

Pix Transmissions Ltd.

Report Date: 31 Mar 2016

Key Stock Indicators

BSE Ticker :	500333	CMP as on 29 Mar 2016-Rs/share :	49.8	Shares outstanding (mn) :	13.6
Bloomberg Ticker :	PIX:IN	52 week range up to 29 Mar 2016 (Rs)(H/L) :	60.6/36.6	Free Float (%) :	39.1
Face value per share :	10.0	Market Cap as on 29 Mar 2016 (Rs mn) :	679	Average daily volumes (12 months) :	10,373
Div.Yield (%) :	0.0	Enterprise Value as on 29 Mar 2016 (Rs mn) :	1,864	Beta :	0.9

Background

Pix Transmissions Ltd (PTL), incorporated in 1981, is a manufacturer of belts and related mechanical transmission products that have various industrial, agricultural and automotive applications. The company has manufacturing units at Hingna and Nagalwadi, Nagpur. The one in Nagalwadi is an automated polymer mixing facility.

Key Highlights

Commenced production at Nagalwadi facility

The company commenced operations at the Nagalwadi facility in the current year.

Formation of whollyowned subsidiary

PTL demerged its joint venture in the UK to form a whollyowned subsidiary - Pix Transmissions Europe Ltd.

Key Risks

- Fragmented nature of the industry
- Volatile raw material prices

Key Financial & Valuation Indicators

	MAR-13	MAR-14	MAR-15
Revenue (Rs mn)	2,334	2,069	2,192
PAT (Rs mn)	1,060	75	39
EPS (Rs/share)	77.8	5.5	2.9
PE (x)	0.5	6.0	16.9
P/BV (x)	0.4	0.4	0.5
RoE (%)	140.2	5.9	2.9
EV/EBITDA (x)	2.8	4.4	5.0

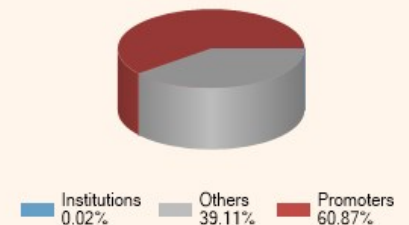
Source: Company, CRISIL Research | n.m. : Not meaningful.

Stock Performance vis-a-vis Market

Returns (%)	YTD	1-m	3-m	12-m
Pix Transmissions Ltd.	0	6	-14	6
SENSEX	-12	8	-5	-11

- 1) YTD returns are since Apr 1, 2015 to Mar 29, 2016.
2) 1-m, 3-m and 12-m returns are up to Mar 29, 2016

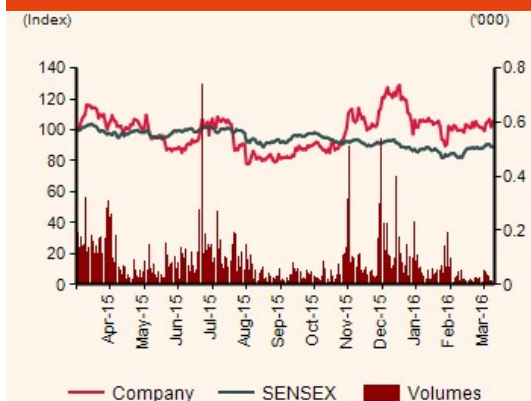
Shareholding (As on September 30, 2015)



Pledged shares (As on December 31, 2015)

As a % of promoter holding	0.0
As a % of total shares	0.0

Share Price Chart (Indexed to 100)



Source: BSE, CRISIL Research

Competitive Position

Peer Comparison

	Pix Transmissions Ltd. Mar-15	GRP Limited Mar-15	Indag Rubber Ltd. Mar-15	Rubfila International Ltd. Mar-15
Revenue (Rs mn)	2,192	3,396	2,430	1,615
EBITDA margins (%)	16.8	8.6	16.9	13.4
PAT (Rs mn)	39	87	324	136
PAT margins (%)	1.8	2.6	13.3	8.4
Gearing (x)	1.0	0.6	-	-
EPS (Rs/share)	2.9		12.4	3.1
PE (x)	16.9	-	12.0	12.2
P/BV (x)	0.5	-	3.0	2.4
RoCE (%)	9.9	7.2	36.5	31.8
RoE (%)	2.9	8.0	28.1	21.9
EV/EBITDA (x)	5.0	-	9.4	7.4

n.m: Not meaningful

Source: Company, CRISIL Research

Financial Profile

Revenue increased ~6% year-on-year (y-o-y) to Rs 2,192 million in 2014-15 from Rs 2,069 million in 2013-14.

EBITDA rose ~12% y-o-y to Rs 368 million in 2014-15 from Rs 328 million in 2013-14 due to a fall in material cost.

PAT declined 48% y-o-y to Rs 39 million in 2014-15 from Rs 75 million in 2013-14, despite EBITDA growth, owing to an increase in finance costs. In 2012-13 PAT grew substantially due to extraordinary item of Rs 1,339 million.

Financial Performance

	Mar-13	Mar-14	Mar-15
Revenue (Rs mn)	2,334	2,069	2,192
Revenue growth (%)	6.5	-11.3	5.9
EBITDA (Rs mn)	385	328	368
EBITDA growth (%)	-21.7	-14.8	12.2
EBITDA margins (%)	16.5	15.9	16.8
PAT (Rs mn)	1,060	75	39
PAT growth (%)	4026.9	-92.9	-47.8
PAT margins (%)	45.4	3.6	1.8
Gearing (x)	0.7	0.9	1.0
RoCE (%)	63.7	9.5	9.9
RoE (%)	140.2	5.9	2.9

Source: Company, CRISIL Research

Industry Outlook

The size of the domestic auto component industry is estimated at about Rs 2,374 billion as of 2014-15. Production of auto components depends on the consumption by end-user segments – original equipment manufacturers (OEMs), exports and the replacement market. The industry is highly fragmented with the unorganised sector having a sizeable presence. Over 650 organised players make up 75% of the industry, while top 80 players make up just 30-35% of the industry revenue.

Growth is expected to moderate to 5-7% in 2015-16 as consecutive deficient monsoons have dented rural demand, impacting volume offtake in rural-dependent segments such as tractors, motorcycles and light commercial vehicles. In 2016-17, CRISIL Research expects OEM demand to increase 9-11% following an improvement in urban consumer sentiment, Seventh Pay Commission payouts and new model launches. Higher volume growth across segments will, however, be partly offset by lower realisation owing to passing on of benefits of lower raw material costs to OEMs. Replacement demand is expected to continue to rise at a healthy pace of 8-10% y-o-y in 2016-17. Growth in auto component exports is projected to rise slightly to 6-8% in fiscal 2017. This will be driven by the growth in European passenger and commercial vehicle sales, slower decline in US commercial vehicle production and increasing penetration in Southeast Asian markets.

CRISIL Research forecasts industry margins to improve in 2015-16, driven by a sharp decline in input costs and a delayed pass-through. Margins are further expected to expand in 2016-17 with the improvement in capacity utilisation. We expect benefits from a sharp 10-12% decline in commodity costs to be only partially passed onto OEMs, that too with a lag.

Annual Results

Income statement

(Rs million)	Mar-13	Mar-14	Mar-15
Net Sales	2,334	2,069	2,192
Operating Income	2,334	2,069	2,192
EBITDA	385	328	368
EBITDA Margins (%)	16.5	15.9	16.8
Depreciation	133	135	128
Interest	200	164	202
Other Income	31	37	26
PBT	1,446	65	65
PAT	1,060	75	39
PAT Margins (%)	45.4	3.6	1.8
No. of shares (mn no.)	14.0	14.0	14.0
Earning per share (EPS)	77.8	5.5	2.9

Cash flow

(Rs million)	Mar-13	Mar-14	Mar-15
Pre-tax Profit	82	65	65
Total tax paid	-370	-28	-12
Depreciation	133	135	128
Change in working capital	-5	76	-142
Cash flow from operating activities	-160	248	39
Capital expenditure	441	-473	-309
Investments and others	39	-134	16
Cash flow from investing activities	480	-607	-293
Equity raised/(repaid)	65	0	0
Debt raised/(repaid)	-1,411	273	166
Dividend (incl. tax)	-102	0	0
Others (incl extraordinary)	1,406	-44	52
Cash flow from financing activities	-42	229	218
Change in cash position	278	-130	-36
Opening cash	32	309	179
Closing cash	309	179	144

n.m.: Not meaningful
Source: Company, CRISIL Research

Quarterly Results

Profit and loss account

(Rs million)	Dec-14	Sep-15	Dec-15	QoQ Growth (%)	YoY Growth (%)	YTD Dec-14	YTD Dec-15	YoY Growth (%)
No of Months	3	3	3			9	9	
Revenue	505	541	538	-0.5	6.5	1,509	1,587	5.1
EBITDA	77	93	86	-7.5	11.6	273	267	-2.2
Interest	42	41	39	-4.8	-7.1	144	124	-13.8
Depreciation	27	30	29	-3.3	7.4	91	90	-1.1
PBT	8	22	18	-18.1	125.0	38	52	36.8
PAT	-17	19	11	-42.1	n.m.	27	33	22.2

Source: Company, CRISIL Research | n.m.: Not meaningful

Balance Sheet

(Rs million)	Mar-13	Mar-14	Mar-15
Equity share capital	136	136	136
Reserves and surplus	1,148	1,137	1,244
Tangible net worth	1,284	1,273	1,381
Deferred tax liability:(asset)	123	85	99
Long-term debt	209	291	318
Short-term-debt	697	887	1,026
Total debt	905	1,178	1,344
Current liabilities	440	541	245
Total provisions	139	85	80
Total liabilities	2,890	3,163	3,149
Gross block	1,644	2,145	2,519
Net fixed assets	1,143	1,440	1,636
Investments	27	161	145
Current assets	1,720	1,562	1,367
Receivables	587	566	485
Inventories	554	555	561
Cash	309	179	144
Total assets	2,890	3,163	3,149

Ratios

	Mar-13	Mar-14	Mar-15
Revenue growth (%)	6.5	-11.3	5.9
EBITDA growth (%)	-21.7	-14.8	12.2
PAT growth (%)	4026.9	-92.9	-47.8
EBITDA margins (%)	16.5	15.9	16.8
Tax Rate (%)	25.6	42.9	19.3
PAT margins (%)	45.4	3.6	1.8
Dividend payout (%)	5.8	-	-
Dividend per share (Rs)	3.0	-	-
BV (Rs)	94.2	83.8	92.8
Return on Equity (%)	140.2	5.9	2.9
Return on Capital employed (%)	63.7	9.5	9.9
Gearing (x)	0.7	0.9	1.0
Interest coverage (x)	1.7	2.0	1.8
Debt/EBITDA (x)	2.4	3.6	3.7
Asset turnover (x)	1.4	1.1	0.9
Current ratio (x)	1.5	1.3	1.4
Gross current assets (days)	253	262	217

Focus Tables

Board of Directors

SN	Director Name	Designation	SN	Director Name	Designation
1	Amarpal Sethi	Chairman & Managing Director	8	Rishipal Sethi	Joint Managing Director
2	Mohammed Adil Ansari	Independent Director	9	Sukhpal Singh Sethi	Whole-time Director
3	Haresh Eidnani	Independent Director	10	Karanpal Sethi	Whole-time Director
4	Prakashchand Khasgiwala	Independent Director	11	Joe Paul	Whole-time Director
5	Nigel Savio Lobo	Independent Director	12	Shirley Paul	Director
6	Manoj Mohan Sajani	Independent Director	13	Pradeep Havnur	Director
7	Sonepal Sethi	Joint Managing Director	14	Aqueel A. Mulla	Director

Source: BSE, CRISIL Research.

List of non-promoter shareholders having more than 1% holding

Name of the Shareholder	As on Dec-2015
Arcadia Share & Stock Brokers Pvt Ltd	2.5
ShashankS Khade	1.2
Shirley Paul	1.2
Kalpeshkumar Rikhabchand Jain	1.1
TOTAL	6

Source: BSE, CRISIL Research

Contingent Liabilities

(Rs million)	As on Mar-2015
Commitment on capital account	0
Guarantees for operations	70
Guarantees on behalf of Subsidiaries :affiliates	0
Other Claims against the company not acknowledged as debt	0
Others	0
Total	70

Source: Company, CRISIL Research

Auditor's Qualification

The company's auditors have not reported any/major qualifications for the financial period under review.

Note

Financials have been reclassified as per CRISIL standards.

Analytical Contact

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