Bosch Limited

59th Annual General Meeting

Chairman's Speech

01.06.2011

Bangalore

BOSCH
Invented for life

Ladies and Gentlemen,

I have great pleasure in welcoming you to this fifty-ninth Annual General Meeting of the Company. I trust the Notice convening the meeting, the Directors' Report and the Audited Accounts for the year 2010 has reached you on time.

The year 2010 was a very exiting year for your Company. Driven by sustained economic growth, backed by an even stronger growth in the automotive market, your Company performed exceptionally well through its innovative technologies and market relevant products and solutions across all business divisions.

Before I go into the details for the year 2010, I would like to briefly take you through the Company's performance in the previous decade 2001–2010. The Company's sales grew from Rs.1451 crores in 2001 to an all-time high Rs.6630 crores in 2010. This four fold increase within a span of a decade portrays the Company's commitment to aim and achieve higher. In the year 2010, the Company posted a record sales growth of 39.6% compared to the previous year. All business units posted robust growth leveraging on high market demand.

Our officers have arranged a display of products on 'Diesel Systems', among others, in the foyer of this hotel and they will be delighted to give you details on these products, offerings and initiatives.

125 Years of Bosch

2011 is a very significant year for your Company since we are celebrating a double anniversary - the 125th anniversary of Bosch and the 60th anniversary of your Company since its incorporation in the year 1951. All through, this success has been driven purely by a passion to

offer value to mankind and improve the quality of lives through innovation and technology. It is also interesting to note that this year is the 150th birth anniversary of our founder Robert Bosch.

Bosch, today, is a leading technology company with around 300,000 associates all over the world focusing on providing value based solutions in the space of mobility, energy and building technology, automation and control, consumer goods and healthcare. Bosch, is committed to work for a greener planet and focus on technologies that conserve natural resources. This is reflected in the logo of Bosch – 'Invented for Life'.

Bosch India is one of the brightest stars in the Bosch World with six legal entities and employing more than 22,500 associates. The Group in India engages in businesses under the three major sectors namely Automotive Technology, Industrial Technology and Consumer Goods and Building Technology. Strategies are in place to expand the foot print of Bosch in India in a big way through new products and services.

The milestones of Bosch and Bosch Group in India have been depicted in the cover page for the shareholders to have a glance of the journey of Bosch.

Ladies and Gentlemen, you have seen how the Bosch group in general and your Company in particular has set a firm and strong foot print in India. We have a long way to go and your continued support and patronage will be of paramount importance to us for many more success stories to come by.

Video Presentation

I would like to show to you an image film on Bosch and its journey in India. Alongside my speech I will also present a few slides covering major

developments in the Indian automotive industry and the Company.

Let us now have the video presentation please.

(VIDEO PRESENTATION)

Ladies and Gentlemen,

I hope you found the video informative and interesting.

Value creation, as I said earlier, is the key focus area of your Company and this applies to all areas be it products or services offered to our customers, our associates, suppliers and other stakeholders. I would also like to mention that the share price which was at Rs. 325 in the year 2001 is now ruling at Rs. 7000. I would call this as 'share holder value creation at its best'. The market capitalization of the Company is currently over 21,000 crores, a valuation unmatched for an automotive component company in India.

Indian Economic Situation

The performance of the Indian economy in 2010-11 greatly exceeded expectations of financial experts around the globe. The growth witnessed since the 2nd quarter of financial year 2009-2010, after a set back in the previous two quarters, continued to be positive in the financial year 2010-2011 as well. The growth in the economy was backed by exceptional performance of the Indian industry, particularly the automotive industry, placing India's growth saga back on track. The Indian economy registered a growth of 8.5% in the financial year 2010-11 as compared to 7.4% in the previous fiscal 2009-10.

While the sentiments are still positive in the medium to long term, the economy is expected to face quite a few challenges and risks in the short

term such as high rates of inflation, sharp rise in commodity prices, forex fluctuations etc. India is not completely isolated from world market developments and there could be risks arising as a result of volatile and dynamic global macro economics. However, I am quite sure and confident that as in the past, India will, through its sound economic policies tackle the challenges in an effective manner.

Both industrial and services sectors will continue to expand rapidly owing to India's structural strengths: abundant labour, strong household disposable income and savings, deepening consumer culture, large number of entrepreneurs striving to expand businesses and sustained foreign investor interest, bringing in capital and technical know-how.

Indian automotive Industry and market scenario

Ladies and Gentlemen, coming to the Indian Automotive Industry, I want to take you to the past, recalling the growth of the automotive industry in India, in the last six decades. With only more than a couple of players in each of the vehicle segments be it is two wheelers, passenger cars or commercial vehicles, the growth in this industry was rather slow but has an incredible journey. Slowly and steadily the automotive industry consolidated its position to gain global recognition to become a force to reckon with.

I would largely summarise the journey of the Indian auto industry in four phases:

1. The development phase (1950 – 1965) wherein there was lot of force from the Government for development of an indigenous automotive industry.
2. The stagnant phase (1965 – 1980): during this phase India lost out to

other developing countries portraying dismal performance when viewed from an angle of self sufficiency.

3. The liberalization phase (1980 – 2000) wherein the industry had a new lease of life once India liberalized its economy in the 90's. Industry restrictions were removed and the flood gates were opened to global automobile majors to invest and be partners in the economic progress of the country and then came...

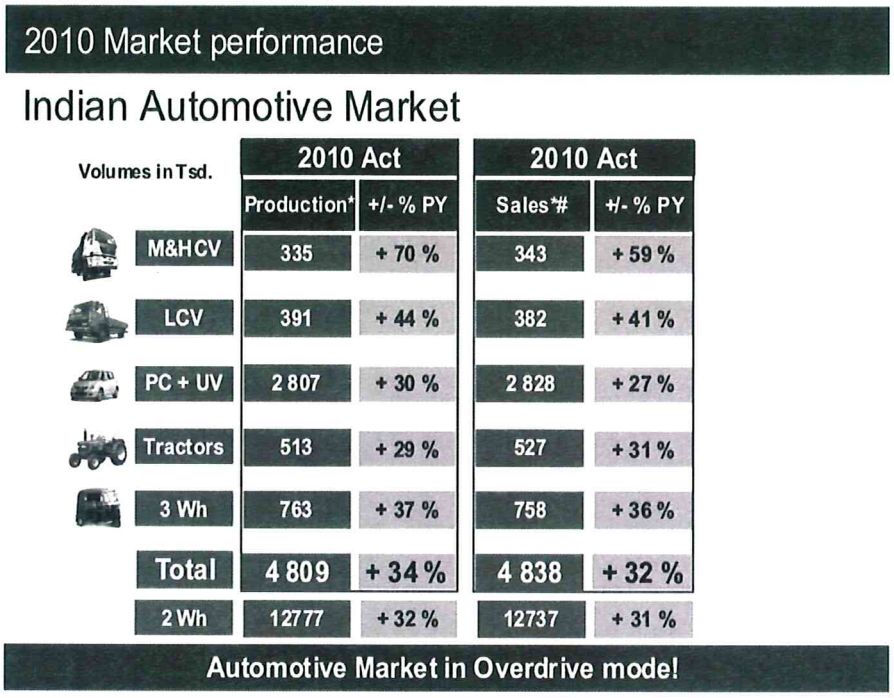
4. The growth phase (after 2000) from where there was no looking back. Indian OEMs along with global majors grew leaps and bounds bringing in contemporary technology into the country, offering a host of choices for the Indian customer. Strategic alliances, global acquisitions, development of indigenous technology etc were some of the main highlights of this period. India also became a global hub for exports for many OEMs such as Hyundai, Suzuki and Nissan to name a few.

Your Company played a very significant role in these 60 years going hand-in-hand with the Indian auto industry contributing intensively by way of bringing in the right technologies, investing in capacity expansion, extending the sales and service network etc. All along we have spearheaded innovation and have always strived to ensure that we deliver value to our esteemed customers.

The year 2010 in particular was an eventful year for the Indian automotive industry, having achieved record production levels. Many new product launches were witnessed, driven by the increasing disposable incomes, rising middle class population coupled with change in lifestyles & aspirational levels. The growth in overall automotive production was around 32% in the year 2010 with 17.5 million units

being produced. This includes Passenger vehicles, Commercial vehicles, Tractors, Three Wheelers and Two Wheelers.

I now give you the Indian Automotive Market performance in the year 2010 through this slide.



Domestic sales have registered a growth of 31% with 15.3 Million vehicles sold in India. Domestic Sales of Passenger vehicles grew by 31%, Commercial Vehicles grew by 46%, Three Wheelers grew by 22% and Two Wheelers grew by 31%.

The year 2010 also saw the introduction of BS3 emission norms from Oct 2010 and BS4 emission norms in 13 major cities from April 2010. Your Company was closely associated with all OEMs for the effective and timely implementation.

Performance of the Company in 2010

Ladies and Gentlemen, let me now take you through some of the key highlights of the Company's performance in 2010.

The year 2010 was a momentous year for your Company. The Company achieved an 'all time high' record sales of Rs. 6630 crores registering a growth of 39.6% over 2009. All business units posted robust growth leveraging on the high market demand.

Taking a look at the sector wise growth - in the automotive technology sector, our Diesel System business was the star performer and posted a strong growth of 51.9% primarily driven by high demand from Commercial Vehicle and Tractor segments. New product introductions continued their way into the market. A 'very first' both in the Bosch and the automotive world was the successful introduction of inline fuel injection pump 'A4000' for medium duty Commercial Vehicle applications meeting BS3 emission norms.

The year also saw the introduction of 'High Performance – Cost Effective' Common Rail Systems for medium duty Commercial Vehicle applications. These unique products are testimony to the innovative culture in the Company with a keen focus on providing value to our customers.

Automotive Aftermarket continued its growth story clocking strong double digit growth for the 5th consecutive year. The business grew by 24% in 2010 driven by new and innovative marketing and product distribution initiatives apart from expanding the reach further more across India. Automotive Aftermarket achieved its highest ever turnover in the year 2010 crossing Rs.1,518 Crores. The division added another feather in its cap after having opened the 500th Bosch Car Service outlet in India.

In the non-automotive businesses, Power Tools and Security Technology divisions performed well and recorded a growth of 28.3% and 19.7% respectively. Overall, your Company performed admirably well in 2010 setting new benchmarks for us to emulate in the coming years.

While domestic sales grew by an impressive 39%, exports business grew strongly by 44% on the back of a smart rebound in demand from export markets, notably Europe. Sales from the automotive business grew by 41% and non-automotive business grew by 24% in 2010 as compared to 2009.

All this would have been a distant dream had it not been for the commitment and dedication of our associates across all locations in India.

The Profit Before Tax was at Rs.1,203 crores, a growth of 51.6% over 2009. The Profit After Tax stood at Rs.859 crores, a growth of 45% over the previous year.

The capital investment in the year 2010 was Rs.302 crores as against Rs.145 crores in 2009. Bangalore accounted for 65% of the total investments, Nashik Plant 25%, Naganathapura Plant 2% , Jaipur Plant 5% and Verna 3%.

While 2010 set an exhilarating pace of business, 2011 will witness more dynamic activity across all business spheres. Our focus will continue to be on enhancing competitiveness, maximising value to our customers and ultimately achieve higher levels of customer satisfaction. With innovative and market relevant products, your Company should continue to be successful in converting business potential into profitable growth and secure its leadership position all along.

Dividend

Ladies and Gentlemen, I now come to the dividend proposal for the year 2010. The company has been consistently paying good dividend to the

shareholders keeping pace with the Company's performance year after year. The Board of Directors have recommended a dividend of Rs.40 per share of Rs.10/- each for the year 2010. Considering the performance of the Company in the year 2010, the Board of Directors have increased the dividend by Rs.10 per share as compared to last year's dividend of Rs.30 per share, an increase of 33.33% over previous year.

The dividend is exempt from tax in the hands of the Shareholders. However, the Company is required to pay dividend distribution tax at 16.22% on the dividend distributed.

Performance up to March 2011

The optimism in the automotive market has sustained the Company's growth prospects and the numbers speak for themselves. For the first quarter ended March 2011, the Company achieved total sales of Rs.2,058 crores as compared to Rs.1,569 crores for the same period last year - a positive growth of 31%. The exports for the first three months of 2011 were better at Rs.242 crores as against Rs.163 crores for the same period last year.

Consequently, Profit Before tax was at 20% to Rs.404 crores an improvement of 38% over the same period in the previous year. Profit after Tax also showed a positive impact at 13.3% to Rs.274 crores as compared to 12.9% in the previous year's quarter.

Challenges and Opportunities before the Company

I am just trying to recall what I mentioned to you last year regarding our Company's preparedness to overcome challenges in a fair manner through focused investment on people and technology.

Upswings in the economy and the market should not deter us in our pursuit to offer value based environmentally sustainable and market

relevant products and solutions. In the mobility space especially in Diesel Systems, we are actively pursuing development projects in the field of emission control, performance optimization, product life cycle enhancements with major focus on cost effective product solutions.

In the Automotive Aftermarket division, renewed marketing and distribution strategies would further expand the reach pan India thereby playing a significant role in the profitable growth of the Company. The division is also focusing on expanding the Two Wheeler business which is the fastest growing and largest automotive segment in the country.

Expansion of product portfolios in the Power Tools, Security Technology and Packaging Technology businesses will continue thereby addressing the needs and requirements of various customer segments.

India is growing as never before and the needs and aspirations of the people are changing quite rapidly. Your Company shall continue to lay focus on enhancing the quality of lives with beneficial and green products and solutions. We shall make our presence felt amongst ordinary people by impacting their lives in a positive and beneficial manner.

Our central focus will continue to remain on local customers / consumers and market expectations. Innovations will be based on this focus. Our aim is to grow strongly and to continuously delight our customers. We shall continuously strive to be the leading technology and services Company. Our ambition is to enhance the quality of life with products and solutions that are innovative and beneficial.

Business development and Outlook of Robert Bosch Group for 2010 and outlook for 2011

2010 was a successful year for Bosch Group having put the crisis behind it more quickly than expected. Sales and earnings returned to its 2007

levels. The dramatic decline of the global economy was followed by an equally dramatic upswing – something which was difficult to imagine in early 2010. Boosted by the global economic recovery, sales for the Bosch Group grew by 24% year on year, to 47.2 billion euros. This is the highest ever in the history of Bosch. Earnings were also better than expected, return on sales based on pre-tax profit was around 7%.

Among the business sectors, Automotive Technology recorded the highest growth – a 29.4% increase to some 28 billion euros. Industrial Technology also saw robust growth, with sales rising by 30.5% to more than 6.6 billion euros. Consumer Goods and Building Technology, which had been less affected by the economic downturn, also saw encouraging sales growth of some 10%, to around 12.4 billion euros.

Before adjusting for currency effects, growth in Asia was 45% above the 2009 level and 47% above the 2007 level. South America also saw a robust sales increase, with growth of 42% on year 2009 and 34% compared with 2007. However, sales in North America and Europe, including Germany, have not yet returned to their 2007 levels.

Overall, Bosch is emerging stronger from the recession. Its growth will continue in 2011 as well and may not be as rapid as in 2010. Asia will continue to remain the engine for this growth.

Corporate Social Responsibility

Our responsibility towards Society and Environment is guided by Bosch values, Bosch principles of Social Responsibility, Work Safety and Environment Protection. Some of the activities undertaken during the year 2010 by the Company's Plants across locations and by the Bosch India Foundation are provided in the Annual Report this time under the section 'Corporate Social Responsibility' as a part of our Corporate Governance Report, for information of shareholders.

The Bosch India Foundation took up over 15 different projects in the field of vocational training and health program in the year 2010 where approximately 1200 underprivileged youths benefitted from the program. The new areas covered are training for fitter, electrician, CNC mechanics, mobile repairing and health awareness for women and children in slums through radio communication. Once of the significant aspects of our corporate social responsibility program is to engage Bosch associates in training and development of underprivileged youth, using their domain knowledge and skills acquired over a period of time. Bosch India foundation is also planning to introduce 2/4 wheeler mechanics training program during this year as there is a shortage of skilled mechanics in the country.

Appreciation

To conclude, I express our sincere thanks to the Government of India and the State Governments of Karnataka, Maharashtra, Rajasthan and Goa for their continued support. My thanks are also due to our customers, suppliers, bankers, financial institutions, and all our shareholders especially our promoter Company - Robert Bosch GmbH. My special thanks and appreciation go to the employees of the Company at all levels for their hard work, dedication and continued commitment.

Thank you for your kind attention.

Bangalore
1st June 2011

Albert Hieronimus
Chairman

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.