



RANK

HARSHBEENA ZAVERI

BY DEBABRATA DAS

ALLOCATING RESOURCES

Zaveri's NRB Bearings, in essence, makes one product. Yet she has found ways to not put all eggs in one basket.

MOST POWERFUL WOMEN



● VICE CHAIRMAN AND
MANAGING DIRECTOR,
NRB BEARINGS

MUCH OF THE WORLD IS WAITING FOR THE ADVENT OF ELECTRIC VEHICLES AS THE POPULAR TRANSPORTATION OPTION. I'M CURIOUS TO SEE HOW AN AUTO COMPONENT COMPANY IS GEARING UP TO DEAL WITH THE ENGINEERING OF THESE CARS. IT DOESN'T SEEM TO BE MAKING MUCH OF A DIFFERENCE TO NRB BEARINGS, WHICH PROVIDES BEARINGS FOR TWO-, THREE- AND FOUR-WHEELERS, INCLUDING HEAVY VEHICLES.

NRB's vice-chairman and managing director, Harshbeena Zaveri, says she sees electrification of vehicles as a gradual process in India. "These changes don't happen suddenly. Though it is critical to be prepared, will electric vehicles become 70% of our business in the next two or three years? The answer is no."

It isn't that electrification of vehicles wouldn't impact NRB's business—it would—but it need not be adverse. Electric vehicles, though certainly having less moving parts, still require high-quality bearings to increase efficiency. But that, as she says, is in the long term.

For now, she is focussed more on an immediate change on the horizon: Bharat Stage VI emission norms. Beginning April 1, 2020, all new cars in India will have to adhere to the new standards—primarily intended to reduce sulphur emissions from vehicles.

"This change in emission norms is going to do away with certain technologies completely. For example, in the two-wheeler space, the carburetor [still used in most Indian motorcycles] is going to go." The new emission norms will bring more business to suppliers such as NRB as automakers will have to redesign their engines. "While India will be adopting what other countries do in terms of technology, the challenge here is to provide cost-effective, yet high-quality solutions," says Zaveri. "This is where we excel."

Which is why, even as the automotive industry

grew by 5% in FY17, NRB grew by 8%. Drilling down to individual segments also shows that NRB outperformed. The passenger vehicle segment grew 12% but NRB's passenger vehicle business grew 17.5%, commercial vehicles grew 3.5% but NRB's business in the segment grew 8%; and in farm equipment, where industry growth was 15.5%, NRB grew by 24%.

Even within a sector, NRB is rolling out to more clients than ever, including Honda, Audi, GETRAG, and ZF. While once Tata Motors contributed to 45% of the company's sales, today no single entity

28.5%

The increase in NRB Bearings' consolidated profit after tax, to Rs 54 crore



accounts for more than 12%. In other words, she's making sure to not have all bearings in one car.

It's not just the client list that Zaveri is de-risking. "We have a very risk-mitigated strategy. We focus on every single mobility segment, from portable energy to every kind of vehicle and, finally, all new emerging segments," she says.

NRB's reduction of exposure to any particular entity, the new opportunities, and a sound financial performance—NRB's consolidated revenue increased 8% to Rs 727.6 crore, and profit after tax to Rs 54 crore—have secured investors' confidence.

In the 12 months to early November, its stock rose 15% on the Bombay Stock Exchange. Brokerage firms expect it to rise further, with some raising their valuation of the company. Abhishek Jain and Sneha Prashant of HDFC Securities, in a research note in May, said the emphasis on weight-reduction and lower space utilisation in vehicles, and increasing applications for needle roller bearings will be a boost to the company.

That over 65% of the company's business comes directly from original equipment makers (OEM)—car, engine, and transmission makers—helps in "keeping margins and market share high and the competition at bay", the note stated. The rest is ac-

● LOW FRICTION

NRB Bearings is a leading manufacturer of needle bearings and cylindrical roller bearings used in vehicles.

counted for by the spare parts market and exports.

But Zaveri isn't resting on these successes. Besides focussing on lightweight components, she is seeking to expand NRB's business. She's looking at the railways, aerospace, and global defence sectors, which together contribute only around 20% to NRB's annual turnover. By expanding NRB's offerings to these sectors, which she says are high margin, their "contribution to my profits will be significant", she says.

That she is entering new frontiers after having secured a position in her primary markets means she isn't shying away from bigger battles.

"We would be concentrating more on the mass rapid transit systems with the kind of stuff that Alstom and Bombardier make. We are already supporting Indian and global customers in their foray into defence. By providing the components within India, we will reduce the import cost and make transit systems and defence equipment more cost effective," she says. ■

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