

Ladies and Gentlemen,

I have great pleasure in welcoming you to this Sixty-first Annual General Meeting of the Company. I trust the Notice convening the meeting, the Directors' Report and the Audited Accounts for the year 2012 have reached you on time.

Before I proceed, as many of you may be aware, with effect from 1st January 2013, there were significant changes in the composition of the Board of Directors. Mr. V.K. Viswanathan, upon attaining superannuation, retired as Managing Director. However, Mr. Viswanathan is continuing his association with the Company as Non-Executive Director and Vice Chairman of the Board from January 1, 2013. Dr. Manfred Duernholz, consequent to assuming responsibility to lead projects for Diesel Systems at Robert Bosch GmbH, ceased to be the Joint Managing Director with effect from January 1, 2013. On behalf of the Shareholders, I would like to place on record our deep appreciation of the services rendered by Mr. V.K. Viswanathan as Managing Director and Dr. Manfred Duernholz as Joint Managing Director.

We also have welcome additions to the Senior Management with Dr. Steffen Berns joining the Company as Managing Director and Mr. Soumitra Bhattacharya as Joint Managing Director with effect from January 1, 2013. Prior to joining the Company, Dr. Berns was heading the Engineering function of Gasoline Systems at Robert Bosch GmbH. It is relevant to note that Dr. Berns is not new to your Company. He served earlier in the Company as General Manager-R&D and OE Sales during

the years 1996 to 1998. Mr. Bhattacharya was functioning as Executive Director responsible for Finance and Administration of the Company. He also held the position as 'Alternate Director' to Dr. Bohr until 31.12.2012. On behalf of the Shareholders, I extend a warm welcome to Dr. Berns and Mr. Bhattacharya.

I also have the pleasure of introducing to you Mr. Bhaskar Bhat who joined the Board as Non-Executive Independent Director with effect from 1st January 2013. Mr. Bhaskar Bhat is currently the Managing Director of Titan Industries Limited. He brings with him a wealth of valuable experience and is a highly respected professional manager. He was chosen as the CEO of the Year in the Indian Business Standard Awards 2012 for corporate excellence. On behalf of the Shareholders, I extend a warm welcome to Mr. Bhaskar Bhat.

In my speech today, I will take you through the key financials of your Company, a brief on the economic and market situation; some of the key highlights of the previous year and of course, the outlook for the current year.

Your Company performed moderately well in the year 2012 with a sales growth of 6.2% as compared to 19.6% last year but this is mainly due to the slowdown in the automotive market growth momentum. While the automotive business sector of the Company grew by 4.7%, the non-automotive businesses performed well with a strong growth of 19.5%. The growth in the non-automotive businesses was mainly on account of the good performance in the Power Tools and Security Technology.

Ladies and Gentlemen, before I go into details for the year 2012, I would

like to take you through the Company's stupendous performance over the last ten years from 2003. The Company sales grew from 1,898 crores in 2003 to 8,417 crores in 2012. Crossing the four fold increase in a span of 10 years of operations portrays the Company's commitment towards steady and higher growth. In this context, I would like to reiterate that your Company has been striving continuously to focus on innovation and deliver products and services that enhance the quality of life and protect the environment. We will show you later a video presentation covering highlights of your Company over the last ten years.

As done in the previous years, our officers have arranged a display of products in the foyer. They will be delighted to give you details on these products, offerings and services.

Indian Economic Situation

Now I would like to brief you on the Indian Economic Situation in 2012.

The Indian economy started off in 2012 with a lot of promise continuing the high growth of the previous years. However, weaker currency, higher domestic inflation, high interest rates, weak external demand and risk adverse sentiments have prevented the emerging and developing economies from returning back to a higher growth trajectory. Compared to 6.5 percent in 2011-12, the Indian economy growth was pitted at around 5 percent in 2012-13. The deficits of fiscal account and current account are the main causes for concern. From the Global perspective, the economic activity has some what picked up in America where as the Euro region is still weak. Therefore, inspite of the rupee depreciation, the Indian export market growth too has declined.

On account of this economic slowdown, the automotive market growth momentum slackened in 2012. The Government with keen focus on reducing the fiscal deficit has taken series measures to propel India back to high single digit growth in the mid term. The latest interest rate cuts as well as containing the inflation will hopefully lead us to come out of this economic slowdown sooner than anticipated in the current year, and we continue to have confidence in the long term growth story of India.

Indian automotive industry and market scenario

Ladies and Gentlemen, the Indian Automotive Industry witnessed an overall production volume growth of 2% only in 2012 against the average growth of 23% per annum achieved from 2009 to 2011. Volatile labour situation at some parts of the country also impacted the Industry. The higher fuel prices, higher interest rates and monsoon deficiency have affected the sales of auto components. Despite this the passenger cars and utility vehicles recorded a positive growth of 7.6% in the year 2012 mainly owing to new launches. However, the commercial vehicles de-grew by 2% with heavy commercial vehicles posing a de-growth of 12%. The light commercial vehicle segment posted a positive growth of 5.3% due to continued retail sector growth and rural growth. The tractor segment volume declined by 6.6% with poor and delayed monsoons. Three Wheeler segments registered a 5% de-growth owing to fall in export market and decline in domestic sales.

The Indian Automotive Market performance for the year 2012 is depicted through this slide.

Prodn Volumes in Tsd.

	M&HCV
	LCV
	PC+UV
	Tractors
	3Wh
	Total

H1.2012		H2.2012		Actual 2012	
Vol	+/- % PY	Vol	+/- % PY	Vol	+/- % PY
184	- 4 %	147	- 21 %	331	- 12 %
262	+ 11 %	274	+ 0 %	536	+ 5 %
1 751	+ 9 %	1 539	+ 7 %	3 290	+ 8 %
298	- 4 %	300	- 9 %	598	- 7 %
376	- 11 %	457	+ 1 %	833	- 5 %
2 871	+ 4 %	2 717	+ 1 %	5 588	+ 2 %

Performance of the Company in 2012

Ladies and Gentlemen, I now present the performance of the Company in 2012.

Despite a challenging year 2012, your Company has done well compared to the market performance. The overall sales for the year 2012 stood at Rs.8,417 crores as compared to Rs.7,929 crores in the previous year, thereby registering a growth of 6.2%. The growth would have been much higher but for the sluggishness in the automotive market experienced in the second half of the year 2012. The Company's exports in the year 2012 declined by 9.1% over the previous year mainly due to weak demand in Euro Region. Despite the severe challenges in improving the sales performance faced by a downturn in the economy and its adverse influence on the market sentiments, we have done reasonably well and are well placed to capitalize on the opportunities.

Looking at sector-wise growth - in the automotive technology sector, Diesel System business de-grew by 0.9% as compared to the growth of 19.2% in the previous year 2011. The division suffered due to the setback in the heavy commercial vehicles and tractor segment which

could not be completely compensated by the growth in the diesel passenger car segment. The division continued to focus on its strong development by churning out systems concepts for the commercial vehicle segment including the exhaust after treatment devices. Despite the lackluster performance in Diesel systems, your Company's strong innovative culture and intuition towards providing value to its customers will get us back onto the platform of growth when the market improves.

The Company's Automotive Aftermarket division performed well with a good growth of 9.6%. The division acquired diagnostic tools and technical services solution business from SPX India. The new business will enhance our current portfolio in the diagnostic tools and services solution business and will enable your Company to move towards a complete end to end solution provider. The division launched new training concepts such as Mobile Training Van, Web based Training Portal, 2 wheeler training concepts and innovative customer binding programs to increase the demand from the retailers and mechanics in the sluggish market.

The Starters and Generators division registered an impressive growth of 51.1%, driven by the steep ramp up of the new generation products mainly through higher market penetration both in the domestic and overseas market.

The Gasoline System business de-grew by 9.4% owing to the sluggish market and increasing pressure on the gasoline vehicles due to the price parity effect between gasoline and diesel fuel in the passenger car segments.

In the non-automotive businesses, Power Tools and Security Technology divisions achieved a strong growth of 16.7% and 31.4% respectively due to new product launches. The industrial equipment business performed moderately well with 12.1% growth in a highly competitive market.

The Profit Before Tax stood at Rs. 1,346 crores, as compared to 1,574

crores in 2011. The Profit After Tax was at Rs. 958 crores, as compared to 1,123 crores. The fall in the profit is mainly due to pressure on material cost and other operational expenses and unfavorable product mix change due to the de-growth in diesel business.

The capital investment in the year 2012 was higher at Rs. 734 crores as against Rs. 659 crores in 2011. Bangalore accounted for 39% of the total investments, Nashik Plant 50%, Naganathapura Plant 1% , Jaipur Plant 4%, Goa Plant 3% and others 3%.

Dividend

Ladies and Gentlemen, now I come to the dividend proposal for the year 2012. The Board of Directors have recommended a dividend of Rs.60 per share of Rs.10/- each for the year 2012. Considering the performance of the Company in the year 2012, the Board of Directors have increased the dividend by 20% at Rs.10 per share as compared to last year's dividend of Rs.50 per share. Please also note that a special dividend of Rs.85 per share was paid to the shareholders last year on the occasion of 125th anniversary of Bosch and to commemorate 60 years of the Company's existence.

The dividend is exempt from tax in the hands of the Shareholders. However, the Company is required to pay dividend distribution tax at 16.99 percent on the dividend distributed.

Performance up to March 2013

The automotive market had a sluggish start to the year and declined by 5.5% in first quarter 2013. The decline in growth was witnessed in tractor, passenger car and heavy commercial vehicle segments. For the first quarter ended 31st March 2013, the Company achieved net sales of Rs.2,172 crores as compared to Rs.2,256 crores for the same period last year - a de-growth of

3.7%. The exports for the first three months of 2013 have declined to Rs.226 crores as against Rs.250 crores for the same period last year.

Consequently, Profit Before Tax was at 17.7% to Rs.387 crores, a decline of 19.5% over the same period in the previous year. Profit After Tax stood at Rs.260 Crores, a decline of 22.7% as compared to a growth of 22.4% in the previous year's quarter.

Challenges and Opportunities before the Company

A challenging 2012 just set the pace for a tough battle in 2013, with no major change in the consumer trend and poor market sentiments in the first quarter. The haunting challenge will demand a lot of courage and commitment to sustain the growth pattern, and your Company is well equipped to move from strength to strength and create opportunities which can sustain our growth in the future.

India will continue to be the hub for expansion with its rapidly developing market and opportunity through its big domestic market potential with currently low average GDP per capita, and India will most likely surpass China in having the largest population world-wide within the next 10 years. Currently, the main challenges are to improve quality of infrastructure, balance different levels of development in urban and rural areas, and assist the Central Government to implement economic reforms.

Your Company continues to be strongly committed to India and is looking for further growth especially with products designed for the local market. As we also continue to invest in the training and development of our biggest asset, our employees, while continuing to retain and attract talent for our further expansion plans. In the mobility space especially in the Diesel Systems, we are focusing on end to end system based approach, including the exhaust after treatment systems.

The Automotive Aftermarket division with its focus on expanding the reach to pan India will add to the profitable growth of the Company.

The newer product portfolio in the Power Tools, Security Technology and Packaging Technology businesses will cater to the increasing market demands in the various customer segments.

Renewable energy with the support of recent policies is still at an early stage and gaining momentum in India. This is where your Company has seen good entry possibilities and is fully equipped to utilize this potential in the mid term under a separate business division.

The urge for higher growth gives us the momentum to explore new areas of businesses with our persistent effort and entrepreneurial mindset, all within the boundary conditions of our core values. The Company has a great responsibility towards the environment which is part of our value system, as we drive our systems and processes in alignment to this core value.

As you can see, the cover story of this year's Annual Report is based on 'Clean, Green, and Safe Environment'.

Your Company has been approaching the current situation with cautious optimism and tight cost control, since this will be another challenging year. We shall continuously strive to delight our customers and improve as we aim to grow strongly. We are convinced of the strong growth perspectives of the Indian market in the mid and long-term and therefore continue our investments into new technology and capacity expansion for the future.

Business development of Robert Bosch Group in 2012 and Outlook for 2013

The year 2012, despite a weaker global economy, Bosch Group sales grew by 1.9% to 52.5 billion Euros or Rs 360,097cr. The industrial

technology business sector was affected severely. However, the automotive technology and the consumer goods and building technology business sector posted a moderate growth and were not as badly affected by the global slowdown.

Bosch continued to invest in technology and as a result, the annual research and development expenditure was maintained at a high level of around 4.8 billion euros.

Among the business sectors, the Automotive Technology increased its sales by 2.2% to 31.2 billion Euros retaining its top slot with 59.2% share of overall sales. Industrial Technology business sector posted a decline of sales by 0.5% to 8.3 billion euros. The Consumer Goods and Building Technology business sector continued to grow steadily, with sales rising by 2.5% to 13.4 billion euros.

Bosch foresees 2013 to be an equally challenging year as 2012 due to the continued unfavorable situation in the global economy including the automotive industry. The first quarter of 2013 has only reconfirmed this situation. The turnaround is expected to be late into the 2nd half of the year, but will need significant changes to increase the consumer enthusiasm. With the Bosch Groups' broad portfolio, its global presence and innovative strength, the Group is still well positioned to take advantage of the opportunities worldwide.

Shareholders Satisfaction Survey

I would like to thank the shareholders who have taken keen interest in responding to Shareholders' Satisfaction Survey taken up by the Company. The outcome of the survey based on the responses received so far can be seen in this slide.

The outcome of the survey shows that the shareholders have

overwhelmingly ranked the services as either excellent or very good. While responding to the survey, the shareholders have made several useful suggestions and we will give these our best attention. This survey is conducted by the Company once in 3 years. The previous survey was conducted in the year 2009.

Bosch India Foundation:

The assumption of responsibility for society and future generations has a long tradition in your Company. Combining the pursuit of economic objectives with consideration for social and environment factors is our priority. We accept that our actions must accord with the interests of society. Above all we place our products and services in the interest of safety of people, the economic use of resources and environmental sustainability.

Some of the activities undertaken during the year 2012 by the Plants across locations and by Bosch India Foundation are provided in the Annual Report under the section 'Business Responsibility Report', for information of the shareholders.

Bosch India Foundation's vision of "Enabling Lives and Livelihood through Education and Technology" gathered great momentum in its fourth year of functioning. The foundation was able to reach out 5700 youths in 2012. Of the two focus areas of Vocational Skill Development and Health care, the growth was higher in the area of vocational and skill training.

In 2012, the foundation had partnerships that offered short duration training in 32 trades, 17 of which were added in 2012. The courses are offered based on their market relevance and tailored according to the latest industry requirement. Partnerships are undertaken with NGOs with the assurance that they would strive to achieve a minimum 70% placement. However, to also suit the different requirements of the target youth, entrepreneurship was also

woven into some of the trainings to enable them to set up their own enterprise. The aim in both cases is to increase the wage earning capacity of these youth with training and thereby support their families and take them forward.

The Foundation took up 26 new projects with 17 new NGO's thereby taking the NGO partnership base to a total of 27. Each partnership was of immense value as it helped the Foundation to reach out to those communities and localities that the NGO's served and had in-depth connection. It is also worth noting that many of these NGO's were renowned pioneers in their fields.

Three new areas that the Foundation made an entry in 2012 was in supporting vocational training to i) specially-abled youth ii) construction workers and iii) rural farmers. The summary of projects taken up during the year 2012 and the number of beneficiaries are indicated as per this slide.

We will continue to evolve the concepts in the newer areas and will strengthen the support we render in various community development projects.

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.

Bangalore
5th June 2013

Albert Hieronimus
Chairman

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