand from replacement segment. Inventory has slightly increased at Rs. 24.96 crore as on March 31 2023, against inventory of Rs.21.12 crore as on March 31, 2022 in spite of increase in turnover. Inventory turnover has improved by 12%.

Key rating strengths

Experienced promoter and continued financial support

The promoters have an experience of more than five decades in the industry. Mr. Devesh Singh Sahney, the Managing Director of NIBL, has an experience of over 20 years in the industry. The promoters have established long standing relationship with prominent players in the automotive and industrial equipment segments. The promoter of NIBL has been continuously supporting NIBL's loss making operations by infusing funds mainly in the form of interest free loans and redeemable cumulative non-convertible preference shares. The preference shares which are subscribed to by the promoters are considered as quasi equity.

Liquidity: Stretched

The liquidity profile of NIBL is stretched as reflected by the decline in cash and cash equivalents from 5.84 crores as on 31st March,2022 to 0.28 crores as on 31st March,2023. Also, comfort can be drawn from the fact that there is a demonstrated track record of the promoters infusing funds into the company on a need basis. Promoter support in the form of interest free loans and redeemable non-convertible preference are considered in our analysis.

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Diversified	Diversified	Diversified	Diversified

Incorporated in November 2011, NRB Industrial Bearings Limited (NIBL) is promoted by Mr. Trilochan Singh Sahney family and is engaged in the bearings business for about five decades. The promoters have a rich experience in this industry and also have an established clientele. NIBL is a part of the NRB group. The group's flagship company, NRB Bearings Ltd, is India's largest needle roller bearings and cylindrical roller bearings producer, which find application in the automobile industry. NIBL was formed to take over the Industrial Bearings division in October 2012 from NRB Bearings Limited (NRBL). NIBL is engaged in the business of manufacturing and selling of all types of industrial bearings. NIBL has a manufacturing facility in Shendra, Aurangabad.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24(A)
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Total operating income	69.58	81.35	17.45
PBILDT	6.23	4.72	-2.11
PAT	-9.82	-13.12	-6.45
Overall gearing (times)	1.70	1.65	NA
Interest coverage (times)	0.79	0.48	-0.85

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	March 31, 2024	6.10	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (16-Sep-22)	1)CARE BBB-; Stable (10-Dec-21)	1)CARE BBB-; Stable (18-Feb-21)

2	Fund-based - LT-Term Loan	LT	6.10	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (16-Sep- 22)	1)CARE BBB-; Stable (10-Dec- 21)	1)CARE BBB-; Stable (18-Feb- 21)
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*Issuer did not cooperate; based on best available information.

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities : Not Available

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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