



“Bosch Limited Q2 FY 2016
Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Bosch Limited Q2 FY 2016 Earnings Conference Call hosted by Batlivala and Karani Securities India Private Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Annamalai Jayaraj from Batliwala and Karani Securities. Thank you and over to you Sir!

Annamalai Jayaraj: Thank you. Good evening everyone. On behalf of B&K Securities, welcome to the Q2 FY 2016 Post Result Conference Call of Bosch Limited. I also take this opportunity to welcome the senior management team of Bosch Limited. We have with us today Dr. Steffen Berns – Managing Director, Mr. Soumitra Bhattacharya – Joint Managing Director & CFO and Mr. S. Karthik, Vice President and Company Secretary. I would now invite Dr. Steffen Berns for his opening remarks to be followed by a question and answer session. Over to you Sir!

Steffen Berns: Thank you, Mr. Jayaraj and good afternoon ladies and gentlemen. As we have changed the financial year from 2014-2015 the numbers for the year-to-date presented the date of the stock exchange or for periods six months of current year that is from April to September 2015 as against the nine months of previous year that is from January to September 2014. These numbers are hence not comparable for better understanding I will concentrate on the comparison of the June or July to September quarter compared to previous year and also includes some comparisons of six months year-to-date April to September compared to the same period of the previous year.

Before we look into results of the July to September 2015 quarter of our company and the September 2015 I would like to brief you about the overall domestic automotive market development looking at production volumes except the two wheelers.

For the quarter ended September 2015 the Indian automotive market grew by 4.2% against the quarter ended September 2014. Heavy commercial vehicles grew by 36% due to an uptick in the replacement demand for large trade freight operators as well as pre-buying of heavy commercial vehicles because of mandatory ABS (Anti-lock Braking System) fitments from October onwards.

The passenger car segment grew by 7.4% as new model launches and moderate crude prices boosted the market. On the other hand the tractor market showed a decline of 7.7% Q2 a weak rural sentiments, reduced Kharif crop production and less minimum support price for crops.

Three wheelers saw a decline of 1.7% due to high base of previous year. The light commercial vehicle segments has declined by 4.6% as the credit availability is to remains the key constraints but the speed of decline is slowly reducing.

We now look at how Bosch has performed in the July to September quarter of 2015. The company clocked net sales and income from operations of Rs.25975 million, an increase of 5.7% over the same period of 2014. The mobility solution segment grew at 5.3%. The business beyond mobility solutions earlier called non-automotive segment had a growth of 9.7%. The domestic sales for this quarter grew by 9.2% thereof mobility solutions segment by a strong 9.2% and business beyond mobility solutions by 8.9%.

Export declined by 17.3% with exports in the mobility solution segment declining to the extent of 20.4% mainly due to decline in markets like China and Brazil. In mobility solutions, starter and generator division grew strongly due to starter volume growth. Other divisions registered good single digit growth but in diesel systems automotive market and gasoline system.

It is noteworthy that Bosch domestic diesel business outgrew the domestic auto market in spite of weak tractor markets and reduced diesel share in passenger vehicles which means that we have again performed better than the market. The automotive after market division has performed better than the last quarter due to better orders from original equipment manufacturers in diesel and starters.

In business beyond mobility solutions power tools had a good growth with sales of accessories and increased online sales. Energy segment and packaging division developed very strongly this quarter.

Other operating income has declined from Rs.378 million in July to September 2014 to Rs.219 million in July to September quarter of 2015 due to reduction export incentives and one-time receipts in the quarter of the previous year. Material cost as a percentage of net sales and income from operations has reduced from 53.7% in the July to September quarter of 2014 to 53.3% in the current quarter of 2015.

This is mainly due to continued localization efforts and reduction in freight charges. The employee cost has increased to Rs.3581 million in the quarter ended September 2015 from Rs.3398 million in corresponding quarter of 2014, an increase of 5.4%, which is in line with inflation and turnover.

Depreciation has declined from 17.5% in the quarter ended September 2015 as against the quarter ended September 2014 due to lower asset base on account of change in financial year. This is not due to reduce investments. We plan to invest Rs.5000 million in the current

year 2015 both for infrastructure and technology to be prepared for the market growth in mid term.

We have planned for capacity increase in Bengaluru and Nasik plants for operations in common rail pumps, injectors and their parts. We have the new production hangars in Chennai and in Gangaikondan. Phase I of our research and development center at our Adugodu campus is nearing completion. There is a minor postponement in certain projects as compare to the original plant but majority of the projects are on track. The other expenses stood at Rs.4248 million in July to September quarter 2015 as compared to Rs.3970 million in the same quarter of 2014 an increase of 7% mainly contributed by exchange loss on quarter end evaluations. As a percent of sales our expense has remained in line with previous year.

Operating profit is higher by 9.4%. This reflects the company's efforts and progress on improving operational efficiency and budget control as well as localization. The other income has decreased from Rs.1207 million in the quarter ended September 2014 to Rs.932 million in the corresponding quarter of 2015 reduction of 22.8%. The reduction is due to a decrease in profit on sale of marketable securities because of change in the rural governing indexation benefits on the mutual fund has announced in the union budget 2014. So this is a special effect, which we are currently seen.

In the quarter ended September 2015, the company posted a profit before tax of Rs.4599 million as compared to the same quarter of 2014 only a marginal absolute growth because of the reduced other income as explained before and as a percent of sales, profit before tax stood at 17.7% in the current quarter as compared to 18.6% in the corresponding quarter of 2014.

Profit after tax has declined by 0.3% for the quarter ended September 2015. The increased tax expense is due to an increase in corporate tax rates in the Union Budget 2015.

To summarize the quarter results, in a moderate domestic market environment our topline increased by 5.7% driven by relatively good performance of both our mobility solutions and beyond mobility solutions segments. Especially the growth in our domestic market at twice the growth rate of automotive production is noteworthy. Operational income developed equally strongly. Profit before tax remains flat due to lower treasury income on account of change in tax laws.

Now moving onto short synapses of the year-to-date results on a comparable base that is April to September 2015 against the same period in 2014; the company clocked net sales and income from operations of Rs.51296 million, an increase of 6.6% of the same period in

2014. The mobility solution segment registered a growth of 5.3% and business beyond mobility solutions a growth of 17.1%.

Material cost as a percentage of net sales and income from operations has increased from 53.4% in April to September 2014 to 53.9% in the current periods of 2015 due to unfavorable sales mix. The employee cost has remains flat. The company posted a profit before tax is Rs.9765 million, which increased by 9% in comparison to Rs.8961 million in 2014 as a percent of sales it stood at 19.0% in the current year as compared to 18.6% in the corresponding period of 2014. Profit after tax has increased by 5.9% during April to September 2015.

I would also like to mention that we have the honor and privilege of hosting the Prime Minister of India Sri Narendra Modi and her Excellency, the Chancellor of Germany Mrs. Angela Merkel in October this year. We showcase the vote winning Bosch Vocational Center of Bosch Limited. I am proud to also inform you that our vocational center has won the best establishment award from the President of India for the 50th time, 15 in a row an achievement that is unmatched by any vocational center in the country. This underlines our continued and long-term effort and is one example for investments in employee development.

Our forecast for this financial year remains cautious. We see a continued recovery in the commercial vehicle segments and some growth in passenger cars but do not expect big numbers from the agricultural areas. So far infrastructure projects have not yet taken off in a big way in spite of several announcements.

Our investments are on track while strong focus on costs and budgets continue. Our mid-to-long-term forecast for India; however, remains positive. We are well prepared for the new emission legislation, which is expected to be announced very soon as well as for fuel economy regulations. We have continued our investments into the future both in technology as well as infrastructure and new locations.

In addition, the settlements with our worker's representatives in our three older plants finally introducing productivity as per international industrial engineering standard in 2014 has helped to improve our cost structure in the mid-to-long-term thus we continue to be optimistic on India and on our growth potential in the country. Thank you and questions please.

Moderator:

Thank you very much Sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sonal Gupta from UBS. Please proceed.

- Sonal Gupta:** Good afternoon. Thanks for taking my question. Sir could you just I mean in terms of the roadmap that we have for emission norms that we notified that do we understand that BS V will commence from 2019?
- Steffen Berns:** Unfortunately, it has not been officially notified and therefore we cannot tell you more than we told you months ago. So we expect that is going to come in 2019 and then 2023 but this is not announced yet.
- Sonal Gupta:** The question why I am asking that is because it leaves like two years to transition from BS IV to BS V and which is a very short duration and then the other thing is that I would my understanding is that if we move to BS V we would have to SCR system for really especially for the truck segment CV segment would that be correct.
- Steffen Berns:** Yes I also elaborated on this last time if you participated so that is definitely going to be the mainstream. There may be some other solutions, which we do not see in big numbers yet. So SCR is going to be the dominating system for the commercial vehicles.
- Sonal Gupta:** Okay because what I am saying that is because does it make sense for say OEM to first adopting EGR in 2017 and then move to SCR in 2019 or rather than this directly go for an SCR system. So do you see that the interest on the SCR side would actually increase because of this timeframe that we are in now?
- Steffen Berns:** We are in discussion with all the customers. Of course I cannot disclose any details and as per your understanding about our customer strategy in detail.
- Sonal Gupta:** Just the other question was on diesel particulate filters do you supply those DPF?
- Steffen Berns:** We do not supply the hardware only the software and part of the sensors to control the system. So the algorithms come from us but the filter hardware Bosch is not offering.
- Sonal Gupta:** I missed the number on domestic auto growth for you in terms of revenues could you just repeat that?
- Steffen Berns:** The number percentage wise 9.2% if I recall correctly.
- Sonal Gupta:** 9.2% and the exports were down like 20% year-on-year.
- Steffen Berns:** So 9.2 is the correct number for domestic and 20.4% for exports.
- Sonal Gupta:** Thank you for taking my question. I will join back the queue.
- Moderator:** Thank you. The next question is from the line of Punit Gulati from HSBC. Please go ahead.

- Punit Gulati:** Good afternoon and thank you for the opportunity. Can you give some more color on how your various divisions are functioning? You did some bit of idea but more color on how faster diesel resistance grew how fast the gasoline systems grew.
- Steffen Berns:** I think they all grew quite well. I gave you the number that is for us the produced vehicle number 4.2% for our relevant market and we have done better in all of the divisions.
- Punit Gulati:** Okay because last year your gasoline business grew by almost 50%. Are you seeing similar trend this year as well or is it much weaker?
- Steffen Berns:** No we have a much slower base in gasoline system and overall also for this year. We expect a strong double digit growth.
- Punit Gulati:** On the automotive after market is that progressing better than your expectation if can you attribute some number to it?
- Steffen Berns:** We do not share the numbers in detail. So we had a single digit growth we saw substantial liquidity problems in the market. So the market was muted but the last months have been considerably better but still single digit only.
- Punit Gulati:** That is all from my side.
- Moderator:** Thank you. The next question is from the line of Laxmi Narayan from Catamaran. Please go ahead.
- Laxmi Narayan:** Thanks for taking my question. I mean to start this question had come up sometime earlier and also in your conference call. This is regarding in one of the press statement, which I read recently that the Minister is asking the refineries to directly move to Euro 6 and we compliant, and that India may keep Euro 5. Is it anywhere across the world or has any one kept direct Euro 5 and directly gone to Euro 6 because there was also the CM had mentioned that it is very difficult to do that. I just want to hear your thoughts on that?
- Steffen Berns:** I am aware now it has not been done. So the typical progress to do one step at the time and this is also our recommendation because especially for India because the driving conditions are very specific in India. We have a lot of city driving and the regeneration of the systems is very difficult and therefore you need especially lot of untested new algorithm for these emission legislations and the complexity increases substantially if you want to do the particular filter in the NOX after treatment in one go and therefore our recommendation is how get a fast decision to a fast but to it in steps. I think that would be the best approach.
- Laxmi Narayan:** Thanks a lot. I will get back in queue.

Moderator: Thank you. The next question is from the line of Pramod Amte from CIMB. Please proceed.

Pramod Amte: Two questions. One with regard to your exports decline; do you see them as one of or more of inventory correction and those markets are you feel this year per se is going to be a tough export market.

Steffen Berns: We all know there is a fluctuations in the different quarters and therefore I have to look at the overall picture we have seen some export reduction in especially those in from Russia and from China because the markets have been weak and then we have some big orders from specific customers and these customers are not asking for any volume this also possess some challenge for us. I think overall we have been in the export share of some 13% last year in the year-to-date down 1.5 so 11.5% overall and I think in this order is making so we can also sustain so its relatively small part of our business and we always set our main focus is on local volumes because our strategy is in the region for the region whenever there are opportunities we take them but its for our overall business development is not the most relevant factor.

Pramod Amte: Second one is with regard to the BS IV moment for the North Indian market which started in October. What is your call on the overall demand at CV industry by March of 2016 how much of proportion you fell will go for BS IV or you expect clearly a large adoption to happen only by March 2017.

Steffen Berns: Currently we see the largest part of adoption only going to be happening in 2017 because some of the freight operators desire that is more economical to get national permits and register their across somewhere else. Therefore we do not see a very fast and big move currently. It is little bit of forecast was going to happen in the next months but we do not see a very strong shift in the near future.

Pramod Amte: Third if I can ask. You said some of the projects you have deferred if I am not wrong on the capex front is there here it right.

Steffen Berns: What I said is that only has been the slight shift in the investment from large part of the investments have been in building to structure and there some of the projects are few weeks more one two months delayed but nothing major. So more or less our capex plan is on track?

Pramod Amte: Thanks.

Moderator: Thank you. The next question is from the line of Basudeb Banerjee from Antique Finance. Please proceed.

- Basudeb Banerjee:** Thanks Sir for taking my question. The first question is at present how much of your India automotive revenue is considered by the farm equipment segment tractor engine.
- Steffen Berns:** We do not specify this segment wise split up of our sales. We have the fairly strong market share in tractor market and you know the overall volumes of the tractors but we do not give you the segment wise market segment wise split up.
- Basudeb Banerjee:** Sir within your exports how much of it is constituted by certain group as such if you can quantify.
- Steffen Berns:** Nothing I am sorry which is not any substantial.
- Basudeb Banerjee:** Last thing Sir in your this quarter P&L if I missed out I joined a bit late. Your both staff cost and other expenses seem to be higher decently sequentially. So anything you can highlight on that aspect.
- Steffen Berns:** Sorry what was the question sequentially about what?
- Basudeb Banerjee:** Staff expenses and other expenses are pretty much on the higher side.
- Soumitra Bhattacharya:** Yes we already explained that this is in line with inflation and we have just had relevant and normal cost when you look at quarter-on-quarter for the employee cost.
- Basudeb Banerjee:** Sir normal wage hikes happened in which quarter seasonally?
- Steffen Berns:** These are the normal things like when we have a EVR impact when we give in this particular quarter we had given a certain EVR to balance the head count and the wage the normal salary increases which come in and kick in so it is in line with inflation time-to-time we do things like early voluntary retirement so it is not a very major change and we somehow see that this is quite in control especially including the productivity aspects.
- Basudeb Banerjee:** In terms of other expense Sir?
- Steffen Berns:** You will see that it is more or less also in line with the expenses. One of the other expenses, which do not show up in its reality, is also when we do R&D expenses we also get a income. So it comes into the expense side with the income you see separately. So with 7% and if you look at the overall growth of 5.7% or 6% it is more or less in line.
- Basudeb Banerjee:** Sir one last question every year in December quarter we see your other expenses quite significantly, so next question is again the December quarter. So if you can highlight any reasons one of accounting, which you do in Q4 for some few line items.

Soumitra Bhattacharya: Mr. Banerjee as you know that we do not give any guidance for the future and of course it is very difficult even for me as a CFO to indicate what will happen in December.

Basudeb Banerjee: In general I am saying nothing for this December specifically but in the past also see every December is spikes up quite significantly.

Soumitra Bhattacharya: That's why I said I cannot predict December now sitting in November. Once we finished December we will discuss again. I will tell historically what the numbers are.

Basudeb Banerjee: Okay Sir thanks.

Moderator: Thank you. The next question is from the line of Aditya Sundaram from Edelweiss. Please proceed.

Aditya Sundaram: Thank you very much for the opportunity. Sir just a quick question, how do you see growth in the second half of the year I know you have given us the outlook but just wanted to know would it be in line with H1 or would you see it H2 big slightly better than H1 for the current year.

Steffen Berns: I cannot talk about Bosch what I can talk about is the automotive market.

Aditya Sundaram: It will be fine.

Steffen Berns: Here you have seen the numbers of the first month of the second half and actually October sales were quite strong in the automotive market with what we had indicated long heavy commercial vehicles no for degrowth. So flat and further strong growth also for heavy commercial vehicles and then a very strong growth for passenger vehicles that is the seasonal effect and we expect the season to continue for another month. So it is typically better and this year Diwali being quite late the festive being quite late also this could be quite positive for November. What is going to come after this is very difficult to predict. So whether this is just spike or a peak in October November or new trends I think at the moment no we can forecast. There is some indication that infrastructure investment, which has long been talked about, will hit the ground, which would be positive for commercial vehicles. On the other side tractor market is still weak and this is going to be strictly overall growth figures. Currently we have to see the October month has been very strong.

Aditya Sundaram: I just wanted to know that we have spoken about BS IV norms coming in aggressively implementable in North India from Q3 onwards. Do you see that do you believe that commentary is still in line with what is actually happening? Do you think that will start up significantly as we discussed in the last call.

Steffen Berns: There was a question several minutes ago where I said this is not going to be very strong in the 2015-2016 because our ways around this. So we are fully prepared we would be able to provide these systems but we do not see that this is going to be very big numbers. This is happening on many fronts and quite a few customers but not throughout.

Aditya Sundaram: Okay sure Sir then may be you could the second question is could you give me our utilization breakup in terms of diesel and gasoline at what percentage we are currently running.

Steffen Berns: We cannot give you an exact percentage but we can tell you that first of all in diesel of course we have a dominant market share and in gasoline we have improved on base, which already heard. So based on whatever the market demand is for example the month of October was a very good month for the industry and naturally also for the Bosch. We use our capacities in a meaningful manner. We explained that before also to you which is if we need to run on three shifts we run on three shifts if we need to run on two shifts where we need to give a break for small one or two day shutdown. We do that but our main focus is productivity, proper utilization and looking at how we control our whole supply chain management from start to the end. Really look at running business in that way.

Aditya Sundaram: Okay you cannot even give me the utilization number overall.

Steffen Berns: No.

Aditya Sundaram: Okay and what would be the capex for the year that we are currently doing and how much of that we have incurred.

Steffen Berns: Yes this we can give you. We have 5000 million 500 Crores for the year.

Aditya Sundaram: Okay and how much of that have we incurred.

Steffen Berns: This is on track.

Aditya Sundaram: How much of that have incurred.

Steffen Berns: Around 44% of this.

Aditya Sundaram: 44% of this okay and just if may I had just one last question. On our raw material front I was just looking at raw materials on a sequential basis from Q1 FY 2016 to Q2 FY 2016. It is more or less remained flat despite significant downtrend in the steel prices, is this because our import content as a percentage of sales has gone up significantly in this quarter. How would do I read this.

- Steffen Berns:** I can give you a little bit of background on that. We do a very clear calculation on all the commodity market for example we do a granularity on steel, aluminium, copper. Within steel we look at the specific alloyed steels which because we use very specified type of steels and then we do a market comparison and look at what are the market faced and what are the Bosch face. So first thing I would like to say is that we seized all the opportunities that were needed to be done including the relevant locking to ensure that the business is running on track and the commodity weakening we have taken care. Your next question was how do I see this in the overall percentage. The overall percentage is the mix of various things as you know. Is the mix of product mix. It is a mix on the commodity prices. So this particular mix under the current circumstances and having seized commodity price benefit we are on a good track. So it is because we have various types of products which have different material cost elements. Our imports have not increased. Our localization rate is on track.
- Aditya Sundaram:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Pritesh Shah from Lucky Investments. Please proceed.
- Pritesh Shah:** Thank you for the opportunity Sir. On the margin mix side which is the gross margin side is it fair to assume that at the company level the gross margin in inline pumps would be higher than distributor which would be done so the chronology will be inline as the distributor, distributor, and distributor higher than CRDI?
- Steffen Berns:** We do not give product wise margins distribution and therefore I cannot comment on this question.
- Pritesh Shah:** Sir when you referring to product mix you referring to the fact that tractors in the mix would have come down vis-à-vis the other two which is CV and PV is that the way.
- Steffen Berns:** We are only supplying these products but mix first of all is the mix between the different divisions and then the mix between produced and traded. So large number of different sectors and I cannot share the minute details with you.
- Pritesh Shah:** Okay second on the two wheeler injection system side Sir any developments on the OEM part?
- Steffen Berns:** Yes we are in discussion with all the OEMs and we have acquired good projects. We are in the market as I shared with you earlier and we are making some good progress. It is going to take sometime to you to see the substantial volumes in the market but overall I think this is quite positive development also with good future growth.

- Pritesh Shah:** We have started manufacturing and supplying.
- Steffen Berns:** Yes.
- Pritesh Shah:** Lastly, I want to check on the BS IV related migration whenever it happens let us say according to you most of it will happen in March 2017. What happens to the value progression when in the system when one moves in line to distributor and distributor to CRDI?
- Steffen Berns:** Look the BS IV migration in 2017. Our various products have different requirements for example in line we still be required in tractor market and CRDI movement will happen for the other applications. So there is a migration answer is yes but different segments required our product.
- Pritesh Shah:** Can you peg the value migration on account of it will be a 30%, 40% or even higher than that, lower than that?
- Steffen Berns:** No we do not give percentages. We have our volumes. We have our capacities and then we see how to retain market share and have customer acquisition projects.
- Pritesh Shah:** Actually my question was let us say, for example and I will just this last question. If CVs have to be fitted with CRDI instead of distributor pump what happens to the value for migration and value per CV?
- Steffen Berns:** No we do not give that. Yes there is a change due to product mix also on the total value but we do not give that breakup as it is.
- Pritesh Shah:** Thank you Sir and all the best.
- Moderator:** Thank you. The next question is a followup question from the line of Sonal Gupta from UBS. Please proceed.
- Sonal Gupta:** Thanks again for taking my question. Sir just wanted to delve upon I mean there is lot of concern post the Volkswagen issue on diesel side and especially on small diesel engines and in India we use a lot of small diesel engines and three wheelers and in the case of like light commercial vehicle. Sir going into BS IV and then into BS V do you see these is viable or do you think that the cost increases would be quite prohibitive or do you think there are some innovative solutions which some sort of ensure that these things still a viable?
- Steffen Berns:** Yes you have to look at this in detail because it is not only a small engine in India it is also typically a smaller vehicle. Overall we do not expect the major change now but of course

specification of the machine legislation is not clear yet and there we have to wait and see what exactly is going to happen and then also we have to see in how far you can find solutions specifically than for the specific engine requirement. So for the time being we definitely do not expect the major impact on India where next step BS IV is not going to be influenced by this and then I think there are technical solutions available in the markets. These today more expensive engine and it is going to be remain more expensive than a gasoline engine but it has many advantages and if we want to get the CO2 the carbon dioxide for the fuel economy improved then diesel is the key approach for this and therefore and end we always said this freight of between first and CO2 emissions and emissions can be they are solutions for the emissions and is other trade off we have to decide on the manufacturers strategy and the overall perception in the market.

Sonal Gupta: You are right but you do not see a situation where I mean because of fitting BPS and loss of power and fuel efficiency in fact gasoline direct injection may become more popular for at the lower end rather than very small diesel engines?

Steffen Berns: This I put it in simple terms gasoline direct injection is about half a diesel engine looking at the characteristics and also at the cost do not take the number too accurately but cost goes up for gasoline direct injection especially if you have turbo charge gasoline direct injection and the question always is do you stay with the fuel injected gasoline system how do you go half way towards the gasoline direct injection or do you go the full way towards a diesel engine and in the end looking at the total cost of ownership is a question of how many kilometers a year you drive with such a vehicle. So there is only very short driving distance per year than for fuel injection is going to be main the dominant system if you drive very long distances is definitely going the main the diesel engine and in between you have the gasoline direct injection plus you have some preferences overall in the different markets and the next question is how strict is CO2 of fuel economy legislation or regulation going to be in India as long as this is not defined when it is really only a matter of total cost of ownership and then the end user is going to decides what is the best for economically. So many loosens and already I mentioned optimization question and I do not have the simple answer for this. So there will be all the RE systems gasoline direct injection is going to increase and how far this is going to take volume away from the diesel in India on the small engines I do not know I actually doubt because I feel the small engines are very pleasant which is and they will stay with power fuel injected gasoline engines and what we have seen in Europe is that gasoline direct injection has not in diesel shares but there has been a migration from power fuel injection in larger gasoline engines into gasoline direct injection and I expect something like this also to happen in India.

Sonal Gupta: Thank you.

Moderator: Thank you. Ladies and gentlemen we will take a last question now which is from the line of Mitesh Kamdar from Aditya Birla Money. Please go ahead.

Mitesh Kamdar: Suppose Mr. Soumitra Bhattacharya has been appointed on the board of ZF Steering Gears India Limited. So I just wanted to know will there be any commercial relationship between Bosch India Limited and ZF Steering going forward?

Soumitra Bhattacharya: You are right. I have been appointed just two days ago. No that does not mean that we will have a commercial or does not mean that we will not a commercial, it is just an appointment as you know that Bosch has certain percentage of ZF Steering India Limited and it is only right and fair that when there is a certain relationship there is also representation. We have always had Bosch representation so I just represent Bosch. How it will turn out and what will happen there is no linkage right now for that.

Steffen Berns: To be specific or clarify the share is Bosch Germany and not for Bosch Limited India.

Mitesh Kamdar: Thank you for the clarification.

Moderator: Thank you very much. As there are no further questions, I now hand the conference over to Mr. Jayaraj for closing remarks.

Annamalai Jayaraj: On behalf of B&K Securities we thank all participants for joining the call and the special thanks to Bosch management for giving us the opportunity to host the call. Have a great weekend.

Moderator: Thank you very much Jayaraj and the members of management for Bosch. Ladies and gentlemen on behalf of Batlivala and Karani Securities Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines now.