

NRB Bearings Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs178	Rs138	Rs200	12%	BUY	Rs17.2

About the Company:

NRB Bearings Limited (NRB) is a 5 decade old company in the sector of bearings and a provider of friction solutions. The company is the largest manufacturer of needle roller bearings in India, with segmental market share of approximately 70%. Many also estimate nearly 90% of Indian vehicles run on NRB parts. Nearly 65% revenues earned by the company come from the domestic OEMs. The company has a single reportable segment of ball and roller bearings as the primary business segment. The products offered under this umbrella include loose needle rollers, needle roller bushes & cages, ball & roller bearings, automobile components and other manufactured components. The company has three subsidiaries i.e. SNL Bearings Ltd, NRB Bearings Thailand Ltd, and NRB Bearings Europe GMBH. NRB offers a wide range of high-precision friction solutions for all mobility applications. It also manufactures ball bearings, taper roller bearings and all types of thrust bearings. Some of the offerings by the company include- drawn cup needle bearings, cylindrical roller bearings, polyamide and steel needle bearing cages, drawn cup cylindrical roller bearings, full complement needle bearings, special ball bearings, thrust bearings, formed strip cages for heavy gearboxes, tapered and spherical roller bearings, rocker arm bearings, crank pins, planetary shafts and other special pins etc.

Results Declared:

- The net sales for the quarter under reference is Rs2,339mn as against Rs1,792mn in the same quarter last year, growth of 30.6%
- The Ebitda margins stood at 19% as compared to 15.3% in June 2017.
- The net profit clocked growth of 173.7% to Rs348mn as against Rs127mn in the comparative quarter. This was mainly led by the exceptional item of Rs165mn which is surplus on sale of property.
- EPS for the quarter is Rs3.59

Financials (Standalone):

Result Update (Q1FY2019)								
Q1FY19 Result (Rs mn)	June-18	June-17	y-o-y	Mar-17	q-o-q	FY18	FY17	y-o-y
Total Income	2,339	1,792	30.6%	2,354	-0.6%	8,484	7,743	9.6%
EBITDA	444	96	361.5%	422	5.3%	1,510	1,019	48.1%
Other Income	28	20	37.6%	77	-63.9%	116	116	0.0%
Interest	33	39	-15.3%	34	-4.1%	143	164	-12.9%
Depreciation	81	72	12.8%	73	11.4%	280	293	-4.3%
Exceptional Item	165	-	-	-	-	-	-	-
Tax	176	57	209.5%	124	42.0%	384	183	110.4%
Net Profit	348	127	173.7%	268	29.7%	819	496	65.0%

Outlook and Recommendations:

The company has reported good growth in the numbers for June 2018. There has been improvement in the margins seen during the quarter. Even excluding the exceptional item the growth in the profits is good. We maintain a BUY on the stock with target price of Rs200 over a 12 months horizon.

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