



“Bosch Limited
Q3 FY2020 Earnings Conference Call”

February 05, 2020



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Moderator: Ladies and gentlemen, good day and welcome to Bosch Limited Q3 FY2020 Earnings Conference Call hosted by Batlivala & 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 an 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 Batlivala & Karani Securities India Private Limited. Thank you and over to you Sir!

Annamalai Jayaraj: Thank you Janis. Good evening, everyone. On behalf of B&K Securities, welcome to 3Q FY2020 Post Results Conference Call of Bosch Limited. We have with us today Mr. Soumitra Bhattacharya, Managing Director, Mr. Jan-Oliver Röhr, Executive Director and Chief Technical Officer, and Mr. S. C. Srinivasan, Chief Financial Officer and Whole Time Director. I would now hand over the call to Mr. Soumitra Bhattacharya for his opening remarks to be followed by question and answer session. Over to you Sir!

Soumitra B: Thank you very much. Mr. Jayaraj and welcome to the investors’ concall. Good evening and I would like to start with a brief about the macroeconomic highlights for the quarter affecting our business. The year 2019 recorded its weakest pace since the global financial crisis a decade ago. Reflecting common influences across countries and country-specific factors, rising trade barriers and associated uncertainty based on the business sentiment and activity globally. Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico and Russia.

The Indian economic activities continue to be weak with GDP growth decelerating for the sixth consecutive quarter to 4.55% during Q2 FY2019-2020. RBI and most recently IMF have revised the full year FY2019-2020 GDP expectations substantially downward between 4.8% and 5%.

During Q3 FY2019-2020, some high-frequency indicators like PMI, auto sales showed a few glimpses and signs of improvement. Auto sales a lead indicator to consumption continued to be competition on a Y-to-Y basis, also the base of contraction has eased. Though we could see some recovery in passenger car and LCV segments backed by major discounts by OEM during festive season this does not indicate a turnaround in the overall scenario.

After a turbulent 2019, recovery expectations are now building up supported by leasing financing environment, stable regulatory environment. During the quarter, overall

automotive market production decreased by 11.2%, HCV segment declined by 52.2%. Volumes have bottomed with factors like NBFC liquidity crisis, implementation of new axle load norms, and drop in freight demand as also the GST impact. Passenger car segment declined by 7.8% and showed slight recovery during the festive period albeit by massive discounts by many OEMs. Tractors showed a decline of 20.1% due to lower demand from farmers and demand continued to contract, but at a moderated pace. LCV segment declined by 8.5% due to weak rural and urban consumption and stringent lending norms. Among the other market segments, three-wheeler segment declined by a small percentage, amidst of this weak automotive performance we will now look into the performance of the company for the quarter.

The total revenue from operations is Rs.25367 million, a reduction of 15.7% as compared to the corresponding period of the previous year and it increased by 9.7% over the immediate previous quarter. Mobility business sector declined by 25.8% due to various factors mentioned earlier. Business beyond mobility solutions also showed a reduction of 13.9%. The domestic sales for this quarter declined by 25.2%. Export sales show a decline of 10.2% during this period.

For the 9 months period ended December 2019, revenue from operations decreased by 18.7%, the mobility business sector declined by 20.1%, business beyond mobility solutions declined by 11.3%.

The material cost as a percentage of revenue from operations has decreased to 52.1% in October-December 2019 as compared to 55.2% in October-December 2018. The decrease is mainly contributed by higher service income in this quarter further improved by cost reduction measures in materials. Similar trend is seen for the 9 months period ended December 2019, which witnessed decline from 55.4% to 54%.

Employee cost has declined to Rs.3049 million for October-December 2019 from Rs.3326 million in October-December 2018. The reduction is mainly contributed by productivity and other personnel restructuring measures initiated by the company. For the 9 months period ended December 2019, the employee cost stood at Rs.9922 million as compared to Rs.10143 million for the same period in 2018 showing a marginal decrease of 2.2% mainly due to productivity measures.

Depreciation has increased by 9.2% in October to December 2019 as against October-December 2018 mainly driven by capitalization of new production hanger at our Bidadi plant. For 9 months period ended December 2019, there has been a decline of 7.3% due to overall reduction in new investment during the year.

Other expenses for the quarter, October to December 2019 is Rs.5893 million as compared to Rs.6027 million for October-December 2018, a marginal decline of 2.2%, which is in line with total revenue decrease and other budgetary control measures initiated by the company. For the 9 months period ended December 2019, other expenses have decreased by 10.2% majorly on account of lower turnover and cost reduction measures.

Operating profit stood at Rs.2104 million for October to December 2019 as compared to Rs.3110 million for October to December 2018 mainly resulting from lower turnover. For the 9 months period ended December 2019, operating profit has dropped from Rs.8747 million from Rs.13454 million in the corresponding previous period.

Other income has declined to Rs.1399 million in the quarter October to December from Rs.1786 million in October-December 2018 because of lower mark-to-market gains on marketable securities. For the 9 months period ended December 2019, other income has declined to Rs.4061 million from Rs.4328 million for April-December 2018.

In continuation of our organization-wide transformation, we continue to implement restructuring projects to streamline business operations mainly in our automotive and mobility division. Manpower adjustments are being done in a socially acceptable manner. We call it the Bosch way, with a focused approach on rescaling, redeployment in new business areas. We are also critically reviewing the inventory and fixed assets across our balance sheet in wake of the upcoming BS6 emission standards implementation with effect from April 1, 2020.

Towards these various measures and additional restructuring provision of Rs. 2075 million has been created and shown as an exceptional item for the quarter. For the quarter, October to December 2019, the company posted a profit before tax of Rs.3475 million before exceptional items as compared to Rs.4795 million in October-December 2018, a decline of 27.5%.

Profit before tax after exceptional items stood at Rs.1400 million, which is 5.5% of revenue from operations. For the 9 months period ended December 2019, profit before tax before exceptional items has decreased to 16.8% from 18.9% during previous year. Profit before tax after exceptional items stood at Rs.8559 million, which is 11.3% of total revenue from operations. For the 9 months period ended December 2019, profit after tax from continuing operations stood at 6.6%.

Further to the approval of the shareholders, the company has transferred by way of sales, the packaging division to a standalone subsidiary of the Bosch Group. The sales are executed

effective from October 1, 2019. Accordingly, the results of the packaging division are shown under discontinued operations and hence do not form part of the company performance for the quarter mentioned above.

Picking up from the last concall with a commitment to bring cutting-edge technologies to the Indian market, we are proud to participate with OEMs for electrification and BS6 changeovers. As seen in the recent TVS e-scooter launch, we have contributed in providing electromobility solutions like the in-hub drive system, also the recent launches of Tata, especially Altroz; and Nexon; Bosch has been instrumental in bringing cutting-edge technology in BS6 and electromobility into the Indian market, like the VCU and the inbuilt PLC charge controller.

With the backdrop of inventory accumulation, the supply chain and the OEMs trying to clear this before the BS6 mandates for high discounts and production cuts and block closures, we maintain our critical outlook for FY 2019-2020. Going forward, we expect the first half of 2020 to be of muted growth followed by the second half as a moderate growth, albeit on a low base of 2019.

With BS6 changeover, where we are partnering with almost all the major OEMs to bring in local-for-local solutions into the Indian roads, our major focus will be managing this changeover smoothly. As in my previous concalls, I would like to reiterate in the long run and long term for India, we remain positive about the growth potential of the Indian mobility market and position ourselves as an integrated solution provider for the mobility of the future and continue to invest in technologies like electromobility and mobility solutions while protecting our core.

We as a company Bosch Limited are also optimizing our processes in a holistic manner. We are being extremely cost focused while we are looking for all growth possibilities and we continue to invest for the future. Thank you very much. I am looking forward to your questions.

Moderator: Thank you very much. We take the first question from the line of Pramood Kumar from Goldman Sachs. Please go ahead.

Pramood Kumar: My first question pertains to the feasibility of the compact diesel engine. Now that the BS6 production has started from some manufacturers and some have already announced the pricing and one of the largest player has called out that compact diesel is unviable as per their view. So if you can just share some light given your expertise on the engine side, so what do you think the future of compact diesel is in a market like India post BS6?

Soumitra B: Pramod thank you for the question. We had always told, Pramod, that, first of all, diesel is very relevant as is ICE and we had also said that equal to greater than 1.5 and sometimes it can extent into 1.3 also, but 1.5, clearly, the TCO is very, very credible. So many OEMs are still practicing it and second, Pramod, I think you know from the data that the UV1 and UV2, while we have had a drop in passenger car sales, and I am excluding the onetime huge sales due to the Diwali discounting. UV1 and UV2 is growing and growing at a fast rate. So we believe that a) diesel is valid for passenger cars, b) even for compact diesel and I am here defining with 1.5 liter and you have seen many examples of UV1 and UV2 growing at a very fast rate.

Pramood Kumar: So in your view, the 30% diesel share what has been hit in the recent quarter, the previous quarter for Maruti that should ideally be maintained or would you say downside to the overall diesel share of the pie?

Soumitra B: Pramod, we have mentioned that diesel overall for passenger cars the percentage will come down. I do not think any of us other than Maruti are able to comment about Maruti, so I would decline that part, but we have said it will come down. We had hit quite a few years ago, a peak of 45%. Currently, we are at 29%, 30% diesel percentage, and it will gradually come down, but this part of how much it will come down and when, and this cannot be stated right now because many companies are looking at options and I am not going to name companies on how relevant is diesel, yes? So it is going to still remain a very important part of the portfolio. Percentages will depend on company policies. I think the fun to drive the TCO, and we had shared very openly with you that CO2 is not a issue at all compared to gasoline, announced this result after this particulate matter is not a issue. The only issue was the delta difference due to the exhaust gas treatment and the EGT and on that overall TCO works out well the moment you cross a certain value proposition.

Pramood Kumar: My second question is regarding the two-wheeler fuel injection opportunity. You did mention few other projects on electromobility and others. If you can just throw some more light on the incremental development now that companies have started dispatching vehicles to the market with fuel injection so if you can just make some comment on whatever you can in terms of providing some color as to how big this opportunity could be for Bosch?

Soumitra B: So Bosch is involved with all the big OEMs. We have always said that we would like to announce only after our OEM partners have announced their launch. So we have, last time, told you about Bajaj Chetak electric where Bosch plays a very important role and now today in the concall I have shared with you the TVS electric bike. Later as our various OEMs launch we will then announce.

- Pramood Kumar:** About the fuel injection Sir?
- Soumitra B:** You said about electromobility, right now.
- Pramood Kumar:** I said on those lines, anything to share on the fuel injection opportunity.
- Soumitra B:** So fuel injection opportunity, of course, the changeover with the changeover, Bosch plays a very important role. We have got a very good acquisition and I told you that on the gasoline that we had taken a substantial share, we do not share numbers, but we play a very important role.
- Pramood Kumar:** But some of you...
- Soumitra B:** We do not participate in the e-carburetor.
- Pramood Kumar:** That is helpful and it is suffice to say that some of the launches which have already happened with electronic fuel injection, Bosch is already participating?
- Soumitra B:** Yes. We have a substantial share in the market.
- Pramood Kumar:** That is good to hear Sir. I will come back in the queue and thanks a lot and best of luck.
- Moderator:** Thank you. We take the next question from the line of Pramod Ampte from CGS. Please go ahead.
- Praveen:** Just wanted to understand on the Maruti front. So as Maruti has evacuated space in the diesel segment and for the next 2 to 3 quarters will not be with their diesel product, so is it already reflected in this current quarter or it will impact in the 4Q also and how are we going to compensate that part for the next 2 to 3 quarters?
- Soumitra B:** Praveen, we do not share numbers of individual customers nor do we give guidance. Currently, Maruti, yes, is not in the diesel space for the launch, but right now, we cannot make a comment and as I mentioned, diesel will be evaluated on its strength and we believe that with a reduced percentage it is there to stay and about Maruti, I think, Maruti themselves will share information and like any other OEMs we cannot and we would not comment on that.
- Praveen:** Second question was on the gasoline and the diesel powertrain numbers can you just giving us the growth for both the segments?

Soumitra B: We do not give individual numbers, but I can say that tomorrow we are going to have a press conference, and we are going to announce about BS6 and where we are, and you will get to hear about Bosch's role both in BS6 as well as acquisitions.

Praveen: Thank you.

Moderator: Thank you. The next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Sir, just on the diesel part, I wanted to understand, like you clearly said that TCO is better and CO2 is not a challenge. So I am coming from the perspective that we have the CAFE norms coming in from FY2023 and given that you are seeing a shift clearly toward SUVs in the market that diesel can actually probably bottom out in FY2021 and then we start increasing the diesel share increasing back in passenger vehicles because clearly, how do you look at diesel versus say hybrids from a CAFE CO2 perspective, right, and cost benefit perspective, so any thoughts there?

Soumitra B: So each company has created a CAFE norm map and they have mapped it with their platforms, their engines and what it means and they have also looked at the cubic and we believe in the play that they do, naturally, you can say that there are certain companies, which are at a little more challenged as compared to companies who have smaller vehicles and so on and so forth. So we see a pretty healthy mix and we have seen that those who have also been very strong and active in diesel are going to meet their own CAFE norms. I mean, we have done a mapping, but for an additional comment I will ask our Joint Managing Director and Chief Technical Officer, Mr. Röhr, to comment, but individual numbers of them, we cannot comment, but we have data. In fact the way we work with OEMs and we have seen that they have created a roadmap for meeting the CAFE norms.

Jan-Oliver Röhr: Yes. So your question was related to CO2 and CO2 will be beyond the emissions, the next strong driver for technology and in the powertrain mix there will be a healthy mix of ICE electrified powertrain and also electrified powertrain and that mix is subject to the strategy of the individual OEM starting with a question on what is the segment, the vehicle segment, is it compact cars, is it utility vehicles that he is focusing on. Its marketing strategy, is he going towards fleet, is he going towards individual owners so that will be decisive on the powertrain mix. Diesel has and we stated that multiple times, the natural advantage compared to any kind of gasoline engine of minimum 15% CO2 advantage, and that advantage is not yet bottomed out. So we see the engine technology even more, opportunities that can still be yield. The same is true for a gasoline engine, while that gap will still remain and the hybrid, if a diesel share should really come down sustainably

dependent again on the OEM's portfolio strategy, hybrid will be a kind of natural followup for reducing diesel share and the good thing is that we are also part of that hybrid game that is yet to come to India.

Soumitra B: I think all this will map up with also ability to buy, which means the pricing and I think we have also seen the initial launches on EV pretty aggressive including on the two-wheeler.

Jan-Oliver Röhr: I think that is a very important point, affordability plays a dominant role and if I look on what we have done on the BS6 side, be it on diesel or gasoline; we have been able with still high localization share to provide a value proposition to the customer to have a combination of CO2 advantage. If I look at the diesel, fun to drive and affordability.

Soumitra B: What you see is the pricing now of BS6, also I think Bosch plays a role, and actually OEM plays the major role, based on what our CTO mentioned and you must remember that, in the pricing delta that is happening and in some cases, even the OEMs are not putting any pricing delta, that you must understand, is really, really bringing affordability. One point that we missed out was you get a better fuel mileage in diesel, yes? So that is why I said TCO. You have to look at all these details on NOx, on particulate matter, on TCO calculation and the delta cost that is being charged and there is not a big delta in terms of pricing.

Sonal Gupta: Sure Sir. So if I could just followup a little bit on that answer itself. Thank you so much for the detailed answer. Just in terms, would you have any sort of roadmap or any sort of a ballpark percentage that how much could hybrids or mild hybrids as a percentage of the industry by FY2023 and are you offering both mild hybrid and hybrid solutions or any which categories of solutions are you providing?

Soumitra B: So first of all, Sonal, just to make a small correction. In India, we have made something called mild hybrid, there is nothing because we called stop and start as mild hybrid. So worldwide, there is nothing called mild hybrid. There is a hybrid and then you have a pure EV and then you have a pure ICE. Second question is we have tried to give a ballpark's number based on trends, like Europe, cautious view is 75% will remain ICE between diesel and gasoline by 2030; 25% EV, which includes hybrid, EV, pure EV also and in India we have said 80% ICE and 20%. Beyond that we do not break it up and I do not think our OEMs are in the position. Finally, a lot of these numbers will happen based on propensity to spend, affordability and, of course, we still believe that 2030 still has majority of ICE.

Sonal Gupta: Thank you so much for the answer.

Moderator: Thank you. The Next question is from the line of Jijnesh Gandhi from Motilal Oswal. Please go ahead.

Jijnesh Gandhi: Sir, my question pertains to BS6. So without getting into numbers, directionally, how does the market share look in CVs, PVs and two-wheelers, are we gaining market share or there's a loss of market share in CVs and PVs?

Soumitra B: As I have mentioned, we are giving a press conference tomorrow before the Auto Expo and we are going to talk about BS6 and our projects and we would request you to be tuned in on that. So today, I can only say that it is very positive outcomes. Beyond this, I think it would be unfair to say. Currently, we do not look at percentages, but we will share how we have been doing on BS6 on the journey and when I say the journey it means from start of the inception and consumption right up to SOP.

Jijnesh Gandhi: Sure. Second question is on SCR for commercial vehicles. So do we make SCR in-house or that sourced from our vendors, India and globally?

Soumitra B: We partner with others, but our CTO can elaborate.

Jan-Oliver Röhr: So the SCR will, of course, be the technology of not the near future for BS6, specific in commercial vehicles and SCR so what we are doing, we are told, we are doing dosing modules, we are doing supply modules, so we are having a pumping system and a dosing system similar to the FIE. That is done in-house at Bosch and we have partnered with some very well reputed companies to, let us say, be able to cater to that very strict time line based on robust proven solutions, even for areas that are going beyond our component core technology.

Soumitra B: You must remember that very importantly Bosch is a systems provider and not just a component supplier because many of you are still calling Bosch as a component supplier. So while components are a part of our system we give a system solution, so we take responsibility for the entire system that we give, therefore, including the EGT.

Jijnesh Gandhi: Sure. Thanks for that clarification and on the EVs, which you mentioned in terms of Bajaj Chetak, TVS e-scooter and Nexon EV, what components we would be supplying for these products?

Soumitra B: I have just shared with you, look for Bajaj Chetak, more or less the entire system other than the communication part of it, the cluster part of it and in case of the TVS, I just shared with you that we have launched it and that we are providing the in-hub drive system because that is the main thing in electromobility, the e-scooter launch.

- Jijnesh Gandhi:** Not really.
- Soumitra B:** I think we have given you the answer. That is good enough.
- Jijnesh Gandhi:** Sure and last question pertains to aftermarket so any sense on how aftermarket is doing now?
- Soumitra B:** I have mentioned to you that, in aftermarket, we had done, and we are still going through a major transformation of our entire holistic transformation and we believe that in 2020 we will see the results of this transformation. So we have a very good penetration across India. We are covering more cities and we are also covering defined dealers and customers in a very intensive way.
- Jijnesh Gandhi:** Understood. Great Sir. Thanks. I will come back in queue.
- Moderator:** Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** Sir, my question pertains to the future emission norms. As in case of BS6, we have seen that the cost differential between diesel and petrol engines has increased now when we move to CAFE norms and then to real-world driving emissions, how does this equation change?
- Soumitra B:** My colleague, Mr. Röhrli will talk, but I just want to again indicate, Kapil, that it is not factual to say there is a major change, there is a change, but again, I repeat, based on all the details, which one shared, at the TCO level, diesel is very, very viable. You must look at the TCO level. We cannot look just objectively at the price, you must look at the mileage, you must look at fun to drive, you must look at the CO2 and you must look at finally why was diesel so popular in India and also why is diesel doing well at the UV1 and UV2.
- Kapil Singh:** Sure Sir.
- Soumitra B:** This is the fastest-growing market and you must finally look because customers are still looking carefully and we believe that in the future there will be further possibility of changes of OEMs looking at being able to give customers not only gasoline but also diesel.
- Kapil Singh:** Sure Sir.
- Moderator:** Thank you. The next question is from the line of Priya Ranjan from Antique Stock. Please go ahead.

Priya Ranjan: One is on the CAFE norm. So as of now, during the budget, the finance ministry has said that we have Paris Accord and the earlier CAFE norms was determined in 2015 to 2016 so after Paris Accord do you see that the CAFE norm was supposed to come down by around 20%? It may require further curtailment, and that may lead to more, fuel economy benefit after that?

Jan-Oliver Röhr: So let us say, the policies in that regard, not yet completely laid out for India, but what is for sure is that the CAFE norms or the CO2 will become the next drivers. We see that in Europe, very clearly, that is driving the technology far beyond the emissions. The emission matter is solved on the technological side and also on the fuel commercial side, it is competitive. While related to Europe, we see Euro 7 to come, which is also not yet completely defined by the way and on Bosch now, the CO2, and hence the CASA and on the emission side, we are doing at Bosch something what we call the mutual projects, now independent, whether it is a diesel or a gasoline or combined then with hybridization to combine the best of all the worlds and to let us say work on the vision of emission on CO2-neutral driving.

Soumitra B: I would like to give you one additional point. You must remember that Bosch globally, but also in India is a neutral, agnostic technology provider. Second, both our parent and India have done substantial work on the core, that is on the ICE, to continuously improve, and we have done lot of investments and third, we shared with you that our CTO, who just now spoke, along with his team had done a Pan-India drive for different vehicles where we have seen that with our technologies, which are even innovative and affordable, we can meet and better the current norms that are there, in actual driving conditions and this we have shared with government authorities always as neutral agnostic player. So we are talking with facts and data and we are talking also about the future, where our technologies will meet and improve on the standards later.

Priya Ranjan: You have touched upon a point of, UV1 and UV2 is growing fast, so for the similar torque, if I want to achieve, let us say GDI and if I want to do the turbo, etc., so what kind of price differential can a vehicle have to achieve the similar level of torque or if I have to do it similarly in the gasoline side?

Jan-Oliver Röhr: Look, the price is at the end, the question of the OEM, how we want to market that, but in simple terms, the more technology you put in, in a gasoline vehicle and GDI is higher technology, 250-bar, 350-bar, you add a gasoline particle filter, the closer you come to a state-of-the-art diesel vehicle, which is evident if you are taking the same yardsticks.

Priya Ranjan: If the UV segment is roughly around 30%, 35%, 35%-plus market now and if it goes, say, 45%, 50%, so do you see substantial, the kind of diesel decline, which we have seen might inch up again around 29%, 30% can it go back to 30%, 35% as well if UV segment share in overall four-wheeler market becomes like, say, 45%, 50%?

Jan-Oliver Röhl: For me that is very much speculation now. So at the end, the market will tell the buying decision of the customers. So overall there will be a higher variation, higher variety in the powertrain technologies, that will be diesel, that will be PFI, that will be GDI, that will be hybrid, PFI hybrids, we will see fully electrified vehicles, 48-volt, 70-volt, high voltages. High voltages means 300-, 320-, 400-, 450-volt and so on and so on. A super high variability that is the call of the customer then we will provide the technology for these calls.

Priya Ranjan: Just lastly, on one thing on the CNG viability and RDE because if I have to look at some of the studies or some of the real drive testing, what has been done in Europe, CNG is far inferior in terms of real drive emission. So how do you see, can in RDE norms, CNG will remain a viable option ever?

Jan-Oliver Röhl: CNG has its justification in the market. It is a low-cost fuel. It is a clean fuel. You have the natural cleaner sense of low CO2 emission. You have an advantage here as well on the emissions. So the emission criteria, be it not, be it particle matters so that is there. The point will be here from the policymaker side to have the strict norms incorporated to have a level playing field for now the emission equipment and for the retrofit.

Soumitra B: One additional point on CNG is, which we have seen through NCR and Delhi, you require a very wide coverage of CNG stations, yes. Delhi had seen a major crisis when the Supreme Court forced the public transport system and the taxies to get in where there was no infrastructure. So the point we are all trying to state is the best economic viable TCO will play its course and currently CNG is only in scattered and few defined areas and that too in urban areas so we have to be careful on these things.

Moderator: Thank you. We take the next question from the line of Dipen Mehta from Elixir Equities. Please go ahead.

Dipen Mehta: Sir, just had a simple question that post BS6 on a steady-state basis, will our content per vehicle increase as compared to BS4, what we sell to the vehicle?

Soumitra B: So we are going to announce tomorrow our BS6 strategy as well as outcomes and based on our outcomes you will be naturally able to understand where we are.

- Dipen Mehta:** All the transformation costs, which are there are we seeing the end of it in this quarter or we should expect some more one-time charges going ahead as well?
- Soumitra B:** We will take it as we go along. We have been very transparent and the first in the industry to share very clearly the exceptional items and any transformation requires these things to be done especially as we do things in a very socially acceptable manner. So as and when we require we will share exceptional items including the transformation costs.
- Dipen Mehta:** Thank you and all the very best.
- Moderator:** Thank you. We take the next question from the line of Shyam Sundar Sriram from Sundaram Mutual Fund. Please go ahead.
- Shyam Sundar S:** Most of my questions are answered. Just a couple of questions Sir. The transformation costs that we are now incurring does that also include some write-off of obsolete assets post the BS6?
- Soumitra B:** We are provisioning for various takes. Look this BS4 to BS6 is a massive exercise in the industry, so it has different facets, but your company is being run with very strict norms on both inventory and management, but we have ensured both for our restructuring, our reskilling, redeployment including BS6 we have ensured, but finally as I said our objective will be to bring it to the minimalistic requirement, but yes, in that we will have cost across industry on the changeover from BS4 to BS6 either in some amount of write-offs or discounting or sales, which will be happening as we get closer to the end of the year.
- Shyam Sundar S:** Understood Sir. Sir, you also spoke about that we are supplying some systems to the Nexon EV as well. If you can just talk about what systems we are supplying, some broad sense if you can give on that, that would be very helpful, Sir?
- Soumitra B:** We are not detailing that Shyam. I have given you a feedback on the electric scooter, both at Bajaj Chetak as well as TVS and as and when we go into further we will let you know, but right now on the car lines we are not talking.
- Shyam Sundar S:** You mentioned that depreciation has increased due to commissioning of some new facility. I did not quite get that point, Sir, if you can talk about that?
- S. C. Srinivasan:** So we shifted the Bengaluru plant from Bengaluru to Bidadi and hence the capitalization of the new hanger happened and the increased depreciation is due to that.
- Shyam Sundar S:** Okay. Understood.

- Soumitra B:** But the whole matter is over on Bidadi right now.
- Shyam Sundar S:** Understood Sir. Thank you.
- Moderator:** Thank you. We take the last question from the line of Pramood Kumar from Goldman Sachs. Please go ahead.
- Pramood Kumar:** Sir, just one information. Tomorrow's event what you are doing will there be a telecast of the same because the coverage from media may be a bit patchy, so is there a streaming of the event or anything like that, which you are planning?
- Soumitra B:** No, we will plan a press release also and we will share that with you.
- Pramood Kumar:** Presentation or anything?
- Soumitra B:** We are not doing a live streaming, but we are calling all the select media plus we will do a press release and the press release will be up and running and you can definitely get it in the Bosch team.
- Pramood Kumar:** In addition to that, if you have a presentation formally, which you are going to show the media, if you can share that as well with the press release, that would be very helpful Sir.
- S. C. Srinivasan:** It will be available on our website.
- Soumitra B:** We will try to see how to make it available. I cannot make a commitment to send it to you, but we will try to see how to make it available.
- Pramood Kumar:** Thanks a lot and congrats on your reappointment.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Annamalai Jayaraj for his closing comments. Over to you Sir!
- Annamalai Jayaraj:** Thanks everyone. On behalf of B&K Securities, we thank Bosch management for taking time out to discuss the results. We also thank Bosch management for providing us the opportunity to host the call. Have a good day.
- Moderator:** Thank you. On behalf of Batlivala & Karani Securities, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.



*Bosch Limited
February 05, 2020*

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