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February 16, 2024

Dear Sir/Madam,

Sub: Regulation 30 and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Disclosure of Transcript of the Investors' Concall

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached herewith the transcript of the investors' call with Investors/Analysts held on February 13, 2024, on the financial results for the quarter and nine months ended December 31, 2023.

This is for your information and records.

Thanking you,

Yours Sincerely,
for Bosch Limited,

VENKATARAMAN SRINIVASAN
Digitally signed by VENKATARAMAN SRINIVASAN
Date: 2024.02.16 12:08:33 +05'30'

V Srinivasan
Company Secretary & Compliance Officer

"Bosch Limited
Q3 FY '23-24 Post Results Conference Call"

February 13, 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 – BATLIVALA & KARANI SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Bosch Limited 3Q FY 2024 Post Results Conference Call hosted by Batlivala & Karani Securities India Private Limited.

From Bosch management, we have with us today, Mr. Guruprasad Mudlapur – Managing Director and Chief Technology Officer, 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 Management presentations and opening remarks. Over to you, sir.

Guruprasad Mudlapur: Thank you, Annamalai. Good evening, everyone, and thanks for being part of this Call.

Today, I will start with a brief on the Global and Indian Macroeconomics, followed by an Automotive Market Update. Then I will walk you through our financials. Finally, I will end with the highlights of the Quarter affecting our business.

As per the recent International Monetary Fund report, global growth is projected to be at 3.1% in 2024 and rise to 3.2% in 2025. Amidst challenging global macroeconomic environment, the Indian economy presents a picture of confidence, positivity, and optimism. The IMF has projected that the Indian economy will grow at 6.5% in 2024 with expectations that this growth will be sustained into 2025. Strong domestic demand continues to be the main driver for this growth. Next slide, please.

Q3 FY '24 witnessed healthy demand across the segments as overall volumes, excluding two-wheelers, grew by 4% year-on-year. The two-wheeler segment stood out with an impressive 19% year-on-year growth, year-on-year on the basis of strong domestic demand during the festive and wedding season, while on a low base.

Three-wheeler volumes have grown by 10% year-on-year as last mile mobility demand has come back to near normal.

Tractor volumes declined by 13% year-on-year, due to uneven rainfall impacting farm cash flows, sentiments, and a high base of last year.

Passenger car volumes grew by 5% year-on-year. Dispatches for SUVs remained healthy, led by order book execution and improvement in supply chain situation overall. However, in the lower end, passenger cars continued to witness subdued demand.

Commercial vehicle volumes demand was driven by better demand in underlying industries and healthy fleet utilization level, along with revival in bus demand from state transport undertakings and fleet operators.

Within commercial vehicles, medium and heavy commercial vehicle, and light commercial vehicle categories grew by 11% and 5% year-on-year, respectively.

Sequentially, volumes dipped across segments due to increased production in Q2 of FY '24 for festive season demand, post which demand saw some seasonal softness.

Let's look at the automotive outlook for Calendar Year 2023 and 2024. Next slide, please.

In this slide, we have illustrated the market's trajectory from the peaks of 2018 through the challenges posed by COVID to the subsequent recovery. 2023 volumes indicate a notable shift in passenger car demand, light commercial vehicle, and tractor segments surpassing 2018 levels and achieving record sales.

In 2024, we expect that the market may grow at a slower pace due to high base and the national election related uncertainties as seen in the past. We anticipate for the upcoming year a moderate growth trajectory attributed to the election year dynamics, already high base set in 2023, and the impact of erratic rainfall patterns, coupled with quite some global headwinds. Next slide, please.

Sector-wise sales for the Mobility Solutions area, the mobility business sales have grown, by 16.8% in Q3 FY '24 as compared to Q3 FY '23. 20.4% growth in product sales of powertrain solutions is driven largely due to growth in passenger car and heavy commercial vehicle segments. This growth is mainly due to higher demand of SUVs, sustained robust economic activity in October to December 2023, and increased content per vehicle, mainly the exhaust gas treatment and electronic control units overall.

The automotive aftermarket business has grown by 8.6% quarter-on-quarter, mainly due to increased sales for spark plugs and filters due to higher demand, BS VI requirements and higher sale of lubricants due to improvement in product portfolio.

The two-wheeler business sales have also increased by 7.1% quarter-on-quarter and due to easing of semiconductor supply bottlenecks, and additional volume demands due to new product launches by OEMs.

The Beyond Mobility Solutions sector sales have grown by 32.5% in Q3 of FY '24 as compared to Q3 of FY '23.

The consumer goods business comprising of the Power Tools segment has grown by 30.5% quarter-on-quarter, mainly due to higher demand for blue tools driven by higher sales through ecommerce.

The Building Technologies area grew by 18.1%, mainly on account of completion of major projects for installation of security systems. Next slide, please.

The profitability statement:

The overall revenue from operations for October-December 2023 stood at INR 42,052 million, which is an increase of 14.9% as compared to the corresponding period of the previous year, mainly driven by growth in product sales by 18.5%.

Income from services mainly comprises of engineering and application services provided to Indian OEMs and to Bosch in Germany. Service income recognized during the quarter was mainly towards completion of BS VI Stage 2 projects.

Other operating income mainly includes income from lease rentals, export incentives and miscellaneous income. The decrease is mainly on account of lower receipt of export incentives in the current quarter.

Material cost as a percentage of total revenue from operations is at 62.3% in October-December 2023 as compared to 60% in October-December 2022.

However, the material cost as a percentage of net sales, that is excluding income from services and other operating income, is at 65.4% in October-December 2023 as compared, to 64.9% in October-December 2022. The increase is mainly on account of change in impact mix, higher share of traded goods and adverse FOREX impact on imported materials.

Personnel cost for October-December 2023 is at INR 3,343 million as compared to INR 2,725 million in October-December 2022. The increase is mainly on account of year-on-year salary increases. Also, the current quarter had certain one-time impacts related to employee provisions.

Other expenses stood at INR 6,713 million, 16% of total revenue in October-December 2023 as compared to INR 7,890 million, which is 21.6% of total revenue in October-December 2022.

The current quarter expenditure has decreased mainly on account of lower spending on new businesses, due to sale of the Project House Mobility Solutions business in July-September 2023 and lower expenditure on customer projects for engineering and application services, which is in line with lower income from services.

Depreciation for the current quarter is at INR 1,173 million, 2.8% of total revenue as compared to INR 1,083 million, which is 3% of total revenue in October-December 2022. The increase in depreciation in current quarter is on account of additions during the year, mainly in plant and machineries.

With this, the operating profit stood at INR 4,611 million in October-December 2023 as compared to INR 2,954 million in October-December 2022, which is an increase of 56.1%.

The other income primarily consists of interest on fixed deposits, inter-Company loans, and change in market value of mutual funds, which are debt-based. The other income has increased from INR 1,312 million in October-December 2022 to INR 1,548 million in October-December 2023, mainly on account of increase in interest income.

For the quarter ended October-December 2023, your Company posted a profit before tax before exceptional item of INR 6,120 million as compared to INR 4,246 million in October-December 2022. As a percentage of total revenue from operations, profit before tax before exceptional item stood at 14.6% of total revenue in the current quarter.

Profit before tax after exceptional item stood at INR 6,708 million in October-December 2023 as compared to INR 4,246 million in October-December 2022. As a percentage of total revenue from operations, profit before tax after exceptional item stood at 16% of total revenue in the current quarter.

Profit after tax for the quarter ended December 31, 2023, stood at INR 5,181 million, which is 12.3% of total revenue from operations. Profit after tax in October-December 2022 was INR 3,189 million, which is 8.7% of total revenue from operations.

The Company based on its reassessment of its Mobility Business and the applicable regulatory changes pertaining to emission norms in India has reversed the unutilized portion of the employee restructuring provision made in 2020 and 2021 amounting to INR 588 million. The same is considered as an exceptional item in the current quarter.

As a special announcement, we are privileged to state that Q3 FY 2023-24, the Board of Directors, in today's meeting, declared a special payout in the form of an interim dividend of INR 205 per equity share. Next slide, please.

Towards the Company's sustained efforts towards technological achievements, the Company has set up its first Fuel Cell Power Module, or FCPM, as a part of its Powertrain Solutions business in its Research and Development facility in Bangalore.

This module was assembled in Bosch Germany and was imported to India with the aim of getting hands-on experience on fuel cell systems. The demonstrator will enable us to capture system requirements for India, conduct functional tests, and help us develop local competency in fuel cells. Next slide.

At the recent Bharat Mobility Global Expo held between February 1st and 3rd at New Delhi, the entire spectrum of the mobility value chain in India was showcased under one roof, reflecting India's growing stature as a leading global mobility player.

At this expo, Bosch Mobility India showcased its extensive portfolio of mobility technologies featuring cutting edge innovations including the demo truck with hydrogen engine and connected vehicles with Advanced Driver Assistance Systems or ADAS with integrated telematics on board.

Additionally, Bosch Mobility highlighted solutions developed for passenger car market for electrification, two-wheeler technologies, mobility aftermarket, digital mobility platforms, and connected mobility solutions. This was well received from the customers, industry, and government bodies. Next slide, please.

I am delighted to share that Bosch Limited has secured the Great Place to Work certification for fourth consecutive time, marking our ongoing commitment to excellence on the five dimensions of high trust, high performance culture, around credibility, respect, fairness, pride and camaraderie. This recognition serves as a testament to the Company's commitment towards creating a credible and fair workplace for our employees. Next slide, please.

Thank you for your contribution and for listening patiently through the call. We will now address your questions. Thanks, and open for questions now.

Moderator: Thank you, sir. The first question is from Pramod Kumar. Please unmute and ask your question. Pramod?

Pramod Kumar: Component of traded goods has fallen meaningfully on a quarter-on-quarter basis on a stable top line. So, if you can just help us understand this? And also, does this have anything to do with the sequential drop in consumer business? And also on the other expenditure side, you did allude to some lower spending here because of lower activity on the services side. So, do you expect this run rate to kind of pick up again as you enter 4Q, which is commercially a bigger quarter in the Indian context?

Guruprasad Mudlapur: Yes. So, I will let my CFO get in with the details, and I will chip in after that.

Karin Gilges: Regarding your first question regarding the traded goods, of course, we have a change all the time from quarter-to-quarter. In general, we are, in principle, going ahead with localization. Nevertheless, for the next quarters, we do not expect a big change due to the fact that the effect out of our hard localization work will need some time.

Pramod Kumar: Sorry. Just to clarify, are you indicating that the drop in the traded goods on a quarter-on-quarter basis is led by localization improvement?

Karin Gilges: Well, actually, if you look at the quarter, October to December 2022, compared to the quarter October to December 2023, it has increased from 51% to 55%. Yes. So, we expect this share that we do not have a significant change in the next upcoming quarters.

Guruprasad Mudlapur: Well, Pramod, we will continue to localize as we have committed and this will bring down, the traded part and increase the localized part, but this will not happen overnight. And this is something that you will see quarter-on-quarter, or every half year, you will start to notice the differences as we move forward.

Pramod Kumar: And on other expenditure side, sir?

Karin Gilges: So, for the other expenses, there is one thing. If we compare the quarter-on-quarter '22 to '23, as you know, in the last quarter we had a sale of business. And of course, the spendings for this business, which we throw in Bosch Limited (RBIN), the spendings does not occur anymore.

Then you have all the time in the quarter to see for the customer project, what is our income from service and we show the cost part in the other expenses as subsequent and the warranty expenses compared to '22, we had a little bit less.

Then we have each quarter, we evaluate or reevaluate our payables, and we have either exchange gain or exchange loss. And of course, here in the other expenses, you also see the one-time cost of the technical access fees, which are very important. If we look from the quarter '23 to '22, we have a little bit lower technical access fees.

Meanwhile, looking at the quarter July-September '23 to October '23, you can see a little bit a higher share of technical access fees. Technical access fees is for us, of course, also very important indicator if we go ahead with the localization.

Pramod Kumar: And the second question is on the business mix. If you can just broadly help us understand, how much would be our exposure to the automotive segments of commercial vehicle and tractors, broadly, if that is something which you have kind of broadly. I am not looking for the exact number, but a broad range. Is it like closer to 50% of your automotive revenue, or if you can just help us understand a bit of context there, please?

Guruprasad Mudlapur: Pramod, we do not split our business results in that category you asked for, and I do not go into that right now.

Pramod Kumar: So, then can I ask a substitute question, sir, if you don't mind, on electrification?

Guruprasad Mudlapur: Sure. Go ahead.

Pramod Kumar: Sir, on electrification, if you can just help us understand the progress you are making with electric two-wheeler mobility and electric cars? Because there is a lot of buzz happening in the E-two-wheeler space, a lot of new launches coming in, a lot of products unveiled. So, how are we participating in those endeavors, sir?

Guruprasad Mudlapur: So, you are right. I think there is a lot of buzz. A lot of it is also hype. So, you should be able to distill what is reality in that buzz and look at what is realistic long-term prospect for electrification. We believe certainly the two-wheeler commuter segment of scooters will have significant growth in electrification in the coming years. That's the fundamental statement, and we will work to make that happen.

We have a good presence in this two-wheeler space right now. We supply OEMs, hub motors. We have got new categories introduced in hub motors which are also offered now to OEMs in India. So, the two-wheeler electrification segment is doing well. We have also localized lines for the motors, and this also helps OEMs get substantial PLI benefits as a consequence. So, the two wheeler part is going quite okay.

In terms of the passenger car segments, we are in early discussion with OEMs on our passenger car electrification portfolio. And as and when we have an acquisition, or we have a business win, we will update you further, but there is a lot of discussion happening.

Also, keep in mind that we will only do things which will ensure good margin and good return on our investments here. There are players who are trying to come in at any cost, and that's not our aim in the electrification space right now.

Pramod Kumar: Thanks for that clarification, because we have seen some of the other component players claim big wins at competition expense and the hub motor market. But I am just trying to understand, is Bosch not willing to look at the EV landscape differently in terms of the fact that the margins are expected to be lower there, given that the number of parts is kind of shrinking? Or is the expectation that even on the EV side, you should be making margins, which are in line with your ICE margin profile historically? So, I am just trying to understand what's the thinking there?

Guruprasad Mudlapur: Yes, it's a very, very good question. So, we know what's happening globally, and the reality you explained is exactly what is happening globally, either very low margins, or no margins at all, and no path towards profitability in several markets right now, and that's how electrification is playing out in several geographies. Even in China, where there is significant electrification penetration, almost nobody other than Tesla is making money today.

We have, as Bosch, we supply quite a lot in the Chinese market, and we have just broken even this year. So, it's not true that we will not enter markets where we know the margins are lower. We certainly know in electrification globally, the margins are going to be lower, but we will not do this to completely spoil everything with regard to our overall margin profile.

So, we do the right things as far as possible. Where it is a strategic win and we have to work with the OEM to build margins in the short, mid-term. We will certainly do that. But if there is no path to profitability, I think those are not areas where we are jumping sort of with joy.

Pramod Kumar: And we would look forward to meeting you in person, sir. We have been covering the name for long enough, but if you provide us opportunity to come down to Bangalore and meet you, that would be really great. I will send in a formal request. Thank you sir.

Guruprasad Mudlapur: Yes, sure. Pleased to and we will support.

Moderator: Thanks, Pramod. The next question will be from Jinesh Gandhi. Please unmute yourself and go ahead.

Jinesh Gandhi: My first question is on this other expenses. Would you be able to indicate what level of other expenses have reduced because of the sale of Project House Mobility Solutions?

Guruprasad Mudlapur: Yes, we can do that.

Karin Gilges: Yes. So, besides the Project House Mobility Solutions, so I would...

Guruprasad Mudlapur: No, the question was what has changed, because of the sale of Project House Mobility Solutions? That's right, Jinesh, you are asking what has specifically changed with regard to the sale of Project House Mobility Solutions?

Jinesh Gandhi: Yes. And what level of reduction has happened in other expenses because of that?

Karin Gilges: So, it is roughly INR 470 million in the other expenses. And this was, of course, an investment now we sold due to known reasons, this mobility house.

Jinesh Gandhi: And was there any FOREX gain in this quarter in other expenses, or there was loss only?

Karin Gilges: If we go from the quarter-on-quarter between '22 and '23, we see a decrease coming partially out of the spendings as just mentioned. And then we had an exchange gain, one-time expenses, and the warranty expenses. And therefore, you see a reduction between '22 and '23, perhaps in general, to the other expenses. We are striving, in a normal business case, roughly between, or roughly about 14.5% in a normal business.

Jinesh Gandhi: 14.5%. Got it. And lastly, I believe there is updation on the timelines for Trem-V norms for tractors. So, any clarity from government on that side, A, with respect to the timelines, and B, with respect to whether it's linked to production or sales?

Guruprasad Mudlapur: So, there is no further update. We believe that the norms are due for '26 right now, and this also seems to be the general consensus of the OEMs we speak with right now. So, we are counting on that date to be the valid one. Of course, there could be a change of this post elections, if at all, and we will monitor that and keep track of that. In terms of our preparedness to deal with Trem-V, we are now fully ready. We will be able to take on Trem-V at very short notice internally.

Moderator: Thanks, Jinesh. Next question will be from Pramod Amthe. Please unmute and ask your question.

Pramod Amthe: Relating to the same tractor norm, if I am right, it was supposed to come this year and it's getting delayed. How does such things impact your capital allocation policies and also the fact that, will that be a drag for you till the time it actually goes live?

Guruprasad Mudlapur: Yes, it does impact to some extent, but since we knew the Trem-V delay pretty early on, of course, it's not just the government we speak with. We also speak with the industry. We are participating in the industry bodies, ATMA, SIAM, and several sources. So, we were quite clear that the delay is coming, and we were quite well prepared. So, it does not really have a major impact for us right now.

Pramod Amthe: Second one is with regard to the Project House Mobility Solutions sale. You called out for the quarter, what's the saving. Would you be similarly able to give us last year, what was the spend on annualized basis so that we can take it off hopefully?

Guruprasad Mudlapur: Overall numbers were already shared in the previous calls. Do you have it right now?

Pramod Amthe: And the impact is only on the expenses side, or does it also have any revenue implications?

Guruprasad Mudlapur: Just hold on. Now we are just looking at, trying to fetch the numbers from last year. It's about net INR 1,400 million.

Pramod Amthe: It's broadly uniform when you call out for the 470 million for the quarter?

Guruprasad Mudlapur: That's correct, yes.

Pramod Amthe: Is there any revenue implication also for this or is it only the cost element which you are spending?

Guruprasad Mudlapur: No, the revenue was extremely small. And I think we spoke about this during previous calls on the logic and rationale for us to hive off this part. There was almost no revenue that we could count. It was in a more or less investment phase where we were developing the solutions, developing the technology, building the platform, and we were not really having a lot of customer traction. And one way to increase the traction was to take it global and we realized that our parent is the best one to do it and that was the primary reason for the hive off.

Pramod Amthe: Last one is, what's the outlook you are getting from the customers for the M&HCV side, which might be lumpy for you also? And is it still on a growth or you are preparing for, how are you preparing your capacities? Is there a rundown for next one year?

Guruprasad Mudlapur: So, the HCV and the Medium Commercial Vehicle segment has bounced back from its lows. We expect that it will continue to moderately grow in the coming year. We do not expect a very big growth in the MCV segment. I think we are currently around 2023 Calendar Year, we were at 670,000 units for LCVs and 430,000 units for HCVs. We expect it to remain flat or maybe have a very small, between 3% to 5% growth.

Moderator: Thanks, Pramod. The next questions will be from Viraj Kacharia. Please unmute and ask your question.

Viraj Kacharia: Just a couple of questions. First one on the other expenses part. Now, if I adjust for the impact of the sale of Project House Mobility, still the other expenses has kind of declined by 10%, while the revenue growth has been almost 14%, 15%. Which of the larger factors has driven this? I am just trying to understand in terms of sustainability, how should one really understand this. Because even after this, we are still around 16% of sales in terms of other expenses versus what we talked about 14, 14.5% as a sustainable piece. So, where do you see further avenues to further reduce it? That is one.

And second is, you know, if you look at the parent commentary as well, recently they talked about the new age businesses. So, the maturity from the new age businesses in terms of scale and profitability will take much more, longer than what they thought it to be. So, when we look in there in terms of investments and P&L and generally in new age businesses, how is our overall approach or orientation, if at all, has any changes?

Guruprasad Mudlapur: I will take the second part of your questions, and I will let my CFO comment on more details on other expenses. It looks like other expenses seem to be a hot topic. So, we will try and do one last good explanation there.

But firstly, your question on what the parent commented about how the market is developing globally. So, it's clear that there was a lot of hype in electrification. And what has happened largely as a consequence of early introduction of several vehicle categories and new models into the electrification market in the advanced economies, the market started to pick up. That was also on the basis of significant subsidy that was offered in advanced economies by most countries.

So, the market growth started. And as you know, most of these early vehicle adopters are people who are interested in technology, who are willing to pay a high price, $35,000 to $60,000 and above. And that's the typical category of people who would buy these cars, and they also have another car for a longer-range drive or a family purpose, and they have an EV to come in addition.

I think what's happening now is that there is a gradual pull-out of subsidies all over the world. And in addition, what is also happening is the market or the penetration levels of this niche category of people who would buy these cars has also started to saturate in a way.

And that leaves an entry point into the mass market area, where currently the number of models in the world catering to sub-$25,000 car or $25,000 to $35,000 car, $1,000 vehicle, which is more or less the mass market EV in Europe or North America or China is very, very minimal right now.

This is also limited to quite an extent because of the current prices of components, the current prices of EVs, manufacturing, and of course, heavy investments coupled with the battery prices as they are. Although all of these elements have reduced considerably, they are not yet at a point where most EV companies can have a sustainable, profitable EV operation into this market.

So, with this background, we realize that talking to several big OEMs globally, the margin pressure is extremely high, and the OEMs are reluctant to further continue, in a way, subsidizing or trying to lose margins pushing EVs into the market.

So, there has also been a little bit of a slowdown in this. We expect this not to be the long-term approach of OEMs, and they will probably come back with new cost economics on components, and battery prices also coming down. And this is true in the largest EV market today, which is China, where every OEM is virtually, almost all OEM is making money there, specifically on the EV product categories, except for Tesla. And this has been a real virtual bloodbath in China, which is also very similar in several advanced markets.

So, with all this in the background, we made the statements, you are quoting right now, that our push into electrification will be measured in line with what the OEMs want and how the market develops as we move forward. We have the base technologies already available. We are maybe the first tier 1 in the Chinese market to breakeven today. Nobody else has our scale and breakeven point in the market.

But in several advanced economies, be it Europe or North America, it's still a big struggle. And because of this precise reason, we made those announcements that we will be guarded. We will be conservative. We will go with the OEMs, but watch them do the right things, and then go along with it.

So, that's the long answer, but hopefully it gives you the full background. I will let my CFO continue with the other costs, other expenditure, and then we will take on other questions.

Karin Gilges: So, regarding the other expenses, besides the fact, of course, that we are implementing cost measures to get a better fixed cost absorptions, we have three main topics. And this is the customer project, what you see in the revenue of services, whenever we have in our customer project, and these are mainly application projects out of the R&D area.

Whenever we have an SOP in the project, we show the revenue under the revenue for the services, and the complementary costs are shown in the other expenses. And of course, depending in which quarter, how many SOPs for customer projects we have, the other expense is fluctuating in accordance with the revenues.

The second part is the warranty expenses. We are looking very carefully all the time in our warranties, and there you have also from quarter-to-quarter, depending what is coming up, you have a change in the warranty expenses.

The third part is where you see a fluctuation sometimes to the positive side, means a gain, sometimes to the negative side, means a loss, are the revaluation of the payables. And this is also then shown in the other expenses.

So, these are three major topics where we see a fluctuation. And the figure I gave beforehand is an average, which is a normal business, but can, of course, be, from quarter-to-quarter, either a little bit more or a little bit less, and this we will then explain to you.

Viraj Kacharia: Just two questions and I will come back in queue. Again, on other expenses, you know, if I look at the history, the recent last few years history, we have been upwards of 16%, 17%. And that also includes some bit of the spends in new age businesses which we have been doing. So, in the past, we talked about, say, upwards of 1.5%, 2% of sales towards these new age businesses.

So, the question on parent was largely to understand if they are slowing down and they are also looking into the portfolio realignment and restructuring. When it comes to the listed entity, are we also looking at similar measures in either lowering the spend or anything on that sense?

Then second is, you know, other than the three factors you talked about, which will be the larger driver in terms of the moderation in other expenses, to say 14.5%, 15%? So, that is one.

And second question was on the Hydrogen ICE part. Given the kind of infrastructure facilities we have for diesel, would the large part of that facility be used for Hydrogen ICE? Because what we understand, players like Reliance are looking to convert almost 5,000 to 6,00 trucks of their fleet towards Hydrogen ICE in 2024 itself. So, any perspective you can give there for us?

Guruprasad Mudlapur: I will take the last two questions from your side. Hydrogen ICE, you are right, a lot of what hydrogen ICE is as a technology will ride on base technology of diesel or any gas injection. So, it's very similar. So, for us also, it's pretty similar. The component themselves need a complete redesign. They need to be qualified for hydrogen.

Hydrogen, as you know, is a very combustible element and has high corrosive properties. So, we need to redesign the components in a very, very different way. And besides that, it's largely what we would have in the diesel or CNG era.

What also is unique here is the hydrogen tank infrastructure, which comes onto a vehicle and of course, all the monitoring, safety provisions that come in, lots of sensors, additional sensors and management of the overall safety of the vehicle. So, these are unique things. But besides that, you are largely correct that hydrogen ICE is an easier platform for any OEM to adopt and be first in the market.

Hydrogen ICE also is more acceptable in the levels of impurity of hydrogen and can work quite well with gray hydrogen. So, that also is a good starting point for us. And as we move towards green hydrogen, it only gets better, and that's where even the fuel cell trucks will make a lot of sense. So, yes. So, overall, your view on hydrogen ICE is pretty correct.

You tried to make a comparison of what the parent announced to what is likely to happen in India. I would not agree on that, because what parent announced is uniquely global, and there are uniquely advanced markets where the situation of OEMs and electrification and new technology adoption is at a very different level compared to anywhere else in the world, in the developing world, and especially in India.

So, if you take, in pure electrification context, the Chinese market today is probably the most advanced and the most volume driven market. So, they have very high levels of penetration, and very high levels of electric vehicle technologies brought in already, even compared to Europe or North America. Of course, the exception globally is Tesla, which is doing similar things all over the world.

But besides that, it's a very China-dominated market, and all other regions are still struggling to find their way into this segment, including have a good level of control on the value chain of various components, not necessarily the motors and power electronics that we offer, but the entire value chain for EV, in that context, be it from manufacturing of cells, which is more critical, getting the right kind of components, or materials for cell manufacturing and all that, is a whole new ballgame, and several of them are still grappling with that hold on the value chain.

So, what is happening in the advanced economies with regard to electrification is not comparable to us in India right now. And in that context, we do not see anything that the parent announced globally as withholding factors for us in India. We are doing what is required in the Indian market and what the Indian OEMs are asking.

And as you know, the Indian electrification penetration today is less than 2%. And currently most of the EVs today in India are sort of ICE platforms, which are converted to EV, and that will shift to Born EV platforms soon. But it's not yet happened. Maybe '24 and '25 will see the first arrival of Born EV vehicles in India, while this is the norm in most advanced economies already today.

So, the situations are not comparable. And what our parent announced and is relating as an issue globally with OEMs serving these markets is not something similar in India. So, that broadly covers the answer. And I will let Karin come back again one more time on the other expenses.

Karin Gilges: Other expenses, yes. So, the biggest lever for sure are the customer projects, where we have a very good recovery. Customer projects are very important for us, because these are application services we provide to our customers, and this is often a door opener to new and further businesses with our big customers.

So, therefore, whenever I see the customer project and we have an SOP, then even as a CFO, I am looking forward to it because it shows that we are good on track and that we have a very good trust base with our customers to give us the application or to award us with the applications, which is the door opener, as I said, for the further business with them.

If I look at the, let's say, in brackets, the normal operating expenses, we are doing permanently, not cost measures in the classical sense, but process optimization. We try to use our structures as best as possible and we, of course, have a look that we have a very good, fixed cost absorption also in the other expenses.

So, if I divide the other expenses into normal other expenses, we see a very good progress in our normal operating expenses. And if I look into the extraordinary things, then, of course, we have the exchange rate which is fluctuating and the warranty issue plus biggest lever, the cost of the customer projects.

Moderator: Thanks, Viraj. Due to lack of time, we will take the last question from Senthil Manikandan. Please unmute and ask your question.

Senthil Manikandan: First question is with respect to the electric vehicle, particularly on the two wheeler side, if you can share, nine-month basis, what could be our share of sales from this segment?

Guruprasad Mudlapur: Actually, Senthil, we don't divide it that way. So, I would not get into that. And anyway, all I can say is, it's very, very early days. We have good designs in the two-wheeler electrification space with regard to our hub motors and electronics. But it's still very early days. We do not share that level of detail right now.

Senthil Manikandan: The second question is with respect to the PLI scheme. So, if you can just update, where are we on the PLI scheme? Any development with respect to the certification or approvals?

Guruprasad Mudlapur: So, as you are aware, we qualified for PLI not just as Bosch Limited, but also another Bosch Group Company, Bosch Automotive Electronics, which is a major supplier for us, contract manufacturer for Bosch on electronics, Bosch Limited as electronics. So, we have qualified. We have started, we have invested based on, not just based on PLI, but because we anyway had to do these things for the market.

The disbursements on PLI have not started yet. And there are several checks and audits going on with regard to whether we meet the domestic value-add requirements, how do we do it. Specifically, for example, in our electrification area, there have been checks on whether the localization content is okay, whether the domestic value-add is in line with what we have declared. So, these things are ongoing.

We hope to start benefiting from this as we move forward in 2024. But as of now, just like in most other industries, there is no disbursement of PLI, but we are hopeful that the commitments will come through as we move forward, and we hope to benefit from that.

Senthil Manikandan: Just a last question from my side with respect to the hydrogen truck that you showcased in the recent Bharat Mobility Expo. So, if you can just share some timelines from the commencement of this project?

Guruprasad Mudlapur: So, see, what I can share with you is how well are we prepared with regard to providing technology to the OEMs. Eventually, we don't make trucks. The OEMs make them. We provide them all the technology relevant to converting or making a ground-up hydrogen truck running on BS IV. So, we have the systems in place.

We have not just showcased the truck in our booth, we have worked with OEMs. OEMs are piloting these trucks in their own locations. Several of them have more than 10-20 trucks built, and they are testing them out. So, it's a new technology, and you must realize that it's also a technology which has quite some challenges in introduction, not just from the truck side, but also from the infrastructure side. So, we also need to have hydrogen dispensing stations developed and hydrogen production starting and preferably green hydrogen production.

So, all this is work in progress. So, I do not want to hazard a guess on how quickly this will come in, but in the next one year, I would say, we should start to see some pilots for sure based on the rapid progress OEMs are making, with our technology to test them out and get them into the roads.

Moderator: Thanks, Senthil. Do you want to make any closing comments, sir?

Guruprasad Mudlapur: No, I think the only thing I would say is overall, we have had a good traction with regard to our developments, market volumes, and also sales and EBIT performance. Next quarter is going to be maybe flat or very small growth and we hope to do well as well. So, yes, the market is looking up.

There is an upcoming election, as you all know. So, there is an element of conservativeness in how we look at it. And this we have also sort of calibrated with OEMs around what happens during a typical election season. So, that's where I would like to leave it.

There are considerable global headwinds. I talked about it earlier when I presented, and the global economy as such, especially the advanced economies, are not doing really well, and this is likely to continue to be a major headwind in the Western markets for the year, and several dynamics are at play here. And there is also this Red Sea issue, which is affecting logistics to some extent, and thereby logistics costs and so on.

So, there are several of these headwinds, but we are doing our best to manage them and do the best we can, as we move forward. So, be assured, we are putting in our best efforts.

Guruprasad Mudlapur: Thank you.

Karin Gilges: Thank you.

Moderator: Thanks, sir. On behalf of B&K Securities, we thank all the participants for joining the call. Special thanks to Bosch Management for taking time out for the call and giving us the opportunity to host the call. Have a good day.

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