
Bosch Limited
70th Annual General
Meeting

Chairman's Speech

03.08.2022

Bengaluru



BOSCH

Invented for life







Ladies and Gentlemen,

I have great pleasure in welcoming you to the Seventieth Annual General Meeting of your Company. It is a pleasure and pride for me, to address you all this time at this Annual General Meeting which is being held physically at the Company's premises. I hope the notice convening the meeting, the Directors' Report, and the Audited Accounts for the year 2021-22 reached you on time. My fellow board members and I hope each of you and your families are safe.

Ladies and Gentlemen, 2022 has marked the completion of Bosch's 100-year journey in India. From nurturing the development of the nation's automotive and manufacturing industries to the green revolution, Bosch India has consistently contributed to the country's progress. Building on this significant milestone, Bosch has already inaugurated its fully artificial intelligence of things (AIoT)-enabled Smart Campus in Adugodi, Bengaluru. With an investment of ₹800 crores made over the last five years, this 76-acre campus in the heart of Bengaluru is Bosch's largest Tech center outside of Europe and will host the

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SPARK.NXT CAMPUS

- In-house products and solutions developed to create a smart, secure and sustainable campus
- Living example of Beyond mobility portfolio of Bosch India
- Total Investment 800 Cr. INR (~100 mEUR)

SMART SECURE SUSTAINABLE

second-highest number of Bosch employees, worldwide. I would like to start with the video of the new Bosch India Smart Campus in Bengaluru which was inaugurated virtually by the Honorable Prime Minister of India on June 30, 2022. This is the new face of Bosch India which embodies Bosch’s 100-year presence in India in 2022, and the transformation it has undergone to remain relevant throughout the disruptive times.

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The Bosch 100 years Way Forward

Spark.Mobility **Spark.Software**

Spark.Living **Spark.Sustainability**

Spark.Industry **Spark.Culture**

100 Years of Bosch in India Spark.NXT **BOSCH**

As Bosch steps into our 100th year in India, we have co-created a special purpose of Spark.NXT that will help us define our big bets in the areas of Mobility, Living, Industry, Software, Sustainability & Culture. We will spark new ideas and technology that will transform lives and make us ready to tackle the challenges of the next century.

Ladies and Gentlemen, in my speech today, I will take you through the macro-economic situation, automotive market situation, the financial performance of your Company during FY2021-22 and the outlook for the future.

Global Economic Situation



Global economy is facing downside risk to growth with persistent high inflation. According to World Bank, Global growth is expected to contract from 5.7 percent in 2021 to 2.9 percent in 2022 significantly lower than 4.1 percent that was anticipated in January.

It is expected to hover around that pace over 2023-24, as the war in Ukraine disrupts economic activity, investment, and trade in the near term.

Indian Economic situation

India is expected to be one of the fastest growing economies in the world. For Financial year 2022-23, Reserve bank of India forecasts India GDP growth at 7.2 percent over a low base. Like most of the world, inflation in India is currently higher than the tolerance band of 4 to 6 percent prescribed by Reserve bank of India. India’s manufacturing and services PMI are well above 50 and manufacturing sector’s capacity utilization at 74.5 percent demonstrates the inherent strength of the Indian Economy. India’s corporate sector is largely deleveraged, and the banking sector is healthy. Finally, unlike in 2013, this time, Indian economy is much more resilient on most aspects including our high foreign currency reserves.

Indian Automotive Industry and Market Scenario

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Indian Automotive Industry and Market Scenario

Segment	Vehicle production growth over previous Fiscal Year (+ / -)								
	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
HCV	-20%	26%	24%	2%	3%	28%	-47%	-22%	+48%
LCV	-14%	-10%	3%	6%	18%	22%	-21%	-15%	+21%
Car + UV	-4%	6%	6%	11%	6%	0%	-15%	-11%	+19%
3-Wheeler	-1%	14%	-2%	-16%	31%	24%	-11%	-46%	+23%
Tractor	22%	-13%	-7%	21%	14%	14%	-15%	+27%	+0%
2-Wheeler	7%	10%	2%	6%	16%	6%	-14%	-13%	-3%
TOTAL	-2%	5%	2%	6%	15%	7%	-14%	-13%	+1%

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The overall automobile production volumes in FY22 incl. 2Wh marginally grew by +1% Year on Year, marred by several headwinds like supply chain bottlenecks and semi-conductor shortages. The impact caused by the successive waves of the pandemic and the consequent lockdown restrictions by various states across the country adversely affected the rural as well as the urban markets.

After achieving its peak in FY19, the domestic auto industry has seen two years of decline up to FY21, before recovering in some segments in FY22. Passenger Cars and Commercial Vehicles sectors have rebounded in FY22 on a low base, Tractor has remained stable after peaking last year in FY21, while the 2Wh sector declined consecutively for a third year.

Passenger Cars sector demand has remained upbeat throughout FY22. However, the industry's volume growth has been limited by supply constraints, which have been accentuated by the ongoing chip shortages. An improved chip supply over the past few months has, however, aided a ramp-up in production levels for OEMs. The demand-supply mismatch has led to high waiting period for best-selling models from 2 to 12 months.

The Commercial Vehicle industry on the other side saw a healthy growth compared to last year led by strong demand, better capacity utilization and replacement demand. While we are seeing recovery in the segment, volumes are yet to recover to pre-Covid levels.

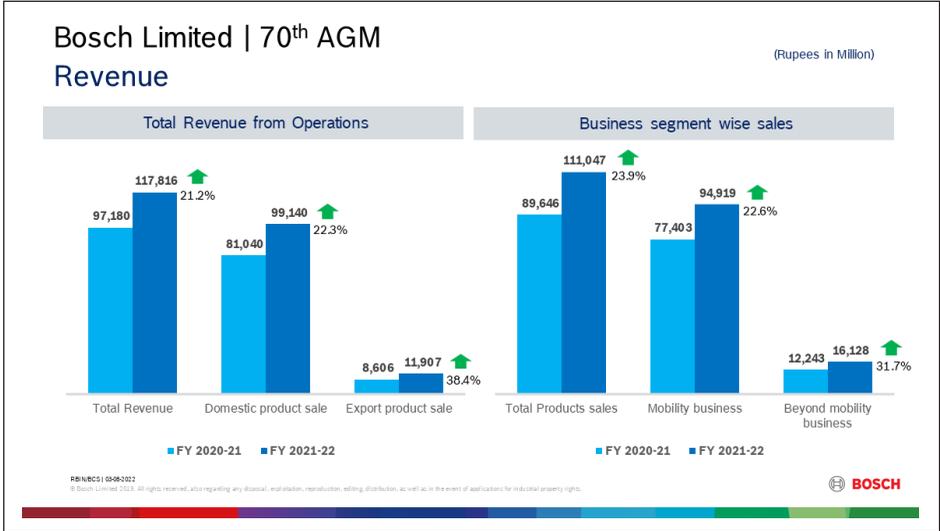
The tractor industry volumes touched an all-time high in FY2021 aided by a combination of robust farm cashflows and healthy monsoons. Even as the spread of pandemic to rural areas and an uneven monsoon performance remained a concern, industry volumes remained largely healthy. 2Wh industry declined in

FY22 despite having a pandemic-impacted low base year. While domestic demand is heading for the third consecutive year of contraction, exports witnessed high volumes in FY2022 driven by healthy demand from African and Latin American markets. An increase in trend towards alternate fuel vehicles such as CNG and Electric Vehicles was seen due highly inflated fuel prices, decreasing gap of acquisition cost with ICE, better TCO and Govt push for alternate fuels adoptions.

Performance of the Company in FY 2021-22

Ladies and Gentlemen, I now turn to the performance of your Company in FY 2021-22.

Your Company has posted total revenue from operations of Rupees 117.8 billion in FY 2021-22, an increase of 21.2 percent over FY 2020-21. Total export product sales accounted for 10.7 percent of your Company’s total sales. The domestic product sales of your Company increased by 22.3 percent, whereas export product sales increased by 38.4 percent.



Bosch Limited | 70th AGM Business Division Sales Performance – Mobility

% Change over previous year

Mobility business		+23%
Powertrain Solutions		+22%
Automotive Aftermarket		+26%
2-Wheeler		+4%

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Now, I would like to share some further insights into the performance of the business divisions.

The Mobility Solutions business, which constitutes 85 percent of total revenue from operations for FY 2021-22, posted an increase of 23 percent over the previous year.

1. Powertrain Systems business increased by 22 percent compared to the previous year.
2. Your Company's Automotive Aftermarket division, which is the largest Independent Aftermarket network in India, saw a robust growth of 26 percent over previous year.
3. 2 wheeler sector had a growth of 4%.

Bosch Limited | 70th AGM Business Division Sales Performance – Beyond Mobility

% Change over previous year

Beyond Mobility business		+32%
Consumer goods (Power Tools)		+30%
Building Technology (Security Technology)		+31%
Bosch Energy & Building Solutions		+43%

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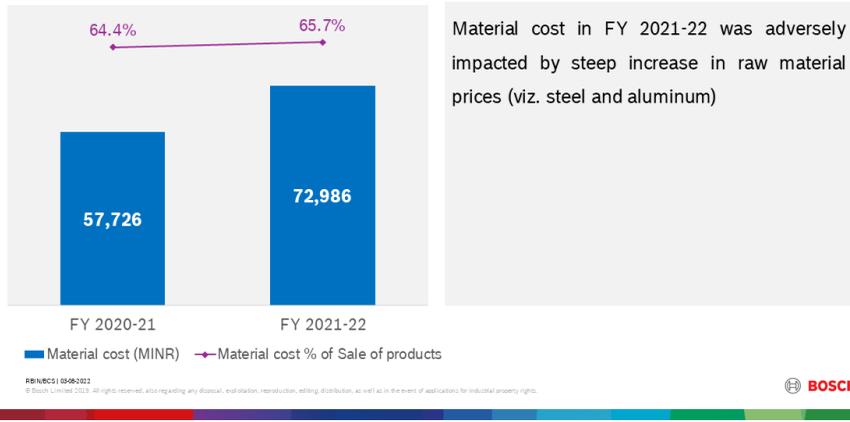
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The Business beyond mobility, mainly comprising of Power Tools and Energy & Building Technology, witnessed an increase of 32 percent in sales over previous year.

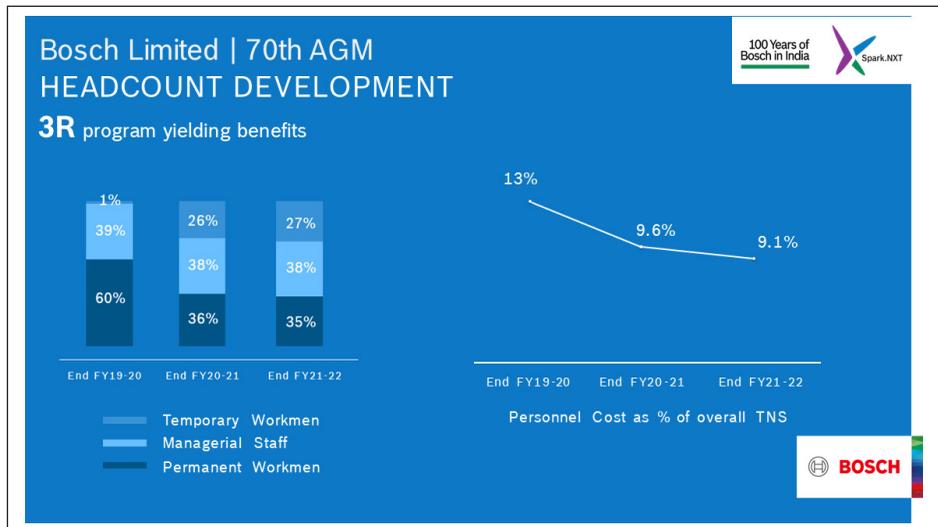
1. The Consumer Goods segment comprising Power Tools also had a healthy growth of 30 percent over previous year.
2. The sales in building technology business increased by 31 percent over a low base
3. Bosch Energy & Building Solutions division posted a healthy growth of 43 percent over previous year over a very low base.

Bosch Limited | 70th AGM Material cost

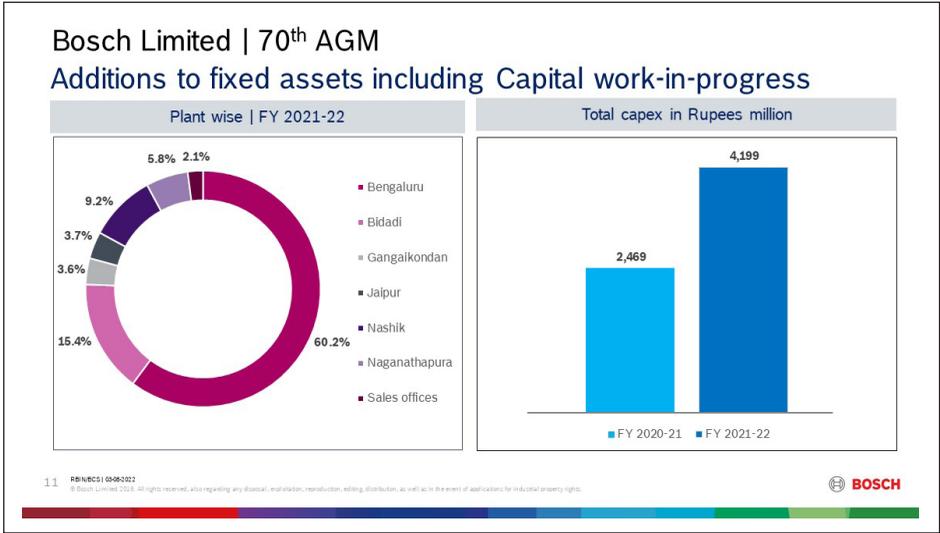


Let's now look at other key financial indicators.

Material cost for FY 2021-22 as a percentage of revenue from operations has increased by 2.5 percentage points. The increase is contributed by change in product mix with higher share of traded goods and increase in raw material prices, mainly steel and aluminum, which have seen steep increases over the previous year, which has been partially offset by cost reduction measures with third party suppliers.



During the last couple of years your company had undertaken a 3R program - reskill, redeploy, and restructure program to right size the workforce including to prepare itself to face the challenges of the changing automotive market. This has benefitted your company by reducing the personnel cost from a level of 13% of revenue in FY 2019-20 to around 9.1% of revenue in FY 2021-22.



During the year, your company also invested in various capital projects mainly in Plant and Machinery and in construction of new buildings in the Aduodi campus, which will house a state-of-the-art technology center. The total additions to property, plant and equipment including capital work-in-progress during FY 2021-22 was 4,199 million Rupees.

Financial income (i.e., income from investments) was comparatively lower in the current year mainly due to higher mark-to-market gains registered in previous year, as RBI had reduced the repo rate to around 4% in previous FY 2020-21.

Consequently, Profit before Tax, without exceptional items, as a percentage of revenue from operations was comparatively lower at 12.7 percent in FY 2021-22 as compared to 13.5 percent in previous financial year.

In the previous financial year, your company had made a provision for restructuring amounting to 7,439 million Rupees. Consequently, the Profit after Tax, after considering the exceptional item of provision for restructuring, for the previous financial year was 5.1 percent of sales. Profit after tax for the current FY 2021-22 is at 10.5 percent of sales.

The Company, in addition to the standalone financial statements, has also prepared consolidated financial statements of the Company and its subsidiaries. There is no material impact of consolidation on the Financial Statements of your Company.

Dividend

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Dividend pay-out

Particulars	FY 2021-22	FY 2020-21
Profit after tax (PAT) in Rupees million	12,172	4,825
Dividend per share (INR)	210*	115
Total Dividend payout in Rupees million	6,194	3,392
Dividend payout ratio (% of PAT)	50.9%	70.3%

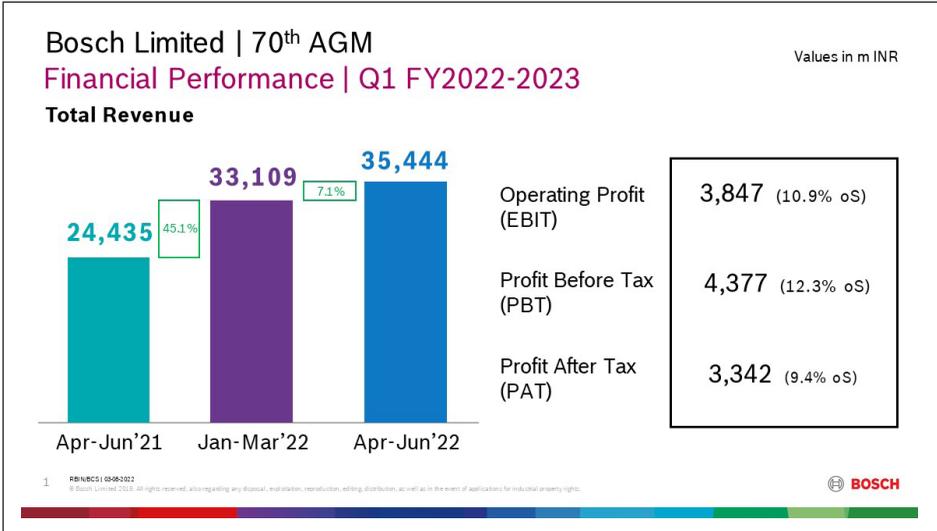
Note: Dividend for FY 2021-22 is proposed and subject to approval of shareholders in the AGM
 * Includes dividend of INR 100 to commemorate 100 years of Bosch in India

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Ladies and Gentlemen, I now come to the dividend proposal for the year 2021-22. The Board of Directors at its meeting held on 19th May 2022 have recommended a dividend of Rupees 210 per share for FY 2021- 22, which includes a dividend of Rupees 100 per share to commemorate 100 years of Bosch in India, as compared to the total dividend of Rupees 115 per share for the previous year. The total dividend pay-out ratio comes to 51 percent for the current year.

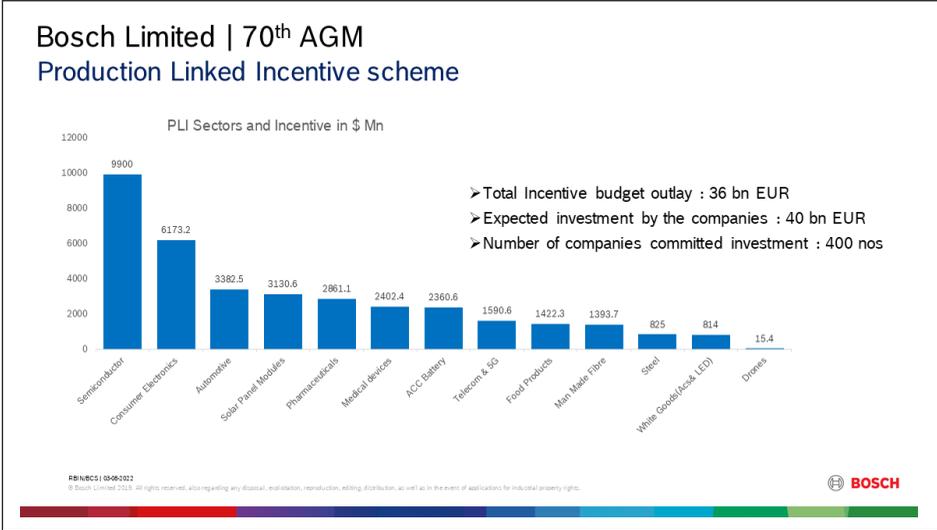
Performance of April to June 2022 quarter



The total revenue from operations for April-June 2022 stood at Rupees 35,444 Millions, which has increased by 45.1% as compared to April-June 2021. Please note that the sales for April-June quarter of the previous financial year was adversely impacted by lockdown caused by COVID19 Wave 2 in India. Sequentially, the overall revenue from operations grew by 7.1% in April-June 2022 over Jan-Mar 2022 due to improved semi-conductor supplies.

As a percentage of total revenue from operations, Profit before Tax stood at 12.3% in the current quarter and profit after tax stood at Rupees 3,342 Millions, which is 9.4% of total revenue from operations.

Productivity Linked Incentive Scheme (PLI)



Large outlays on Production Linked Incentive (PLI) schemes for Champion Sectors is expected to further enable investment and growth. Auto PLI scheme is a unique policy that supports Advanced Automotive Technology (AAT) by incentivizing technology that reduces emission and CO2 footprint and promotes safe and sustainable mobility. Your Company has applied for the Auto PLI scheme, and the application has been selected thereby paving way for wider manufacturing footprint for the Company in the future.

Sustainability, Environment Social and Governance - ESG

Bosch’s sustainability strategy – enshrined in the target vision “New Dimensions – Sustainability 2025” – is based on concrete objectives in all focus areas. The Company has for many years now been consistently working to realize those objectives.

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SUSTAINABILITY
NO LONGER JUST NICE TO HAVE.
NOW A CORE MISSION.

WE ARE CARBON NEUTRAL
(Scope 1 and 2) SINCE 2020

- Lowering absolute scope 3 CO2 emissions by 15% by 2030
- We strive to achieve 70% Green Energy by 2025
- Using energy analytics platforms to drive energy conservation projects linked to CO₂ reduction

100 Years of Bosch in India Spark.NXT

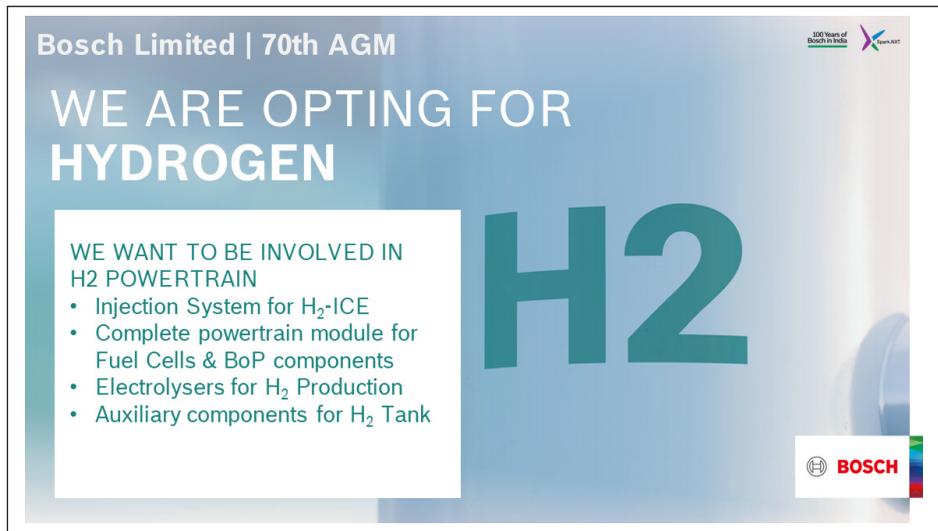
CO₂ neutral

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This year we have introduced an ESG section in our annual report. At Bosch Limited, the Board of Directors is responsible for overseeing the Environmental, Social, and Governance (ESG or Sustainability) performance, and Managing Director is responsible for implementation. It gives me great pride in stating that Bosch Limited has made significant strides on ESG till date. For instance, back in 2020, Bosch Limited had achieved Scope 1 and 2 carbon neutrality, further we were certified as Great Place To Work again with a 10-point improvement in employee perception vis-à-vis 2021 scores. According to Great Place To Work, 10 out of the 15 people practices were “at par” with India’s top 100 companies. In 2022, Bosch Limited made it to the ‘top quartile’ companies with the best culture in India.

Finally, Bosch Limited's Bidadi Plant won the 'CO₂ and energy efficiency' award and Nashik Plant secured the 1st place in 'sustainability culture' worldwide across the Bosch group.

Electrification and Hydrogen technologies



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50 Years of Bosch in India

WE ARE OPTING FOR HYDROGEN

H₂

WE WANT TO BE INVOLVED IN H₂ POWERTRAIN

- Injection System for H₂-ICE
- Complete powertrain module for Fuel Cells & BoP components
- Electrolysers for H₂ Production
- Auxiliary components for H₂ Tank

BOSCH

There have been discussions on electrification by various stakeholders including the Government, OEMs, media, and auto component manufacturers with uncertainty on volume and pace of electrification across market segments. However, your Company, being a global end-to-end technology solution provider in mobility sector, has its own advantage and is working closely with some of the top customers in the industry. Further to expand its portfolio, Bosch Limited is investing in hydrogen-based technologies for Mobility and stationary applications. The Company is discussing with customers and partners in India to bring advanced hydrogen-based powertrain and fuel-cell technologies to the market.

Corporate Social Responsibility – CSR

Bosch Limited | 70th AGM Corporate Social Responsibility

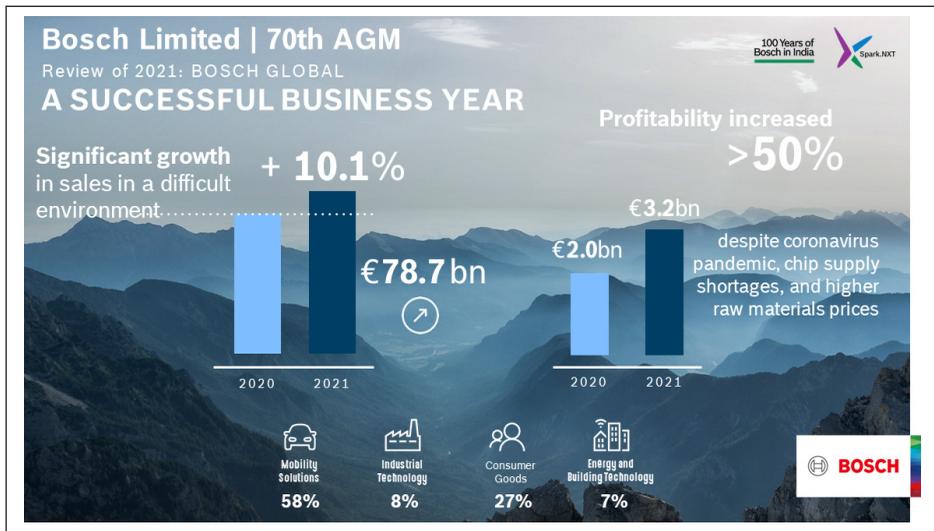


- ▶ **COVID-19 relief**
 - Ventilators for Hospitals
 - Paramedics training
 - Vaccination drives
- ▶ **Skill Development:**
 - for youth to increase employability & promote skill entrepreneurship
 - women empowerment programs for economic independence
- ▶ **Healthcare**
 - Cataract surgeries (free) for the elderly in rural locations
 - PHC upgradation to promote access to primary care
- ▶ **Environment & Water Conservation**
 - Lake rejuvenation & maintenance
 - RO Plants for clean drinking water
- ▶ **Education**
 - Infra support to schools in dilapidated conditions
 - Maximizing learning outcomes in government school students



During FY22, our CSR focus remained on ensuring continuity of our Covid relief through healthcare and medical equipment support, vaccination drives, mask distribution, etc. and in the later part of the year we geared up through programs promoting skill entrepreneurship, ensuring increase in trained paramedic resource. We also focused on environment related projects through lake rejuvenation, RO Plant setup, continued education programs for students and implemented women empowerment projects.

Business development of the Bosch Group



In 2021, Bosch Group sales were at around 78.7 billion Euros or approximately Rs. 6,296 billion. The annual research and development expenditure stood at around 6.1 billion Euros, approximately 7.8 per cent of the total sales revenue.

A considerable question mark hangs over the 2022 business year with respect to the course and impact of the war in Ukraine. In addition to this, there are still the imponderables of the coronavirus pandemic and of the supply bottlenecks, especially for semiconductors. Assuming that our business environment is not disrupted to any further considerable degree, we expect that Bosch Group sales will increase 6 percent and that EBIT margin from operations will remain largely stable. In addition, to addressing these currently pressing challenges, Bosch Group focal points will include the further positioning of the company considering revolutionary market developments such as increasing electrification in response to tougher climate action requirements. There is also the issue of automation in conjunction with smart connectivity and data utilization in an intensely competitive global environment.

Outlook for the future

Our sales forecast are currently showing a revenue growth of more than 15% over a low base. On the other hand, the sector is facing challenges of increase in commodity prices and supply chain risks which will impact our profitability. However, we are cautiously optimistic of securing healthy EBIT margins. Deeply impacted by COVID 19, the Indian automotive industry has emerged stronger and shown remarkable resilience. Widespread digitization and technology adoption from source to delivery has played a crucial role in transforming the automotive industry. On the supply side, Auto PLI for Advanced Automotive Technology provides much needed boost to the automotive industry. FAME II and Scrappage policy helps in demand generation. These policies collectively promote safe and sustainable mobility. For all Bosch businesses beyond Mobility, the Company has a two-pronged approach. On the one hand, Bosch continues to bring in 'Fit for market' products and solutions while on the other, the Company will increase its 'Go to Market' footprint using both offline and digital platforms. Overall, with increased private and public investment in infrastructure, the outlook is positive for the beyond Mobility businesses of the Company.



I would like to personally express my sincere gratitude to the Government of India and the State Governments of Karnataka, Maharashtra, Rajasthan, and Tamil Nadu for their continued support to Bosch Ltd. at all its locations. My sincere thanks to our valued customers, suppliers, bankers, financial institutions, and our shareholders, for the trust and confidence they have in the Company. My special thanks go to the employees of the Company at all levels for their hard work, dedication, and continued commitment. Last but not the least, I also would like to thank my colleagues on the Board for their valuable guidance, contributions, and supported me as Chairman.

Thank you for your kind attention.

Markus Bamberger
 Chairman, Bosch Ltd.

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