

May 14, 2026

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code:530367	National Stock Exchange of India Limited Exchange Plaza, C-1, Block - G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: NRBBEARING
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Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Call Transcript

Dear Sir/Madam,

This is further to our intimation dated April 30, 2026 w.r.t Earnings Conference call with Analysts/Investors on the Audited Standalone and Consolidated Financial Results of the Company for Q4 FY 2025-26.

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Earnings Conference Call Transcript held with Analysts/Investors on Monday, May 11, 2026 at 15:00 (IST).

Copy of the same is also being made available on the website of the Company at <https://www.nrbbearings.com/>

Please take the same on record.

Thanking you,
For NRB BEARINGS LIMITED

Khyati Danani
Company Secretary & Compliance Officer
Membership no. A21844



**“NRB Bearings Limited
Q4 FY '26 Earnings Conference Call”
May 11, 2026**



**MANAGEMENT: MRS. HARSHBEENA ZAVERI – VICE CHAIRMAN AND
MANAGING DIRECTOR – NRB BEARINGS LIMITED**

**MODERATOR: MR. DIWAKAR PINGLE – ERNST & YOUNG, INVESTOR
RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to the NRB Bearings Limited Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero' on your touchtone phone. I now hand the conference over to Mr. Diwakar Pingle from Ernst & Young. Thank you and over to you, sir.

Diwakar Pingle: Thank you, Rutuja. Good afternoon to all the participants in this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known and unknown risks, uncertainties, and other factors.

It must be viewed in conjunction with our business risks that could cause future result performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

Please note that we've made the results and the presentation available on the company's website. In case you have not received the same, you can write to us and we'll be happy to send the same over to you.

To take us through the results and answer your questions today, we have the top management of NRB Bearings Limited, represented by Mrs. Harshbeena Zaveri, Vice Chairman and Managing Director. We will start the call with a brief overview of the quarter gone past and then conduct the Q&A session. With that said, I will now hand over the call to Harshbeena Zaveri. Over to you, ma'am.

Harshbeena Zaveri: Good afternoon, everybody. Thank you for joining us today for NRB Bearings' final year '25, '26 and quarter four earnings conference call. I'm sorry, I have a little bit of a sore throat today, so please pardon me if I clear my throat or take a break for a little bit of water.

I must say, it's always good to connect with all of you. These conversations have been extremely helpful to us, not just to share our performance, but also to explain how we think about the business, how we allocate capital, how we prepare NRB for the next phase of growth.

And today, I would like to take a little bit of your time and not restrict myself only to numbers, because I believe that context is very important. Let me start with the financial performance for the quarter and for the full year.

At a consolidated level for quarter four, revenues from operations grew 13% year-on-year to INR372 crores. EBITDA increased by 17% year-on-year to INR74 crores, delivering a healthy EBITDA margin of 19.5%. Profit after tax for the quarter stood at INR42 crores.

For the full year, revenue from operations grew 11% to INR1,335 crores. EBITDA increased by 19% year-on-year to INR267 crores and margins expanded to 19.5% from 18.3% in this financial year.

Profit after tax increased by 77%. That's basically the entire profit after tax and it is now INR146 crores. Gross margins and EBITDA margins have improved steadily and this is not because of any one single factor.

It's the outcome of several structural initiatives. These include higher use of solar energy leading to lower power and fuel costs, higher automation reducing dependence on labour, continuous improvement in yields, and renegotiated vendor costing across material components, logistics, insurance across all elements of material related costs.

I will pause here and say clearly that we are satisfied with the quality of growth. We believe that it's important to deliver growth at an accelerated pace and we are working on that as well. This is a year where growth is not the outcome of one-off benefits. Growth has come from volume, from growth of market share across segments, from sweating our capacities, and from improvements in product mix as well as sustainable internal efficiency improvements.

Essentially, our growth is a result of a very comprehensive operational improvement plan. Now let me touch upon the operating environment during the financial year '26. I don't believe this has been an easy year globally for any of us. But despite challenges arising from geopolitics, logistical disruptions, energy availability challenges, and uncertainty in overseas markets, we've not seen much material impact on our domestic business.

While export demand was impacted, NRB and its subsidiaries remain more resilient than many of those around us. Our international business did grow over the previous year to a little over 4%. Our global customers have continued to honour their production schedules and commitments. This quarter, like others, we were impacted by sudden challenges that emerged unexpectedly during due to the Middle East situation. However, this was not unique to NRB, it was industry-wide, it was country-wide, and all over the world, everyone was affected.

However, India was particularly affected by the gas shortage. The ensuing product mix changes, which we faced from customers who were struggling as they adapted to the constraints in the supply chain, but good supply side situations from certain suppliers who were carrying adequate inventory and also, a fairly healthy demand surge, we actually came up to the challenge, we believe, better than most. But to some extent, the situation did reduce our original business plan for the quarter.

From an operational standpoint, we feel we handled the situation effectively without disruption because we did not stop our customer lines. At no point, at no point did we fail to meet key customer commitments. That for us is non-negotiable. This brings me to one area that often draws attention, and that is inventory position. I would like to clarify how we approach it internally. We have strategically positioned inventory across India and key global locations such as Germany and the United States to ensure responsiveness and resilience.

This approach allows us to absorb logistics volatility, adapt quickly to changes, and maintain customer schedules, reliable delivery even during a crisis or a disruptive situation. For several products, we are 100% or near 100% suppliers to international customers, making it critical that we never become a bottleneck in their production plans.

Similarly, our situation on share of business is extremely high and at most companies for the products that we are leaders of, it is even 60% to 70% with certain products being 100%. Our inventory strategy therefore supports uninterrupted supply, even under stressed global supply chain conditions.

Nevertheless, we believe that there was and will continue to be scope for improvement, and our inventories at the end of the year were in fact lower by over INR20 crores, even though our sales rose significantly. NRB's improved inventory position is close to optimal at this point, especially considering the global disruption. This, as we mentioned, is deliberate, reflecting our flexibility, strong processes, and strong customer-centric philosophy.

More importantly, this optimized inventory position is linked to the value we deliver. This also enables us in turn to secure appropriate value and pricing. In fact, this is the comprehensive result of our R&D and new product capability, our ability to adapt to customer demand collectively across all areas that the customer considers important for a key supplier partnership.

Over time, this reliability and consistency and world-class engineering capability of for the launch of next-generation platforms have strengthened our customer partnership, led to an increase of share of business and share of wallet, and reinforced pricing discipline across cycles.

This also gives us tremendous opportunities in the new products that we launch within the automotive sector, apart from our new initiatives in the industrial space. When it comes to growth, we internally track performance over a longer period rather than reacting to quarter-on-quarter movements.

Firstly, our business has inherent seasonality. Secondly, there are different customer-specific ordering platforms in different parts of the world that we serve. Add to that the layer of complexity of forex movements, particularly on the export side and sometimes on the import side.

For this reason, a year-to-date and full-year lens gives a much more accurate picture of how our business is truly progressing. Viewed this way, FY '26 reflects steady, broad-based growth driven by volume expansion, as I mentioned, and a healthy mix of both domestic and global programs adding to NRB's portfolio. This approach helps us stay focused on sustainable execution rather than get side-tracked by short-term fluctuations.

On capacity, there is the question around utilization. While reported utilization is roughly 85%, in reality effective utilization at several of our plants is much closer to full, when you take into account the demand variations, once you adjust also for maintenance, shift patterns, changeovers, and generally the demand pattern from different segments.

We have identified bottlenecks at specific plants. To address this, we have already initiated brownfield capex. Machinery orders have been placed. In fact, most recently machines have started to arrive. We expect commissioning of major enhancement projects starting from June-July and continuing through this financial year and beyond up to the first quarter of 2028. You will start seeing partial benefits initially from the current quarter and more during the rest of the year.

Operational efficiency and improvements in quality which have already kicked in will have their own positive impact and you will see our growth trajectory rise. Beyond automotive, I want to spend a little time about diversification, because this expansion into industrial space is also very close to my heart.

We're extremely enthusiastic about our foray into niche and profitable opportunities in the industrial friction solutions arena. This is not about entering commoditized industrial bearings. This is about high-end specialized application-specific industrial friction solutions where NRB's engineering depth gives us an edge in segments such as construction equipment, off highway, industrial gearboxes, switchgears, and power generation, these are all global and growing exponential segments.

And new customers such as Siemens have been added, new aerospace wins include prestigious confidential platforms of Hindustan Aeronautics and National Aerospace Laboratories. We are choosing to focus on those which we can build the future on. Acquisition of Mahant Tool is progressing as planned. Operational transition is ongoing, including purchase order migration, compliance alignment, and customer integration. They have an order book close to INR50 crores now, and we expect full operational control between mid-April and May.

Before closing, I'd like to briefly outline why we believe NRB is competitively well-positioned. NRB has always operated with a mass customization mindset. Our start and history in needle bearings and cylindrical bearings particularly makes this a mindset edge.

In fact, this gives us an edge beyond in a world which is moving closer and closer to what we do best. In fact, the demand that you see and the kind of global situations in the industrial and automotive space are suited for a supplier with our core competencies. Starting with smaller volumes, moving rapidly to mass customization at breakneck speed, with constant changes in the pecking order of which technology is going to prevail is something we handle exceedingly well.

We work traditionally with customers that have a three-to-five-year timeframe well ahead of the next platform launch. There are many changes that take place, sometimes the platforms exponentially are successful, sometimes there are changes, in fact, this time gets compressed sometimes and move the other way at other ways. And adaptability is key. These are the hallmarks of NRB. This is what gives us a differentiated positioning right from design to delivery.

Bearings are co-designed at the platform level, with the application data coming in from our customers. We sit on the drawing board, we brainstorm future technologies that do not exist, like the new steering that Magna is going to supply to the entire stable of BMW which makes them all our customers deeply, deeply embedded and makes us difficult to replace.

We complete on engineering capability, we compete on flexibility, and we compete by driving this with an immensely disciplined process-oriented approach. We do not work on commodity pricing and short-term solutions. Whether it's ICE, whether it's Hybrid, whether it's EV. Whether the power generation is Hydro tomorrow, whether it will be Wind energy.

Our bearing content per vehicle and per product remains largely value neutral. That is our model, and we have ensured that specific applications, such as for example, EV-specific bearings are priced in a manner to maintain our existing margin profile.

In that sense, we remain EV agnostic, in the sense that we are supplying both, I would say, applications across technologies in all the spaces that we serve, and there is not much pricing differential when we enter any kind of segment. We believe we are one of the most risk-mitigated companies today when it comes to the concept of pricing and future profitability.

To summarize, financial year '26 has been a year of strong and disciplined execution. Margin improvement has been driven by structural actions, disciplined capacity expansion, and thoughtful diversification. Our capital allocation remains prudent, our focus remains on long-term sustainable profitable growth.

Most importantly, what gives me the greatest confidence is our people. Across plants, most importantly, at our customers, in our R&D and our supply chain. Our team, our employees continue to demonstrate agility, discipline, commitment, and incredible collaboration within and outside.

As members of cross-functional teams that brainstorm how to deal with the constantly changing situation while staying process-oriented or with our supply chain partners or with our customers. Thank you, our investors and analysts for your trust and engagement.

With that, I will pause here and open the floor for your questions. Thank you for your patience and listening to me.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Raghunandhan N L from Nuvama Research. Please go ahead.

Raghunandhan N L: Good evening, ma'am. Congratulations on strong set of results for FY '26. Thank you for the detailed opening remarks. Firstly, in your opening remarks, you mentioned international business grew at 4%. Would you be referring to the standalone business that within standalone exports has grown at 4%? Would that be the right understanding?

Harshbeena Zaveri: No, we always look at consolidated. Because it's, you know, inter-company sale, its inter-subsidary sale, and if we give you those figures you'll get very confused. It's much more consistent for us just to talk about what we call international business. Which is total international customers which are overseas supplied, irrespective of from where we supplied them and with subsidiaries at the consolidated level. Does that explain?

So basically, despite all the challenges, that was, that was the growth figure we had, which was not necessarily very satisfying as I said. But considering all the changes in the world, I mean, it was positive.

Raghunandhan N L: True, ma'am. For the standalone business, would it be possible to indicate how much was the growth in exports and after-market for full year FY '26?

- Harshbeena Zaveri:** For exports we don't like to give the figure out separately because it causes a lot of confusion as I said, because there are a lot of inter-company subsidiaries we have step-down subsidiaries under the holding company, you know the structure, right? I can explain the structure if you like. Would you like me to do that?
- Raghunandhan N L:** No, ma'am. And how about aftermarket performance?
- Harshbeena Zaveri:** I really feel that just exports won't give you a good picture. I think it'll actually give a confusing picture, and we also have other subsidiaries that supply like SNL for example. So therefore, what I would like to focus on is fundamentally that, okay, the replacement market grew by 4%.
- I think the last quarter has been extremely challenging for most companies in the replacement and distribution space and we to be honest, revised our plan and decided that we would focus more on OEMs. As you know, we are one of the rare companies that does not have virtually any pricing differential when you look at the cost part. I have explained this in the past but essentially, to handle the replacement market is extremely expensive.
- There are lots of discount structures, and the way we calculate it is the final impact. Secondly, we're not into commoditized bearings. So, the prices that we command at the OEMs, it's not the traditional model, you know, which is similar for commoditized bearings or the tire industry or something. You lose money when you send to the OEM and then you make four times as much money when you sell in the replacement market, which is the situation with some of our competitors. That's not how our model is.
- Raghunandhan N L:** Well, noted, ma'am. And how do you see the outlook for exports and aftermarket for FY '27? Directionally do you think there is an improvement expected?
- Harshbeena Zaveri:** Yes, we expect 10 to 14% growth in our international business this year, as per our current business plan. Last year there was 4% growth, this year we expect 10 to 14%. Maybe even 15%.
- Raghunandhan N L:** Well, noted, ma'am. My second question was on the capex part. What is the capex expected for FY '27, given that you're looking at a good growth, and you have also indicated in the filings that there will be an expansion happening? So, for FY '27, would INR80 crores be a good estimate as to what the Capex would be?
- Harshbeena Zaveri:** No, it'll be closer INR 120 crores and the reason for that is we're also looking at land.
- Raghunandhan N L:** On capex side, 120, how would it be distributed between standalone and subsidiaries?
- Harshbeena Zaveri:** I think I'm getting an indication of more questions and this is again as I'm saying, we fundamentally drive this on consolidation. So, I mean it's, we don't like to give out too many numbers which are not in the public domain that are necessarily being watched by our competitors especially since we are outperforming at this point.
- Moderator:** We'll move to the next question is from the line of Vileh Rai from Kamaya-Kya Wealth Management. Please go ahead.

- Vileh Rai:** Hi, congratulations ma'am on great set of numbers. Can you please throw some light on capabilities of Mahant toolrooms? What exactly they do they produce in aerospace segment, where do they lie in the value chain, what certifications do they have?
- Harshbeena Zaveri:** So basically, they manufacture products in what we call mission critical areas. Okay, for the highest performing aircraft that are used by Indian defense systems. The reason this is very interesting for us is because they are very similar to focus that we have as a company on commercial aircraft. So, this is landing gear components, this is the fuel injection system, this is the doors, I mean, literally what saves the lives of the pilots and what made our strikes successful. They were at the forefront of that. They also make a product called Borden which is similar to one of the bearings that we are focusing on, that is not a bearing but it's a similar product. So interestingly even though they manufacture more for defense, the applications are similar to what our long-term goal and plan for aerospace is.
- Vileh Rai:** Currently if the order book is 100% towards defense, would they need to apply for more certifications in order to supply to commercial aerospace or you planning this? Do we need more capex? What would be the time?
- Harshbeena Zaveri:** They're already in the process of certification. That means they already are in the process of the certification, and our products will also be covered in the certification what we've developed. That was the reason that we looked for a company that was in process of the certification, rather than the company that already had it. Does that make sense? That means in the next six months they'll be getting the certification, and our products will also be included into that.
- Moderator:** The next question is from the line of Nitish Rege from ChrysCapital. Please go ahead.
- Nitish Rege:** Hi, thank you for the opportunity. Just, ma'am in your opening remarks you said that you've added Siemens as a customer. Just could you share some more information regarding this? Is it from Mahant, is it from NRB? You know, which application product, you know, size of the contract, timeline? Just some colour on that.
- Harshbeena Zaveri:** I'm sorry we do not share that information and often we are also not permitted to share with our customer confidentiality contracts.
- Nitish Rege:** Fair. And just one last bookkeeping. In Mahant tool room you said the order book has now reached 50 crores, right?
- Harshbeena Zaveri:** Yes.
- Nitish Rege:** This is executable over the next 12 to 18 months?
- Harshbeena Zaveri:** No, it doesn't work like that in aerospace. It means the significance of that is when we announced the acquisition, they had an order book of INR25 crores. The pace depends on how much they scale, that means enhanced pace will depend on whether a particular landing gear on one aircraft for example is rolled out right across, okay, and how fast.

But these are concrete orders, the exact pace is not something that we can predict. But it gives you an idea of how much business has been signed up depending on whether the defence organization slows down or moves up and from every angle that we can see defence rollout is speeding up.

Now, the additional business that we got is indicative of the fact that HAL have not just endorsed but has heartily endorsed this change of Mahant Toolroom being 100% subsidiary of NRB, and in this short span of time the order book has doubled. So that was the significance of that.

Moderator: The next question is from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: Just want to understand what is the mix of revenues by application? The second question is whether the value accident-related volume loss completely recovered now because I think last year, we carried some amount of loss opportunity?

And the third question is that can you just help me understand the inventory carrying levels? How does it differ between domestic business and international business because I believe that in international business the inventory days are slightly longer? So, these are my questions.

Harshbeena Zaveri: Okay, so let me start by the segmentation that you mentioned. Do you want to know the pie of the different segments? Just for clarification? Do you want to know for example now how much are two-wheeler and three-wheeler businesses and how much are aftermarket?

Lakshminarayanan: No, I'm not looking at two-wheeler, three-wheeler, I'm looking at more from an application point of view. It could be industrial transmission, or it could be a cylindrical, the way in which an organization you'd define.

Harshbeena Zaveri: So that is not something that we give out but I can give you a rough indication. This used to be very important to people when EV was happening and they would ask us how much is in engine, okay. And I would say that apart from two and three-wheelers, we are not much in the engine application. We are in transmission, driveline, chassis and in steering. We're not much in wheel applications and therein lies a huge opportunity for us.

Because there are two kinds of opportunities for us, if that is really, the end goal of your question. One opportunity is that we are in -- and I'm going kind of picturing a vehicle and telling you, that we are increasingly in steering and we're really launching some of the most prestigious steerings in the world.

When it comes to transmission, it's very interesting. I was recently going to buy a car, okay, and I might answer this as a story. And I said look, I only want to buy a car that has my bearing. The company was like, you need to get a prestigious car. I'm not a very high-profile person, but the company was the kind to continue to be a prestigious car

So, I said okay, and I can tell you that every single Maybach has my bearings in the transmission. And then it goes down to all the S Classes and the CLS to the CLA and the CL. I mean literally

every Mercedes from one to the Maybach has us in the transmission. Then you flip over to BMW and you see the models that have that little 'i' initial on it, okay.

All of them, from the 1 series, the 2 series, the 4 series, the 5, the 3, the 8, and you go on all the way to the 7L, and they all have us in the transmission. Increasingly in the next year as I mentioned when they change over their steering to the new platform of a highly advanced e-steering, that is going to have our bearings starting as Magna rolls it out there.

We are in for example the transmission across that I mentioned through ZF. So transmission, chassis, steering are our mainstays. All kinds of electric motors in there. And I mean the small ones like the locking systems and like the starters and things have our bearings.

Now you move to truck. When you look at truck all the same footprint that I mentioned just now as part of the vehicle is replicated, but we are also in very critical applications such as what is known as the kingpin bearing. When you see those huge trailers, right, on the road and you wonder how the cargo doesn't get dislocated up, especially if you're seeing a container truck, it's NRB bearing that holds it together.

Literally in every Mercedes and Mack and Freightliner and Scania and Volvo. I mean this is a patented product that we make which is a combined cylindrical thrust bearing. It's very hard for me to give data on specific bearings because sometimes what we engineer is like an amazing amalgamation of different kinds of bearings put together.

So I think that's the kind of space that we're in when it comes to automotive and literally I mean industrial bearings are going to go into -- they are going to go into the electric grid, they're going to go into industrial gearboxes, they're going to go into literally anything that takes a cylindrical roller bearing.

We are increasingly developing our product range for construction and off-highway as I mentioned, and switchgears and the electric grid transmission. So those are the areas of focus. I hope that answers your question fairly comprehensively.

Moderator: Thank you. The next question is from the line of Varun Jain from Dolat Capital. Please go ahead.

Varun Jain: Hi, good afternoon, ma'am. So, I have a couple of questions on Mahant Toolroom. So, I think last quarter when the acquisition was announced, it was told that the annual revenue run rate for this company is close to INR2 crores. So, in FY'27, how much will be the revenue they'll be able to execute out of their INR50 crores order book? And is HAL 100% of the order book? That's my first question.

Harshbeena Zaveri: There are two things. On Mahant Toolroom if you have a little patience, once we complete all elements of this transaction, then we will be able to make our very comprehensive business plan, and we would be happy to give some insight into that approximately six months from now, it will be more meaningful.

The INR2 crores actually is no meaning because our idea, we had a plan to set up our own aerospace manufacturing facility. I can tell you fairly candidly that we were carrying at that point

of time INR100 crores of RFQs from some of the names that are the top three, top four producers of aircraft and their components in the world.

However, the situation was that if we wanted to enter that business it would have taken us four years even to be able to respond to the RFQ, because with a without a concrete AS 9100 certification plan, which is in a time-bound manner can be shared, we had no hope. Therefore, our aim was to buy a company that would give us the people capability, the design capability, and the certification capability to take this business to the next level.

We also did not want to buy a company that didn't have the right culture, and it was extremely difficult for us to find a company that was doing such complex things but at a scale that we could take to the next level. And that is the entire reason why we acquired it. So, if you have a little patience, trust me, we saved three years.

And we were able to really be in a position to make that concrete plan, which typically people either go out and acquire a business outright, but we don't believe in acquiring a business outright because the culture doesn't fit them because this requires a lot of innovation.

Varun Jain:

Sure ma'am. And this, is HAL right now 100% of the order book?

Harshbeena Zaveri:

It is, but it's not one division. It's literally every division. You know, HAL is run in a manner where literally each division is like a company of its own. So, this has multiple divisions of HAL which are which are buying different, different parts for different kind of technologies in aircraft.

Moderator:

The next question is from the line of Rudraksh Raheja from Ithought Financial Consulting. Please go ahead.

Rudraksh Raheja:

First question is, is there a reason to believe that industrial segment would be margin accretive to our business? And if yes, by how much percentage?

Harshbeena Zaveri:

So, let me answer your question in a complicated manner. Will it be as or more profitable? Depends. It's definitely, and the reason I'm saying that is not because the industrial business we're targeting is not profitable, but because the automotive business we're targeting is also very profitable. You get my point.

It takes me back a little bit to that distribution angle, where people you know companies sell 6204, 6203 standard commoditized ball bearing, they sell them even at a loss to a two-wheeler company and then sell them at three times the price in the replacement market. That's not what we do.

So the kind of industrial bearings we are focusing on are as profitable as what NRB currently makes which is at the end of the day a 18% to 20% EBITDA margin is a requirement for us to focus in any area. At some if some of it is 30%. Yes. And some of it might be 14%.

Will it average out to what we have over the next five years? Will it pan out and be in line with our aspirational goal of maintaining profitability consistently between 18% and 21%? Yes. Does that answer your question?

- Moderator:** The next question is from the line of Shreyans Gathani from SG Securities. Please go ahead.
- Shreyans Gathani:** Hi, good afternoon, ma'am. I had one question on the last quarter margin. So, we've never gotten below like 60% gross margin. This is the first quarter like in a very long time. So just trying to understand like what caused the dip in the gross margins that we saw in this last quarter.
- Harshbeena Zaveri:** Fundamentally only one reason, foreign exchange.
- Shreyans Gathani:** Got it. So that's because of the imports that we do for our steel?
- Harshbeena Zaveri:** No, actually it's a little bit more complicated. It's one is the product mix, okay, the impact on forex on certain products had one high import component, and secondly, the COGS also gets converted into a rupee value.
- So if there is a sudden change on the last day, it can just be not reflective of how it would have been over a month. See our international entities, their expenses got booked in a very strange manner because of the sudden change of the pricing on the last day.
- Shreyans Gathani:** Okay. So, we should expect this to normalize?
- Harshbeena Zaveri:** It's not something that you should worry about, because if you look at the YTD, if you just consider that there was this crazy spike on a particular day, it would have kind of not the peaks and troughs get knocked out over a three-year period. I sorry, three-month period.
- It was just this unusual situation of accounting practice. We do not change accounting practice. We stay with the accounting practice that is proper for a long run and sometimes you have a sudden anomaly, right? I'll give you an example.
- If for example, your other income which is actually operational other income like scrap sales doesn't happen because you decide you don't want to sell your scrap on the last day because you're not getting a good price. Why not hold it till next month? You understand where I'm coming from? It's just that kind of unusual situation. It's not something that you need to worry about. It'll go back to what you're used to.
- For example, if you're not adequately booked for that date, you know you have a certain forex booking policy, you have a certain import export booking policy. So there was an aberration because of the exchange rate differential on the last day of the year.
- Moderator:** Thank you. The next question is from the line of Dev Gulwani from Care PMS. Please go ahead.
- Dev Gulwani:** Hi, thank you for the opportunity. Can you give the breakup of the 120 crore capex?
- Harshbeena Zaveri:** Not beyond what we've already put in the public domain because if you see in the public domain we have already explained the 200 crore capex which will happen over next 18 months and the various projects that it's to, and in that last meeting outcome, we also announced that we would spend up to INR40 crores on land.

So I mean, you know, you need to factor all that in that it's a total announcement of 240 crores. To be honest, it's not 120, 120 is just for this year. So it'll have no meaning, supposing I tell you these machines are coming but the furniture is coming in the next financial year in January because we don't need it till now.

Fundamentally it is 90% for machines and 10% for infrastructure and building and plant.

Dev Gulwani: What will be the maintenance capex, or does this also include the maintenance capex?

Harshbeena Zaveri: No, the maintenance capex is part of our normal capex, okay? We spend 10% of our turnover on a combination of maintenance, quality, new product development, and small-small capex improvements, which could be for balancing the lines.

Moderator: Thank you. The next question is from the line of Pavan Kumar from Ratna Traya Capital. Please go ahead.

Pavan Kumar: Ma'am, I wanted to understand by when can we scale up our industrial business to a meaningful proportion of our entire revenues? That is like, let's say at some 20%. And also on the, I understand a substantial part of our exports is from Europe, so the US sorry, Europe FTA deal doesn't make any kind of difference in terms of our competitiveness with respect to the other competitors?

Harshbeena Zaveri: What is the second question? I heard your first question, you want to know how long it will take for the industrial to be 20%? So it's very hard for me to predict because you know this year the automotive industry just grew so exponentially, right?

Our industrial business is already approximately 14% to 15%. So if the automotive industry had not grown so much, we would have been able to give more capacity. See the industrial business also includes tractors and farm equipment. You have to also keep that in mind, you know?

And, and globally that is how it is. Because also the companies that make tractor and farm equipment like John Deere and you know, they also make road rollers and they also make, right, cement concrete mixers and things like that.

So 20%, I mean I can just give you a ballpark and say I'll do it in three years, but what if the automotive industry just springs back? Then just because it's a pie, right, it might slow down. But if the automotive industry goes slower then automatically this grows faster. But our aim is to have it as 20% to 25% of our business, if that's your question.

Pavan Kumar: Okay ma'am. And are the capacities between industrial and automotive, are they fungible or it doesn't work that way at all?

Harshbeena Zaveri: Flexible between the capacity? Yes, yes, they are. They are. In fact if you read our joint venture declaration, it says that 20% of the capacity of the joint venture, it is I'm not sure if it is in the public domain but I think it is, that 20% of the capacity may be used for automotive if automotive suddenly requires it. Because even today 20% of our or 25% of our current automotive capacity is being used. There is flexibility in the products we've chosen.

Moderator: Thank you. The next question is from the line of Zaki Nasser, an Individual Investor. Please go ahead.

Zaki Nasser: Ma'am, congratulations on a very healthy year ending for NRB. If we could shift slightly from the number part of it to see for the past three years from where NRB was to how it looks today, it's been it's been a drastic transformation.

What do you foresee the company three years hence, ma'am? I mean if you could give a qualitative and what you would want NRB to seem or what, what you would want it to look like three years from now, ma'am? Thanks.

Harshbeena Zaveri: So, as I mentioned in a five-year timeframe we would be around 2,500 crores. I did mention it as an aspirational goal but to be honest more and more as we do our homework and we are seeing the business come in, it is more and more becoming our concrete goal.

Definitely we see this number panning out. If we have strategic joint ventures that allow us to enter more import substitution products in India which we are in discussion with all over the world with some key players for bearings that are not really manufactured right now in India.

Because with the BIS and the push of the government of India there's a huge opportunity and most of the multinationals they're selling this as traded products because they cannot put capacity down where they when they already have excess capacity in some other part of the world.

But we are a company that can flexibly manufacture smaller volumes in a profitable way. So there's a huge opportunity to take this 2,500 crores in the next five years which as I said is an aspirational goal increasingly becoming a concretized goal to even more.

Zaki Nasser: Fantastic. And ma'am, see bearings again as you mentioned is a very specialized thing. I mean people like us understand bearings to be a very commoditized product. So, would you also go a step ahead in maybe transforming NRB into a specialized fine engineering kind of a company?

Harshbeena Zaveri: Tell me more about what you mean exactly.

Zaki Nasser: Meaning that when you make a fine bearing, I mean there is something which goes a little beyond a bearing, something which is attached to the bearing or something which pertains to the mechanism surrounding the bearing.

Harshbeena Zaveri: No, if you're talking about adjacent space, we're already doing that. For example, we make products that go along with bearings which other bearing producers don't make that makes the entire bearing more efficient and it also makes it easier for our customer to buy it all.

For example, for the two-wheeler industry NRB is one of the global leaders of a product called crankpin. No other bearing company made it, some of them have started doing it only following us, but mostly they buy it out or something. But we make it as a core in-house product.

Because when you put the big-end bearing with the crankpin in the connecting rod application and the crankshaft and you get far more high performance and less failure. So definitely yes because a bearing company is making a product that a bearing company doesn't generally make.

Similarly, Daimler asked us to make a range of pins that they actually buy for example from random other companies that are from different, different spaces saying that we want to buy all our high precision products which are of bearing calibre from NRB. So definitely the answer is yes to what you're asking. We're already doing this and we'll do more and more of it.

Moderator: Thank you. The next question is from the line of Samarth Nagpal from Surana Family Office. Please go ahead.

Samarth Nagpal: Hi, congratulations ma'am for a great year. Taking it forward from the previous participant, I just have a couple of questions.

You have clearly explained how does the future look for us. But right now, being conservative as well do you see any risk coming for us because we have been coming off a very prolonged period wherein, we had a lot of headwinds internally? So do you see any risk coming in for us in the next three to four years which can derail our plan?

Harshbeena Zaveri: I mean, nothing beyond what other companies or the environment faces, as we don't have any internal risk whatsoever. As you know, we have completely free to grow as and how we want and we have me, a significantly large owner along with a very forward-looking board.

And I think that the world may have lots of challenges but we're in a better place to face those challenges. We have a very strong management team and I believe we should be able to navigate the challenges that the world throws. We also have a mindset that loves challenge with a lot of resilience, as you've noticed how we spring back.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Firstly in the backdrop of the current business environment and setup especially with the type of shortages people are especially the equipment, auto automotive players are witnessing because of plastics and then the metal part and then the shipment issue.

How are how is our company as well as the product where we are in placed that that we may or may not be disturbed in terms of the supply chains issues that automotive industry is currently facing?

Harshbeena Zaveri: We explained in the speech that we're in a better position than others to handle this. And that's why our inventory is optimized in this manner.

Saket Kapoor: My second question is, ma'am, with respect to the incremental volumes for this current year, since you have mentioned that you are already running at optimum, are we anticipating any volume growth for FY '26 to FY '27 If you could just elaborate wherein, what should we be pensioning in terms of the volume growth?

Harshbeena Zaveri: I already explained to you that our capacities have started coming in and we will be handling the market requirements.

Moderator: Thank You. Ladies and gentlemen, that was the last question for today. I would now hand the conference over to management for closing comments.



Harshbeena Zaveri: Thank you so much. I really appreciate all the questions. They are extremely interesting and have us thinking and energized and I also thank you for your patience.

Moderator: Thank you. On behalf of NRB Bearings Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

(This transcript has been edited, without altering the content, to ensure clarity and improve readability.)