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November 20, 2024

Dear Sir/Madam,

Sub: Compliance under Regulation 30 and 46(2)(oa) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015- Disclosure of Transcript of the Investors' Concall

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached herewith the transcript of the investors' call with Investors/Analysts held on November 12, 2024.

This is for your Information and records.

Yours faithfully,
for Bosch Limited,

Guruprasad Mudlapur
Managing Director
DIN: 07598798



“Bosch Limited
2Q FY '24-'25 Post-Results Conference Call”
November 12, 2024



MANAGEMENT: **MR. GURUPRASAD MUDLAPUR – MANAGING
DIRECTOR AND CHIEF TECHNOLOGY OFFICER –
BOSCH LIMITED
MS. KARIN GILGES – CHIEF FINANCIAL OFFICER –
BOSCH LIMITED**

MODERATOR: **MR. ANNAMALAI JAYARAJ – B&K SECURITIES.**

Annamalai Jayaraj: Ladies and gentlemen, good day, and welcome to Bosch Limited 2Q FY '24-'25 Post Results Conference Call hosted by B&K Securities. We have with us today from Bosch management Mr. Guruprasad Mudlapur, Managing Director and Chief Technology Officer; and Ms. Karin Gilges, Chief Financial Officer.

At this point, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation and opening remarks. Over to you, sir.

Guruprasad Mudlapur: Good evening, everyone, and thank you for joining us today. I'll begin with an overview of the global and macroeconomic landscape, followed by financial and business highlights. Globally, the expectations for economic recovery are fading, especially in Europe, where manufacturing is declining, services growth is slow and the GDP growth is very minimal, with Germany facing a very weak economy. Meanwhile, the U.S. economy is doing well with strong job growth and 3.2% GDP growth.

Input costs, including shipping, raw materials and wages are constantly lower and stable. However, this trend is not expected to continue. Although the global inflation has remained stable, India remains -- seems to have imported part of the inflationary pulses, majorly contributed by input prices.

India still remains one of the fastest -- world's fastest growing large economies. Growth is likely to pick up, driven by increasing consumer spending, especially in rural India as inflation subsides and agricultural output improves after favourable monsoon conditions. Looking ahead, we anticipate 2025 to mirror 2024's growth trajectory in India.

Next slide, please. After hitting an all-time high in FY 2024, the automotive industry saw a slight 1% decline in Q2 FY '25 compared to Q2 FY '24. This is due to the high base effect, coupled with election slowdowns and unfavourable climate conditions. The passenger car segment struggled with high inventory levels of around 70 days in this quarter.

Weak consumer demand has slowed the growth despite moderate retail gains from discounts. Economic factors like slower retail credit and shifts in spending impacted entry-level models. The festive season is crucial for clearing excess inventory, though caution remains.

Heavy commercial vehicle segment declined due to high base effects, slow infrastructure projects and decreased fleet utilization of heavy vehicles. Bus demand, however, remains strong, thanks to large orders from state transport undertakings. Light commercial vehicles segment faced pressure, especially in lower tonnage categories from growing 3-wheeler competition. Two-wheelers recorded strong rural demand and new launches drove growth, with electric 2-wheelers boosted by favourable policies and subsidies. Growth is expected to continue through the festive season.

Three-wheelers experienced robust demand, especially for electric models in passenger and cargo applications supported by government subsidies and rising last-mile urban connectivity needs. Tractors showed slight growth due to favourable monsoons, strong domestic demand, and higher minimum support price, and is expected to sustain this growth.

Next slide. In this slide, we have illustrated the market's trajectory from the peaks of FY 2019 through the challenges posed by COVID to the subsequent recovery. The automotive market ended FY 2024 on a positive note, reaching all-time highs in car and LCV segments and maintaining momentum in other segments.

Looking ahead, the election year high base effect and historical trends suggest moderate growth for the automotive industry. The recent inventory buildup in the car segment remains a concern, but the underlying economic conditions are strong, and India's growth narrative remains positive.

Next slide, please. Sector-wise sales performance quarter-on-quarter. The Mobility business has seen growth -- has grown by 6.7% in July-September 2024 as compared to July-September 2023, driven mainly due to:

- Power Solutions business, which grew by 5.7%, mainly due to increase in sales to passenger car segment, increase mainly coming from diesel, UV models, increase in sales for genset applications with common rail systems and increase in export sales of electronic controlled throttle body, in-line pump and nozzle holders.
- The Mobility Aftermarket business, which grew by 8.8% on account of higher demand from lubricants and diesel systems.
- Two-wheeler business grew by 13.4%, mainly due to higher sales of fuel injectors and exhaust sensors, driven by increased demand from prominent domestic motorcycle manufacturers.
- The consumer goods business grew by 10.1%, driven by high demand for grinders, drills, cutters, spares, and accessories on account of market growth.
- The Building Technologies business grew by 20.1% on account of execution of high number of orders for installation of video surveillance and communication systems.

The Mobility business has grown by 5.4% in April to September 2024 as compared to April to September '23, driven mainly due to:

- Power Solutions business, which grew by 4%, mainly due to increased sales in passenger car segment, mainly fuel, air and ignition components, electronic throttle body and EGT components.
- The Mobility Aftermarket business grew by 8.4% on account of higher demand from diesel systems and rotating machines.
- Two-wheeler business grew by 14%, mainly due to higher sales of fuel injectors on account of increase in market demand for popular sports and commuter motorbikes.
- The Consumer Goods segment business grew by 7.6%, driven by higher demand for grinders, cutters, drills, spares, and accessories on account of market growth.
- Building Technologies business grew by 19.7% on account of execution of high number of orders for installation of video surveillance and communication systems.

Next slide, please. Quarter-on-quarter, revenue from operations in July to September '24 stood at INR43,943 million, which is a growth of 6.4% over July-September 2023. The growth is driven by Mobility Aftermarket business, Power Solutions business, and Consumer Goods business, as seen in the previous slide. Likewise, revenue from operations in April to September

'24 stood at INR87,111 million, which is a growth of 5.1% over April-September '23. The growth is driven by Mobility Aftermarket business, Power Solutions business, and Consumer Goods business.

Quarter-on-quarter, EBITDA in July-September '24 was INR5,605 million, which grew by 14.1% over the same quarter of previous year. EBITDA as a percentage of total revenue improved from 11.9% in July-September '23 to 12.8% in July-September '24. The improvement in the EBITDA margin is mainly attributable to growth in revenue and improvement in material cost.

EBITDA in April-September '24 was INR10,802 million, which grew by 12.6% over the same period of previous year. EBITDA as a percentage of total revenue improved from 11.6% in April-September '23 to 12.4% in April-September '24. The improvement in the EBITDA margin is again on account of growth in revenue and improvement in material cost.

The profit after tax stood at 12.2% of revenue from operations as compared to 24.2% over same quarter of previous year. Previous year had a onetime exceptional item of profit on sale of Project House Mobility Solutions, PJMS business, of INR7,850 million. Likewise, in the current quarter, that's July-September 2024, also has an exceptional item via sale of OE/OES Diagnostics business of INR485 million.

Likewise, profit after tax stood at 11.5% of revenue from operations as compared to 17% over same period of previous year. The difference is on account of exceptional item, that is profit on sale of PJMS business, which was there in the previous year.

Next slide, please. Bosch Limited's Power Solutions division has played a major role in supporting a major OEM to applicate the Bosch engine management system for their first-ever gasoline direct injection engine. The Power Solutions division also contributed towards advanced hardware, software, and calibration solutions for the 1.2-liter gasoline engines.

Bosch has launched 2 connected solutions called vehicle load detection and driver analytics to the market, which will aid commercial vehicle owners to monitor the vehicle's usage and driving parameters more closely and enable optimal performance.

At the 5TH CII National DigiTech Circle Competition 2024, Bosch's Jaipur plant won the Gold medal for 'Digitization in Maintenance and Energy management' and Silver for best case study of innovative business models for digitization in manufacturing and service.

Coming to 2-wheeler and powersports, it's a moment of immense pride to have supported the launch of the world's first CNG bike featuring the Bosch Engine Management System. With this successful release, Bosch is well positioned to support 2-wheeler industry for CNG as fuel technology. The Bosch Engine Management System, EMS, is a bi-fuel solution and can operate either on CNG fuel mode or gasoline fuel mode.

The system has the capability to switch between fuel modes on demand smoothly on the go with precise control on performance. Bosh EMS is developed to meet the latest emission norms for

the Indian market for 2-wheelers, which is BS-VI OBD II Stage A. The solution offering is robust, and package protected for OBD II Stage B.

Bosch has also partnered with a premium 2-wheeler brand integrating our engine management systems and safety systems. The Bosch MSC technology will further open the market for advanced safety systems to the Indian market under the umbrella of Bosch MSC for all campaigns. It's a moment of pride to be recipients of special jury commendation at 6th Edition of FICCI Road Safety Awards and Conclave 2024 for exceptional interventions in promoting road safety through the MSC for all initiative across the nation. The award presented by Sri Nitin Gadkari, Minister for Road Transport and Highways of India, acknowledges Bosh's significant contributions towards enhancing road safety nationwide.

In the Mobility Aftermarket division, we faced some challenges in the independent aftermarket, or IAM, due to lower demand in diesel spares category. On a positive note, several key business product lines have shown remarkable performance, with diesel, rotating machines, battery, and wipers all experiencing significant double-digit growth in the Indian market. In addition to financial performance, I'm thrilled to announce the inauguration of our 100th Bosh service 2-wheeler workshop. This milestone marks a significant step in expanding our service network, ensuring that we continue to provide top-notch service solutions to our customers.

Next slide, please. Beyond Mobility. Power Tools, our global Power Tools division, has launched the Impact Screwdriver Range, or ISR, and Impact Drill System, or IDS, enhancing tool bag coverage to meet industrial demand. In measurement tools, we've introduced new line lasers and wall lasers for greater precision in construction and design. Our market campaigns are also gaining traction, with Cordless Campaign 2.0 promoting the power of cordless tools under the slogan, Cordless Power Tools Mein Hai Dum, and Hard Work Made Easier campaign, showcasing how our innovations simplify tough tasks for professionals.

The Building Technologies division of Bosch Limited launched the FLEXIDOME IP Starlight 5000i camera, our first made in India product from the business unit Video Systems. This milestone enhances our domestic production capabilities and underscores our commitment to local manufacturing and innovation. Additionally, we are expanding our professional sound segment with new products under the Electro Voice brand and Dynacord, enriching our Audio Solutions' portfolio.

Furthermore, Bosh Limited has received the FIST Award 2024 for the Safe and Secure Office Campus category awarded by Fire and Security Association of India, highlighting our dedication to a safe and secure working environment.

Next slide, please. With these updates, I conclude my speech. Thank you all for listening patiently. We will now address your queries. Please feel free to ask your questions.

Annamalai Jayaraj:

Thank you, sir. We'll now begin the question-and-answer session. The first question is from Jinesh Gandhi.

Jinesh Gandhi:

A couple of questions from my side. One is, given that the TREM V norms as of now are to be implemented from April 2026, can you talk about how do we plan to localize components for

TREM V norms? Would it be in sync with what we have done in the past, as volume ramps up, we localize that? Or are we thinking differently this time?

Guruprasad Mudlapur: We are quite well prepared to handle TREM V localization and we can expect a much higher level of localization for TREM V starting from the beginning itself. We are really hoping that there is no further postponement or change in the days of TREM V rollout. But assuming everything goes on time, we are on our side ready to meet the demands of the industry.

Jinesh Gandhi: Got it, got it. And secondly, in this quarter, we have seen a good decline in share of traded goods. Is it because of the full benefit of localization is now reflecting in 2Q numbers? Or it's also to do with lower contribution of CVs in this quarter because of volume decline that CV industry saw?

Karin Gilges: Yes. I'll take this question. Of course, it's a mix. It depends entirely what product mix we have. This month we had a favourable product mix on the one side. But of course, we are going ahead with the localization, and step by step, we see what we implement here in India. So I would not say it's black and white. It's a mix. And yes, we had, therefore, a quite favourable mix, but see also that we're going ahead with sort of localization.

Jinesh Gandhi: Okay. But would it be fair to say that the ramp-up of localization is now totally done? Or there will be some more benefit to come in as volumes go up as well?

Karin Gilges: Yes. So not only volumes going up, but of course, products coming in, new generations coming in. We have -- for example, 3 years ago, we have implemented our injector line for the commercial vehicles, that we are on a good track already for the components. But this is not finished up to now. So actually, it is an ongoing process. We are looking all the time into our portfolio where can we localize, what can we localize. So it is not finished and done. It's an ongoing process.

Jinesh Gandhi: Got it. And last question from my side is on capex. So first half capex was roughly about INR100 crores. Any guidance for full year capex? Usually, we spend between INR500 crores to INR600 crores. So just wanted to clarify what it will be for FY '25.

Karin Gilges: Yes. So we have also this year a decent amount, roughly INR4,000 million. And it is a little bit lower compared to last year because the Adugodi campus is now finished. And this is mainly plant and machinery. And traditionally, in the first half year, we are starting to implement machines accounting. But until we really go into the SOPs and -- that we are capitalizing this capex is then in the third and fourth quarter.

Annamalai Jayaraj: Next in line will be Atman Shah? He has logged out. Next in the line is Mr. Pramod Amthe. Please unmute and ask your question.

Pramod Amthe: So the first question is with regard to the tractor supplies. I wanted to know your preparedness as the industry on a high base looking for a double-digit growth in the second half. And also looking at if the pre-buying comes through, again, there can be a sustenance of double digit. How are you prepared to handle this on a high base the double-digit volumes, one?

Second, at the end of it, again, you have to transition to the TREM V. Isn't -- then the volatility of volumes, how will you be prepared to handle in the short term? Can the CVs be -- capacity be fungible to tractors? Or how does it actually play out?

Guruprasad Mudlapur: Yes. So if I understand your question right, you are hinting that there will be some pre-buy effect before TREM V came, and are we prepared to handle those additional volumes. And post TREM V comes in, how are we equipped to handle those volumes. That's the question, right?

Pramod Amthe: Correct, correct.

Guruprasad Mudlapur: Okay. I mean, we are certainly equipped very well to handle the pre-buy effects. We've had -- we always have discussions on topics like this together with our OEMs. And we anticipate -- if they anticipate any pre-buy which has happened in several occasions in the past, like, for example, BS-IV to BS-VI and other norm transitions, we work with them very closely and ensure that we are fully prepared and we are ready to support on any capacity increase that we need to cater to these demands. So on pre-buy effects, we certainly can handle it. On TREM V, I think I've already answered it. We are well prepared to handle the transition, and we look forward.

Pramod Amthe: The second question is with regard to the car segment. There seems to be some policy favoritism for hybrids. I wanted to know how does Bosch play a role in terms of content per vehicle when the existing ICE engines go for hybrid? What parts you really supply and how you handle the customer? Any case studies for India already happening? Or how are you seeing this business shaping up?

Guruprasad Mudlapur: Yes. So we are in discussion with several OEMs on hybrids, and some are quite active and have a couple of models already in the market, others are still in early time phase. There is no confirmed policies about -- that we see other than 1 or 2 states doing something independently. But we'll have to wait and watch how this develops, but we certainly have capabilities to support OEMs through this.

Annamalai Jayaraj: Next in the line will be Mr. Gokul. You can unmute and ask your question. Anybody who has a question, please raise your hands.

Analyst: Sir, two questions. At the start of the year, you had sort of indicated that the growth would mirror the growth which we've seen in FY '24, given Q1 being a more transient quarter because of the elections. Given that first half has gone and there have been some changes in the underlying automotive market, would you want to just revisit your growth expectation for FY '24?

Guruprasad Mudlapur: So your question is, would we like to revisit growth estimates for '25? Is that what you're saying or...

Annamalai Jayaraj: Yes, I think that is the question, sir. I think he has gone to mute. That is the question, sir.

Guruprasad Mudlapur: Okay. So I mean, we -- our business plan cycle constantly looks at what's happening in the market. We take feedback not just from the market, the inventory positions in the market, what our OEMs tell us and what we need to plan for the year. Of course, we have complex internal tooling, which also helps us fine-tune the possibilities under various scenarios in terms of what

is the possible GDP growth rates, how are different sectors performing, and based on that, what should we plan for in terms of our plan, different segment level growth opportunities.

So this is a thing we constantly do. So as we see today, the indicators are that '25 is likely to mirror 2024 growth rates. There can be ups and downs, and we're well prepared to handle that. And if there is a change -- we evaluate this at very regular intervals within our business planning cycles and we will adapt certainly.

Analyst: Okay. Two more questions. So one is, if you could please comment on the underlying CV industry, because first half has been fairly weak for the -- both the major OEMs. What are you seeing on the trends and interactions with your customers on the outlook for the industry for second half and going forward?

Guruprasad Mudlapur: CV industry we expect it to remain muted or where things are an inch down. I think that's the current expectation also.

Analyst: Perfect. Great. Lastly, just on exports front. While the external environment has been very muted due to the geopolitical conditions, are you seeing things pick up over there? And what's the outlook for the near term over the next 6 to 12 months for the exports business?

Guruprasad Mudlapur: Okay. So we don't look at exports on very short-term basis. That's not, again, we're banning our exports as well. We consider exports as a longer-term opportunity, while there are some medium, short-term gains based on some capacities or some changes in the market abroad. That's one way of looking at it. And we will certainly cater to that as it comes. But for us, growing our export business is much more of a longer-term opportunity over, let's say, in the next 5 years or so. So we are preparing ourselves to [inaudible 0:30:33].

Gokul: Okay. What would be the export growth in H1 versus last year's H1?

Karin Gilges: We have -- this quarter, we have had slightly increase in the exports. But as already mentioned, it highly depends on the demand, where we have in the international global network, production network some demands. So overall, we see a growth of roughly 10% if we compare the previous year to this year. But again, for us, the long-term perspective is much more interesting, and this was what we had in the third quarter. And yes, of course, we are all the time appreciate if we can support our international production growth.

Annamalai Jayaraj: In the meantime, I'll read out the questions from the chat box. First question is, we have indicated about good growth in the PV segment despite underlying industry being weak. What will drive this growth?

Guruprasad Mudlapur: Yes. I mean the PV segment is connected to -- quite a lot connected to what happens in our cities, disposable incomes, a trend towards premiumization or affordability, GDP growth in general, and how well people are able to drive in cities and further penetration in our Tier 2 and Tier 3 towns. So these would be the broad trends. And yes, we track these trends, and we expect steady growth in our PV segment.

- Annamalai Jayaraj:** The next question is, we indicated safety systems for 2-wheelers. What will be the components on 2-wheeler systems' safety in the listed entity?
- Guruprasad Mudlapur:** So yes. I mean, we have our 2-wheeler division which offers some components into this market (*Explanation: via cross divisional solutions around safety, comfort & efficiency*). While majority of the safety systems go from our sister company, RBIC. But on the listed entity, our 2-wheeler division also caters to some segments (*Explanation: offers engine management system components like engine control units, fuel supply module, fuel injectors and*) sensors, and all that.
- Annamalai Jayaraj:** Okay. And some questions from the chat box. Whether any restructuring under progress or -- on this thing for -- in the -- all the other listed companies in the Bosch stable in India?
- Guruprasad Mudlapur:** Sorry. What was the question? Sorry...
- Annamalai Jayaraj:** Basically, the question is, see, whether -- see, we have a lot of unlisted companies in the auto space in India. Whether any chance of restructuring or any whether progress...
- Guruprasad Mudlapur:** Yes. So I think I've spoken about this a few times in the past. We are constantly looking at our product portfolio, our business activities in the listed company and also business activities outside the listed company in the Indian context. We are very open to look at these things. These are discussions that are going on in the RBIN and Board with the promoter. As and when we have information to share, we'll certainly use that opportunity to share it with all. So all I can say is that these discussions are ongoing in terms of multiple elements, and we will share it as appropriate.
- Annamalai Jayaraj:** I think that's all, sir. Yes. There is no more questions. And any closing comments you want to make, sir?
- Guruprasad Mudlapur:** I would say thank you to everybody who joined the call and showed interest. We're doing our best to ensure excellent business performance under difficult -- currently slightly difficult market conditions, and we hope to continue to keep this transitory going. And you will hear more from us in the coming 12 months. Thank you.
- Annamalai Jayaraj:** Thanks, sir. Thank you, all the participants. We can now disconnect our lines.

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