



“Bosch Limited Q2 FY19 Post-Results Conference Call”

November 05, 2018



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Moderator: Good day, ladies and gentlemen. And very warm welcome to the Bosch Limited Q2 FY19 Post Results Conference Call, hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal 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 B&K Securities. Thank you and over to you, sir.

Annamalai Jayaraj: Good afternoon, everyone. On behalf of B&K Securities, welcome to the Q2 FY2018-2019 Post Results Conference Call of Bosh Limited. We are delighted to have with us today Mr. Soumitra Bhattacharya – Managing Director, Mr. Jan-Oliver Röhr - Executive Vice President, Chief Technical Officer, and Mr. S.C. Srinivasan – CFO and Alternate Director. I would now hand over the call to Mr. Soumitra Bhattacharya for his opening remarks, to be followed by a question-answer session. Over to you, sir.

Soumitra Bhattacharya: Thank you, Mr. Jayaraj. Before we look into the quarterly results July-September 2018 of our Company, I would like to brief you about the overall domestic automotive market developments in the last quarter, looking at production volumes excluding the two wheelers.

During the quarter ended September 2018, the India automotive market grew approximately by 14% as against the quarter ended September 2017. Commercial vehicles segment grew approximately by 35% with new product launches and increased thrust in agriculture, FMCG and e-commerce sectors. Growth in commercial vehicles segment was aided by government’s focus on infrastructure development across the country, favorable monsoon, along with strong export demand from Bangladesh and Nepal. Tractor segment increased approximately by 14%, driven by increased focus on agricultural reforms, rural infrastructure and previous year’s lower sale base due to the GST rollout. The passenger car segment grew approximately and creakingly by 4% due to increase in domestic sales on account of festive season. The three-wheeler segment grew approximately by 35%, this is mainly due to higher demand driven by abolition of permit systems in Maharashtra and granting of new permits in the NCR region.

We now look at how Bosch Limited has performed in the July-September 2018 quarter. Total revenue from operations have increased approximately by 14% over the same period of the previous year. Total revenue from operations for period July-September 2018 stands at Rs. 32,011 million as against Rs. 28,119 million over the same period of 2017.

The mobility solutions segment grew by 12%, the business beyond mobility solutions witnessed a growth of 14%. The domestic sales for this quarter grew by 16%, thereof mobility solutions by 15%. Whereas business beyond mobility solutions increased by 19%. Export sales showed a decline of 14%, mainly in the mobility solutions segment.



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Within mobility solutions, powertrain systems had a growth of 10% aided by volume ramp up from customers. After market grew by a strong 21% after recovering from the impact of GST implementation last year. The business beyond mobility solutions showed double-digit growth of 14% against the quarter July-September 2017, this is majorly due to the increased orders in solar and energy business, power tools business and packaging division.

For the six months period ended September 2018, revenue from operations increased by 17.5%. The mobility solutions grew by 16.3% with all divisions showing a pretty positive growth and business beyond mobility solutions showed a significant growth of 30.1%, mainly coming from solar and energy business.

Material cost as a percentage of revenue from operations has increased to 57% in July-September 2018 as compared to 55% in July-September 2017. The increase is mainly due to unfavorable FOREX because of the rupee depreciation against euro as well as the dollar, and the additional cost of imported injectors incurred to meet customer demand. Similar trend is seen for the six months period ended September 2018 which witnessed an increase from 55% to 56%.

Employee cost has declined to 3,403 million for July-September 2018 from Rs. 3,444 million in corresponding quarter of 2017. The reduction is mainly contributed due to productivity measures. For the six months period ended September 2018 the employee cost stood at Rs. 6,911 million as compared to Rs. 6,856 million for the same period in 2017, showing an increase of 0.8%, mainly due to annual salary increment.

Depreciation has declined by 14% in July-September 2018 as against July-September 2017 due to higher additions in previous year for new generation products. For the six months ended September 2018 there has been a decline of 12.9% due to the same reason.

Other expenses for the quarter July-September 2018 was Rs. 4,497 million as compared to Rs. 4,091 million for July-September 2017, an increase of 10% as against the total revenue increase of 14%. Increase in other expenses is mainly due to increase in tuning cost for new product releases. For the six months period ended September 2018, other expenses have increased by 11.5% as against total revenue increase of 17.5%, with high tooling cost and repairs for machinery.

Operating profit stood at Rs. 5,012 million for July-September 2018 as compared to Rs. 3,972 million for July-September 2017, mainly contributed by high turnover, improved operational efficiency and higher productivity. For the six months period ended September 2018, operating profits have increased by 41.9% because of the same reasons as was explained earlier.

The other income has increased from Rs. 1,290 million in July-September 2017 to Rs. 1,395 million in July-September 2018, that is showing an increase of 8% because of higher mark-to-

market gain, or MTM, on marketable securities. For the six months period ended September 2018, other income has marginally declined from Rs. 2,586 million to Rs. 2,542 million for April to September 2018.

For the quarter July-September 2018 the company posted a profit before tax, or PBT, of Rs. 6,407 million as compared to Rs. 5,262 million in July-September 2017, which is an increase of 22%. As a percentage of revenue from operations PBT stood at 20% in the current quarter of 2018 as compared to 19% in the corresponding quarter of 2017. Consequently, profit after tax increased by 19% for July-September 2018 as against July-September 2017. For the six months period ended September 2018, profit before tax increased by 31% and stood at 20% of revenues from operations as against 18% during the previous period. Profit after tax also increased by 12%.

We are strengthening our commitment to partner India as it transforms. Bosch India participated in MOVE, the global mobility summit, which was aimed at bringing the government and the industry together to formulate the future mobility policy framework for India. Our global CEO of Robert Bosch GmbH, Dr. Volkmar Denner, of the parent company represented Bosch as the key note speaker in the event. Later, Dr. Denner and I had a chance to have a face-to-face meeting with our honorable Prime Minister Shri. Narendra Modi at his residence, where Bosch asserted that it would continue to work with the government for all reforms taking place in India, and the company will continue to remain an active partner, both with the government of India as well as NITI Aayog in technologically agnostic manner with India First as our moto.

In the past two years after following transitory disruptions to growth, India's economic performance is poised to recover in FY19 as stabilizing macroeconomic policies as well as ongoing structural reforms continue to bear fruit. Business outlook is improving overall and the industry confidence is supported also by the GDP growth. But there are key external risks, the higher global oil prices, the effect of depreciating rupee, and colleagues, we have had a sizable depreciation this year, has become very-very sizable in recent months. Domestic risks, including the shifting of political motivations and due to the upcoming general elections in 2019 and resulting in budgetary pressures also will need to be looked at carefully.

Our outlook for FY19 remains cautiously optimistic. What augurs well for India is the jump of our ease of doing business rankings from 100 to 77, as ranked by the World Bank recently. Before we move to questions, I would also like to inform you that the Board of Directors today in our meeting also approved, subject to the approval of the shareholders, a buyback of 10,28,100 equity shares of the company on a proportionate basis by way of a tender offer at a price of Rs. 21,000 per equity share for an aggregate amount, not exceeding approximately Rs. 2,159 crores.

Thank you for your patient listening. And your questions, please?

- Moderator:** Thank you. Ladies & gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Pratik Poddar from Reliance Mutual Fund. Please go ahead.
- Pratik Poddar:** Sir, could you split the powertrain solution business revenue broadly into volumes and prices, is it possible?
- Soumitra Bhattacharya:** As you know, we do not break it up. You can use the overall mobility, and we do not break it up further into other sectors.
- Pratik Poddar:** And sir just one thing, in your opening remarks you talked about production growth in tractors being 14%, CVs being 35%, three-wheelers 35%, PVs around 4%, 5%. But our powertrain solutions business has registered a growth of 10.3%. So, I am just trying to correlate what is happening in this division. Could you just throw a bit of light into this?
- Soumitra Bhattacharya:** I think you need to look at not quarter-to-quarter, or not look at growth in terms of quarter compared to the last quarter. You need to see how we are moving vis-à-vis the market. So, the markets in mobility moved by 14% and in domestic our growth was 15%. If you recall last quarter we were far higher than the mobility growth over proportionately. So, overall, we are growing at a rate higher than the market on mobility, with focus towards domestic, because that is where our main play is. And that is what you need to look at. Second, we had told you that we had a very good set of acquisitions for our powertrain systems in 2017-2018, and also it continues in 2018-2019.
- Moderator:** Thank you. Our next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.
- Sonal Gupta:** Just to understand, so within mobility will powertrain solutions and aftermarket be the only two segments or is there something else also?
- Soumitra Bhattacharya:** No, in powertrain we have the earlier diesel and gasoline, and you have to remember that Bosch has a full line on mobility. However, as we have 13 legal entities, Bosh Limited has powertrain, as in the earlier diesel and gasoline, I had also mentioned to you in September last year we had made an announcement in the press conference that we had put electrification, that means, two wheeler, three wheeler, four wheeler and the rest into Bosch Limited. Then we have recently launched a project house on mobility solutions. So, these things will take time in terms of fruition of top-line and bottom-line. But we have added this to the portfolio of Bosch Limited. And of course, we have a very strong and the biggest aftermarket in India.
- Sonal Gupta:** Sure. The only thing I was trying to understand, other than the powertrain and the aftermarket is there any other substantial division in terms of revenues within mobility as of now?

Soumitra Bhattacharya: Within Bosch Limited, no. But as I said, we have added these two portfolios which we believe will become very strong in the years to come. And we are increasing our portfolio base for Bosch Limited. So, as and when we make announcements you will get to know about them.

Sonal Gupta: And you mentioned on the electrification side and I think previously you have mentioned that you will begin with solutions on the two-wheeler, three wheeler probably at first, so any update there in terms of how you are progressing there and when should we see one of the first products being launched?

Soumitra Bhattacharya: You will see the announcements in 2019. So, I have already mentioned last time that we are working very closely with the customers in terms of launches for the future and not so distant future, so I can only say that 2019 we would make the requisition of it.

Sonal Gupta: And just one more question, if I may, on the raw material cost side, you mentioned in your comments that you had to import injectors because of customer demand, so could you just elaborate on that, is that because the demand was much better than what you expected in Q2 or we are facing some shortage or...?

Soumitra Bhattacharya: No, it is not for shortages. I had mentioned to you before, to you as well as all the other colleagues that Bosch has a very systemic way of going for localization. So, as we transition from BS-IV, first of all, supply for BS-IV but later also transition into BS-VI, we will have a trading content. So, we do use our international production network, what we call the IPN. Second, of course, I also mentioned that we have seen a sharp deterioration of the rupee, and imports cost money, though we have a pretty robust hedging system, we do see that the rupee has had a very sharp fall and in this calendar year we have already seen a 12% to 13% depreciation and we do not know whether there could be further decline on the rupee. So, these are the two main points. And as I said, we have a planned way of localization and this depends on the timing and the volume from our customers.

Moderator: Thank you. Our next question is from the line of Pramod Amte from CGS CIMB. Please go ahead.

Pramod Amte: First, with regards to the import cost which you are talking about, do you have a pass through clause or how do these work in your case? Or these are the lost ones in your P&L?

Soumitra Bhattacharya: Pramod, can you simplify the question and explain when you say import cost, what exactly do you mean?

Pramod Amte: No, in the sense, when you say the currency is a short-term substantial movement, do you usually have a pass through clause with the clients or you have to bear it, or what is the duration, lag, which you have in case of the pass through clauses?

Soumitra Bhattacharya: I cannot declare the clauses, we do have clauses, but Pramod, I cannot declare the clauses customer wise to you. We have a fair way, naturally, of contracting with our customers. But I cannot share with you how we do. We try to ensure that there is a win-win for our customer as well as us. We do not want one party to lose. And there are very comprehensive contracts that we have. And all these things are looked at. But I cannot declare to you exact set of clauses. And anyway, the clauses will be different from customer to customer.

Pramod Amte: And second, I know you work on a very detailed localization program, but does in the past such steep correction in rupee have helped you in terms of relooking at the localization programs or even the export initiatives, in any format does this help?

Soumitra Bhattacharya: So, first to answer you on the export initiative, Bosch worldwide has local-for-local strategy. So, that should partly give you a hint in relation to localization also for India. Second, in the export strategy, since we have locations all over the world we export in areas where our sister plants or other countries are not present and when required, and sometimes to our sister plants when required. So, we are mainly focused towards domestic, number one. And this we have always been. Having said that, when we see opportunities we definitely export. And when we need just like our other sister plants, we also import, and this is then linked to initial trading, then contracting with the customers, then volumes and then localization. Finally, having said that, we are in manufacturing for the last 65 years, so if you see our old generation projects, as mentioned before, we had localization up to 85 and even 90 plus. For common rail our localization levels are well beyond 72%. So, it depends on the timing, it depends on our contractual agreements with our customers, and we look at the overall balance and then do it.

Moderator: Thank you. Our next question is from the line of Punit Gulati from HSBC. Please go ahead.

Punit Gulati: If you can help us understand a bit more on what you are doing on the SCR side? And also, in your view, how has the customer adopted SCR for BS-VI? Do you still see some of the customers going for an alternate route or SCR the universal route now?

Soumitra Bhattacharya: So, can you elaborate on the alternate route, please?

Punit Gulati: I mean, without an SCR, is that an option which is discussed anymore?

Soumitra Bhattacharya: You are talking only on the four-wheeler front, not on the two-wheeler front?

Punit Gulati: On the four-wheeler, heavy commercial vehicles.

Soumitra Bhattacharya: I will hand over to my colleague. But I clearly believe that SCR as well as NSC will be the route. But exhaust gas treatment, you need to put that in. But I will hand over to my colleague, Jan-Oliver Röhr, who is our Chief Technical Officer.

Jan-Oliver Röhrli: Very briefly on that question as it is a technical question, of course, you are referring only to the diesel powertrain and not gasoline solutions which we also offer for BS-VI, of course. And on the diesel powertrain we have main road commercial vehicles for SCR only. While in the passenger car you have starting will be at April 2020, also depending on the overall engine layout the opportunity to do it with NSC and a number 4 SCR or to do with NSC in a passive SCR. We have to keep in mind that by 1st of April, 2023, we are having RDE emission that is real time driving emissions so the product has to deliver as per the initial criteria, but also in normal use cases which translates technically into RDE, so we already have permissions. And for that we prepare, of course, along with the customer, the systems layout wherever we are a solution provider. And that means that we are following a path which you may see in NSC and in SCR or NSC while having the hardware prepared to also in future host an SCR. So, in a nutshell, for commercial vehicles it is SCR and for passenger cars we would see a variety of solutions, some NOx straps and SCR combination, starting with NOx straps in the beginning, and also on the SCR as that is far more depending on the engine layout overall. But in EGR you will all the engines, in the fuel EGR, exhaust gas recirculation, but this is not enough for BS-VI as a standalone solution to bring down the criteria.

Punit Gulati: And how is the adoption looking like for gasoline direct injection post 2020? Are you seeing OEMs becoming significantly more serious about GDI versus MPFI?

Jan-Oliver Röhrli: Well, at the end it is a decision of the OEM, what is he targeting for. You know that GDI is of course solution which is providing at a higher pressure the fuel and to the combustion chamber. So, you have a better combustion, there is normally going along with a higher efficiency, so there is an advantage in fuel consumption. And you have a higher peak impression and normally a low, so that you have a higher torque at the end and that is translating into better driving behavior, typically at the start of the engine. So, when you go from 0 to 60 kmph, this gives you a natural advantage. And that is a decision of OEM where he is going for. Because for emission criteria he doesn't have to have a GDI.

Punit Gulati: And on the two wheeler side is there any progress on how it will ultimately shape up for BS-VI, is fuel injection system a must or would a natural carburetor option still remain?

Jan Oliver Röhrli: So, carburetor we do not see as an alternative at all. You see that the engine management system will be the main part to cater to both emission, emissions not only on trial by the way but also on the road where you will have hardly any opportunity to cope with that base on only any type of carburetor, now the called e-carburetor. And of course completely excludes the simple carburetor. And beyond that you have to keep in mind that as an EMS we have a significant advantage in the fuel consumption. So, the TTL case, it is very beneficial for the end consumer, and hence we see that this will be not only the mainstream but finally the only thing to really cope with emission criteria and harvesting on the fuel consumption initiatives.

Punit Gulati: So, e-carburetor will still remain an option, and that is separate e from the engine management system?

Jan-Oliver Röhrli: We do not see that as a real option, as I just said for the two reasons that you might be able to meet emission criteria on the homologation side, but you will get difficulties as for the confirmatory of production. And with any type of carburetor you will not gain any benefit on the fuel consumption side as with EMS, we clearly have that benefit. And hence the TTL case is getting, so the total cost of ownership is getting on the positive side with EMS.

Moderator: Thank you. Our next question is from the line of Jiten Doshi from Enam Asset Management. Please go ahead. As there is no response, we move to the next question from the line Ujwal Shah from Quest Investments. Please go ahead.

Ujwal Shah: Again, pondering more over two wheeler opportunity, most of the two wheeler players have had initial tie-up with companies, some of them having been Japanese guys and a few Indian guys also forming joint ventures to get into this BS-VI opportunity. How does Bosch position itself amongst players which already have relations or have formed tie-up in this space? And what kind of an opportunity on the pan-India basis do we see on two wheeler side through BS-VI?

Soumitra Bhattacharya: I will give the first part of the question and then hand over to your CTO, Mr. Jan Oliver Röhrli. So, we have had, as all of you know that we have entered diesel right from our formative years in Bosch Limited, i.e. 1953. But when you look at gasoline, we came in much later. But we have become a significant player in a strongly fragmented market. So, I have mentioned this before, we are in double-digit percentages, I cannot declare to you the exact percentage. But the market is fragmented. But within that in the last five to six years we have grown significantly. So we have had pretty positive customer acquisitions, as always, we cannot give you names of customers. And we are today a sizable player in a fragmented market where, of course, we have to remember that we started this division some seven to eight years ago and we have moved up. So, we are not naturally in market shares as strong as we are in diesel, but we have become a significant player. Jan, would you like to comment anything on this, generically?

Jan-Oliver Röhrli: No, I think you covered it quite well. It is a competitive landscape and I think we have a good product mix from the ECU over the laws that are highly reliable that we are producing in big scales. So, from a competitive edge we are, on our level, good competitor as we are in with diesel. And it is going more towards solution that we have to provide here. So, we are on a good path to my mind. And that was also the reason why we have here an organization who is taking care only for the two-wheeler business within Bosch Limited.

Soumitra Bhattacharya: And Ujwal, you would be happy to know that we take a lot of support from our parent, and our parent between diesel and gasoline, they are more or less equal, has a turnover of

approximately EUR20 billion, so that is not small. So, that is about Rs. 1,73,000 crores. So, one of the reasons for later start but much better entry into the market has been because we get a lot of support from our parent and then we have a very good portfolio, as Jan said, not just on components but also as a system on EMS plus other areas.

Ujwal Shah: Sir secondly on the aftermarket, very strong growth in the aftermarket as you had promised as well that we would see double-digit growth. Is this growth number sustainable because of the measures that you had specified before going forward as well? Your thoughts on the same.

Soumitra Bhattacharya: You are right, you have done a quick and a good recap. We did have flat situation a few years, including last year. One more reason for last year, we got very badly hit on the GST, like many others. But we have taken measures within the management on restructuring aftermarket, we have put in focus and colleagues with experience in this area. And we see that with a focused approach and with a new leadership and the market is there for the taking, and Bosch Limited happens to be still the largest aftermarket player in India. So, we are happy this year that we have had this double-digit growth, and I see no reason why we cannot continue with a strong set of growth numbers also for the future.

Moderator: Thank you. Our next question is from the line of Jinesh Gandhi from Motilal Oswal Securities Limited. Please go ahead.

Jinesh Gandhi: Sir, my question pertains to the non-auto business beyond mobility. A profitability in terms of PBIT margins it has come off quite sharply in 1H-FY19. Any particular reason for that?

Soumitra Bhattacharya: Jinesh, are you talking about the non-mobility part?

Jinesh Gandhi: Yes.

Soumitra Bhattacharya: So, the non-mobility part we have declared to you the turnover growth which has come about pretty positively. But we have not declared to you the bottom-line. So, yes, our growth on the non-mobility area has been significant, as mentioned to you, two areas which have continued to grow strongly are solar and integration business cum energy business has done extremely well this year, we have had a triple-digit growth. We said that we have a pretty good growth in power tools as well as solar and energy business. And we would like to grow in our core, which is mobility, which is 85%. But this 15% we want to over proportionately grow over time. So, if you can make 15%, 16% and 17% or 18% it is not a bad thing while growing on mobility solutions. So, this is in line with our own strategy and focus.

Jinesh Gandhi: The profitability which I am referring to is in your segment results where non-automotive have reported PBIT of 396 million as against 865 million in September quarter last year, so that is what I was referring to.

Soumitra Bhattacharya: We have in our non-mobility area also quite a lot of FOREX impact. And you know the rupee depreciated. What we try to do in any of our businesses, we try to see whether we are meeting our benchmark profitability in relation to the markets that we are in. Different markets allow you different profitability, and we also believe that it is not necessary for us to produce everything. For example, solar, we are very clear, the imports are material. And we give solutions, I wouldn't call them boutique solutions, but we do not do large scale farming. So, we give up to 10mw, 12mw, 15mw and even up to 20 megawatts. So, we have done large installations now across the country, including the first ever airport in Cochin which is 100% green airport worldwide. We have a pretty good footprint in Bangalore International Airport, if you land you will see a solar farm, plus we have a 50 acres of land where we deliver another 12 megawatts. Our Bosch plants are all green and we have done a very big project. So, we do projects which are meaningful, which are more than boutique but which have USPs. And we do not do a vanilla large solar farming.

Jinesh Gandhi: And sir last question pertains to electronic fuel injection system for two wheelers. In last quarter you had indicated about some order wins, so any further update on that, do we expect to have similar market share as we have in diesel engine system, or how should we look at that?

Soumitra Bhattacharya: Are you talking of diesel or are you talking of gasoline?

Jinesh Gandhi: Fuel injection system for two wheelers.

Soumitra Bhattacharya: Electric? So, we just mentioned that we are at SOP stage with some of our customers. But Jinesh, you have to wait for us to declare because we do not want to declare before our customers. So, we will talk about it in 2019. 2018 is gone, 2019 we will talk about.

Moderator: Thank you. Due to time constraints we will take the last question from the line of Nishant Wagh from ICICI Securities. Please go ahead.

Nishant Wagh: Sir, first, I just wanted to take the earlier partner's question a bit forward. Could you give us some breakdown in terms of the different between the import content in non-mobility and mobility business?

Soumitra Bhattacharya: We are not giving you the breakup of import, as I said, we have a focused trading approach versus the manufactured approach. And if you look at the portfolio which consists of the older generation products, new generation and ultra new, they have all gone through this process where they start with import and trading and then we systematically localize. So, even the common rail process has gone through the same thing. So, we do not give you a breakup, but there is a mix, the mix is linked to products and these products are linked to then customer contracts and volumes. And we look at that critical change where it makes sense to localize

based on link to investments. So, we do not localize for localize sake. So, it is linked to all these factors.

Nishant Wagh: Sir, I have two more questions. On the CAPEX side could you give us some sense what we would have spent in first half and what is the balance in H2? And if any guidance for next year on capital expenditure?

Soumitra Bhattacharya: So, last year we spent about Rs. 450 crores for Bosch Limited. And as I mentioned to you in the beginning, we had our global CEO visit us in Bosch India two times this year. And some of you also came for the press conference which we had in our Bosch Adugodi premises, and he declared Rs. 1,700 crores CAPEX for Bosch in India over the next three years, which means including the financial year 2018-2019. Now, this Rs. 1,700 crores you can say approximately around 75% to 80% would go into Bosch Limited. So, we have spent for Bosch Limited in the past five years annually anywhere between Rs. 400 crores up to Rs. 700 crores, and we will spend in the next three years, as I said, around 75% to 80% of the Rs. 1,700 crores. So, our CAPEX spends are going to continue, we are transforming our headquarters at Adugodi, which is a 75 acre campus, into one of the smartest campuses in India by 2022 that will get over. We have 100 acre greenfield property in Bidadi where Phase-I got over three years ago, and now Phase-II and shifting of the Bangalore plant into Bidadi in 2019, by 2019 mid will happen. And of course, we will continue to spend money in our facilities, in R&D, in applications to meet future demands.

Nishant Wagh: Sir, last question that remains, we have done a really good job on the employee cost structure side and we have also highlighted it and laid it on the productivity. Could you give us some sense in terms of how much of that lever is still remaining in FY20? And if possible, could you give us some headcount numbers that you are at currently and what you were say two years back?

Soumitra Bhattacharya: Again, no guidance. But you are right, if I look at three to four years ago we were about 14% to 15% per employee cost. Today this 10.8% has to be taken with a pinch of salt, it has a small element of the actuarial interest rate. So, even I take 11.2% to 11.5%, it is a far lower number as compared to 14.5%, 15%, 15-plus% we had four years ago. So, we want to keep it at this level, while improving on the holistic set of reskilling, competency building for our new requirements and continuously focusing on productivity. And over the last four years a few thousand head count has been reduced in the overall workforce in a very-very ethical and fair manner. We do give EVRs where required and we will continue to do in the Bosch way, which is fair, ethical and yet remaining competitive. So, we will continue to focus on personal cost as well as other cost.

Nishant Wagh: So, what would be the headcount currently, if possible?

Soumitra Bhattacharya: We are sub-10,000 in India for Bosch Limited, but I cannot give you a breakup of the other numbers.

Moderator: Thank you very much. That was the last question. I now hand the conference over to Mr. Annamalai Jayaraj for closing comments.

Annamalai Jayaraj: Thank you, everyone. On behalf of B&K securities, I would like to thank Bosch management for taking time out to discuss 2Q numbers. Have a good day. Happy Diwali to everybody.

Moderator: Thank you. Ladies & gentlemen, on behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference call for today. Thank you for joining us. And you may now disconnect your lines.

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