

## Bimetal Bearings Limited

### Stock Performance Details

### Shareholding Details - September 2015

<b>Current Price</b>	<b>: ₹ 323.6<sup>^</sup></b>
Face Value	: ₹ 10 per share
52 wk High / Low	: ₹ 499.2 / 280.1
Total Traded Volume	: 1,124 shares <sup>^</sup>
Market Cap	: ₹ 123.9 crore <sup>^</sup>
Sector	: Auto Parts & Equipment
EPS (H1 FY16)	: ₹ 7.01 per share
Equity Share Capital	: ₹ 3.8 crore
P/E (TTM)	: 25.62 (x) <sup>^</sup>
P/BV (TTM)	: 0.89 (x) <sup>^</sup>
Financial Year End	: 1 <sup>st</sup> April - 31 <sup>st</sup> March
BSE Scrip Name	: BIMETAL
BSE Scrip Code	: 505681

<sup>^</sup> as on 19<sup>th</sup> January, 2016

Particulars	Shareholding	
	Nos.	(%)
Promoter & Promoter Group Holding	28,64,126	74.88
Total Institutional Holdings (FII's & DII's)	209	0.01
Public Holdings	9,60,665	25.12
<b>Total</b>	<b>38,25,000</b>	<b>100.00</b>

### Background

- Bimetal Bearings Limited (BBL) was established in the year 1961 in collaboration with Clevite Inc., USA and Repco Limited, Australia. It is engaged in the manufacture of engine bearings, bushings, thrust washers, alloy powder and bimetallic strips. BBL is a member company of the Amalgamations Group, one of the India's light engineering conglomerates. The Amalgamations group serves a cross section of Indian industry covering manufacturing, trading, distribution, printing and publishing.
- The engine bearings include plated and non-plated bearings in copper and aluminum based alloys, connecting rod bearings, main bearings and roll-formed flange bearings. The bushings include bimetallic and steel bushings; conrod bushings, cam bushings and rocker lever bushings; 25 millimeter to 85 millimeter OD, and bushings with ID plating. The thrust washers include thrust washers up to 225 millimeter OD. The copper alloy powders include water atomized copper and copper-based alloy powder and process established for lead free copper alloy powders. The sintered copper alloy strips includes 0.75 millimeter up to 5.50 millimeter thickness and 70 millimeter up to 250 millimeter width. The aluminum alloy strips includes clad aluminum alloy strips, up to 5.5 millimeter thickness and 70 millimeter to 200 millimeter width.
- BBL has an Original Equipment Manufacturing base covering all segments of the automotive spectrum covering Passenger cars, MUVs, LCVs, M&HCVs, Tractors, Industrial engines and Two wheelers apart from catering to the requirements of defense and railway establishments.
- BBL has a multi-plant, multi locational operation with state of the art plants located at Chennai, Coimbatore and Hosur. All the facilities of BBL are TS 16949 certified. BBL's Hosur plant is ISO 14001 certified, whereas BBL's Coimbatore plant is ISO 14001 and OHSAS 18001 certified.
- BBL's clients include Tata, Ashok Leyland, Cummins, Maruti, Hyundai, Avtec, Mahindra, New Holland, BEML, Yamaha, Maruti Suzuki etc.
- During FY14-15, the Company invested upto 24.19% in the capital of IPL Green Power Limited on 4th August, 2014 - making it as an Associate Company as per the provisions of Section 2(6) of the Companies Act, 2013. The Company is yet to commence its commercial production.

## Financial Snapshot

Particulars	Standalone (₹ Million)	
	H1 FY16	H1 FY15
<b>Income Statement</b>		
<b>Income from Operations</b>	<b>704.3</b>	<b>771.9</b>
Y-o-Y Growth (%)	(8.8)	8.7
<b>EBITDA</b>	<b>16.4</b>	<b>17.4</b>
Y-o-Y Growth (%)	(5.7)	4,250
EBITDA Margin (%)	2.3	2.3
<b>Net Profit</b>	<b>26.8</b>	<b>34.1</b>
Y-o-Y Growth (%)	(21.4)	63.9
NPM (%)	3.8	4.4
<b>Balance Sheet</b>		
Fixed Assets	357.6	366.8
Cash and Bank Balances	44.6	55.5
Inventories	506.3	459.3
Net Working Capital	792.2	851.7
Net Worth	1,420.4	1,399.8
<b>Balance Sheet Ratios</b>		
ROCE (%)	2.6	3.3
RONW (%)	1.9	2.4

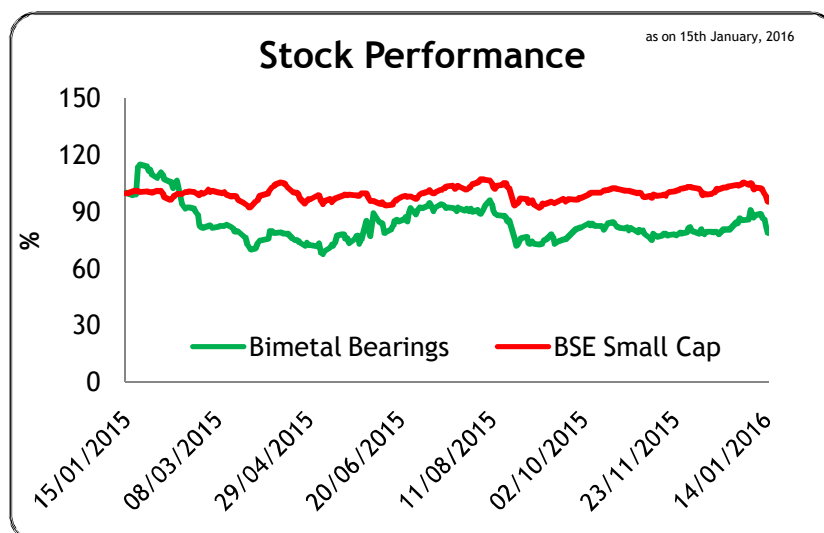
Source: Capitaline

## From the Research Desk of LKW's Gurukulshetra

- During H1 FY16, the Standalone Income from Operations stood at Rs. 704.3 million which is a decline of 8.8% y-o-y from Rs. 771.9 million reported in H1 FY15.
- Material Cost decreased by 10.4% on a y-o-y basis to Rs. 389.6 million in H1 FY16 from Rs. 434.8 million in H1 FY15. Employee Cost increased by 8.8% on y-o-y from Rs. 104.3 million in H1 FY15 to Rs. 113.5 million in H1 FY16. Other Expenses stood higher at Rs. 208.8 million in H1 FY16 as compared to Rs. 205.3 million in H1 FY15. In line with the lower topline, EBITDA fell from Rs. 17.4 million in H1 FY15 to Rs. 16.4 million in H1 FY16. EBITDA Margin stood at 2.3% in H1 FY16 and in H1 FY15.
- Depreciation & Amortization Cost decreased to Rs. 21.7 million in H1 FY16 as compared to Rs. 29.7 million in H1 FY15. Other Income decreased to Rs. 22 million in H1 FY16 from Rs. 31.5 million in H1 FY15. PAT decreased by 21.4% on a y-o-y basis on the back of higher Depreciation & Amortization Cost and lower Other Income. PAT stood at Rs. 26.8 million in H1 FY16 as compared to Rs. 34.1 million in H1 FY15. Resultantly, PAT Margin stood lower at 3.8% in H1 FY16 versus 4.4% in H1 FY15.

- Inventories of the Company increased to Rs. 506.3 million in H1 FY16 from Rs. 459.3 million reported in H1FY15. Debtors increased to Rs. 372.6 million in H1 FY16 from Rs. 363.2 million in H1FY15.

## Performance on the Bourses



## Peer Comparison

The following table gives a snapshot view of the company's performance vis-à-vis its closest peers operating in the cars and utility vehicles industry, for H1 FY16.

(₹ In millions)

Particulars	Bimetal Bearings	ABC Bearings	NRB Bearings
Income from Operations	704.3	859.7	3,240.5
EBIDTA	16.4	109.8	478.9
Net Profit	26.8	17.3	262.1
EBIDTA Margins (%)	2.3	12.8	14.8
PAT Margins (%)	3.8	2.0	8.1
Book Value Per Share	364.4	107.6	28.0
P/E (x)	27.12 <sup>^</sup>	26.16 <sup>^</sup>	23.08 <sup>^</sup>
P/BV (x)	0.94 <sup>^</sup>	0.96 <sup>^</sup>	4.27 <sup>^</sup>
RONW (%)	1.9	1.4	8.8

Source: CapitalineFinancials on Standalone Basis ; <sup>^</sup> On a Standalone Basis as on September, 2015 (TTM Basis)

## About the Industry

The Indian auto industry is one of the largest in the world with an annual production of 23.37 million vehicles in FY 2014-15, following a growth of 8.7% over the last year. The automobile industry accounts for 7.1% of the country's gross domestic product (GDP). The Two Wheelers segment with 81% market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13% market share.

The sales of Passenger Vehicles grew by 3.9% in April-March 2015 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 5% and 5.3% respectively, while Vans declined by 10.2% in April-March 2015 over the same period last year.

The overall Commercial Vehicles segment registered a de-growth of 2.8% in April-March 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 16% and Light Commercial Vehicles declined by 11.6%. Three Wheelers sales grew by 10.8% in April-March 2015 over the same period last year. Passenger Carriers and Goods Carriers grew by 12.2% and 5.3% respectively in April-March 2015 over April-March 2014.

Two Wheelers sales registered a growth of 8.1% in April-March 2015 over April-March 2014. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 25.1%, 2.5% and 4.5% respectively in April-March 2015 over April-March 2014.

In April-March 2015, overall automobile exports grew by 14.9% over the same period last year. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 4.4%, 11.3%, 15.4% and 17.9% respectively during April-March 2015 over the same period last year.

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry in recent times. The industry has attracted foreign direct investment (FDI) worth US\$ 13.48 billion during the period April 2000 to June 2015, according to data released by Department of Industrial Policy and Promotion (DIPP).

## Management Outlook

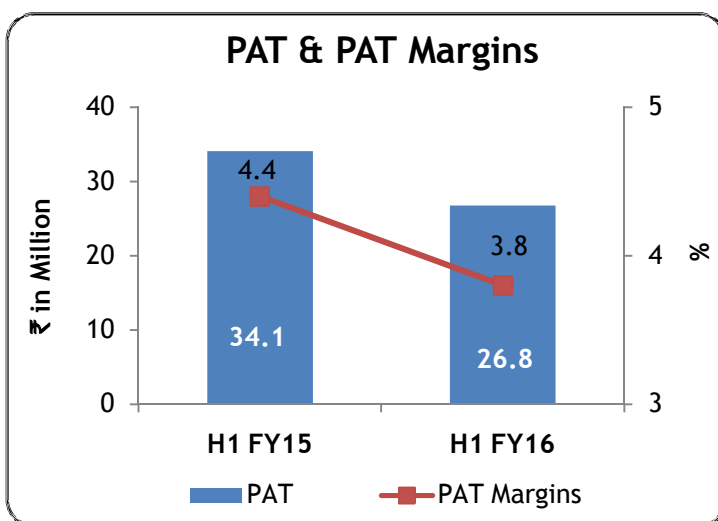
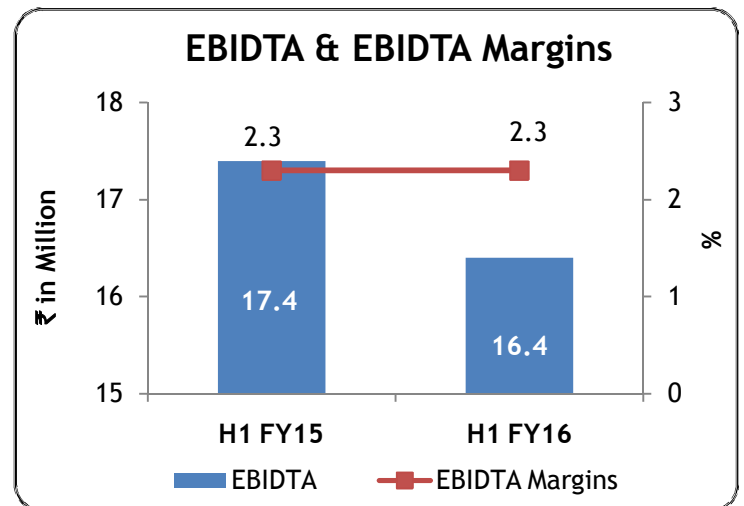
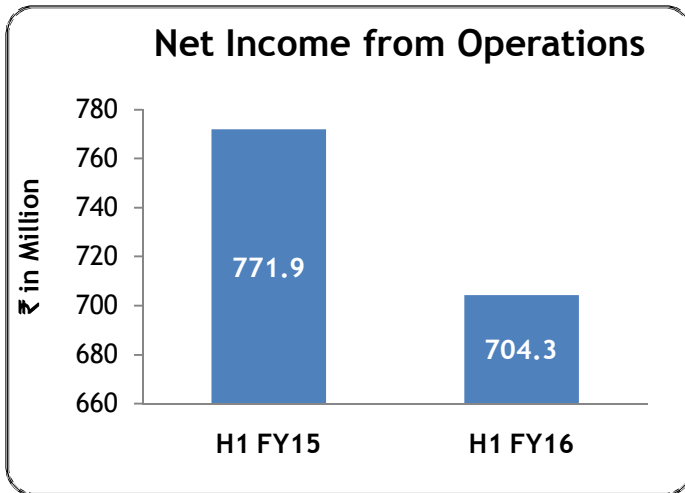
The Government of India aims to make automobile manufacturing the main driver of its 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.

In the Union budget of 2015-16, the Government announced it would provide credit of Rs. 850,000 crore (US\$ 127.5 billion) to farmers, which is expected to boost tractor segment sales. The Government plans to promote eco-friendly cars in the country like CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5% ethanol blending in petrol.

India is expected to become a major automobile manufacturing hub and the third largest market for automobiles by 2020. The Company is operating in the business of automotive components and the performance of auto component industry is largely dependent on the performance of the automobile industry. The Company's performance is dependent on several factors such as changes in Government policies and legislation, economy's growth, market practices and pricing etc. The global automotive manufacturers are expanding their production capacities in India, leading to global competition which can only be countered by maintaining low cost product development. Although rising inflation, interest rates and crude oil prices are concerns of short term, the Company is optimistic about medium and long term and is gearing up for growth.

Overall, the company's prospects seem satisfactory owing to the expectation of improvement in demand situations for Heavy Commercial Vehicles (HCV), Tractors and Strips, better capacity utilization with an increase in the product range, ongoing cost reduction measures, implementation of consolidation of production facilities in a phased manner and emphasis on the export of intermediate products.

**Financial Graphs**



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## Disclosure

Each member of the team involved in the preparation of this report, hereby affirms that there exists no conflict of interest.



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## About Us

**LOTUS KNOWLWEALTH (LKW)** commenced business in 1991 and is currently engaged in providing **CAPITAL MARKET RESEARCH, INVESTMENT ADVISORY and STRATEGY** services.

**GURUKSHETRA** is the Research and Training arm of LKW.

**LKW Investment Advisers** is the SEBI registered Investment Advisory arm of LKW.

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