

## NRB Industrial Bearings Limited

29<sup>th</sup> May ,2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	16.10	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB+; Stable;

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 02, 2024, May 03, 2024 , May 27,2024 . However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. 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 revision in ratings assigned to the bank facilities of NRB Industrial Bearings Limited is on account of further deterioration in performance of the company during FY24. During FY24 , NIBL reported 9% decline in TOI to Rs. 75 crore as against 81.35 crore as on 31<sup>st</sup> March, 2023 and the company posted loss at net level of Rs. 26 crores as compared to net loss of Rs. 13 crore during FY23. 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 October 27,2023 the following were the rating strengths and weaknesses.

#### Key weaknesses

##### Low profit margins

NIBL has incurred a PAT loss of Rs. 26 crores during FY24 as compared to PAT loss of Rs. 13 crores during FY23. In FY24, NIBL reported 9% decline in TOI to Rs. 75 crore as against 81.35 crore as on 31<sup>st</sup> March, 2023. The company continued to post losses in FY24.

##### 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).

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### 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.

### 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. 25.85 crore as on March 31, 2024, against inventory of Rs.24.96 crore as on March 31, 2023 .

### 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 31<sup>st</sup> March,2022 to 0.28 crores as on 31<sup>st</sup> 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

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Policy in respect of non-cooperation by issuers](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)

### 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)	March 31, 2024 (A)
Total operating income	69.58	81.35	74.95
PBILDT	6.23	4.72	-6.64
PAT	-9.82	-13.12	-26.15
Overall gearing (times)	1.70	1.65	NA
Interest coverage (times)	0.79	0.48	-0.59

A: Audited UA: Unaudited NA: Not Applicable; 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

	Current Ratings	Rating History
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Sr. No.	Name of the Instrument/Bank Facilities	Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	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
1	Fund-based - LT-Cash Credit	LT	10.00	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Nov-23)	1)CARE BB+; Stable (16-Sep-22)	1)CARE BBB-; Stable (10-Dec-21)
2	Fund-based - LT-Term Loan	LT	6.10	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Nov-23)	1)CARE BB+; Stable (16-Sep-22)	1)CARE BBB-; Stable (10-Dec-21)

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

**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:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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