



“Bosch Q3 FY2021 Post Results Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY2021 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 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 your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities. Thank you, and over to you, Sir!

Annamalai Jayaraj: Thanks, Mallika. Welcome to Bosch Q3 FY2021 post results conference call. From the Bosch management, we have with us today, Mr. Soumitra Bhattacharya – Managing Director; Mr. S. C. Srinivasan – Chief Financial Officer and Executive Director and Mr. Rajesh Parte – Company Secretary and Compliance Officer. I will now hand over the call to Mr. Soumitra Bhattacharya for his opening remarks, to be followed by the question-and-answer session. Over to you, Sir!

Soumitra Bhattacharya: Thank you, Mr. Annamalai Jayaraj and a very good afternoon to all the investors. I would like to first thank you for being a part of this call and I would like to start briefly about with the macroeconomic highlights for the quarter affecting our business.

India and automotive market have witnessed a very solid V shape recovery. While the bulk of it can be attributed to the pent-up demand, it can now fairly be said that the economy has opened up faster than anticipated. However, the global economy is experiencing pretty high volatility due to second wave of the COVID-19, but luckily this has not yet affected India. This is leading to a disruption in global supply chain and impacting the pace of recovery. As per the recent data released by the Indian Economy Survey for 2020-2021, India’s economy is likely to rebound by a +11% in FY2022 after a severe 7.7% contraction in the current fiscal against the earlier estimates where we thought that the GDP would degrow by 10% for fiscal 2021. These are conservative estimates as the normalisation of the economy will be aided by the COVID-19 vaccinations and a whole host of policies and reforms taken by the Government of India. Due to the festive season, the overall demand in the automotive segment except for three-wheeler remains firm in the quarter ending December 2020. During the quarter, overall automotive market production increased by 17% over the same quarter in the previous fiscal including two-wheeler segment. Heavy commercial vehicle segment increased by 16% of course on a very low base, volume showed a recovery majority driven by higher demand from construction and mining sector. The passenger car segment increased by 25% on continuing retail momentum. Tractor segment continued to show double digit growth trend, volume showed an increase of 62% due to a robust rural demand. Colleagues, I must remind you in tractor for the FY2021, we are likely to be back to the peaks of 2018-2019 of nearly 9 lakh units. LCV segment increased by 12% due to strong demand from e-commerce and last mile delivery segment.

Two-wheeler increased by 18% benefitting from favourable base on some inventories build up. Amongst other market segment, three-wheeler segment declined by 34%, this decline is majorly due to the lower demand for shared mobility and the concerns of social distancing.

Amidst this auto market performance, we will now look at the performance of our company for the last quarter. Total revenue from operations is at Rs.30,296 million or 3030 Crores an increase of 19.4% as compared to the corresponding period of the previous year. Mobility business sector increased by 34.7%, by the way this compares on a like-to-like for the market of 17% Bosch grew by 35% approximately. Business mobility solutions declined by 7.7%. The domestic sales for this quarter increased by 25%. For the nine months period ended December 2020, revenue from operations declined by 14.5%, the mobility business sector with two-wheeler declined by 13.3% compared to the 24.1% decline in the overall automotive market for the same period. Business beyond mobility declined by 24.4%. The material cost as a percentage of revenue from operations has increased to 57.9% in October-December 2020 as compared to 52.1% in October-December 2019. The increase is mainly due to higher freight cost, product mix change with higher credit goods as well as manufacture of new generation products, forex impact and lower services income during this quarter which has partially been set off with the cost production measures with our suppliers. A similar trend is seen in the nine months period ending December 2020 which increased the cost from 54% to 58.4%.

Our employee cost has declined to Rs.2455 million which is 245 Crores for October-December 2020, from Rs.3049 or 305 Crores in October-December 2019. Personal restructuring measures initiated by the company mainly contributed to the reduction. Similarly, for the nine months period December 2020, the employee cost stood at 7965 million as compared to 9922 million for the same period in 2019 which shows a decline of 19.7%. Depreciation has decreased by 11.8% in October-December 2020 as against October-December 2019, due to lower additions during the year. A similar trend is seen for the nine months period ending December 2020 which witnessed decline by 6.8% compared to April-December 2019. Our other expenses for the quarter October-December 2020 is Rs.6,712 million as compared to Rs.5,893 million for October-December 2019. This is an increase of 13.9% which is in line with increase in total revenue. I must also remind you that some element of this quarter expenses are one-time expenses. For the nine months period ended December 2020, other expenses stood at Rs.13,622 million which is in line with the previous years. Our operating profit stood at Rs.2,612 million for October-December 2020 as compared to Rs.2,104 million for October-December 2019 mainly resulting from a higher turnover and benefits out of our restructuring measures. For the nine months period ended December 2020 operating profit has declined to 2,940 million from Rs.8745 million in corresponding previous period. The other income declines to Rs.1,130 million for the quarter October-December 2020 from Rs.1,399 million in October-December mainly due to decline in interest income partly off set by higher MTM gain on marketable securities. For the nine months period ended December 2020 other income has also declined to 3,869 million from 4062 million in April-December 2019. For the quarter October-December 2020, the company posted a profit before tax of Rs.3,657 million before exceptional item, as compared to Rs.3475 million in October-December 2019. This is an increase of 5.2%. Profit before tax after exceptional items stood at 2,190 million which is 7.2% of revenue from operations. For the nine months period ended December 2020, profit before tax before exceptional items has decreased to 10.3% from

16.8% in April-December 2019. Loss before tax after exceptional items stood at Rs.729 million. For the nine months period ended December 2020 profit after tax stood as Rs.4.9 million.

Bosch beyond mobility business showed a prudent recovery with high adoption of digital business model and incorporating digital platforms in the used experience journey. On the other hand, the Indian automotive market continued to show signs of recovery, but has been massively hit due to volatility in the global supply chain. Due to various factors, the global procurement market is currently experiencing a general shortage of certain semiconductor components, for example, micro controllers. The reasons for this are manifold. Bosch buys certain semiconductor components for its manufacturing. The bottle neck did not originate at Bosch for rather in the supply chain. As an outcome imports of Bosch Limited have been impacted with severe supply shortages leading to reduced ability to deliver to the automotive market demand in India. Independent research agency feels that the shortfall in the supply chain should continue in the first half of 2021. In this respect, we are in close daily contact with the suppliers and our customers. We hope you will understand that as a matter of principal we cannot give you further information. Our colleagues on the call, I would like to further add that Bosch was one of the few companies who first went and informed about this global shortage on semiconductors. I would also request you to understand that this is not an India challenge, this is a world-wide challenge which has now broken out across the world for all or many of the OEMs and later during the conversation, we can go into further details of what this means and how this originated.

I would also like to share an information with pride that Bosch has been certified as a great place to work in 2021 and this gives a big recognition to the people who have been working for Bosch.

With this, I would like to now open up the discussion so that you have enough time we can discuss about not only the result but also about the various aspects of the governments economy, the V-shape recovery, the proposed scrappage policy, are also our expanded offering that we are doing for the year. I would like to thank all of you for your patient listening and looking forward to the questions that you have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pramod Amte from InCred Capital. Please go ahead.

Pramod Amte: First question is with regard to the semiconductor. With regard to the semiconductor shortage, we have been prudent to come forward and alarm the industry and the investors, can you quantify what is the extent of sale short fall or the higher cost you might have incurred to meet the customer requirements, and can you give more colour about what is the reasons behind its genesis as you were discussing in the call?

Soumitra Bhattacharya: Pramod, I will give you an answer second part of the question and then I will come later to the first part. The second part of the question is that we have to first understand that this matter is a global challenge. We must understand that the automotive market worldwide is catered by the semi conduct industry to the extent of approximately 10%, so that is the weightage that they have

towards the automotive market worldwide, this is not about India. The second part we must understand that there has been during COVID times, a very high consumption and requirement of semiconductor based on the demand on electronics which is a predominant industry which takes the semiconductor, based during COVID period the need for phones, laptops, pads, tablets, and electronic items. The third due to a very strong COVID impact and then a V-shape recovery resulted in worldwide automotive market having a huge demand. Keeping all this in mind and keeping the fact that India imports its entire semiconductors and OEMs are dependent on Tier-I to supply who themselves like us and the other Tier-I are dependent on the semiconductor industry or Tier-II to supply. There is a global supply chain shortage across the world. In India, we had mentioned that this sort of crisis is coming up today, I think you and all the analyst on the call know that this is not a Bosch issue, it is a issue of a far larger nature and affected the world, India also got affected due to supply chain and we have been transparent to indicate. Now on the first part keeping in mind what I explained I cannot share any specific numbers because, a) this is a generic issue, b) the matter currently on the supply chain is extremely volatile, it changes on weekly, monthly, and sometimes daily basis. So, this matter is not going to go away in a few days time or few weeks, it is there to stay for some months, we are not able to estimate how long right now, but it is not going away right now. We are in touch with both our suppliers and we are in touch with our OEMs in a very transparent way based on the information that we get from the supplier who supply to Bosch.

Pramod Amte: Thanks for the detailed answer. I had a one more question with regards to PLI scheme, considering that Bosch is global component maker and in India also you have sizable presence, how do you see the PLI scheme expected to roll out in terms of opening up more export opportunity for the India plant and second does this incentive advance your localisation plant for the imported components?

Soumitra Bhattacharya: Pramod again very intelligent question, thank you. I would give the answer based on your question for the industry and not Bosch because the PLI Scheme is meant for the industry. So, if I break it up into simple key issues, 1) the PLI scheme is a very welcomed scheme from the government based on Atmanirbhar Bharat or self-reliant India. 2) the first area of the PLI scheme which has been announced with great granularity is on the electronic including mobile phones and that segment. There is a very clear indication of how much percentage will be given in relation to the incremental sale for the time period which results in allowing companies to invest and even therefore not only for the domestic but more importantly be competitive to export. Now if this PLI scheme where the automotive market has the highest share of the pie of the 26 billion is given in a transparent user friendly manner which we see in the matter of mobility and electronics which we believe also will be hold out in that manner and a time frame which is equitable both to the government as well as to the industry to be able to absorb the scheme then I believe it is a win-win and a true example of Atmanirbhar Bharat which will aid the industry overall to improve competitiveness for not only the domestic market but also the important to lift the export market and therefore Atmanirbhar Bharat. So, summary we from Bosch but also when I listen to industries like CII and others, industry is very positive, we are very positive that the

Government of India and the Prime Minister has rolled out these schemes and we are only hoping that big tickets like this will systematically rolled out pushing the industry to higher the bar and yet also reap the benefit thereby making India more Atmanirbhar Bharat.

Pramod Amte: Sure Sir. Thanks, and all the best.

Moderator: Thank you. The next question is from the line of Shyam Sundar Sriram from Sundaram Mutual Fund. Please go ahead.

Shyam Sundar: Good afternoon, this is Shyam from Sundaram Mutual Fund. Thanks very much for taking my question. My first question is on the powertrain growth, you have mentioned about 46% growth in power chain, does this include the two-wheeler business as well and if you can provide some perspective on how the diesel powertrain versus gasoline powertrain growth during the quarter and some perspective on the nine months. The second part of my same question last time we met, and you have spoken about out initiatives in the aftermarket, automotive aftermarket per se, how did the auto aftermarket performed in terms of growth in the nine months period if you can comment on these two points?

Soumitra Bhattacharya: Shyam, thank you for the question. I had indicated Shyam just to bring you to speed that the market grew in this quarter by 17.3% on mobility and mobility includes two-wheeler and three-wheeler and we from Bosch grew at 34.7%, let us say 17% against 35%. Now that was the point, I said also I had mentioned that while the YTD market for these three quarters, the market degrowth was 24% we had a degrowth of 13%. Now, this has of course been driven both by our powertrain division which has done very well linked to the mix, linked to the product, linked to the demand and also this has also had a good Philip from the two-wheeler, three-wheeler market division that is inside our company for that portion. In relation to aftermarket I would say our aftermarket division has been doing well in terms of both its journey on the digital journey on the reach journey, on the very important part of secondary sales rather than sales to the direct customers which is the dealers and is also cracking the movement across India because we have many touch points on where these sales are happening and also securing, we have done a very good job in securing our receivables, so there has been a lot of cleaning up done by the aftermarket and I can tell you that I see a very positive future because aftermarket is also a substantial part of our business anyway between 20% to 25% of our business, so it has done well beyond this I will not give any numbers.

Shyam Sundar: Sure, Sir and that is helpful. I had also asked on this diesel versus gasoline, so on that point if you can how do we gauge diesel versus gasoline power train grow may be either this quarter or nine months basis either way if you can share some numbers?

Soumitra Bhattacharya: So in diesel versus gasoline it is not about Bosch, the overall market is degrowing and we know that the percentage is from 6 years ago, seven years ago when diesel had peaked at 48% that has massively reduced, so it is currently sub 20% and it is likely to degrow more in the years to come and this is a phenomena which is seen, of course, this I am talking of in relation to passenger car

utility vehicles, this has to be very clear, you cannot now link it to other forms including HCV, LCV or even tractors, so only one segment. In summary, if you look at the 2018-2019 when passenger car hit 4.07 million and this year and when I say passenger car it means utility vehicle this year, we thought passenger car and the utility vehicle in May would be hitting 2.2 billion. We were pleasantly surprised to see that passenger car hit about 2.9 million up to December on an annualised basis. On this the percentage of diesel has dropped. What is the future of diesel could be your next question, it is still positive segment wise, tractors you know it very well, you know in heavy commercial vehicles very well and you know in light commercial vehicles even today, diesel is running strong? Final statement is Bosch, we have always believed as a technology agnostic supplier, we still believe what we have mentioned to you in the previous calls including our last overall investor call that by 2030, India will still be a dominant ICV market not all countries will remain dominant and dominant means around 75% may be up to 80% and on a low single digit today from electrification there is likelihood that we will move to 20% odd above say 25%.

Shyam Sundar:

Understood Sir. The next question is from the cost perspective, our traded good segment is now close to 38% of sales, you have mentioned this in the prior calls as well that whenever any technology transition happens even have higher percentage of import initially and then thereafter we will localise, so given that we are fairly 9 months to 10 months including basic transition can you give us some perspective on when do we expect our localisation to pick up on this front and any time frame that you can share and is it possible to localise these parts that we are now importing that will be helpful? And the added question here is you spoke about the semiconductor shortages, so given all these compared to December quarter to the March quarter in terms of the production, are we seeing any production cuts coming through across all segment if you can talk about that as well?

Soumitra Bhattacharya:

Shyam there are many questions you asked, I will keep it brief is with fairness to allow others to also ask. First, in relation to the material cost I have always mentioned Shyam, that we have a systemic way at the right time to go in for the localization. You are well aware that due to COVID the off take of BS VI and general off take has dramatically reduced. You are also aware that you need to have a critical volume before you go into a localization and we would always look at localization with critical volume or in the case of BS VI for the exhaust cast treatment on a by designed formula to do outsourcing with partners while taking responsibility for the system. So, our policy has not changed, Bosch Limited has systematically done localization you are aware of that from inline pumps to common rail to other areas. We will continue on our localization journey both in diesel and in gasoline, but we will do it in a planned way which makes me including we will do outsourcing in a meaningful way with likeminded partners while taking responsibilities with our customer to ensure for the whole system and the solution that we provide. Now, again you went back to the semi-conductor and manufacturing this is what I will not go into it, it is too volatile, it is a situation worldwide leave alone Bosch India leave alone Bosch globally worldwide people are grappling with this issue it is a global matter Shyam and we have to understand that and therefore I would leave it at that and request your understanding.

- Shyam Sundar:** Sure, Sir. Thank you very much Sir, I will fall back in the queue.
- Moderator:** Thank you. The next question is from the line of Rajesh Ranganathan from Doric Capital. Please go ahead.
- Rajesh Ranganathan:** Hi! Thanks for the opportunity. Couple of things when we spoke about other expenses after previous quarter you had mentioned that it was high and previous quarter there were some one-off elements which would go away but actually in December quarter it is gone up even further. So, could you help us understand what kind of one-off expenses these are, and did you actually expect them to come down in the December quarter, did not. Can you give us some clarity on this?
- Soumitra Bhattacharya:** I am requesting our CFO and Executive Director who by the way from tomorrow takes over as JMD to give that on that.
- S. C. Srinivasan:** Thank you Rajesh, for your question. Overall if you look at other expenses are well controlled, and we are also seeing the benefit of some of our cost measures that we have taken and we have always shared with you the program around zero-base budgeting and others that we have implemented. As part of the localization program, we also have some onetime expenses which are into development cost. So, as our Managing Director just mentioned the localization program is ongoing and as we localize there are certain technology and development cost that we incur, and this specific quarter also has the impact. But I think it suffice to say that our cost reduction programs are well on course.
- Rajesh Ranganathan:** But when you call it one off that gives us the impression that it is one off so what you are saying is it is an ongoing cost because it is R&D expense?
- S. C. Srinivasan:** So, when you say one off these are more linked to setting up production and technologies for localization and hence there is a transfer key development cost which is one time. Of course, overall, there is a royalty and technology percentage that continues that is ongoing, but these are specific one off linked to the local manufacturing.
- Soumitra Bhattacharya:** So, Rajesh if I may add to what our CFO said, look in Bosch we have a very systematic and excellent way on cost management you will get to see over time just like in personnel also on other expenses not just value but also percentage significantly improved. I think that is your question and you cannot compare it with quarter-to-quarter, but the management is very clear that we will systematically be doing cost management and yet invest for the future and which our CFO just now explained. Thank you.
- Rajesh Ranganathan:** Thanks. One more issue on the cost itself, you had mentioned earlier that because of outsourcing/importing our raw material cost has gone up 500 basis points and over a period of time we hope to bring this down. Could you give us some understanding of what kind of time frames are we looking at?

Soumitra Bhattacharya: Rajesh, I have given this answer before and I would like to repeat it again. We do not give guidance and we do not give time frames on these issues, that does not mean that we do not have a game plan or an action plan. We have a very clear action plan which we have been following, we do not look at quarterly results we look at what is meaningful, we start localization at a certain threshold point and we also start doing outsourcing which is of strategic nature where we can rely because at the end the whole orchestration of BS VI which you are well aware from the conception right up to SOP, Bosch Limited, along with the Bosch group in India with Bosch Limited in the forefront has orchestrated and example my colleague the previous Joint Managing Director Jan Roehrl is with us today here who is also the current CTO until his departure has excellently managed. So, this is a process we have it is not a one off and you will have to first appreciate and understand the process which then leads to numbers and not go the other way round. I request you would understand it.

Moderator: Thank you. The next question is from the line of Ajit Motwani from PinPoint Asset Management. Please go ahead.

Ajit Motwani: Good afternoon. My question is one on the impact of semi-conductor on our margins or the profitability. Would it mean that our procurement cost for this component will go up and hence our ability to pass it on to OEM's is limited, one is that and second in the last quarter you had said that our restructuring related exceptional by and large would be through by December. So, your comment on that?

Soumitra Bhattacharya: Yes, Motwani I will come to the second question first and then come back to semi-conductor. So, on the second question, I have already told you in my opening talk this was the last front of the restructuring because we have a very clean balance sheet and we have always provided ahead and then executed and just free audit it is not just re-structuring. It is re-deployment; it is re-skilling you just heard that I mentioned to you that we are doing a massive digital fluency program which covers more than 4500 Bosch colleagues across all our legal entities including Bosch Limited. So, we are spending money on that, we have put upfront and the quarter that went by is the last tranche and we have done it the Bosch way with a very optimal package with care and concern for our employees on a world class and then we have changed where we have ensured that the business is taken care off. Bosch Limited which has 10,500 employees five years ago will look more like 7500 now that is massive change and it is not just the head count production it is where we are doing with Bosch philosophy, where we are giving packages which is one of the best and optimal in the market and it is volume free and finally it is about re-skilling for the new world even for blue collars. Having said that, you will therefore see this investment which our balance sheet allows where our cash position still continues to be very strong which allows us to be far more competitive for the future. On the matter of semi-conductor the issue is not the cost of semi-conductor Motwani, the issue worldwide today is there is a shortage in a very big way of the semi-conductors for these micro controllers that we need which then goes into the ECU's that Bosch makes which is a global challenge for the reasons which I indicated primarily also that automotive industry off take is only 10% globally of the total semi-conductor

output and massive requirement which happened during COVID and even today on the electronic sector.

Ajit Motwani: Okay, got it Sir. Sir, the restructuring charges which you have shown to the P&L now is it fair to assume that the cash outflow related to same will happen from the balance sheet in the recent quarters?

Soumitra Bhattacharya: Your mic was echoing can you repeat that last sentence on restructuring and balance sheet and then one would not understand?

Ajit Motwani: The charges which have been incurred over last six quarter – seven quarters have flown through the P&L but from a cash flow angle would that cash outflow related to employees and all will happen over the ensuing quarters, is that a fair understanding?

Soumitra Bhattacharya: Ajit, you have to understand first that are we doing prudent accounting answer is very clearly yes, Bosch is a very conservative company we do prudent accounting. We have taken care in all possible ways and we are also as a company extremely ethical. The second part is we have ensured not only the proper accounting but also proper cash flows. So, while the amount in the last two and half years and we have openly shared with you the last two years itself is Rs.750 Crores and Rs.750 Crores so, let us say this Rs.1400 Crores, Rs.1500 Crores over the last two and half years we have ensured both the provisioning, the cash outflow and after that we have still retained and improved on our cash. In the fiscal year 2020-2021 without exceptional items, you will see that Bosch Limited is turning out a decent profitability it is not getting into a negative in terms of what the market is getting it is better than that and this quarter I told you the positive growth is better than the market and you will see that our cash outflows for this is very well planned and prepared and actually free cash flow is adding and better than the EBIT that we are creating. We have done a lot of work on cash control, on cost control and on working capital control and we have a very, very focused process-oriented approach as a philosophy on free cash flow not today, but for the last eight years.

Ajit Motwani: Okay, thanks a lot Sir and good luck for the year ahead.

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

Sonal Gupta: Hi! Good afternoon and thanks you very much for taking my question. Sir, most of my questions have been answered, I missed a couple of data point. So, how much was the domestic growth this quarter and export growth for this quarter?

Soumitra Bhattacharya: Sonal, our exports as a percentage of sale are single digit here and in the COVID period worldwide exports have not really grown. So, mainly we have catered to the domestic growth but from the fiscal year 2021-2022 Bosch Limited will start focusing also on exports. So, I would say our main focus still continues to be on the domestic market right now as you know the growth of the automotive industry everyone including us are trying to cope with full utilization of capacities

with safety first for all our employees because that is the first provision to meet market demands and also to fill up pipelines. At the same time as we go along fiscal year 2021-2022 that is FY2022 we will share with you on our plans on exports, currently still at single digit.

Sonal Gupta: Right Sir, and would you be able to share the domestic mobility growth for the quarter?

Soumitra Bhattacharya: I told you about the mobility growths and you can take that as an overall and that was 34.7% including two wheelers versus a 17.3% of the market and the YTD de-growth, I told you for Bosch was -13% YTD means for the three quarters and market was 24%.

Sonal Gupta: Sure Sir, and my second question is the truck market etc., is still recovering and that is still at a very low levels, what we see is your revenues now are getting back close to on a quarterly run rate basis close to the peak that we used to see like a couple of years back. So, clearly in my view we are still in the early stages of recovery here, is this because a significant amount of new business that you gained or is it on the gross gas treatment side or is this because of market share in the existing lines of business. Would you give some color as to understand that how much of this will grow with volume recovery continuing so that?

Soumitra Bhattacharya: I will answer a part of it and hand over to our Chief Technical Officer Mr. Jan Roehrl by the way he is doing the last call today, so you can wish him well before he takes on a very senior position in the Bosch world in the power train board and will also be working very closely with India. Now, in relation to what you mentioned, the good news was that Mr. Jan Roehrl and his team acquired 27,000 Crores of acquisition for BS VI which are announced in the Auto Expo last year just before COVID hit. Now, when you would look at a reduced volume when the COVID hit us that amount came down to some Rs.19,000 Crores or so. Now, we have not done a calculation, but I think it will move up further. Now, there the content to a vehicle BS VI acquisitions are playing a major role for the period 2020 to 2025. I hand over to Mr. Jan Roehrl after that for further comments.

Jan Roehrl: Good afternoon again, there is not so much to add to what our MD has just mentioned. Finally as the technology that we added for moving from BS IV to BS VI and that technology comes at a value and that value is unfolding in all kind of vehicles that is two wheelers, three wheelers, four wheelers and probably that is gasoline or diesel and of course it is the commercial vehicles medium duty, heavy duty vehicles which by the way and we have talked about that had already 2019 a dip and 2020 a further dip and also that we see that a kind of I call it now robust growth because of second leg of that growth is coming from a revenue of the agricultural business where we have good portion of the market as you know and which by the way will also go not this year with a big chunk but already there is a small chunk that we can call it that the market segment to a different addition of transport and they are slowly in sensible change playing at on the **inaudible 46:21** to acquire the business.

Sonal Gupta: Right Sir, the only point I was trying to understand is like 46% growth in power train solutions is there a certain action question of this goal coming because of the exhaust gas after treatment which is in your product line?

Jan Roehrl: It is not only the after-treatment system we added of course also control units, so EC use that we have discussed now with regards to the supply crisis or imbalance of micro controllers yes. It sensors, it is also the solutions that we provided and still are providing with regards to engineering services. So, it is a whole package of that you should not limit it to the after treatment system alone and finally it is also hydraulics that activate at the end whether it is pump or injectors that are contributing to all of that you should not forget there also the three wheeler business had to move from BS IV to BS VI which predominantly was deploying now also common ray system as soon as it come into diesel and of course in the two wheeler world we have tool from the carbtorator and to the EMS or the engine management system. Does that answer your question?

Sonal Gupta: Yes, Sir thank you so much and wish you all the best for you new role. Thank you so much.

Moderator: Thank you. The next question is from the line of Sanjay Satpathi from Ampersand. Please go ahead.

Sanjay Satpathi: Thanks for the opportunity. First thing I want to know that earlier you had given a guidance that the recovery will take time and probably you will reach back your previous level in four year-five years' time. So, are you reviewing that number?

Soumitra Bhattacharya: Sanjay, I would make small request to be allowed to make a change in your sentence. We and I have never given guidance so far so, not a guidance, but I can say that we have indicated that we did not know what sort of recovery the market would take place worldwide and also in India there has been a V-shape recovery. But when you look at the V-shape recovery Sanjay, you have to understand what does this recovery means. So, let me give you some practical numbers, the peak because you also mentioned the peak when we are reaching, the peak in 2018-2019 for passenger car was 4.07 million, in the month of May we thought that passenger car and utility vehicles will be 2 million. Now we see if you annualize the last nine months, we see 2.9 million annualized numbers. So, 4.07 million, 1.98 million in May we thought for the full year fiscal year 2020-2021 and we are likely to be at 2.9. So, for the next year it could grow to anywhere between 3.5 to 3.8 million we do not know. But it will not reach perhaps the peak in a normal circumstance. Now, if you take tractors, the peak in 2018-2019 was 9 lakh units, in last year in May we thought our tractors will hit 4,50,000, tractors is hitting 9 lakhs in the fiscal year 2021 and now you look at a subdued market like heavy commercial vehicles the peak in 2018-2019 was 4,80,000 units and in May we thought it will be 1,20,000 and now we see annualized around 1,70,000. May be next year could be 2,50,000, may be 3,00,000 we do not know. So, it is very varying, and you must understand Indian automotive industry in the fiscal year 2019-2020 de-grew by 15% and in 2018-2019 it was at peak and in 2020-2021 we are having a de-growth on the de-growth which we had in 2019-2020. In this context what I had mentioned was not just we

the industry would take on an average four years to come back to the peak of 2018-2019 from 2018-2019. However, I am proven wrong and I am happy to be that tractors have come back earlier, heavy commercial vehicles will come back a little later and may be passenger cars will be in that four years. Have I been able to answer Sanjay?

Sanjay Satpathi: So, is your guess that we will reach the previous peak by fiscal 2023 and lastly, I would like to understand that not only the volume but the margins your profit margin used to be far higher than what it is today. So, when that kind of profitability we can come back to?

Soumitra Bhattacharya: Sanjay, now you are asking a guidance question, I will only tell you that in Bosch we had said we want to be equal to the market or ahead of the market. I give you some numbers on where we are versus the market so that gives you the answer. On the matter of profitability, I have also shared how we have tackled individual elements of cost and we have given you the direction on the material cost. So, beyond that right now if you ask me percentages and when that is a guidance question so please allow us not to give you because we have never given from Bosch even when the going is good or not good, we have never given guidance. We as a professional management we will work so I think with that we should leave it. I would request the moderator we at 5:57 if one last question anybody else has and then we should close on time. Thank you, Sanjay.

Moderator: Thank you. The next question is from the line of Viraj Kacharia from Security Investments. Please go ahead.

Viraj Kacharia: Hi! Thanks for the opportunity and just have a couple of questions if you can give me chance. First is, if you look at our communication pre-BS VI of course BS VI has been that we are more of total system solution player and not just a product component or a service player. So, in that respect if we were to understand our overall margin structure and business economics what I am trying to ask is that is it that we are now moving more towards localization cum outsourcing model compared to BS IV and hence when we look at our contribution on gross margin, they may be structurally different that is one. Second, is on the BS VI when we say we have bagged Rs.27,000 Cores odd of order book would that include phase-II to BS VI and CAFE norms and third if I can squeeze in, for electric two-wheeler would it be right to say our content per vehicle would almost be 4X to 5X of conventional two-wheeler when we use our fuel injection system?

Soumitra Bhattacharya: CTO will answer that but very briefly because we have run out of time.

Jan Roehrl: In view of time and since this is my last call, I will only pick the middle question of yours. Anyway, I will just continue, so your question was whether BS VI stage II work up is already incorporated in the acquisition that we spoke about and the clear answer is no. So, that is the potential that will come when we cross that bridge.

Soumitra Bhattacharya: So, thank you very much and this is the last meeting that our colleague Mr. Jan Roehrl was not only a JMD but also our CTO continues to be till end of February. I would like to just tell a few announcements that I have already been made in the public our CFO Mr. S. C. Srinivasan is

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taking over as the JMD with effect from tomorrow, we have Mr. Sandeep Neelamangala who was Alternate Director who is taking over as the Executive Director, and we have Mr. Karsten Mueller who will be the Alternate Director to Dr. Stefan Hartung. Besides this Mr. Jan Roehrl who was doing two functions the powertrain role as a Regional President, Mr. Prabhu Panduranga will take over and today in the call we have with us Mr. Guruprasad Mudlapur who is taking over as the Chief Technical Officer for Bosch Limited but also Bosch Group in India. So, with that I close the telephone and the next set of meeting we will have Mr. Srinivasan, Mr. Guruprasad Mudlapur and myself joining on the call. So, thank you and over to Mr. Annamalai Jayaraj and thank you to the moderator.

Annamalai Jayaraj: We thank all the participants. We thank Bosch Management for taking time out for the call. Thanks.

Moderator: Thank you. On behalf of Batlivala & Karani Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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