



## Bosch Limited

Dr. Steffen Berns, Managing Director



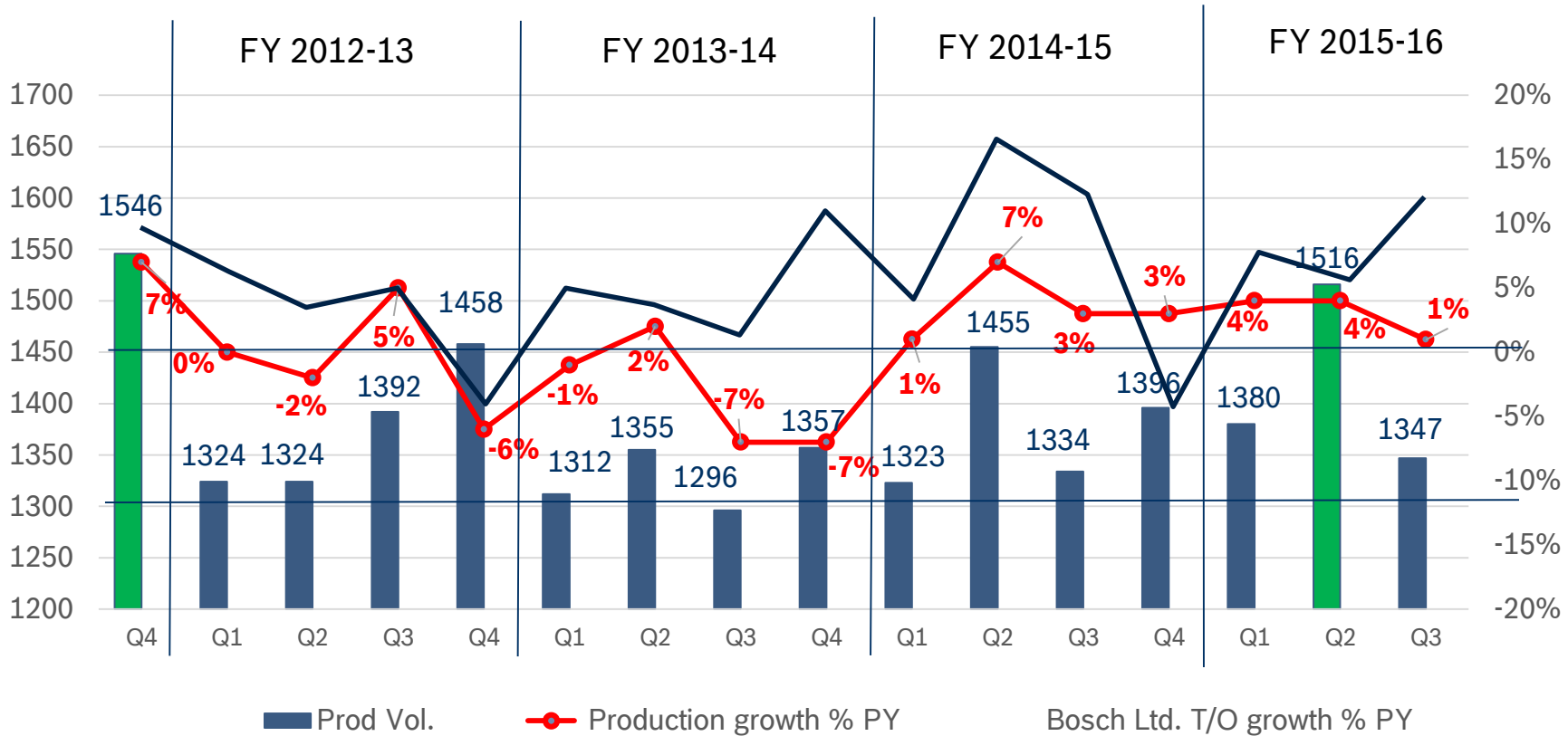
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# Agenda

- 1** **Automotive market development**
- 2** **Current technology topics**
- 3** **Carve-out of Starter Motors and Generators Business**
- 4** **Summary**
- 5** **Discussion**



# Quarterly automotive production trend



**Bosch Limited consistently outgrown automotive market**

Automotive production: Excluding 2 wheelers



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## Current topics

### Bosch Technology Exposition, India 2016

- Exclusive “invitation only” exhibition
- Venue: Next to Auto Expo “Motor Show”, Greater Noida



#### Gasoline Direct Injection



- Enhanced Fun2Drive
- Significant CO<sub>2</sub> reduction

#### Diesel Common Rail System



#### Exhaust aftertreatment



- Capable of achieving BS6 norms

#### 2 wh Engine Management Systems



Engine Management:  
EPM44 controller



Fuel Supply Modules

## Technologies for clean and efficient vehicular emissions



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# Bosch Ltd Business Divisions

Diesel Systems



Gasoline Systems



Packaging Technology



Power Tools



Automotive Aftermarket



Starter Motors & Generators



Energy & Building Solutions and Thermo-Technology



Security Technology



Business portfolio spanning automotive and non automotive sectors



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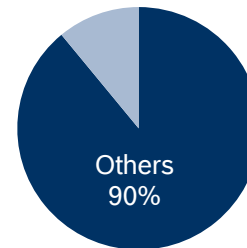
## Introduction: SG-IN Business



- The Starter Motors and Generators division in India (SG-IN) operates under the entity of Bosch Limited: manufacture and sale
- Established in 1989, break-even in 2013, currently operating at low margins
- Commodity Business, driven by cost and price pressures: Technology not a key differentiator

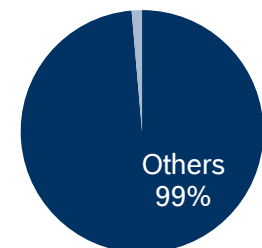
Share of Bosch Ltd.  
T/O\*

SG: 10%



Contribution to EBIT\*  
of Bosch Ltd.

SG: 1%



**SG constitutes ~10 % of Bosch Ltd. turnover and about 1% of Bosch Ltd. EBIT**

Decision of parent company to look for JV partner or buyer, including all regions

SG-IN: SG division being carved out from Bosch Ltd.



## Dependency of SG-India on SG global

### Exports

- SG-IN earns 35-40% of its revenues from exports, supported by SG Global

### Product, Technology

- Key SG-IN products are part of a global platform. The division is highly dependent on SG Global for product and process competence

### Intellectual Property

- IP of SG-IN products belongs to Bosch Global with licenses granted to Bosch Ltd.

### IT infrastructure

- The proprietary tools and platforms used by the division in India are licensed from SG Global

SG-IN business has high dependency on SG global

SG-IN: SG division being carved out from Bosch Ltd.



# Rationale for SG-IN carve out from Bosch Ltd.

## SG Business continuity

- SG-IN has high dependency on SG global
- Local SG business cannot be run profitably without global SG support

## Employees

- About 500 employees would get affected in case SG-IN cannot be carved out to the Bosch Group now, and subsequently to JV partner or buyer

## Customers

- Alignment with global carve out timelines necessary for smooth transition
- Avoiding adverse impact on customers and on Bosch reputation

## Shareholders

- Carving out SG-IN will increase the profitability of Bosch Ltd. overall.
- Allows Bosch Ltd. to focus more on core powertrain technology areas in mobility solutions

It is in the best interest of all stakeholders: the Company, shareholders, customers and employees to sell and transfer the SG-IN Business. A win-win for all parties



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# Premises for valuation and fairness opinion

### → Sale of SG-IN to a subsidiary of the Bosch Group (SG Holding Company)

- As a “going concern”, by way of slump sale
- The land of approximately 11 acres, on which SG is operating, will continue to belong to Bosch Limited and will be leased to the proposed new SG subsidiary at fair market value, initially for a period of 15 years
- **Contingent consideration clause:** In case the global SG transaction gets executed within the next 18 months and results in a higher implicit price for SG-IN, there will be an additional contingent consideration payable to Bosch Ltd.



## Bosch Ltd approach: High on governance

### **Independent valuation and fairness opinion**

KPMG: Recommended Enterprise Value of the SG Division as at 30 November 2015 is INR 486 Crore

EY: Opined that the valuation by KPMG is fair and reasonable and additionally recommends the option of contingent consideration



### **Audit committee / Board approval:**

The Board of Bosch Ltd. has in-principle approved the transaction, subject to shareholder approval + a contingent consideration as recommended by EY



### **Shareholder approval**

Seek Shareholder approval via e-voting in March 2016

Bosch Group will not participate in the voting.



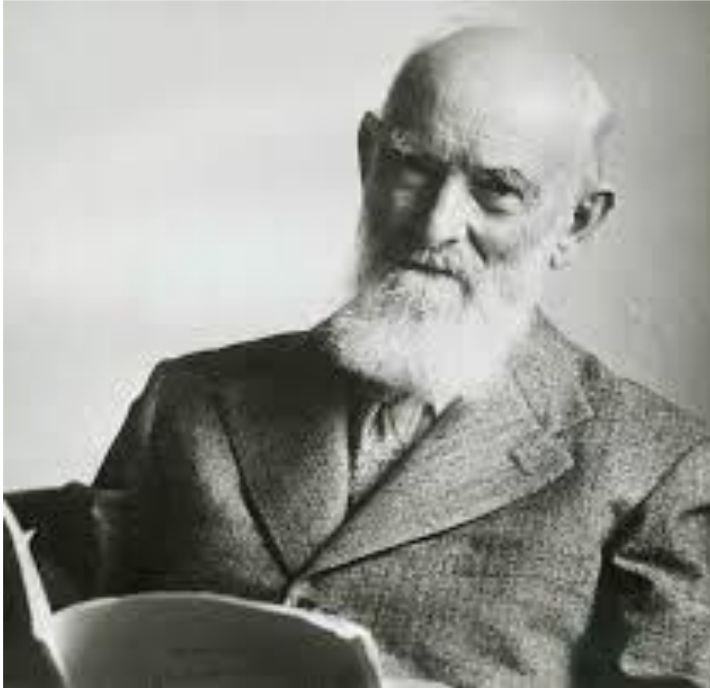
## Summary

- Automotive production subdued over many years. Bosch Ltd. growing faster than market
  
- Bosch supports introduction of BS6. Working with OEMs to meet challenging timelines
  
- Bosch Group announced realignment of SG division on 9<sup>th</sup> June 2015
  - SG-IN cannot be run profitably without support from SG global
  - In principle approval from Bosch Ltd. Board of Directors to transfer the SG business to a subsidiary of the Bosch Group at a value of INR 486 Crore
  - Valuation and fairness opinion obtained from two major consulting firms
  - Additional precautions taken by Bosch Ltd. to safeguard interest of the Company

Sale at proposed value is in the best interest of all stakeholders



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Robert Bosch  
1861-1942

*Founding Father of the Bosch Group*

## The 7 Bosch Values

- Future and Result Focus
- Fairness
- Openness and Trust
- Reliability, credibility and legality
- Responsibility
- Cultural Diversity
- Initiative and determination

**“In the long term, an honest and fair approach to doing business will always be the most profitable.”**



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