

National Engineering Industries Limited

January 14, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,046.30 (Enhanced from 926.70)	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	1,010.00 (Reduced from 1,160.00)	CARE A1+	Reaffirmed
Commercial paper (Carved out)*	100.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

*Carved out of working capital limits

Rationale and key rating drivers

Ratings assigned to bank facilities and commercial paper (CP) issue of National Engineering Industries Limited (NEIL) continue to draw comfort from the company's strong presence in the domestic bearings industry under the established brand of NBC Bearings. Ratings also factor in rich experience of promoters and financial flexibility that the company derives by being part of the C. K. Birla group.

The company continues to have a diversified revenue profile in the market segment and product mix with an established customer base including large automotive original equipment manufacturers (OEMs) apart from railways and presence in the replacement market and exports. The company has technical tie-ups with internationally reputed bearing majors and in-house research & development (R&D) activities to maintain technological competitiveness. NEIL acquired Slovakia-based Kinex Bearings a.s. and related operations in January 2020 through its European Subsidiary (NBC Global AG), which further expanded the company's product base and increased its presence in global markets.

Ratings take note of decline in the total operating income (TOI) in FY25 (refers to April 01 to March 31), while noting improvement in operating profit margin. Improvement is attributed to increase in realisations and stabilisation of input costs. CARE Ratings Limited (CareEdge Ratings) expects operating margin to sustain going forward.

Ratings also factor in high debt levels, majorly due to high working capital borrowings owing to working capital intensive operations and term loans to fund its recurring capex requirement. Nevertheless, the capital structure continues to remain satisfactory due to a healthy net worth base.

Ratings continue to remain constrained by the susceptibility of its profitability to volatility in input prices and foreign exchange fluctuations, relatively low return on capital employed (ROCE), working capital intensive operations and recurring capex requirement for the business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in the scale of operations and operating profitability (profit before interest, lease rentals, depreciation, and taxation [PBILDT] margin over 20%).
- Sustained improvement in operating return on capital employed (ROCE) to above 12%.
- Improvement in overall gearing to ~0.30x and total debt (TD)/PBILDT below 1.50x

Negative factors

- Decline in the PBILDT margin below 12% on a sustained basis.
- Deterioration in the overall gearing and TD/PBILDT beyond 0.9x and 4x, respectively, on a sustained basis.

Analytical approach: Limited Consolidation

CareEdge Ratings has taken a consolidated view of NEIL and its subsidiaries, as they operate in similar line of business, catering to different geographies and also there exists corporate guarantees/Letter of comfort extended by NEIL to some of these entities. Birlasoft Limited (rated CARE AA+; Stable/ CARE A1+) has not been considered in consolidation, as it is not in similar line of business. Entities consolidated with NEIL are listed under Annexure-6.

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

Outlook: Stable

CareEdge Ratings believes that the company is likely to maintain its healthy operating performance in the medium term considering its established domestic and export presence amidst growing demand. The financial risk profile is also expected to remain comfortable backed by healthy business profile and expectation of continued managerial and financial support from the established promoter group, when required.

Detailed description of key rating drivers:**Key strengths****Strong presence in the domestic bearing industry with an established brand**

Operating since 1950, NEIL has over seven decades of experience and markets products under the well-recognised 'NBC Bearings' brand. It is among the leading domestic players competing with multinational companies in the organised bearings sector.

Rich experience of promoters across diverse businesses

NEIL benefits from being part of the C.K. Birla Group, which has diversified businesses across auto ancillaries, engineering, building products, cement, paper, and IT services. This association provides financial flexibility. NEIL also holds significant investments in Birlasoft Limited.

Diversified revenue profile in terms of market segment and product mix

The company has a diversified product profile in terms of market segment and product application. NEIL caters automotive OEMs, railways and replacement market (thermal, cement and automotive aftermarket). On a standalone basis, ~61% sales were to OEMs in FY25 (63% in FY24). Within bearings, the company manufactures a wide range of bearings, including ball bearings, different types of roller bearings, large diameter bearings and axle boxes. In FY25, its ~42% of standalone sales were derived from ball bearings (41% in FY24). Within the automotive segment, the company has diversified presence in passenger vehicles, commercial vehicles, two-wheelers, three-wheelers and tractors. Revenue from exports stood at ~29% of the TOI in FY25 (34% in FY24) on a consolidated basis.

Strong technical tie-ups with internationally reputed bearing majors and in-house R&D activities

The bearing industry is driven by continuous technological changes, and NEIL has been regularly investing through modernisation of its plant and machinery to cope-up with the change in technology. NEIL has technical collaboration with international companies such as NTN Corporation (Japan), Amsted Rail Company Inc. (USA), and Consolidated Metco Inc. (ConMet), the USA. The company also carries out in-house R&D activities on a continuous basis focusing on the development of new generation products.

Established customer base which limits the impact of low-quality imports

The Indian bearing industry has presence of organised domestic players, unorganised players and imports. Bearing industry caters broadly three types of customers, including OEMs, railways, replacement and other industries. OEMs are generally large automobile manufacturers, which are quality conscious and have high bargaining power on their suppliers as they purchase in bulk. NEIL's customer base is inclined towards reputed OEM customers in the automobile sector and railways. Since such customers (OEMs and the railways) are quality conscious, the impact of low-quality imports is limited on the company. Sales to its top 10 customers contributed ~29% of its standalone sales in FY25 (33% in FY24).

Improving capital structure

NEIL's consolidated capital structure improved marked by overall gearing ratio of 0.55x as on March 31, 2025 (0.65x as on March 31, 2024). CareEdge Ratings expects overall gearing ratio to remain satisfactory and improve in the medium term with healthy accretion of profits to reserves, gradual reduction in debt despite availing of term loan for funding capex needs.

Improvement in profitability margin in FY25

The company's standalone TOI remained flat year-over-year (y-o-y) in FY25. There was ~8% increase in sales volume, offset by decline in average sales realisations in FY25. Standalone TOI improved by ~7% in H1FY26 on y-o-y basis owing to increased sales to the railways segment. PBILDT margin improved to 14.05% in FY25 (13.82% in FY24) owing to better cost management and higher sales volume.

On a consolidated basis, TOI declined by ~3% to ₹3,848 crore in FY25 (FY24: ₹3,980 crore). Two major subsidiary companies reported decline in their financial performance in FY25 compared to FY24, contributing to the overall degrowth in TOI at the consolidated level. However, PBILDT margin improved to 13.61% in FY25 (12.73% in FY24). CareEdge Ratings expects the operating margins to sustain in the medium term.

Stable demand prospects

Considering increase in demand driven by increased infrastructural and consumer discretionary spending, preference for personal mobility, among others, auto and auto ancillary companies are expected to report improvement in their earnings profile, going forward. Uptick in earnings is likely to remain constrained due to volatility in metal prices and limited ability of companies to consider frequent price hikes. However, NEIL has presence in the export market, which is expected to benefit NEIL in the medium term.

Key weaknesses**Working capital intensive nature of operations**

NEIL's operations remain working capital intensive due to high inventory requirements for raw materials (80–100 days) and finished goods (30 days) to meet just-in-time demand. Shift to warehouse sales model resulted in increased inventory, resulting in consolidated inventory period of 119 days in FY25 (99 days in FY24) and working capital cycle of 114 days in FY25 (94 days in FY24).

Technological upgradation requiring recurring capex

Bearings are precision products requiring sophisticated machinery and the industry is characterised by high capital costs, high skill requirement and intensive technology. The bearing industry is highly volatile regarding design specifications, and more specifically, machineries for producing bearings are prone to greater wear and tear. As the auto industry focuses on improved technologies in the new generation vehicle (including towards electric vehicles), bearing manufacturers also need to continuously invest in R&D, new technology and even new production facilities to maintain their competitive advantage. The company is also undertaking a capital expenditure project in Bagru, Rajasthan, to establish a new plant with an annual capacity of 13 lakh units. The project, estimated to cost ~₹1000 crore, is expected to be completed over four to five years. The company proposes to fund this through debt of ~₹300 crore and balance through internal accruals. First phase of the plant has become operational and has contributed ~₹80-90 crore of revenue in FY25.

Exposed to the volatility in raw material prices

The cost of raw materials constitutes the company's major portion of cost of sales (~62% in FY25). Steel bars and tubes (bearing grade) including processing charges form main raw material for manufacturing bearings, prices of which are volatile in nature. Although prices of finished goods move in tandem with raw material prices, there exists a time lag. Hence, NEIL is exposed to risk considering volatile movement in prices of raw materials, which may affect its profitability.

Moderate debt coverage and return indicators

Considering improvement in profitability, the consolidated debt coverage indicators improved in FY25, although continued to remain moderate owing to high debt levels, mainly due to high working capital borrowings, due to working capital intensive operations and term loans to fund its recurring capex requirement. In FY25, on a consolidated basis, interest coverage ratio and TD/PBILD were 4.45x (PY: 4.07x) and 2.75x (PY: 2.90x), respectively. With significant investment in fixed assets and working capital, NEIL's operating ROCE continued to remain low at 8.76% in FY25 (8.78% in FY24). However, it continues to derive significant financial flexibility through the large market value of its investments in its listed associate company, Birlasoft Limited, and from being part of the established C. K. Birla group.

Exposure to foreign exchange fluctuation risk

NEIL has forex exposure in the form of forex payable (for import of raw materials), buyer's credit for capital goods and for raw materials) and forex receivables (for export of bearings). While exports of final goods and import of raw materials provide a natural hedge to the company and mitigate foreign exchange fluctuation risk to a certain extent, timing difference of exports and imports expose NEIL towards volatile foreign currency movement.

Liquidity: Strong

NEIL is expected to generate strong cash accruals (on a consolidated basis) to meet its scheduled term debt repayment obligations. On a consolidated level, it had liquidity in the form of cash and cash equivalents of ~₹98 crore as on March 31, 2025. The company reported consolidated cash flow from operations of ₹318 crore in FY25 supported by improved profitability. The average utilisation of fund-based working capital limits (standalone) stood comfortable at ~62% for 12 months ended November 2025. The company derives significant financial flexibility being part of an established group and headroom available to raise additional debt for its capex given the comfortable capital structure.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipment

Incorporated in 1946 and having commenced operations in 1950, NEIL is part of the C. K. Birla group. The company is a pioneer of bearing manufacturing in India and currently manufactures different types of ball and roller bearings with a total installed capacity of 201 million pieces per annum and axle boxes with a total installed capacity of 50,000 pieces per annum at its manufacturing facilities in Jaipur (Rajasthan), Newai (Rajasthan), Bagru (Rajasthan), Savli (Gujarat). NEIL is also involved in manufacturing rubber moulded and extruded goods at its manufacturing facility in Kolkata.

In January 2020, NEIL acquired European bearing manufacturers Kinex Bearings a.s. (Kinex) and Global Supply a.s. (Global) (through its wholly owned subsidiary, NBC Global AG) to penetrate in the bearing business across other countries. Kinex manufactures bearings for railways, industrial segments, textile industries, aerospace and automotive sectors, while Global is inter-alia engaged in purchase and sale of roller bearings.

Brief Financials -Consolidated^ (₹ crore)	FY24(A)	FY25(A)
Total operating income	3,980.87	3,848.44
PBILDT*	506.59	523.74
Profit after tax (PAT)	224.50	364.82
Overall gearing (x)	0.65	0.55
Interest coverage (x)	4.07	4.45

A: Audited Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

^Birlasoft Limited has not been considered for consolidation.

Brief Financials - Standalone (₹ crore)	FY24(A)	FY25(A)	H1FY26(UA)
Total operating income	3,275.33	3,296.80	1794.63
PBILDT*	452.62	463.06	247.56
Profit after tax (PAT)	207.62	326.48	138.56
Overall gearing (x)	0.40	0.31	NA
Interest coverage (x)	4.19	4.45	5.28

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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
Commercial Paper- Commercial Paper (Carved out)		Not yet placed			100.00	CARE A1+
Fund-based - LT- Cash Credit	-	-	-	-	600.00	CARE AA-; Stable
Fund-based - LT- Term Loan	-	-	-	March 2029	446.30	CARE AA-; Stable
Fund-based - ST- Term loan	-	-	-	-	110.00	CARE A1+
Non-fund-based - ST-BG/LC	-	-	-	-	900.00	CARE A1+

Annexure-2: Rating history for 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 2025-2026	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
1	Fund-based - LT- Cash Credit	LT	600.00	CARE AA-; Stable	-	1)CARE AA-; Stable (25-Mar-25)	1)CARE AA-; Stable (07-Mar-24)	1)CARE AA-; Stable (29-Mar-23)
2	Commercial Paper- Commercial Paper (Carved out)	ST	100.00	CARE A1+	-	1)CARE A1+ (25-Mar-25)	1)CARE A1+ (07-Mar-24)	1)CARE A1+ (29-Mar-23)
3	Non-fund-based - ST-BG/LC	ST	900.00	CARE A1+	-	1)CARE A1+ (25-Mar-25)	1)CARE A1+ (07-Mar-24)	1)CARE A1+ (29-Mar-23)
4	Fund-based - LT- Term Loan	LT	446.30	CARE AA-; Stable	-	1)CARE AA-; Stable (25-Mar-25)	1)CARE AA-; Stable (07-Mar-24)	1)CARE AA-; Stable (29-Mar-23)
5	Fund-based - ST- Term loan	ST	110.00	CARE A1+	-	1)CARE A1+ (25-Mar-25)	1)CARE A1+ (07-Mar-24)	1)CARE A1+ (29-Mar-23)

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

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Carved out)	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - ST-Term loan	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	National Bearing Company (Jaipur) Limited	Full	Subsidiary
2.	NBC Global AG, Switzerland	Full	Subsidiary
3.	NEI Properties Limited	Full	Subsidiary
4.	Kinex Bearings a.s.	Full	Subsidiary
5.	Global Supply a.s.	Full	Subsidiary
6.	NBC Global (Germany) GmbH (w.e.f September 13, 2021)	Full	Subsidiary
7.	NBC Kaili (Ningbo) Precision Bearing Co., Ltd. (China) (w.e.f January 21, 2022)	Full	Subsidiary
8.	Kinex Strojaren S.R.O.	Full	Subsidiary
9.	Kinex Trading (Shanghai) Co Ltd.	Full	Subsidiary
10.	NEI Amsted Seals and Forming Limited	Moderate	Joint Venture

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

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