

NRB Industrial Bearings Limited (Revised)

October 25, 2024

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|---------------------------|------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Long Term Bank Facilities | - | - | Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB; Stable; ISSUER NOT COOPERATING* and Withdrawn |

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

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Care Ratings has reaffirmed and withdrawn the outstanding ratings of 'CARE BB; Stable; ISSUER NOT COOPERATING assigned to the bank facilities of NRB Industrial Bearings Limited with immediate effect. The above action has been taken at the request of NRB Industrial Bearings Limited and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE Ratings.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

Key weaknesses

Continuing losses

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 crores as against 81.35 crore as on 31st March 2023. The company continued to post losses in FY24.

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.

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 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 0.28 crores as on 31st March 2023 to 0.20 crores as on 31st March 2024. However, 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.

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

Applicable criteria

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

About the company and industry

Industry Classification

| Macroeconomic 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, 2023 (A) | March 31, 2024 (A) | Q1FY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income | 81.35 | 73.51 | 14.41 |
| PBILDT | 4.72 | -7.70 | -3.06 |
| PAT | -13.12 | -26.17 | -8.07 |
| Overall gearing (times) | -2.35 | -1.78 | NA |
| Interest coverage (times) | 0.48 | -0.68 | -1.02 |

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Disclosure of Interest of Independent/Non-Executive Directors of CARE: Not applicable

Disclosure of Interest of Managing Director & CEO: Not applicable

Rating history for the last three years: Annexure-2

Covenants of the rated instruments/facilities: Annexure-3

Complexity level of the 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 and Rating Outlook |
|-----------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Cash Credit | | - | - | - | 0.00 | Withdrawn |
| Fund-based - LT-Term Loan | | - | - | March 31, 2024 | 0.00 | Withdrawn |

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 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 | - | - | 1) CARE BB; Stable; ISSUER NOT COOPERATING * (25-Oct-24) 2)CARE BB; Stable; ISSUER NOT COOPERATING * (29-May-24) | 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 | - | - | 1) CARE BB; Stable; ISSUER NOT COOPERATING * (25-Oct-24) 2)CARE BB; Stable; ISSUER NOT COOPERATING * (29-May-24) | 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 the 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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| <p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p> | <p>Analytical Contacts</p> <p>Krunal PankajKumar Modi Director CARE Ratings Limited Phone: 079-40265614 E-mail: krunal.modi@careedge.in</p> <p>Arunava Paul Associate Director CARE Ratings Limited Phone: 912267543667 E-mail: arunava.paul@careedge.in</p> <p>Aman Goel Rating Analyst CARE Ratings Limited E-mail: Aman.goel@careedge.in</p> |
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About us:

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