NRB Bearings Limited

RESULT UPDATE Q4&FY21

Declared On: 02 June 2021

About the Company:
NRB Bearings Limited (NRB) is a five decade old company in the sector of bearings and a provider of friction solutions. The company is the largest manufacturer of needle roller bearings in India, with segmental market share of approximately 70%. Many also estimate nearly 90% of Indian vehicles run on NRB parts. Nearly 65% revenues earned by the company come from the domestic OEMs. The company has a single reportable segment of ball and roller bearings as the primary business segment. The products offered under this umbrella include loose needle rollers, needle roller bushes & cages, ball & roller bearings, automobile components and other manufactured components. The company has three subsidiaries i.e. SNL Bearings Ltd, NRB Bearings Thailand Ltd, and NRB Bearings Europe GMBH. NRB offers a wide range of high-precision friction solutions for all mobility applications. It also manufactures ball bearings, taper roller bearings and all types of thrust bearings. Some of the offerings by the company include drawn cup needle bearings, cylindrical roller bearings, polyamide and steel needle bearing cages, drawn cup cylindrical roller bearings, full complement needle bearings, special ball bearings, thrust bearings, formed strip cages for heavy gearboxes, tapered and spherical roller bearings, rocker arm bearings, crank pins, planetary shafts and other special pins etc.

Results Declared:
- The net revenues for the quarter grew by 40.8% to Rs2,508mn as compared to Rs1,781mn in the same quarter last year
- The EBITDA margin for the quarter under review stood at 16.4% as compared to 6.7% in the same quarter last year
- The net profit came in at Rs293mn as against Rs50mn in the same quarter last year
- EPS for the quarter stands at Rs0.50 as compared to Rs0.51 in the corresponding period last year
- For the full year, the revenues came in at Rs7,359mn in FY21 as against Rs7,520mn in FY20; drop of 2.1%. PAT came in at Rs437mn as against Rs295mn in FY20
- The Board has recommended a final dividend of Rs0.50 per share of FV of Rs2 each for FY21.

Financials (Standalone):

<table>
<thead>
<tr>
<th>Q4&amp;FY21 Result (Rs mn)</th>
<th>Mar-21</th>
<th>Mar-20</th>
<th>y-o-y</th>
<th>Dec-20</th>
<th>6-q-o-q</th>
<th>FY21</th>
<th>FY20</th>
<th>y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>2508</td>
<td>1781</td>
<td>40.8%</td>
<td>2346</td>
<td>6.9%</td>
<td>7359</td>
<td>7520</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>412</td>
<td>119</td>
<td>246.6%</td>
<td>356</td>
<td>16.0%</td>
<td>873</td>
<td>726</td>
<td>20.3%</td>
</tr>
<tr>
<td>Other Income</td>
<td>31</td>
<td>71</td>
<td>(55.9%)</td>
<td>43</td>
<td>(27.7%)</td>
<td>120</td>
<td>192</td>
<td>(37.3%)</td>
</tr>
<tr>
<td>Interest</td>
<td>33</td>
<td>58</td>
<td>(44.1%)</td>
<td>50</td>
<td>(34.6%)</td>
<td>205</td>
<td>206</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>80</td>
<td>62</td>
<td>29.9%</td>
<td>80</td>
<td>0.9%</td>
<td>267</td>
<td>295</td>
<td>(9.6%)</td>
</tr>
<tr>
<td>Exceptional Item</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Tax</td>
<td>38</td>
<td>20</td>
<td>87.6%</td>
<td>89</td>
<td>(57.4%)</td>
<td>84</td>
<td>122</td>
<td>(31.2%)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>293</td>
<td>50</td>
<td>488.2%</td>
<td>181</td>
<td>62.2%</td>
<td>437</td>
<td>295</td>
<td>48.5%</td>
</tr>
</tbody>
</table>

Outlook and Recommendations:
Post Q1FY21 total washout, there has been gradual improvement seen both at the topline as well as at the operational levels. For the quarter under reference too, the company has reported reasonable results when compared on a y-o-y as well as sequential basis. There was pick-up in demand seen with the gradual reopening that had started before the second wave struck in. However, manufacturing and supply has been stalled due to the State lockdowns again and does present a bleak view on how demand will shape up going forward. Revival of the Auto sector would also be the key, as negotiations with OEMs has been happening across the sector. One needs to wait for better clarity with regard to demand setting in and the overall consumer sentiment. We maintain our Buy call on the stock for the target of Rs138 over a 12 months horizon.
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