CMP: ₹478 | Target ₹ 610 (27%) | Target Period: 12 months | BUY

August 10, 2026

Healthy Q1 growth capex & new verticals strengthen outlook...

About the stock: NRB Bearings is India's largest needle and conventional cylindrical roller bearings producer. NRB has a significant presence in Indian automotives.

- Domestic markets contribute ~70% of total revenues while exports contribute the balance ~30%. In domestic markets, company cater mainly to automobile industry including 2W, PV, CV.
- Company exports its products to about 45 countries worldwide including America, German, Sweden, France, Italy, the US, Mexico, Brazil, Thailand, Bangladesh etc.

Q1FY27 performance: NRB Bearings reported a healthy Q1FY27 performance, with consolidated revenue increasing 19.2% YoY to ₹370 crore (vs. ₹310 crore), supported by stronger execution. EBITDA grew 24.0% YoY to ₹63.7 crore, with EBITDA margin expanding 64bps YoY to 17.2%. PAT increased 14.8% YoY to ₹36.8 crore, although PAT margin moderated 31bps to 10.0%.

Investment Rationale:

- Strong growth momentum backed by capacity expansion and robust order backlog: NRB Bearings delivered 19.2% YoY revenue growth to ₹370 crore in Q1FY27, while industrial business grew 34% YoY and its contribution increased to 14% of revenue. The company is executing a ₹270 crore capex programme, of which ₹60 crore is already completed, and another ₹100 crore is ordered/in process; management indicated that ₹100 crore of capex can support ~₹130 crore of sales. Further, lifetime nominated business (order Book) has increased from ₹800 crore to ₹1,100 crore, providing strong medium-term revenue visibility.
- Diversification into high-growth industrial and aerospace segments strengthens long-term growth: NRB is broadening its addressable market across aerospace, automotive adjacencies, electrification, robotics/mobility, heavy equipment and industrial applications. The Unitech industrial JV, with ₹110 crore investment and ~₹130 crore Turnover, is targeted for commissioning by April 2027, while the aerospace/defence acquisition (Mahant Tool Room) is expected to generate ₹300 crore revenue and ₹90 crore operating profitability by 2031. Management remains confident of 18–20% annualised margins and indicated that the existing 14% 12-month growth trajectory implies ~₹2,700 crore revenue by 2031, with an aspirational vision closer to ₹3,000 crore as new verticals scale.

Rating and Target Price: We expect Revenue and PAT to grow at 13% and 13.3% CAGR respectively over FY26-FY28E & recommend **BUY** on **NRB Bearings** with a revised target price of **₹610 per share (based on 30x FY28E EPS).**

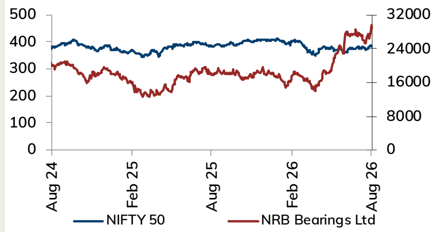
Particulars

Particulars	₹ (in crore)
Market Capitalisation	4358
Total Debt (FY26)	151
Cash and Inv. (FY26)	33
Enterprise Value	4476
52-week H/L (Rs.)	468/213
Equity capital	19.4
Face value (Rs.)	2

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	51.2	51.2	51.2	44.7
FII	14.3	14.1	14.7	18.9
DII	12.3	10.3	10.1	13.9
Others	22.3	24.4	24.1	22.5

Price Chart



Key risks

(i) slowdown in domestic automotive and industrial segment

(ii) increase in commodity prices

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Dilip Pandey
dilip.pandey@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

Key Financial Summary

(Rs Crore)	FY24	FY25	FY26	2 Year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenue	1,094	1,199	1,335	10.5%	1,502	1,703	13.0%
EBITDA	173.8	199.2	232.5	15.6%	270.6	318.4	17.0%
EBITDA margin (%)	15.9	16.6	17.4		18.0	18.7	
Adjusted Net Profit	54.1	134.2	152.7	68.0%	166.7	196.0	13.3%
Adjusted EPS (Rs)	5.6	13.8	15.8		17.2	20.2	
P/E (x)	19.2	56.3	31.8		27.8	23.6	
EV/EBITDA	27.1	23.9	20.4		17.8	15.2	
RoCE (%)	14.4	15.7	18.5		18.6	19.4	
RoE (%)	6.3	14.6	15.1		15.9	16.7	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- **Financial highlights**
  - NRB Bearings reported a healthy Q1FY27 performance, with consolidated revenue increasing 19.2% YoY to ₹370 crore (vs. ₹310 crore), supported by stronger execution. EBITDA grew 24.0% YoY to ₹63.7 crore, with EBITDA margin expanding 64bps YoY to 17.2%. PAT increased 14.8% YoY to ₹36.8 crore, although PAT margin moderated 31bps to 10.0%.
- **Diversification gaining traction:**
  - Industrial business has increased to 14% of total revenue from 11% earlier, registering 34% growth, highlighting increasing traction from non-automotive applications.
  - Around 70% of the company's business is linked to applications common across ICE, hybrid and EV platforms, making the company largely EV-agnostic and reducing the risk associated with a specific powertrain technology.
- **Aerospace & Defence opportunity:**
  - Following the acquisition of Mahant Tool Room, the aerospace/defence business currently has an order book of around ₹30 crore, while total defence orders including NRB's existing business stand at around ₹50 crore.
  - Management is targeting ₹300 crore revenue and ₹90 crore profitability contribution by 2031 from the aerospace, defence and commercial aerospace business.
  - The company recently secured a breakthrough Sukhoi-30 spherical bearing order, an application that management highlighted is served by fewer than five global players, providing a potential entry point into high-margin aerospace applications.
- **Unitech JV / Industrial bearings:**
  - The Unitech JV plant has been shifted from Hyderabad to Aurangabad, where NRB has purchased a partially ready facility to reduce commissioning lead time. The plant is targeted for commissioning by April 2027, with ₹110 crore investment and capacity supporting around ₹130 crore of sales.
  - The JV will focus on industrial cylindrical roller bearings used in large industrial gearboxes and other heavy-duty applications, supporting NRB's strategy to increase its industrial exposure.
- **Capex & capacity expansion:**
  - Total planned capex stands at around ₹270 crore, of which ₹60 crore has already been invested and another ₹100 crore is either ordered or in the process of being ordered.
- **Guidance:**
  - **Guidance:** Management remains conservative on formal guidance but highlighted that the trailing 12-month growth rate of ~14.3% implies revenue of around ₹2,730 crore by FY31, compared with the earlier ₹2,500 crore aspiration. The management's aspirational vision is now closer to ₹3,000 crore, supported by new verticals and higher nominations.
  - Management reiterated that it expects to sustain an 18–20% annual EBITDA margin trajectory, although quarterly margins may fluctuate due to cost escalations and timing differences.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	1,199	1,335	1,502	1,703
% YoY Growth	9.6	11.4	12.5	13.4
Other Income	24.6	34.4	28.0	28.0
Total Revenue	1,223	1,370	1,530	1,731
COGS	462	523	581	661
Change in inventories	(9)	2	8	9
Employee cost	192	207	227	250
Other Expenses	355	371	416	466
Total expenditure	999	1,103	1,232	1,385
EBITDA	199	232	271	318
% YoY Growth	15	17	16	18
Interest	11	9	18	22
Depreciation	48	57	59	63
PBT	113	194	222	261
Tax	31	49	56	65
PAT	134	153	167	196
% YoY Growth	148.2	13.7	9.2	17.6
EPS	13.8	15.8	17.2	20.2

Source: Company, ICICI Direct Research

Exhibit 2: Key Ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Value				
EPS	8.5	15.0	17.2	20.2
Cash EPS	13.4	20.9	23.3	26.8
BV	94.7	99.3	108.5	120.7
DPS	6.8	10.0	8.0	8.0
Operating Ratios				
EBITDA Margin	16.6	17.4	18.0	18.7
PBT / Net Sales	12.7	13.1	14.1	15.0
PAT Margin	11.2	10.9	11.1	11.5
Inventory days	133.2	118.6	125.0	125.0
Debtor days	65.6	66.8	65.7	65.7
Creditor days	54.1	48.6	43.2	38.1
Return Ratio				
RoE	14.6	15.1	15.9	16.7
RoCE	15.7	18.5	18.6	19.4
RoIC	18.1	19.3	19.7	20.8
Valuation Ratio				
P/E	56.3	31.8	27.8	23.6
EV / EBITDA	23.9	20.4	17.8	15.2
EV / Net Sales	4.0	3.6	3.2	2.9
Market Cap / Sales	3.9	3.5	3.1	2.7
Solvency Ratio				
Debt/EBITDA	0.9	0.6	0.8	0.9
Net Debt / Equity	0.1	0.1	0.2	0.2

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Share Capital	19.4	19.4	19.4	19.4
Reserves & Surplus	899	943	1,032	1,151
Total Shareholders fund	918	963	1,052	1,170
Minority Interest	18	20	20	20
Total debt	184	151	221	271
Deferred tax liability (net) & others	20	17	17	17
Total Liabilities	1,141	1,151	1,310	1,479
Gross Block	999	1,101	1,221	1,321
Acc: Depreciation	626	682	741	805
Net Block	374	419	480	517
Capital WIP	39	43	70	80
Investments	64	91	56	56
Inventory	437	434	514	583
Sundry debtors	216	244	270	306
Cash	56	33	24	52
Loans & Advances	0	0	2	2
Other current assets	119	92	120	136
CL& Prov.	165	205	227	254
Net Current Assets	663	599	704	826
Total Assets	1,141	1,151	1,310	1,479

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	134	153	167	196
Depreciation	48	57	59	63
Interest	11	9	18	22
Other income	(25)	(34)	(28)	(28)
Prov for Taxation	31	49	56	65
Change in Working Capital	(84)	42	(114)	(94)
Taxes Paid	(36)	(52)	(56)	(65)
Cashflow from Operations	79	222	101	159
(Purchase)/Sale of Fixed Assets	(85)	(105)	(147)	(110)
(Purchase)/Sale of Investments	11	(26)	35	-
Other Income	25	34	28	28
Cashflow from Investing	(49)	(97)	(85)	(82)
Issue/(Repayment of Debt)	11	(33)	70	50
Changes in Minority Interest	2	2	-	-
Changes in Networth	(76)	(108)	(78)	(78)
Interest	(11)	(9)	(18)	(22)
Others	-	-	-	-
Cashflow from Financing	(74)	(148)	(25)	(49)
Changes in Cash	(45)	(23)	(9)	27
Opening Cash/Cash Equivalent	101	56	33	24
Closing Cash/ Cash Equivalent	56	33	24	52

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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