

Result Update – Q3FY23

- ❑ Revenues increased by 8.83% in Q3FY23 to Rs.2,511 million. NRB reported strong performance due to a sharp focus on fundamental business operations and an upsurge in demand across all vehicle segments within the automobile industry. The e-vehicle segment witnessed a boost in business, particularly from exports.
- ❑ EBITDA jumped by 17.45% and margins improved by 100bps in Q3FY23, mainly because of improved margins by a combination of price increase and operational efficiency. Logistics cost improved in the last quarter resulting in saving in the costs. Cost reduction measures have shown results and led to improved Cost of Goods Sold.
- ❑ PAT increased by 38.19% in Q3FY23 to Rs.234 million led by enhanced product mix and high margins for export sales to Europe and North America for high end new platforms including hybrid and E-mobility.
- ❑ For the nine month Revenues up by 8.2% to Rs.7,447 million. EBITDA increased by 4.3% on YoY to Rs.1,078 million with margins clock at 14.5%. PAT up by 16.8% to Rs.612 million as compared to last year same period was Rs.524 million.
- ❑ The bearing market in India is gaining significant importance due to the upscaling use of bearing in motors. Additionally, growing automotive electrification, accompanied by the rising initiatives by the Indian government, including 'Make in India' and 'Aatmanirbhar Bharat', will escalate the growth of the India bearing market. NRB is well positioned to capture market share with our expanded product portfolio in the E-Mobility/EV segment.
- ❑ NRB's focus and embracing of future technologies along with re-inventing and altering its capabilities has led the Company to supplying the world's foremost E-Vehicles. We valued NRB at Rs 174 i.e. 17x P/E on FY24E EPS. We maintain a BUY on NRB Bearings Limited.

Quarterly Results

Financial Results

Consolidated						
(In ₹ mn)	Q3-FY23	Q3-FY22	Chg	9M-FY23	9M-FY22	Chg
Net Sales	2,511	2,307	8.8%	7,447	6,886	8.2%
Operating Expense	2,166	2,014	7.6%	6,369	5,852	8.8%
EBITDA	345	293	17.5%	1,078	1,034	4.3%
Other Income	142	9	1529.9%	211	76	176.3%
Depreciation	106	95	10.9%	303	278	9.3%
EBIT	381	207	84.1%	986	833	18.4%
Interest	52	50	4.0%	123	124	-0.6%
PBT	329	157	109.4%	863	709	21.7%
Tax	95	45	108.8%	251	185	35.4%
Consolidated PAT	235	112	109.6%	612	524	16.8%

Consolidated						
Margins	Q3-FY23	Q3-FY22	Chg	9M-FY23	9M-FY22	Chg
Operating Margin %	13.7%	12.7%	101	14.5%	15.0%	-54
PBT Margin %	13.1%	6.8%	629	11.6%	10.3%	129
Net Margin %	9.3%	4.9%	449	8.2%	7.6%	61

Source: Company, Anand Rathi Research

Consolidated Financials:

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
Net Sales	7,624	9,442	10,670	11,840
Operating Expense	6,578	7,961	9,295	10,070
EBITDA	1,046	1,482	1,374	1,769
Other Income	151	128	131	135
Depreciation	307	372	385	402
EBIT	890	1,237	1,121	1,503
Interest	226	183	198	224
PBT	664	1,055	923	1,279
Tax	107	259	227	314
Minority Interest	(16)	(23)	-	-
PAT	541	772	696	964

Margins	FY-21	FY-22	FY-23E	FY-24E
Sales Growth %	-1.7%	23.8%	13.0%	11.0%
PAT Growth %	68.5%	42.8%	-9.8%	38.5%
Operating Margin %	13.7%	15.7%	12.9%	14.9%
Net Margin %	7.1%	8.2%	6.5%	8.1%

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
Liabilities				
Equity Share Capital	194	194	194	194
Reserves & Surplus	4,983	5,692	6,071	6,540
Total Shareholder's Funds	5,177	5,886	6,264	6,734
Minority Interest	112	131	77	77
Long-Term Liabilities	2,544	3,020	3,414	3,443
Other Long-term Liabilities	2,931	3,093	3,186	3,281
Deferred Tax Liability	163	178	-	-
Short-term Liabilities	1,440	1,382	1,500	1,605
Total	12,367	13,689	14,440	15,139
Assets				
Net Fixed Assets	3,667	3,651	3,627	3,597
Long-Term L&A	3,592	3,807	3,998	4,197
Non Current Investments	125	338	348	359
Other Non-Current Assets	-	-	-	-
Current Asset	4,983	5,893	6,467	6,986
Total	12,367	13,689	14,440	15,139

(In ₹ mn)	FY-21	FY-22	FY-23E	FY-24E
EPS (₹)	5.6	7.6	7.2	10.0
P/E (x)	25.5	18.8	19.8	14.3
P/B (x)	2.7	2.3	2.2	2.0
ROE	10.2%	12.2%	11.0%	14.2%

Source: Company, Anand Rathi Research

Key Risks:

- Technological improvement and discontinuities
- Changing OEM needs
- Constantly shifting market dynamics
- Evolving regulatory and trade environment



Rating and Target Price history:

NRBBEARING rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 27 February 2023 close.

NRBBEARING

Date	Rating	Target Price (₹)	Share Price (₹)
19-Dec-2022	BUY	190	154
27-Feb-2023	BUY	174	143

Source: Bloomberg, Anand Rathi Research

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