L.G. Balakrishnan & Bros Ltd (LGB) is an automotive supplier that primarily produces transmission products - chains, sprockets & tensioners for motorcycles, belt shoes for the 2 Wheelers (2W) industry and belts (timing/cogged/poly) for the overall automotive industry. They also manufacture metal formed parts (fine blanking) for various segments of the automotive industry (Passenger Vehicles (PV), Commercial Vehicles (CV) and 2W) as well as for industrial clients. LGB has manufacturing units (~20) in Delhi, Tamil Nadu, Uttarakhand, Karnataka and Maharashtra.

LGB has a dominant 70% market share in the domestic motorcycle OEM (Original Equipment Manufacturer) segment for transmission chains and 50% share in the aftermarket segment through its flagship brand ‘Rolon'.

The aftermarket segment to an extent mitigates the cyclicality in sales as these parts are usually replaced every 3 years thus giving recurring sales.

Strong Relationships with OEM clients like Honda Motorcycles (70 % requirement catered by the company), Bajaj Auto (65% requirement catered by the company), TVS (60% requirement catered by the company)

Company has also acquired RSAL Steel from bankruptcy:



RSAL is engaged in the manufacturing of Cold Rolled Close Annealed, steel coils/sheets, semi processed electrical steel/coils and value added flat steel products and also dealing in the trading of Hot Rolled (HR) Coils, CRCA steel coils/sheets. So it seems to be a backward integration for LGB.

RSAL did Rs 17 Cr revenue and Rs 68 Cr loss in FY20:



It will be interesting to see whether management is able to turnaround RSAL.

LGB Bros is part of LGB Group which also includes listed companies LGB Forge and Elgi Equipments.