

Q4FY21 result preview

Top Picks

- TVS Motor Company (TVSL IN)
- Motherson Sumi (MSSL IN)

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Auto & auto ancillaries

Input cost rise like to wipe operating leverage gains

- ▶ **Wholesale despatch momentum moderates on supply chain issues and delayed marriage season:** The auto industry has witnessed wholesale despatches taper off post a strong festive season. As states opened up further to reach normalcy, component shortages (e.g. semiconductors) has led to OEMs focussing on raising channel inventory (e.g. 2W at ~4-6 weeks) to manage potential production issues. On the consumer side, 2W dispatches fared worse (~8% decline QoQ) than PVs (~1% decline QoQ) due to delay in wedding season (relevant for North India). Tractors demand moderated due to seasonality. On the commercial side, CVs have started to witness moderate improvement (up ~10% QoQ).
- ▶ **Consumer sentiment remains weak in mass-market segments; OEM's continue new launches but hike prices too:** During the quarter: a) retail demand trends ([Link](#)) remained modest even with relaxed consumer credit norms as OEMs undertook multiple price hikes and discounts/incentives tapered off post festive season; and b) OEMs launched new models (e.g. 4 new SUV launches in 3Q) and variants while working to increasing inventory levels.
- ▶ **Operating leverage supports EBITDA margins as gross margins slide:** Weaker product mix, higher commodity prices is likely to impact operating margins in 4Q. Across I-Sec OEM coverage higher input costs is likely to drag gross margins by ~80-180 bps QoQ. We also expect better earnings resilience from companies with: a) higher export mix, b) replacement revenue share, and c) better pricing power.
- ▶ **Key factors to watch out:** 1) Sustenance of demand recovery and customer sentiment in Q1 as Covid second wave emerges, and 2) extent of price increases undertaken to protect margins.
- ▶ **Our view:** We expect demand to sustain primarily on the back of strong rural incomes, which have higher income visibility due to better outlook on farm incomes due to higher *kharif* acreage, better MSPs and strong monsoon. Also, we expect the normalisation of economic activity across regions to help economy facing segments; hence we prefer tractors, CVs vis-a-vis consumer segments.

Quarterly summary

Company (Rs mn)	Revenue			EBITDA			Adjusted PAT		
	JFM' 21	% chg		JFM' 21	% chg		JFM' 21	% chg	
		(YoY)	(QoQ)		(YoY)	(QoQ)		(YoY)	(QoQ)
2-wheelers									
Bajaj Auto	79,542	17	-11	13,711	9	-21	12,188	-7	-22
Eicher Motors	29,436	35	5	7,177	58	9	5,312	53	9
Hero Motocorp	85,124	36	-13	10,996	67	-22	8,050	31	-26
TVS Motors	53,384	52	-1	4,668	75	-9	2,382	117	-10
4-wheelers									
Ashok Leyland	61,795	61	28	3,822	109	51	1,177	NC	672
M&M	1,25,104	39	-11	19,320	57	-19	11,293	250	-35
Maruti Suzuki	2,30,316	27	-2	20,478	32	-8	14,865	15	-23
Tata Motors	9,27,634	48	23	1,33,212	1,828	19	43,365	NC	84
Ancillaries									
Asahi India	7,148	21	-3	1,575	70	-11	618	11	-16
Balkrishna Inds.	16,439	18	10	5,271	29	11	3,182	24	-1
Bharat Forge	11,356	29	10	2,540	130	18	1,167	696	20
Bosch	29,887	34	-1	4,358	28	22	3,481	29	NC
CEAT	18,284	20	-17	2,140	13	-34	683	-10	-50
Mahindra CIE	18,290	10	-7	2,398	32	-3	1,144	75	2
Motherson Sumi	1,65,024	9	-3	17,288	24	-4	5,442	183	-32
Varroc Engineering	34,493	24	-2	2,827	144	14	189	NC	NC
Wabco Ltd	6,661	65	18	1,074	108	22	805	155	54

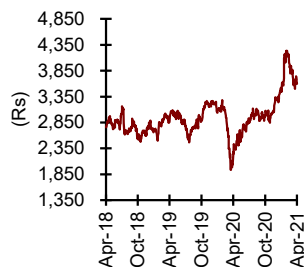
Source: I-Sec research; JFM: Jan-Feb-Mar

2-Wheelers

Bajaj Auto (BUY)

(QoQ chg: 3.4%; YoY chg: 62.8%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	11,69,664	9,91,749	17.9	13,06,810	(10)
Net Realisation/unit (Rs)	68,004	68,726	(1.0)	68,180	(0.3)
Total operating income	79,542	68,159	16.7	89,099	(11)
Raw material costs	57,189	46,653	22.6	63,082	(9)
Employee costs	2,918	3,421	(14.7)	3,172	(8)
Other expenditures	5,724	5,557	3.0	5,548	3
Total operating expenses	65,831	55,631	18.3	71,803	(8)
EBITDA	13,711	12,528	9.4	17,296	(21)
EBITDA margin (%)	17.2	18.4	-114 bps	19.4	-217 bps
Depreciation & Amortisation	673	633	6	650	4
Other income	3,415	5,327	(36)	3,692	(7)
Interest costs	4	9	(52)	10	(57)
PBT	16,443	17,212	(4)	20,328	(19)
Exceptional Items	-	-	-	-	-
Taxes	4,255	4,109	4	4,765	(11)
PAT	12,188	13,103	(7)	15,563	(22)

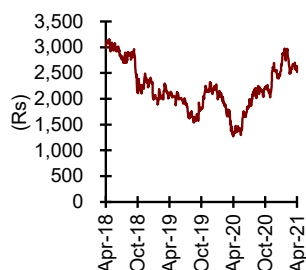
Source: Company data, I-Sec research

- Domestic volumes grew ~18% YoY even as domestic 2W segment grew 21% YoY while domestic 3W slumped ~40% YoY. Exports grew 24% YoY as major geographies in Africa and LatAm witnessed operations approaching normalcy.
- We expect 1% YoY decline in realisations on account of weaker mix. Gross margins are expected to decline 345bps YoY on higher raw material costs (up ~23% YoY) while employee costs may remain lower (down 135bps YoY). We expect EBITDA to improve 9.4% YoY at an EBITDA margin of 17.2% (down 114bps) as other expenses rose 3% YoY.
- We expect PAT to decline 7% YoY as other income drops 36% (down 352bps) on lower yields.
- **Key monitorables:** Outlook on 3W business, premiumisation trends, and outlook on demand in key export markets.

Eicher Motors (HOLD)

(QoQ chg: -7.5%; YoY chg: 94.0%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	2,04,604	1,62,870	25.6	1,99,668	2.5
Net Realisation/unit (Rs)	1,43,870	1,33,818	7.5	1,40,439	2.4
Total operating income	29,436	21,795	35.1	28,041	5.0
Raw material costs	17,003	12,602	34.9	15,954	6.6
Employee costs	2,482	2,051	21.0	2,230	11.3
Other expenditures	2,920	2,902	0.6	2,664	9.6
Purchase of traded goods	-146	-293	-50.1	614	-123.8
Total operating expenses	22,259	17,263	28.9	21,462	3.7
EBITDA	7,177	4,533	58.3	6,579	9.1
EBITDA margin (%)	24.4	20.8	359 bps	23.5	92 bps
Depreciation & Amortisation	1,282	1,079	18.8	1,219	5.2
Other income	1,114	1,462	-23.8	1,241	-10.2
Interest costs	20	25	-20.2	22	-10.0
PBT	6,990	4,891	42.9	6,579	6.2
Taxes	1,677	1,429	17.4	1,696	-1.1
PAT	5,312	3,462	53.4	4,884	8.8

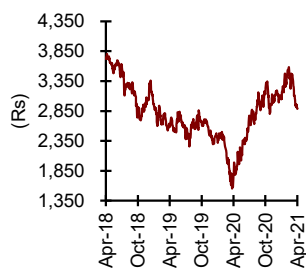
Source: Company data, I-Sec research

- Royal Enfield volumes at ~204k units grew 25.6% YoY on a lower base driven by new products. Net realisations are expected to improve 7.5% YoY due to the rising contribution of exports and price increases led by commodity basket.
- Revenues are expected to rise 35.1% YoY as gross margins may come in at ~43% (down 78bps) on rising raw material costs.
- We expect EBITDA margin improvement of 359bps YoY to 24.4% and other expenses to decline 339bps. PAT may rise 53.4% YoY as tax rates normalise (to 24%).
- **Key monitorables:** New model launch timelines, guidance on demand and margins.

Hero MotoCorp (HOLD)

(QoQ chg: -7.2%; YoY chg: 61.0%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	15,68,077	13,34,511	17.5	18,45,274	(15.0)
Net Realisation/unit (Rs)	54,285	46,747	16.1	52,937	2.5
Total operating income	85,124	62,384	36.5	97,684	(12.9)
Raw material costs	60,866	43,200	40.9	68,912	(11.7)
Employee costs	5,143	4,354	18.1	5,167	(0.5)
Other expenditures	8,118	8,231	(1.4)	9,543	(14.9)
Total operating expenses	74,127	55,785	32.9	83,621	(11.4)
EBITDA	10,996	6,599	66.6	14,062	(21.8)
EBITDA margin (%)	12.9	10.6	234 bps	14.4	-148 bps
Depreciation & Amortisation	1,879	1,747	7.6	1,698	10.7
Other income	1,691	1,695	(0.2)	2,027	(16.6)
Interest costs	54	41	32.2	47	15.5
PBT	10,754	6,432	67.2	14,418	(25)
Exceptional Items	0	0	NC	0	NC
Taxes	2,704	299	805.0	3,574	(24)
PAT	8,050	6,133	31.3	10,845	(26)

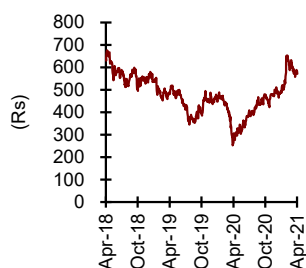
Source: Company data, I-Sec research

- We expect revenue growth of 36.5% YoY largely due to volume rise of 17.5% YoY and net realisation improvement of ~16% due to pass-through of the BS-VI and RM cost inflation related price increases.
- We expect gross margins at ~29% (down 226bps) due to higher raw material costs. EBITDA margin is expected to improve 234bps YoY as other expenses decline 366bps and employee costs shrink 94bps YoY.
- **Key monitorables:** Channel inventory levels, demand outlook, and customer response for new products launched.

TVS Motor Company (BUY)

(QoQ chg: 9.9%; YoY chg: 97.3%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	9,19,164	6,33,473	45.1	9,89,517	(7.1)
Net Realisation/unit (Rs)	58,079	55,305	5.0	54,485	6.6
Total operating income	53,384	35,034	52.4	53,914	(1.0)
Raw material costs	41,187	26,098	57.8	41,031	0.4
Employee costs	2,674	2,227	20.1	2,691	(0.6)
Other expenditures	4,855	4,041	20.1	5,081	(4.4)
Total operating expenses	48,717	32,366	50.5	48,803	(0.2)
EBITDA	4,668	2,669	74.9	5,111	(8.7)
EBITDA margin (%)	8.7%	7.6%	113 bps	9.5%	-74 bps
Depreciation & Amortisation	1,460	1,243	17.4	1,329	9.9
Other income	100	251	(60.1)	124	(19)
Interest costs	201	235	(14.1)	291	(30.7)
PBT	3,106	1,442	115.5	3,615	(14.1)
Exceptional Items	-	(323)		-	
Taxes	725	160	354.0	959	(24)
PAT	2,382	959	148.4	2,656	(10.3)
Adjusted PAT	2,382	1,096	117.4	2,656	(10.3)

Source: Company data, I-Sec research

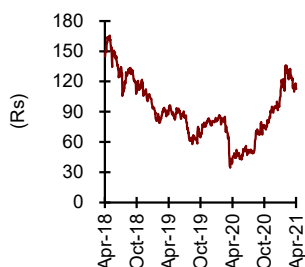
- TVS' volumes witnessed 45% YoY jump (on a lower base) leading to ~5% higher realisation on better product mix and increased BS-VI model prices. We expect 52.4% YoY increase in revenues even as gross margins may decline 266bps YoY to ~23% due to higher commodity metal basket prices.
- EBITDA margin is expected to rise 113bps to 8.7% while we expected adjusted-PAT to grow ~117% YoY to ~Rs2.4bn.
- **Key monitorables:** Demand outlook, new product launches, and guidance on margin trajectory.

4-Wheelers

Ashok Leyland (HOLD)

(QoQ chg: 8.8%; YoY chg: 179.9%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	41,200	26,423	56	33,410	23
Net Realisation/unit (Rs)	1.50	1.45	3.2	1.44	4.1
Total operating income	61,795	38,385	61	48,136	28
Raw material costs	46,599	27,290	71	35,824	30
Employee costs	5,297	4,097	29	4,545	17
Other expenditures	6,078	5,168	18	5,228	16
Total operating expenses	57,974	36,555	59	45,597	27
EBITDA	3,822	1,830	109	2,539	51
EBITDA margin (%)	6.2	4.8	142 bps	5.3	91 bps
Depreciation & Amortisation	2,059	1,877	10	1,944	6
Other income	281	344	(18)	341	(17)
Interest costs	630	331	90	656	(4)
PBT	1,414	-34	NC	279	407
Exceptional Items	364	-148	NC	11	3,117
Taxes	0	-687	NC	-460	NC
PAT	1,050	-573	NC	-193	NC
Adjusted PAT	1,177	-113	NC	152	672

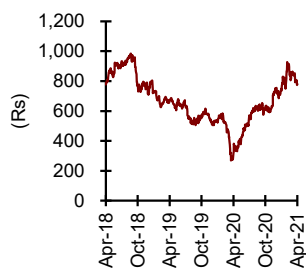
Source: Company data, I-Sec research

- LCV volumes grew 153% YoY while M&HCVs grew 21% YoY, thus leading to revenue growth of ~61% YoY, up 28% QoQ.
- We expect EBITDA margins to improve ~142bps YoY due to positive operating leverage gains. We expect adjusted-PAT at ~Rs1.2bn.
- **Key monitorables:** M&HCV growth outlook for FY22E, scrappage policy and its potential impact, and feedback for AVTR platform and *Bada Dost*.

Mahindra & Mahindra (BUY)

(QoQ chg: 3.2%; YoY chg: 143.6%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	1,86,835	1,51,713	10	2,39,438	29
Net Realisation/unit (Rs)	6,69,598	5,93,536	9	5,87,064	(3)
Total operating income	1,25,104	90,047	39	1,40,565	(11)
Raw material costs	86,654	57,898	50	96,292	(10)
Employee costs	9,384	7,127	32	8,841	6
Other expenditures	9,746	12,748	(24)	11,576	(16)
Total operating expenses	1,05,784	77,773	36.0	1,16,709	(9)
EBITDA	19,320	12,275	57.4	23,856	(19)
EBITDA margin (%)	15.4	13.6	181 bps	17.0	-153 bps
Depreciation & Amortisation	6,288	6,172	2	6,043	4
Other income	3,057	3,155	(3)	5,618	(46)
Interest costs	752	359	110	1,039	(28)
PBT	15,338	8,899	72	22,393	(32)
Exceptional Items	-	(35,776)	NC	(12,140)	NC
Taxes	4,045	5,673	(29)	4,944	(18)
Reported PAT	11,293	(32,550)	(135)	5,309	113
Adjusted PAT	11,293	3,226	250	17,448	(35)

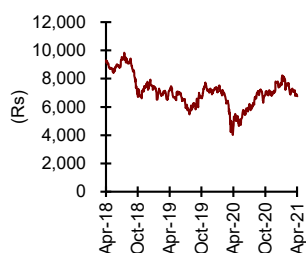
Source: Company data, I-Sec research

- Overall automotive volumes rose ~10% YoY, tractor segment ~35% YoY and auto segment ~16% YoY.
- We expect margin improvement of 181bps YoY to 15.4% due to mix benefit via the higher volume share of tractor segment (43% vis-à-vis 39% in Q4FY20) to offset the impact of commodity price increases.
- M&M is expected to report 2.5x growth in adjusted-PAT to ~Rs11.3bn.
- **Key monitorables:** Update on SsangYong, timeline of launch of new products, growth outlook for FY22E in auto and tractor segments, and margin guidance.

Maruti Suzuki (SELL)

(QoQ chg: -14.8%; YoY chg: 45.3%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes	4,88,919	3,85,003	27.0	4,95,897	-1.4
Net Realisation/unit (Rs)	4,71,072	4,72,690	-0.3	4,73,038	-0.4
Total operating income	2,30,316	1,81,987	26.6	2,34,578	-1.8
Raw material costs	1,70,006	1,27,914	32.9	1,70,156	-0.1
Employee costs	9,490	8,194	15.8	9,455	0.4
Other expenditures	30,342	30,415	-0.2	32,706	-7.2
Total operating expenses	2,09,838	1,66,523	26.0	2,12,317	-1.2
EBITDA	20,478	15,464	32.4	22,261	-8.0
EBITDA margin (%)	8.9	8.5	39 bps	9.5	-60 bps
Depreciation & Amortisation	8,185	8,230	-0.6	7,413	10.4
Other income	7,800	8,804	-11.4	9,937	-21.5
Interest costs	270	283	-4.6	287	-5.9
PBT	19,823	15,755	25.8	24,498	-19.1
Exceptional Items	-	-		-	
Taxes	4,958	2,838	74.7	5,084	-2.5
PAT	14,865	12,917	15.1	19,414	-23.4

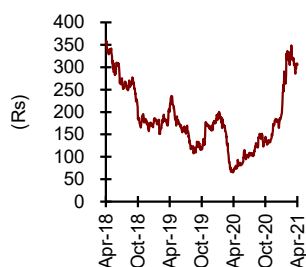
Source: Company data, I-Sec research

- Maruti Suzuki is expected to report 26.6% YoY growth in revenues due to domestic PV volume growth of ~26% YoY and export growth of 44% YoY, albeit on a lower base. Realisation expected to be flat at ~Rs471k.
- We expect gross margin decline of 353bps YoY and EBITDA improvement of 32.4% at Rs20.5bn, up 39bps, as employee expenses marginally fell 38bps YoY while other expenses dropped 354bps YoY.
- We expect PAT growth of 15% YoY at ~Rs15bn despite decline in other income (down 145bps).
- **Key monitorables:** Demand outlook and guidance for FY22E, discounting trends, and impact of new Gujarat line on margins.

Tata Motors (BUY)

(QoQ chg: 58.4%; YoY chg: 364.4%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	9,27,634	6,24,930	48.4	7,56,538	22.6
Raw material costs	6,07,411	4,08,096	48.8	4,88,798	24.3
Employee costs	87,320	76,987	13.4	75,622	15.5
Other expenditures	80,581	1,20,072	-32.9	68,008	18.5
Product development expenses	19,110	12,865	48.6	12,483	53.1
Total operating expenses	7,94,422	6,18,021	28.5	6,44,912	23.2
EBITDA	1,33,212	6,909	1,828.1	1,11,626	19.3
EBITDA margin (%)	14.4	1.1	1325 bps	14.8	-39 bps
Depreciation & Amortisation	63,278	58,149	8.8	61,288	3.2
Other income	4,711	5,645	-16.5	7,120	-33.8
Interest costs	19,662	19,528	0.7	21,259	-7.5
PBT	54,982	-65,123	NC	36,199	51.9
Taxes	11,998	3,583	234.9	9,452	26.9
PAT before MI, PA and Excep.	42,984	-68,706	NC	26,748	60.7
Minority Interests	251	305	-17.6	350	-28.2
Profit from Associates	632	-1,925	NC	-2,807	NC
Less: Exceptional Items	1,47,000	28,007	424.9	4,226	3,378.2
PAT	-1,03,635	-98,943	NC	19,364	NC
Adjusted PAT	43,365	-70,936	NC	23,590	83.8

Source: Company data, I-Sec research

- JLR wholesale volumes to grow 2% YoY (at ~124k units) while Tata standalone volumes grew 12% YoY.
- Topline growth is expected to be 48.4% with EBITDA margin up 1,325bps to 14.4%.
- We expect JLR to post revenues of ~GBP7bn (up ~29% YoY) with adjusted EBITDA margin of 14.7% (up 994bps YoY). On reported basis, we expect JLR to report PAT loss of ~GBP 1.1bn (inclusive of the GBP 1.5bn write-offs which includes GBP 1bn non-cash charge while GBP 500mn for one-time restructuring).
- Standalone business topline is expected to almost double at 99.1% YoY growth as PV business is witnessing strong growth to end the year as the third-largest player. We estimate EBITDA margin improvement of ~1586bps YoY to 6.8%.
- **Key monitorables:** Demand and inventory situation across JLR's key markets, outlook on capital expenditure and R&D, domestic business growth outlook, and sustenance of market share gains in PV business.

Ancillaries

Asahi India Glass (BUY)

(QoQ chg: 11.6%; YoY chg: 108.3%)



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	7,148	5,911	21	7,387	-3
Raw material costs	2,362	1,705	39	2,392	-1
Employee costs	627	636	-1	607	3
Other expenditures	1,621	1,792	-10	1,702	-5
Power & Fuel	963	852	13	917	5
Total operating expenses	5,573	4,985	12	5,617	-1
EBITDA	1,575	926	70	1,769	-11
EBITDA margin (%)	22.0	15.7	637 bps	24.0	-192 bps
Depreciation & Amortisation	336	350	-4	326	3
Other income	18	19	-5	36	-48
Interest costs	375	341	10	343	9
PBT	883	254	248	1,136	-22
Exceptional Items	-	-	-	-	-
Taxes	265	-304	-187	403	NC
PAT	618	558	11	734	-16
Adjusted PAT	618	558	11	733	-16

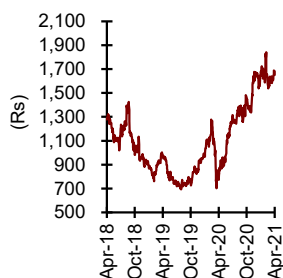
Source: Company data, I-Sec research

- We expect topline growth of ~21% YoY due to growth across segments.
- EBITDA margin is likely to expand 637bps YoY to 22% aided by better product mix (higher share of architectural segment sales) and lower gas prices (down 93bps).
- Adjusted-PAT growth is likely 11% YoY to Rs618mn.
- **Key monitorables:** Demand scenario in various segments, situation of imports on the architectural side, and update on pricing of new gas contracts.

Balkrishna Industries (BUY)

(QoQ chg: -2.5%; YoY chg: 104.5%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Volumes (MT)	64,887	57,966	11.9	59,810	8.5
ASP/Kg (Rs/Kg)	253	240	5.7	250	1.2
Total operating income	16,439	13,897	18.3	14,966	9.8
Raw material costs	6,896	6,049	14.0	6,035	14.3
Employee costs	873	754	15.7	831	5.0
Other expenditures	3,398	3,020	12.5	3,330	2.0
Total operating expenses	11,168	9,824	13.7	10,197	9.5
EBITDA	5,271	4,074	29.4	4,769	10.5
EBITDA margin (%)	32.1	29.3	275 bps	31.9	20 bps
Depreciation & Amortisation	1,476	983	50.2	1,019	44.8
Other income	414	314	31.9	510	-18.8
Interest costs	11	19	-41.3	17	-35.1
PBT	4,199	3,386	24.0	4,243	-1.0
Exceptional Items	-	-		-	-
Taxes	1,016	815	24.7	1,022	-0.6
PAT	3,182	2,571	23.8	3,220	-1.2

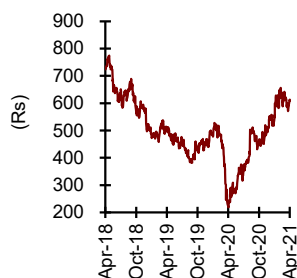
Source: Company data, I-Sec research

- We expect the company's volumes to grow ~12% YoY (~65kMT) on account of good growth in agri markets and recovery in the EU and US. We expect topline improvement of ~18% YoY.
- Margins are expected to witness expansion of 275bps YoY to 32.1% due to favourable product mix and carbon black benefits leading to gross margin of 58%.
- We expect adjusted-PAT to grow ~24% YoY to ~Rs3.2bn.
- **Key monitorables:** Update on agri, OTR market outlook, expected margin trends, and pricing outlook across segments.

Bharat Forge (REDUCE)

(QoQ chg: 1.9%; YoY chg: 165.5%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	11,356	8,812	28.9	10,357	9.6
Raw material costs	4,341	3,249	33.6	3,830	13.4
Employee costs	1,144	1,189	-3.8	1,102	3.8
Other expenditures	3,330	3,271	1.8	3,276	1.6
Total operating expenses	8,815	7,709	14.4	8,208	7.4
EBITDA	2,540	1,103	130.2	2,149	18.2
EBITDA margin (%)	22.4	12.5	985 bps	20.7	163 bps
Depreciation & Amortisation	989	847	16.8	964	2.7
Other income	315	315	-0.1	352	-10.6
Interest costs	306	415	-26.2	268	14.1
PBT	1,560	157	896.4	1,269	22.9
Exceptional Items	-	939	-	55	
Taxes	393	-50	NC	287	37.0
PAT	1,167	-732	NC	928	25.8
Adjusted PAT	1,167	146	696.5	969	20.3

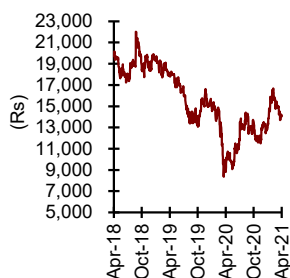
Source: Company data, I-Sec research

- We expect standalone revenue growth of ~29% YoY due to pick-up in production across CV segments.
- Company is expected to witness 985bps YoY EBITDA margin expansion to 22.4% as other expenses and employee costs fall sharply by 779bps and 342bps respectively.
- We expect PAT to grow ~7x YoY to ~Rs1.17bn on account of no exceptional item.
- **Key monitorables:** Revival of domestic CV segment, North American Class-8 truck demand, and reduction of losses in subsidiaries.

Bosch (SELL)

(QoQ chg: 6.2%; YoY chg: 53.1%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

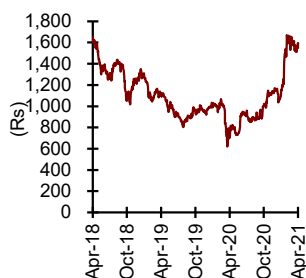
	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	29,887	22,368	34	30,296	-1
Raw material costs	17,187	12,057	43	17,549	-2
Employee costs	2,555	2,763	-8	2,455	4
Other expenditures	5,788	4,135	40	6,712	-14
Total operating expenses	25,529	18,955	35	26,716	-4
EBITDA	4,358	3,413	28	3,581	22
EBITDA margin (%)	14.6	15.3	-68 bps	11.8	276 bps
Depreciation & Amortisation	980	1,158	-15	969	1
Other income	1,304	1,404	-7	1,113	17
Interest costs	29	49	-42	68	-58
PBT	4,653	3,610	29	3,657	27
Exceptional Items	-	2,970	-	1,467	-
Taxes	1,173	-170	-788	332	NC
PAT	3,481	811	329	1,858	NC
Adjusted PAT	3,481	2,708	29	-22	NC

Source: Company data, I-Sec research

- We expect revenue growth of ~34% YoY on the back of production ramp-up across all major automotive segments.
- Company is expected to witness 68bps YoY EBITDA margin contraction to 14.6% due to higher raw material costs even as employee expenses drop 380bps.
- We expect adjusted-PAT to grow ~29% YoY to ~Rs3.5bn as 'other income' declined 191bps and tax rate normalised to ~25%.
- **Key monitorables:** Details on content increase and localisation post BS-VI, strategy to reduce semi-conductor shortages in India, performance in 2W segment, and margin outlook.

CEAT (BUY)

(QoQ chg: 28.3%; YoY chg: 108.5%)

Price chart**Quarterly estimates**

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	18,284	15,236	20.0	22,125	-17.4
Raw material costs	10,513	8,473	24.1	12,065	-12.9
Employee costs	1,517	1,303	16.4	1,785	-15.0
Other expenditures	4,114	3,561	15.5	5,017	-18.0
Total operating expenses	16,144	13,337	21.0	18,867	-14.4
EBITDA	2,140	1,899	12.7	3,258	-34.3
EBITDA margin (%)	11.7	12.5	-76 bps	14.7	-302 bps
Depreciation & Amortisation	855	693	23.5	873	-2.0
Other income	30	65	-53.8	100	-70.1
Interest costs	403	338	19.3	412	-2.0
PBT	911	933	-2.4	2,074	-56.1
Exceptional Items	-	281	-	123	-
Taxes	228	94	142.6	675	-66.3
PAT	683	558	22.4	1,276	-46.4

Source: Company data, I-Sec research

- We expect revenue growth of 20% YoY due to higher share of CEAT in new model launches in PV OEMs.
- We expect EBITDA margin contraction of 76bps YoY at 11.7% on account of lower gross margin (down 189bps) and lower marketing spend (down 87bps).
- Adjusted-PAT is likely to be at Rs683mn.
- **Key monitorables:** Outlook on industry pricing situation, demand scenario in the replacement market, and progress on capex plans.

Mahindra CIE (BUY)

(QoQ chg: -5.5%; YoY chg: 128.7%)

Quarterly estimates

(Rs mn, year ending March 31)



	Q1CY21E	Q1CY20	YoY (%)	Q4CY20	QoQ (%)
Total operating income	18,290	16,627	10	19,576	-7
Raw material costs	8,650	7,629	13	8,989	-4
Employee costs	3,045	3,145	-3	3,384	-10
Other expenditures	4,197	4,031	4	4,728	-11
Total operating expenses	15,892	14,805	7	17,101	-7
EBITDA	2,398	1,822	32	2,475	-3
EBITDA margin (%)	13.1	11.0	215 bps	12.6	46 bps
Depreciation & Amortisation	864	815	6	882	-2
Other income	47	49	-5	74	-38
Interest costs	54	182	-70	57	-5
PBT	1,526	874	75	1,611	-5
Exceptional Items	-	-	-	-	-
Taxes	381	247	54	493	-23
Reported PAT	1,144	627	83	1,119	2
Adjusted PAT	1,144	655	75	1,119	2

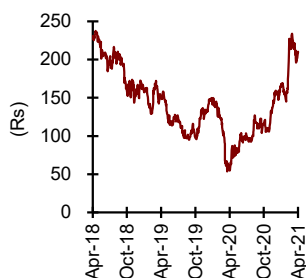
Source: Company data, I-Sec research

- Company is expected to report 10% YoY growth in revenues with gross margin contraction of 141bps at 52.7%.
- EBITDA margin may expand by 215bps to 13.1% on account of lower employee costs (down 226bps) and other expenses (down 130bps).
- We expect PAT at Rs1.1bn on lower tax outflow at ~25%.
- **Key monitorables:** Update on demand scenario in India and Europe, new order wins in India, and update on cost-reduction exercises.

Motherson Sumi Systems (BUY)

(QoQ chg: 29.1%; YoY chg: 285.8%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	1,65,024	1,51,591	8.9	1,70,925	-3.5
Raw material costs	94,177	84,411	11.6	96,897	-2.8
Employee costs	36,852	38,028	-3.1	38,477	-4.2
Other expenditures	16,706	15,235	9.7	17,595	-5.1
Total operating expenses	1,47,736	1,37,675	7.3	1,52,969	-3.4
EBITDA	17,288	13,916	24.2	17,956	-3.7
Adj. EBITDA margin (%)	10.5	9.2	130 bps	10.5	-3 bps
Depreciation & Amortisation	7,936	7,634	4.0	7,353	7.9
Other income	566	151	273.8	652	-13.2
Interest costs	1,650	1,382	19.4	1,380	19.6
PBT	8,267	5,051	63.7	9,876	-16.3
Exceptional Items	-	292		25	
Taxes	1,830	3,315	-44.8	-1,092	-267.6
PAT before MI	6,437	1,444	345.8	10,943	-41.2
Minority Interests	2,822	-477	NC	4,699	-40.0
PAT after MI	3,615	1,921	88.2	6,244	-42.1
Profit from Associates	202	-87	NC	336	-39.9
DWH PAT	1,624	-	NC	1,405	15.6
PAT	5,442	1,834	196.8	7,985	-31.8
Adjusted PAT	5,442	1,923	183.1	8,012	-32.1

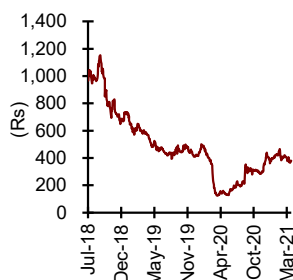
Source: Company data, I-Sec research

- Consolidated revenues are expected to grow ~9% YoY mainly due to production ramp-up across OEMs.
- EBITDA margin is likely to rise 130bps to 10.5%.
- Revenues from SMR may witness marginal 1% decline YoY at EBITDA margin contraction of 106bps, while PKC revenues may expand 5.4% leading to margin expansion of 171bps.
- **Key monitorables:** Progress on greenfield facilities in SMP (US, Hungary), update on India business content growth and margin trajectory, and progress on restructuring plans.

Varroc Engineering (ADD)

(QoQ chg: -8.7%; YoY chg: 195.1%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	34,493	27,926	23.5	35,146	-1.9
Raw material costs	22,593	18,628	21.3	23,078	-2.1
Employee costs	4,071	4,055	0.4	4,154	-2.0
Other expenditures	5,002	4,085	22.4	5,431	-7.9
Total operating expenses	31,666	26,769	18.3	32,663	-3.1
EBITDA	2,827	1,157	144.3	2,482	13.9
EBITDA margin (%)	8.2	4.1	405 bps	7.1	113 bps
Depreciation & Amortisation	2,360	2,066	14.2	2,247	5.0
Other income	7	8	-12.5	0	2,087.5
Interest costs	341	362	-5.8	379	-10.0
PBT	134	-1,263	NC	-143	NC
Exceptional Items	-	-	-	-	-
Taxes	33	4	766.6	241	-86.1
PAT before MI/JV	100	-1,266	NC	-384	NC
MI/JV profits	102	-105	NC	92	NC
Adjusted PAT	189	-1,376	NC	-1,387	NC

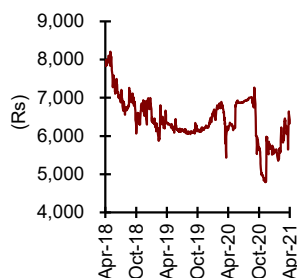
Source: Company data, I-Sec research

- We expect ~24% YoY growth in revenues as gross margins could expand 121bps to 34.5%.
- Expect adjusted-EBITDA margin expansion of 405bps to 8.2% as employee costs and other expenses decline 272bps and 13bps respectively.
- Adjusted-PAT may witness growth and come in at Rs189mn on account of strong operating leverage benefits.
- **Key monitorables:** Normalisation of VLS profitability from new plants, revenue growth outlook in domestic business, and outlook on margins.

Wabco India (HOLD)

(QoQ chg: 12.5%; YoY chg: 0.8%)

Price chart



Quarterly estimates

(Rs mn, year ending March 31)

	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Total operating income	6,661	4,049	65	5,665	18
Raw material costs	4,021	2,282	76	3,468	16
Employee costs	805	671	20	708	14
Other expenditures	760	579	31	611	24
Total operating expenses	5,587	3,532	58	4,787	17
EBITDA	1,074	517	108	878	22
EBITDA margin (%)	16.1	12.8	335 bps	15.5	64 bps
Depreciation & Amortisation	234	247	-5	223	5
Other income	239	181	32	78	206
Interest costs	2	6	-60	2	-
PBT	1,077	446	142	730	47
Exceptional Items	-	-	-	-	-
Taxes	271	130	109	206	32
PAT	805	316	155	524	54

Source: Company data, I-Sec research

- We expect ~65% YoY growth in revenues owing to ~167% growth in M&HCV OEM volumes despite weak exports.
- EBITDA margin is likely to improve ~335bps YoY to 16.1% due to lower employee costs (down 448bps) and lower other expenses (down 289bps).
- We expect PAT to grow 155% YoY to Rs805mn as other income is expected to rise 32% YoY.
- **Key monitorables:** Adoption rates of new products such as AMT/ESC amongst large M&HCV OEMs, outlook on exports and domestic volume growth in FY22, and outlook on margins.

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