



“Bosch Limited Q1 FY2019
Earning Conference Call”

August 10, 2018



ANALYST:

**MR. ANNAMALAI JAYARAJ – BATLIVALA &
KARANI SECURITIES INDIA PRIVATE LIMITED**

MANAGEMENT:

**MR. SOUMITRA BHATTACHARYA – MANAGING
DIRECTOR – BOSCH LIMITED**

**MR. JAN-OLIVER RÖHRL – EXECUTIVE
DIRECTOR & CHIEF TECHNICAL OFFICER –
BOSCH LIMITED**

**S C SRINIVASAN – EXECUTIVE DIRECTOR &
CHIEF FINANCIAL OFFICER – BOSCH LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Bosch Limited Q1 FY2019 earning conference call hosted by Batlivala and Karani Securities India Private Limited. As a reminder all participant 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 the operator by pressing “*” then “0” on the touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Annamalai Jayaraj from B&K Securities. Thank you and over to you Sir!

Annamalai Jayaraj: Thank you Janice. Good afternoon everyone. On behalf of B&K Securities welcome to Q1 FY2018-2019 post result conference call of Bosch Limited. We are delighted to have with us today Mr. Soumitra Bhattacharya, Managing Director, Mr. Jan-Oliver Röhr, Executive Director and Chief Technical Officer, and S C Srinivasan, Executive Director and CFO. I would now hand over the call to Mr. Soumitra Bhattacharya for the opening remarks to be followed by question and answer session. Over to you Sir!

Soumitra Bhattacharya: Thank you Mr. Jayaraj. Before we look into the results of April to June 2018 quarter for our company, I would like to brief you about the overall domestic automotive market development in the last quarter looking at production volumes excluding two wheelers. During the quarter ended June 2018, the Indian Automotive market grew approximately by 25% against the quarter ended June 2017. Commercial vehicle segment grew by 68%. Increase in sand and coal movement across the country in road construction and mining activities led to this higher demand for heavy commercial vehicles. Additionally, the strong acceptance of the BS-IV range or Bharat Stage IV range of products with superior SER Technology and new product launches aided to this growth.

Light commercial vehicles grew due to the increased thrust in agriculture-based FMCG as well as e-commerce sectors. Tractor segment increased approximately by 20% on a high base driven by increased focus on agricultural reforms, rural infrastructure and previous year’s lower base due to the GST rollout.

The passenger car segment grew approximately by 11% due to increase in domestic sales for new launches, which were well received I have to say as well as for the old models, which continue to do well.

Three-wheeler segment grew by 60%. It is mainly due to the higher demand driven by abolishing of permit system in Maharashtra and Karnataka along with the granting of new permits in Delhi and NCR area and the transition from four stroke to four stroke three wheelers also in Bengaluru.

We now look how our company Bosch Limited has performed in April to June 2018 quarter. With the introduction of goods and services tax, GST, revenue from operation needs to be reported net of GST from July 2017. Accordingly all percentage of revenue has been adjusted for excise duty for the previous year quarter to make it comparable and like-to-like. Total revenue from operations has increased approximately by 21% over the same period of previous year. In absolute terms, total revenue from operations for the period April to June 2018 stands at 32122 million, which means Rs.3212 Crores as against Rs.26484 million over the same period of 2017.

The mobility solution segment grew by 21%. The business beyond mobility solutions witnessed a growth of 49%. Domestic sales for this quarter grew by 25% thereof the mobility solutions by 22% whereas business beyond mobility solutions increased by 53%. Export sales stood at 8.3% mainly from business beyond mobility solutions segment. In mobility solutions powertrain systems for all of us to know powertrain means both diesel and gasoline has had an impressive double digit growth aided by volume ramp up by our customers and product mix change. Aftermarket witnessed a moderate growth of 3.5%, but we just have to add when you make it on a like-to-like comparable base, this is amounting to nearly 8% owing to structural changes because of GST impact and tight liquidity in the market. The business beyond mobility solutions showed significant double-digit growth against quarter ended June 2017. It is majorly due to orders in solar, energy as also in our power tools business.

Now coming to material cost. Material cost as a percentage of revenue from operations is in line with the previous quarter of April to June 2017. In absolute terms, it is 17486 million in April to June 2018 whereas it was 14399 million in the corresponding quarter of 2017. The impact on unfavorable forex as well as product mix is compensated by cost reduction measures.

The employee cost has increased to Rs.3509 million in the quarter ended June 2018 from Rs.3412 million in the corresponding quarter of 2017. The increase is due to annual salary revisions offset with improvement in efficiencies. Depreciation has declined by 12% in the quarter ended June 2018 as against the quarter ended June 2017 because of a lower asset base.

Other expenses for the quarter April to June 2018 is Rs.4845 million as against Rs.4283 million for quarter ended June 2017. This is an increase of 30% as against the total revenue increase of 21%. Increase is mainly due to higher packing and forwarding charges, which are completely in line with turnover growth, maintenance of machinery due to higher production volumes and adverse exchange rate. The operating profit for Bosch Limited at Rs.5343 million as compared to Rs.3328 million for quarter ended June 2017 mainly contributed by higher turnover, improved operational efficiency and higher productivity.

The other income has decreased from Rs.1295 million in the quarter ended June 2017 to Rs.1147 million in the current quarter of 2018, thus showing a decline of approximately 12% because of reduction in mark-to-market gain on marketable securities. For the quarter ended June 2018, the company posted a PBT or profit before tax of Rs.6489 million as compared to Rs.4618 million in the same quarter of 2017, an increase of 41%. As a percentage of revenue from operations PBT stood at 20% in the current quarter of 2018 as compared to 17% in the corresponding quarter of 2017. Consequentially profit after tax increased by 42% for the quarter of 2018 as against the quarter ended June 2017.

I would like to share with you a few highlights too. We at Bosch Limited are strengthening our commitment to partner India as it transforms itself in the mobility aspect and in line with NITI Aayog's vision for the future of India.

We are also happy to announce to you that we have set up Agile Project House on mobility solutions within Bosch Limited with effect from July 1, 2018. The project house will enable us to respond better to local requirements while making use of global solutions. The project house will work in close co-operation with our sister company, the software division in Bosch India and Engineering Services and we want to give innovative, efficient, and affordable solutions for our customers on an end-to-end basis. The growth for 2017-2018 has continued and the economy appears well positioned for 2018-2019. Our forecast for this year is optimistic in anticipation of improvement on the macroeconomic factors. I also have to add a word of caution that while we are at an all-time high in the automatic and mobility area, we have to finally look at what is the consumer demand. We are therefore optimistic about the growth prospects in India including our industry, which is mainly mobility and automotive and we will keep a close watch on the current increasingly inflationary pressures, which are taking place mainly due to oil, but also the impact on exchange rate. Thank you very much for your patient listening and your questions please.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take the first question from the line of Pramod Amthe from CGS CIMB. Please go ahead.

Pramod Amthe: Congrats on a good set of numbers. First you indicated on the aftermarket on a like-to-like basis you have grown by 8%. If I had to look back, you were badly hurt on the GST front last year, so is it not a subdued growth on that low base? How do you look for the rest of the year for the same segment to perform?

Soumitra Bhattacharya: Thanks Pramod for the question. I have to say one thing at the starting point, which all of you have heard many times is that we do not give guidance. Having said that we are clear

that in aftermarket, we want and we will grow at double digit on a like-to-like basis and I think that is a very important point after a muted growth for sometime.

Pramod Amthe: Sure and the second one is with regard to the BS-VI wanted to get your thoughts in terms of broadly once the BS-VI because many of the programs are now getting freezed where will be the majority spend for BS upgrade? Is it more of after treatment versus the engines if you can give some value split, might be what ratios if the upgrade has to happen, one and second, would you be stronger in the bigger trucks after treatment or you would be much stronger in the rest of the smaller CVs and cars, how are you positioned to take a benefit of the same?

Soumitra Bhattacharya: I will do it in two parts. I will give you the broad answer and I will request our Chief Technical Officer to also chip in. As we mentioned before first of all we are not going to give any splits between exhaust gas treatment and related numbers. The BS-VI program has been very well defined especially after the transitioning of BS-III to BS-IV, so I think we have to congratulate the government to say that things are pretty predictable known and Bosch has had for 2017, but 2018 also an extremely positive acquisition because our customers understand that Bosch is a technology provider, which gives end-to-end solutions and we hold from conception right up to SOP. Having said that I would say that the industry as such is in different situations, actually different OEMs will be in different situations on preparedness, but overall the industry is getting well prepared on a very stretched target and I would like to remind all of us that India is the only country in the world, which is leapfrogging from BS-IV to BS-VI in three years time as against advanced countries like Europe and Germany, which took eight years, so there will be definitely some hiccups on BS-VI not for Bosch, but for industry as such. Regular runners will be taken care of by industry. It will be the non runners, which may have some hiccups because the date is fixed and that is clearly April 2020, so splits, we are not going to give any splits. We are giving the entire end-to-end solution including exhaust gas treatment related to Indian RD conditions and over to my colleague, our chief technical officer, Jan-Oliver Röhl.

Jan-Oliver Röhl: Actually there is not so much to add now from my side. BS-VI, I assume you refer your question to diesel power engines only if you speak about the after treatment system because you are well aware that of course for gasoline engine as long as it is not direct injected engine you typically renounce on any kind of after treatment system while you have to increase of course is three-way catalyst, which is already installed for BS-IV engine. On diesel engines that say it is dependent on the solution that the customer is following hence it is does not make so much sense even to speak about any kind of split. To give you one idea, there are customers who are following an approach specifically in the commercial vehicle area with high EGR solution, so exhaust gas recirculation, which is still the most powerful weapon to bring down the NOx, while of course diesel particle filter is out of question. It has to come in for any kind of four-wheeler, S car or commercial vehicle and others, they

say no I am not going with high EGR. I do not want EGR at all and hence I have to go with the full-blown selective catalytic reduction so an SGR system meaning having had blue of course in additional tanking system, so there are different solutions from different customers. They are following their own strategy what they want to bring finally into the market and we are in the lucky position to have the right answers to all these customer requirements, hence are very well positioned with product portfolio with our services that we offer to the customer and are also right in time.

Pramod Amthe: Thank you and all the best.

Moderator: Thank you. We will take the next question from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Good afternoon. Thanks for taking my question. Actually my question is from the same topic, just to understand so aftermarket is part of the mobility solutions right?

Soumitra Bhattacharya: Yes.

Sonal Gupta: In terms of aftermarket what we are seeing in terms of the trend is that all OEMs are also wanting to focus on spare parts and growing the spare parts business, so they are trying to do more of whatever you call OEM branded genuine parts and as the commercial vehicles like we had gone to BS-IV and then we are going to BS-VI as the commercial vehicle engines also become more complex, I would imagine that the road side assistance on things will come off and people might be going more to the authorized dealers in which case they would be procuring the supplies from the OEM, so do you structurally see a challenge for this aftermarket business because clearly as it moves more towards OEM channel or the authorized dealer channel your growth in the aftermarket would be much slower?

Soumitra Bhattacharya: We do not see it that way because there is space for everyone. Since you have asked a very interesting and important question, I would like to remind how many years ago did Maruti genuine spare parts start. It has been more than a decade and all the OEMs have followed, so I think you have to look aftermarket in the changing context of aftermarket, so in Bosch we have independent aftermarket. We have aftermarket for the OE. We have aftermarket, which is in the connected space and then if you look at Bosch has a very flourishing and well-networked Bosch Car Service system. We have our Bosch Diesel Service system and we have presence pan India, which very few companies have. These facilities help in the changing times for not only new generation products including setting up systematic spoken hub system for our common rail aftermarket including workshops, which take care of servicing, but more importantly also giving value added service including IoT connected and other things, which are going to come up that means intelligence will come into the space and Bosch is a very strong IoT company, so I would say slightly different viewpoint.

The changing phase of aftermarket we will co-create along with industry, but be it in the forefront in how we co-create. A comment also from CTO.

Jan-Oliver Röhl: A good thing let us from the business perspective is of course that the components, BS-IV and BS-VI are of higher value. The bad thing is that let us say some of the things that happened in the aftermarket will not happen was in electronic fuel injection equipment anymore, but the point is to open up new avenues for the customers and to add real value because let us be honest commercial vehicle in a shop floor is not really adding value to the customer. What is adding value to the customer is when he knows his uptime very reliably and when he has a chance to predict his service intervals very precisely and for that reason already he has six validation now in the field, we are adding smart boxes to identify the loads on our components exactly to derive out of this the predications that are necessary to increase the uptimes for the customer.

Soumitra Bhattacharya: If I just sum it to say one thing, which our CEO mentioned quite a few years ago. By 2020 Bosch worldwide for any electronic product will be IP-enabled and with that we are talking of putting intelligence into stupid things. Now this is a very powerful thing, which very few companies have a very good technology forefront, localized technology example India, investing to see it is affordable and finally putting intelligence into it, so connectivity, staying connected and having things to talk to each other, which is internet of things is going to be also a very important game changer in the future and Bosch is well positioned for it. Thanks Sonal.

Sonal Gupta: Thanks Sir and my second question again on the SER system like you said in your opening remarks that there has been a strong acceptance of SER technology of course we that one OEM on the truck side is not deep going with SER as of now, but really versus the adoption of your fuel injection systems, how would you see the adoption of the SER systems? Would there be any sort of like have we seen major chunk of your customers sticking with you even for the SER systems? Any views on that side?

Jan-Oliver Röhl: Again SER for the whole audience is a weapon to bring down the NOx and BS-IV some OEMs they are already making use of this technical solution while not required from an emission perspective to have the learning curves on one side and on the other side make profit out of the fact that if you combine the SER with an intelligent AFRs and the right electronic fuel injection equipment, you have the chance to reduce your fuel consumptions at a level to 3% to 5% depending your driving cycle, so that is important of course because finally you bring down the total cost of ownership for your customer and you have a value proposition along with a strategy that you are following. Now on the commercial vehicle segment while for BSIV it is let us say a choice of the OEM, we see that for the commercial vehicle area and here specifically for the medium and heavy commercial vehicle area, the SER will no longer be an option, but it is a must.

Soumitra Bhattacharya: Sonal, I think you have asked both questions. May be we get questions from others, but I will just take 30 seconds to tell you that Bosch is providing affordable innovative technologies to holistically take based on customer need the BS-VI program forward in a very, very systematic way and we strongly believe that IC is there to stay for a long time. Diesel has a strong case not just in all areas other than PAS cars, but also in PAS cars. Yes cost will marginally go up that all of us know and we strongly believe that Bosch has worked not only in IC, but our parent has been working also in EB and hybrid for the last 10 years, so we are a player in all areas, so perhaps we go to the next question.

Sonal Gupta: Sure thank you. I will return back to the queue.

Moderator: Thank you. The next question is from the line of EA Sundaram from DHFL. Please go ahead.

EA Sundaram: Thanks for the opportunity. This is actually related to the previous point itself. There is so much talk about electric vehicles taking over the automobile industry and all that, so I would like to know what is Bosch's assessment of the future of diesel and gasoline engines and are there further developments that are possible with diesel and petrol that meet increasingly strict tradition norms? I would like to know your perspective on this?

Soumitra Bhattacharya: First of all Sundaram thank you for the question. I think from Bosch side, the last one year we have stated this very clearly, but I would like to reaffirm what we have stated in the last one year and recently we had our global CEO in the last week of June and he has also said that, so I am going to state what we have stated earlier. We believe very strongly that the IC is going to be a dominant form not just in 2030 but also beyond and we are saying dominant. We believe new technologies like hybrid and electrification will come in. There will be different forms of powering it whether it is lithium iron or alternative fuel cells or other areas. We also believe since we have been working for the last 10 years that and our CEO has stated that very, very clearly that diesel is a very strong part within IC and if you look at the internal combustion engine and diesel now, there are three parts to it. You have particulate matter, you have NOx, and you have CO₂. Now CO₂ is never in question. Our Chief technical Officer just recently mentioned that in diesel you always have a better situation on both on CO₂ as well as on fuel saving, but if you look at NOx not just in India, but more importantly our parent has shown very clearly that NOx in mg per kilometer can be dramatically reduced and which can be far lower than the limits at either in developed countries or in emerging countries. Now having said that in summary when you have tried, tested and proven including improved versions of IC both in gasoline and diesel coming up and in India we believe very strongly that they can remain affordable, you are giving consumer choices in all areas. So in summary EV will come either in the form of hybrid or in form of either pure EV, but it will be dependent on the consumer to take it a rate, which we still believe the IC will remain dominant at 2030 and beyond. Lastly the government has

not initiated a move directly by Prime Minister Modi on 7th and 8th, we are doing a global mobility summit all of you know that and the government will take about all these things and Bosch has worked with OEMs, but also with government as an agonistic neutral technology provider with India first to give very concrete data. For example, we have shared a lot of data with the government on fatalities and accidents and road safety. So same way we have always looked at things for example in India as India first and give an end-to-end technology, but also a business solution. Does that answer your question?

EA Sundaram: Yes. It does answer my question. Thank you.

Moderator: Thank you. We will take the next question from the line of Ashi Anand from Allegro Capital. Please go ahead.

Ashi Anand: Thank you for the opportunity. You have spoken of the BS-VI impact on the CV side and the fact that SER will really become master in BSVI, so I just wanted to understand the impact on the two wheeler, on the tractors, and on the passenger vehicle segments of BSVI and how that impact it us as a company?

Jan Oliver Röhr: My comment was related to the commercial vehicles where it becomes a medium duty and heavy commercial vehicles. For two wheeler, which of course not having diesel engine at all that is not the question whether this is coming along now with an SER or EGR it simply does not matter. It is a gasoline engine natural aspirated, so for a three-wheeler there the situation is a little different as you might be aware the emission norms for the three wheeler compared to a four-wheeler PAS car has been deliberately relaxed in order to not overload this vehicle segment, which technology, which would not be suitable. That means that an SER for a diesel three wheeler does not make and it is not required.

Ashi Anand: Actually the question was specifically on SER, but in terms of as each of these segments need to kind of with the line of BS-VI. Are there any opportunities that thrown open to us?

Jan Oliver Röhr: The last point I did not get, but your point was also related to the tractor segment and tractor will not switch to BS-VI, April 2020.

Ashi Anand: On tractors how long would inline kind of pumps be dominant in tractors, do we see that actually shifting towards either distributor pumps or something more advanced moving forward and any kind of timelines in that?

Jan-Oliver Röhr: Well, let us say, it is not only tractors, the whole of our every segment that you are whether in tool and as in the past also now for the future to come the off-highway segment will follow from the emissions more closely to what is happening on the highway segment, so then it is just naturally that in the upcoming time of let us say mid 2020 we will be

switching continuously over from an inline pump or mechanical not to make it only to our product portfolio to interactive fuel injection equipment.

Soumitra Bhattacharya: So to add to what our CTO said, bottomline is we are producing the highest quantity ever of inline pumps now and we see that being continued in different forms and requirement including for off-highway well beyond the 2020s. So summary, inline pump will be relevant for a very long time. There will be different needs and requirements for it and second your company or Bosch Limited has systematically transitioned from different pumps and systems, fuel injection systems to a newer version in a smooth and transition way. So we will do it, but just for all of us to understand and know highest record ever being produced right now in terms of demand and that is demand will be there for quite sometime beyond 2020.

Ashi Anand: That is very helpful. The second question is was as we transition towards BS-VI, do we actually foresee a need for higher levels of imports from our parent and could there be kind of a transition impact in terms of margins because of higher in sourcing before we start manufacturing in India?

Soumitra Bhattacharya: Actually, Ashi your colleagues have asked this question multiple times but I think, we will reply this once more. Bosch has a systemic way of going from initial trading to depth of localization and we do it in a systematic manner. For those of who are around with the industry since 2001 when common rail came for the first time introduced by Scorpio, it was 100% imported initially and today, I already mentioned to the press that for many areas in diesel, we are at 85% to 90% localised, so any product, process or systems that we take we start with trading and we then go into higher depths of localization because our parent and we also believe it is local for local. Does that answer?

Ashi Anand: Sure, actually the question was more in terms of do we see an impact in terms of margins because I think there is a large shift happening in our core segment, or should we kind of expect dip in margins before they recover over the next one to two years.

Soumitra Bhattacharya: That is a leading question and I will not answer it because I told we do not give guidance, but if you look at the historical data, I think, we have maintained our margins, beyond this I will not comment. And there has been a lot of shifting and transitioning of technology from BS-II to BS-III to BS-IV and now to BS-VI.

Ashi Anand: Thanks for the answers.

Moderator: Thank you. We will take the next question from the line of Annamalai Jayaraj from B&K Securities. Please go ahead.

Annamalai Jayaraj: Sir, we understand the two-wheelers are skewed towards fuel injection from carburetors for BS-VI from April 1, 2020 and we are hearing from two-wheeler OEMs that they are working for supply of fuel injection. Just wanted to know how Bosch is positioned on two-wheeler penetration?

Soumitra Bhattacharya: So, I will answer it first and then request our CTO to talk about it also a little. Bosch has grown very strongly in the two-wheeler area and we have in both in our gasoline division as well as in the two-wheeler area we have acquired very strong market shares with practically all the OEMs and as you know our parent has diesel and gasoline of 20 billion Euros and both diesel and gasoline are at 10+ billion Euros so we have tremendous background and history on diesel and gasoline. In diesel we have started in India since 1953. In gasoline we came in later but in the meantime we have acquired and we are acquiring very strong dominant position in terms of acquiring market share from a low base and we are well prepared in terms of acquisitions both in diesel but also in gasoline for the BS-VI transitioning into the electronic fuel injection system from the carburetor, but also additionally over to our CTO.

Jan-Oliver Röhr: The two-wheeler market is playing, to our mind, a dominant role in future for our business opportunities and for that reason already seven years ago, we established a specific organization who is taking care only for the two-wheeler business and these guys have a very good overview of what is happening in the market and whether let us say our service, product, solutions offering are suitable and from what we have seen in the recent past is that the customers are very happy with our solutions offering and the organization, the two-wheeler organization in India will play a very important role also in future, so I think your question is related to what one can read also in the press that some of the OEMs try to go to a re-carburetor and try to avoid for the sake of system cost an electronic fuel injection equipment, so to our mind this will be very difficult in a sense of let us say we only have a tight approval but also a continuous conformity of production achieved, means, if you do not have a golden system, but yes to markets like that this will be becoming very, very difficult while of course, you are free to make first year choices and try out different solutions, but again as I said it we have organization specifically tools for that because a very deep market understanding and to our mind this will be not a right solution for that market.

Annamalai Jayaraj: Thank you.

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

Pramod Amte: Two question, one your employee cost seems to be pretty low just a growth of 3% this quarter, any one-off reversals which are made in the same?

Soumitra Bhattacharya: Thank you. Welcome back Pramod again. Pramod, I had mentioned this to you all earlier that we do not look at a quarter-to-quarter. What is very important for a company like ours is to look at the processes so first of all we brought employee cost down to about 11% plus as compared to if you look four years ago, where we were in the 14% to 15%. Second we have to look at the trends in the last four years. We have improved productivity tremendously. Just to give you an example, we produced our 650000 inline pumps in nine lines, which required also people, today we produce more than 1 million in four lines so this is again a common Bosch practice to constantly improve productivity and the third is that we are now looking at reskilling and competency building so overall in the last four years headcount has reduced in blue collar and white collar while our turnover has grown. We will continue to focus on productivity, but now we are focusing even more on reskilling and competency building based on new competencies that the industry needs to go into and this includes connected and IoT and later even things like machine learning and artificial intelligence will come in. By the way Bosch India is one of the three centers of artificial intelligence across the whole Bosch Group worldwide.

Pramod Amte: Thanks. Second question is specifically with regards to again BS-VI for the small commercial vehicles. That seems to be the most challenging one on the BS-VI front and any logical solutions which are coming through now because we are almost in the finalization stage and how do you plan your production, because as you rightly said three-wheeler diesel seems to be at a relatively advantage versus LCVs or a four-wheeler diesel at this BS-VI juncture. Do you need to reskill your production capabilities accordingly for three-wheelers versus four wheelers on the good segment?

Jan-Oliver Röhrli: First let me say we are now positioned in that market of light commercial vehicles. We are now one-cylinder natural SP rated or two-cylinder turbo charged engines and let us say we are solution provider as I stated earlier and are now dependent on one is the single component that we are selling and in that context also for the small engines that is one cylinder natural SP rated we are very closely working together with our OEMs to find the right solutions and you can be sure that this would be the solution that the market will be also cherishing.

Pramod Amte: Any thoughts on three-wheeler versus four-wheeler because the solutions, which offer substantial difference in price and costing, so do you foresee anything big change over in terms of product mix happening there.

Jan-Oliver Röhrli: The good thing is whether it is a three-wheeler engine or four wheeler engine, it is a one-cylinder engine that you are referring to and we are positioned well in those markets. So whatever then the men on the street is deciding what to buy, we would be in.

Soumitra Bhattacharya: Pramod just for you to know, but all others that Bosch is not only positioned well in two-wheeler and three-wheeler in the current engine management systems but we are also very well positioned in the EV area because when India goes into EV the first set of areas which are likely to come in are two-wheelers, three-wheelers, followed by buses, intracity so again there also Bosch is a very strong player and we are not going to name customers, but we are a very strong player to providing solutions in a holistic basis.

Pramod Amte: Thanks and all the best.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take that as the last question. I would now hand the conference over to Mr. Annamalai Jayaraj for closing comments.

Annamalai Jayaraj: Thank you everyone. On behalf of B&K Securities, we would like to thank Mr. Bhattacharya, Mr. Jan Oliver Röhrli and Mr. Srinivasan for taking time out to discuss the quarterly results. We also thank Bosch Limited management for providing us the opportunity to host the call. Have a good day.

Soumitra Bhattacharya: Thank you Mr. Jayaraj and team.

Moderator: Thank you Sir. Ladies and gentlemen, on behalf of Batlivala & Karani Securities we conclude today's conference. Thank you for joining us. You may now disconnect your lines.