

About GKN Driveline India Limited Unlisted Shares

(i) GKN Driveline India, a GKN Plc Group Company

GKN Plc is the parent company of the GKN Driveline (India Limited) Group. It is based in the UK. GKN Plc is a leading developer of automotive powertrain technologies and systems. GKN Plc is a global partner in the automotive industry. Over 50% of the 80 million new cars sold each year contain GKN Automotive technology. GKN has a global network of 54 manufacturing facilities in 23 countries, supplying more than 90% of the world's automakers. 29,000 dedicated employees design, develop, manufacture, and integrate powertrain technologies that add value to vehicle programs. On April 19, 2018, following the acquisition of GKN Plc by Melrose Industries Plc, Melrose Industries Plc became the new owner of GKN.

(ii) About GKN Driveline India

GKN Driveline (India) Limited was incorporated as a privately held company on July 25, 1985. The company name has changed several times, the last change being on July 3, 2003, from GKN Driveshafts (India) Limited to GKN Driveline (India) Limited. The company has had a technical collaboration with GKN Driveline International GmbH, Germany, since 2003 and purchases various cutting-edge technologies from GKN as part of the collaboration agreement. The group manufactures and sells driveshafts primarily to OEM manufacturers in the automotive industry.

Technical Support

GKN Driveline (India) Limited maintains international links with the GKN group. The company continuously imports and fully adopts technologies from the GKN group under a technical collaboration agreement. The company receives support and advice from the GKN group to achieve excellence in areas such as marketing, human resources, application engineering, procurement management, and information technology, which helps the company maintain its competitive edge and further improve its overall performance. GKN is committed to ensuring that new products, innovations, technology, and service support meet the needs of companies and enable them to remain market leaders.

(iii) Production Facilities

GKN Driveline (India) Limited has five manufacturing facilities: two in Haryana, one in Maharashtra, one in Tamil Nadu, and one in Gujarat.

(iv) Our Customer Base

GKN Driveline's customers include some of the leading names in the automotive industry, such as Toyota, Ford, Bajaj, Fiat, Honda, and Suzuki.

(v) Financial Performance

During the year ended March 31, 2020, the company recorded net sales of INR 941 crore and profit before tax of INR 83 crore. During the year ended March 31, 2019, the company recorded net sales of INR 1,077 crore and profit before tax of INR 50 crore. During the year ended March 31, 2018, the company recorded net sales of INR 1,067 crore and profit before tax of INR 127 crore.

Export Revenue:

The company earned export revenue of INR 22 crore for the year ended March 31, 2019, as against export revenue of INR 62 crore for the year ended March 31, 2018.

Analysis of FY 2019-2019.

- 1.** The company's sales revenue recorded a decline of 12.63% year-on-year mainly due to lower market demand and the suspension of deliveries of the Hyundai QXi model due to a price dispute.
- 2.** EBITDA for FY 2019-20 stood at Rs 138 crore (14.68%) as against Rs 114 crore (10.60%) in the previous fiscal year. EBITDA improved over last year due to a reduction in employee benefits expenses by Rs 12 crore, a reduction in additional business services charges by Rs 17 crore, and a reduction in low floating inventory by Rs 2.2 crore compared to last year.
- 3.** Net profit improved due to significant one-off provisions booked in the previous fiscal year for contingent liabilities and tax matters, non-accrual of Rs 1.8 crore in the current fiscal year, and reduction in finance costs by Rs 13.5 crore.
- 4.** The Company's Board of Directors has proposed a final dividend of Rs 146 crore for the financial year ending March 31, 2020.

Financial Analysis for FY 2020-21

- 1.** The Company's revenue recorded a decline of 29.43% YoY, mainly due to lower market demand due to the COVID-19 lockdown in 2020. However, export sales remained almost flat, declining by only 2%.
- 2.** EBITDA margin improved from 14% in FY20 to 18% in FY21 due to waiver of income tax interest and penalty provision of Rs. 179 crore, owing to opting for Vivad se Vishwas settlement program for corporate tax disputes and reduction in supplier provision by Rs. 65 crore for the year.
- 3.** The Company's operating and financial performance for the year ended March 31, 2021, was materially impacted due to the closure of the Company's plants following the lockdown announced by the State/Central Governments following the outbreak of COVID-19 pandemic in April and May 2020.
- 4.** The Board of Directors of the Company, at its Board meeting held on June 23, 2021, has declared an interim dividend of Rs. 62 percent of the face value of Rs. 10 per ordinary share for the financial year 2020-21.

Automotive Industry 20-21

GKN Driveline provides products and services to the automotive sector, so the growth of GKN Driveline is directly proportional to the performance of the automotive sector. The passenger car industry recorded a year-on-year decline in the financial year ending March 2021 due to the impact of the COVID-19 pandemic. Before the second wave hit, the automotive sector was witnessing a recovery in sales despite challenges such as semiconductor shortages and rising raw material prices.

Analysis of GKN Driveline Unlisted Shares for FY21-22.

1. GKN Driveline's revenue grew 24% in FY2021-2022, indicating substantial growth.
2. Gross margins have declined from 49% in FY2021 to 46% in FY2022 due to higher raw material costs.
3. EBITDA margins are also likely to come under pressure due to higher material costs. Profit margins have fallen to 15.5% in FY22 from 17% last year.
4. Profit has increased to Rs 65 crore in FY22 from Rs 56 crore in FY21.
5. Earnings per share at Rs 51 crore in FY22.
6. GKN Driveline generates very good cash flow from operations. EBITDA was Rs 134 crore and operating cash flow was Rs 131 crore in FY22. So, almost 100% of EBITDA is converted into cash. Anything over 80% would be great.
7. ROE = 22%, ROCE = 53%. Profitability parameters are also very good.
8. In FY 21-22, GKN Driveline paid a dividend of Rs 62 per share.
9. GKN Driveline is a debt-free company.

Fundamentals

Fundamentals			
GKN Driveline (India) Ltd	1430	Market Cap (in cr.)	1809.75
Unlisted Shares Price	Per Equity Share	P/E Ratio	23.2
Lot Size	1000 Shares	P/B Ratio	6.12
52 Week High	1425	Debt to Equity	0
52 Week Low	1150	ROE (%)	26.38
Depository	NSDL & CDSL	Book Value	232.83
PAN Number	AAACG4276B	Face Value	10
ISIN Number	INE527A01014		
CIN Number	U74999HR1985PLC034079		
RTA	N/A		

Financials (Figures in cr)

P&L Statement				
P&L Statement	2020	2021	2022	2023
Revenue	941	664	853	984
Cost Of Material consumed	492	346	458	539
Gross Margin	47.72	47.89	46.31	45.22
Change in Inventory	12	0	-4	2
Employee Benefit Expenses	118	109	117	127
Other Expenses	191	114	152	176
EBITDA	128	95	130	140
OPM	13.6	14.31	15.24	14.23
Other Income	10	25	8	9
Finance Cost	10	4	4	3
D&A	45	45	44	41
EBIT	83	50	86	99
EBIT Margin	8.82	7.53	10.08	10.06
PBT	83	71	89	105
PBT Margin	8.82	10.69	10.43	10.67
TAX	20	14	23	27
PAT	63	57	66	78
NPM	6.7	8.58	7.74	7.93
EPS	49.61	44.88	51.97	61.42
Financial Ratios	2020	2021	2022	2023
Operating Profit Margin	13.6	14.31	15.24	14.23
Net Profit Margin	6.7	8.58	7.74	7.93
Earning Par Share (Diluted)	49.61	44.88	51.97	61.42

Balance Sheet				
Assets	2020	2021	2022	2023
Fixed Assets	345	309	283	266
CWIP	2	12	2	9
Investments	0	0	0	0
Trade Receivables	66	90	100	94
Inventory	90	94	87	88
Other Assets	194	137	180	85
TotalAssets	697	642	652	542
Liabilities	2020	2021	2022	2023
Share Capital	12.7	12.7	12.7	12.7
<i>FV</i>	10	10	10	10
Reserves	436	385	293	283
Borrowings	0	0	0	0
Trade Payables	141	154	182	162
Other liabilities	107.3	90.3	164.3	84.3
TotalLiabilities	697	642	652	542

Cash-Flow Statement				
Cash-Flow Statement	2020	2021	2022	2023
PBT	83	71	89	105
OPBWC	158	99	133	142
Change inReceivables	42	-23	-10	7
Change inInventor es	21	-2	6	2
Change inPayables	-54	12	28	-20
Other Changes	30	8	1.9	-5
WorkingCapitalChange	39	-5	25.9	-16
Cash Generated From Operations	197	94	158.9	126
Tax	-45	-22	-28	-33
Cash Flow From Operations	152	72	130.9	93
Purchase of PPE	-23	-26	-13	-29
Sale of PPE	0	0	10	0
Cash Flow From Investment	-15	-23	-1	-41
Borrowing	0	0	0	0
Divided	0	107	-79	-167
Equity	0	0	0	0
Others From Financing	-97	-1	-1	-1
Cash Flow fromFinancing	-97	-108	-80	-168
Net CashGenerated	40	-59	49.9	-116
Cash at the Start	121	161	102	152
Cash at the End	161	102	151.9	36