
Bosch Limited
71st Annual General
Meeting
Chairman's Speech
01.08.2023
Bengaluru



BOSCH
Invented for life





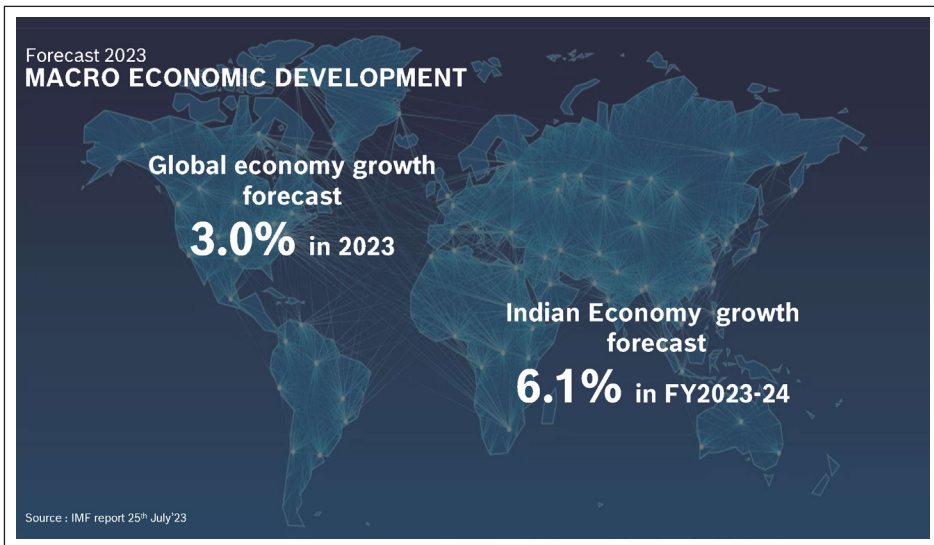
Namaskara ...

Good morning, Ladies and Gentlemen, I have great pleasure in welcoming you to the Seventy-first Annual General Meeting of your Company Bosch Limited. It is a privilege and pleasure along with a feeling of immense pride for me, to address you all at this Annual General Meeting. I also hope the notice convening the meeting, the Directors' Report, and the Audited Accounts for the year 2022-23 reached you on time.

Global Economy

I would like to touch upon a few aspects of the Global economy and the resilient Indian economy before we progress towards the business side of conversations.

The overarching economic backdrop is one of persistently patchy global growth. In its latest World Economic Outlook, the International Monetary Fund (IMF) forecasts global economic growth of 3% this year and in 2024. Moreover, this forecast rests on an uptick in economic activity in China and several



emerging markets including India; the IMF foresees an anemic growth performance by the world's advanced economies over the medium term.

While the US and Europe markets are predicted to have a slow growth outlook, most of the economists feel that the Middle East, North Africa, and South Asia will have moderate to strong growth. Although India will not be immune to the effects of the global slowdown, the economy is still resilient and can be in a relatively sweeter spot as compared to other regions.

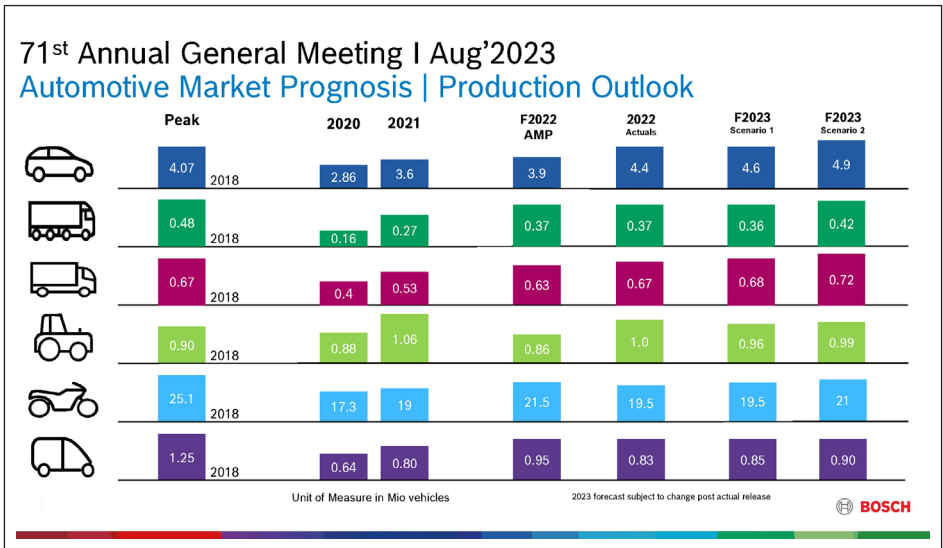
Indian Economy

It is projected that India will grow between 6.1% in FY23-24. With inflation slightly eased and a progressively growing manufacturing output, India is recovering with absolute resolve to past levels and even making new records. Capital expenditure (capex) of the central government, which increased by 63.4 per cent in the first eight months of 2022-2023, was another growth driver of the Indian economy in the current year. As India breached the 1.4 billion mark in population, much has to be gained from the

increase in consumer spending propelling the growth of India in the right direction.

Overall, with the current geopolitical scenario at play, every company must take notice and must have an India strategy. The strategy must entail a suitable plan to enter the market, while doing so with high profitability and efficient utilization of capital. It also means going back to the drawing board, creating products made for Indian markets, producing them in India, using India-sourced raw materials, and distributing them using local channels and digitally enabled infrastructure.

Indian Automotive Industry and Market Scenario



The country witnessed a solid growth in the Automotive industry in the year FY 2022-23. The rebounds across all the segments were visible in the production volumes. Vehicle production across all segments reached an all-time high totaling to 7.6 million vehicles in FY 2022-23, led by strong growth in Heavy Commercial Vehicle & Passenger cars and utility vehicle segments. The overall production volumes of 3 & 4-wheeler

automotive market, put together, grew by a robust 22% in FY 2022-23 vs FY 2021-22.

India has now risen to become the world's third-largest automotive producer.

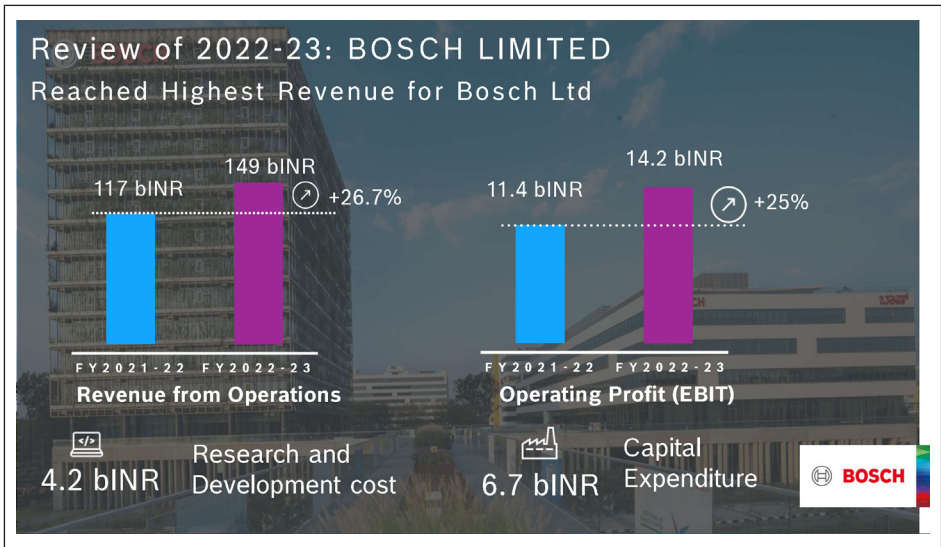
Let's delve into the specifics of this growth.

The passenger vehicle segment experienced a phenomenal 25% year-on-year increase, with a strong demand for Sport Utility Vehicles (SUVs). This surge was further supported by the easing up of semiconductor shortages, enabling the industry to meet the rising demand.

Turning our attention to commercial vehicles, the Heavy Commercial Vehicle (HCV) segment achieved an outstanding growth rate of 35% year on year. This brings it closer to the pre-COVID highs, thanks to a favorable macro-economic environment, replacement demand, and a boost in infrastructure, mining, and construction activities.

Meanwhile, the Light Commercial Vehicle (LCV) segment witnessed a commendable 23% year-on-year growth, approaching the previous peak of FY2019 demand. This segment has remained stable, fueled by a healthy demand from agriculture and allied sectors, last-mile transportation requirements (especially from e-commerce), and the overall stable domestic macro-economic environment.

Demand in the 2-Wheeler segment was supported to an extent by pre-buying prior to the implementation of 2nd phase of BS-VI emission norms, even as demand sentiments continue to remain somber. Rural demand improved to an extent, but it continues to remain weak, thereby impacting the entry level motorcycle segment. 2-wheeler segment grew by 10% in FY 2022-23 vs PY.



Performance of the Company in FY 2022-23

Ladies and Gentlemen, I now turn to the performance of your Company in FY 2022-23.

Your company has achieved a total revenue of **INR 14,929 crores** for the FY 2022-23.

The profit before tax (PBT) stood at **INR 1,882 crores**, amounting to **12.6%** of total revenue from operations. The profit after tax (PAT) stood at **INR 1,425 crores**. The total capital investments for the year, including capital work-in-progress, amounted to **INR 671 crores**.

Now, I would like to share some further insights into the performance of the business divisions. The Mobility Solutions business, which constitutes more than 80% percent of total revenue from operations for FY 2022-23, posted an increase of **29.6%** over the previous year.

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Business Division Sales Performance

Mobility Business

Mobility Business	Growth over PY FY2022-23 in %
Powertrain Solutions	36%
2-Wheeler	15%
Automotive Aftermarket	15%



Powertrain Solutions:

In the Power Train Solutions, the division grew by a robust +36% in FY 2022-23 over PY. Domestic sales of PS division posted a robust growth of +39%. Due to the implementation of BS-VI stage 2, the content per vehicle also increased with sales of Exhaust Gas Treatment (EGT) components to the OEMs increasing. Though, the supplies of semi-conductors improved compared to PY, supply situation is yet to stabilize, which had an impact on the overall sales in the auto segment.

FY 2022-23 also witnessed good demand for Common rail systems (viz. CP4, CRI, CRIN, CRR, etc.) which grew by +45%, mainly due to improvement in supplies of semiconductors (viz. Electronic Control Units) compared to PY and due to higher volumes of sensors resulting from implementation of BS-VI OBD-2 norms.

2-Wheeler & Power Sports (2WP)

We have good news in the 2-Wheeler segment as well as your company has managed to grow faster than the market segment.

The 2-wheeler business mainly caters to high end vehicles in the range of 125 CC and above. The product range includes exhaust sensors, fuel injectors, fuel supply modules & ECU's.

During FY 2022-23 the 2-wheeler business grew by +15%, mainly from new projects from customer coupled with overall growth in 2-wheeler production volumes by +10% over PY. The semiconductor supply crisis stabilized in 2022-23 which also aided the overall growth in volumes. Business is expected to improve in 2023-24 due to BS-VI OBD2 change over and the 2WP business is forecasted to grow by +15% over PY.

Automotive Aftermarket

In the fiscal year 2022-23, our Automotive Aftermarket business achieved a record-breaking turnover, accompanied by significant operating margins.

Automotive Aftermarket Division (AA-IN) achieved the highest ever Total Net Sales of INR 2790 crores in FY 2022-23 with a growth of +15% compared to PY, which had grown by +26% last year. AA-IN also exports fuel injection components mainly to Bosch, Germany. Exports constitute ~15% of total net sales of after-market division. The IAM (Independent After Market segment) which is the largest segment with 64% of total sales coming from this segment, grew by a robust +27% in FY 2022-23.

Our car service network has also reached new heights, now standing as the fourth largest with 500 locations. We are proud to share that our exports have experienced robust growth by venturing into untapped markets and expanding our product range in Sri Lanka, Bangladesh, and Nepal.

This outstanding progress has been made possible through the implementation of our program, Zing+, along with our demand generation and enhanced customer experience strategy. These initiatives have played a pivotal role in driving our success and maintaining strong growth.

Overall, Bosch outperformed the Automotive Industry, growing better than the market; primarily, due to market share gains with key players and an increase in content of vehicle in alignment with revised emission norms. The market outlook for FY23-24 for the passenger car segment remains upbeat with preference for SUVs and strong order books


Beyond Mobility

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Business Division Sales Performance

Beyond Mobility

Beyond Mobility	Growth over PY FY2022-23 in %
Power Tools	11%
Building Technology	39%



The Beyond Mobility Solutions sector recorded a 14.1 percent increase in sales.

Power Tools

Ladies and Gentlemen, in the Power Tools Division, we are pleased to announce a 11% revenue growth in FY2022-23 compared to the previous year. Within this growth, our cordless business, which accounts for around 7% of our total sales, experienced an impressive surge of 44%.

Looking ahead to the fiscal year 2023-24, we anticipate a substantial 16% growth in our power tools business. Our key areas of focus will be the Be Connected user and trade engagement program, as well as leveraging e-commerce channels. These elements will play pivotal roles in driving our overall business growth. Additionally, we plan to introduce new product launches and increase localization content in high-growth products.

Building Technology

Let's also look at the growth of our Building Technologies division in the previous year. We witnessed a remarkable 39% increase in revenue, driven by significant wins across various verticals primarily in the infrastructure segment.

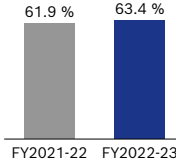
When we look at the growth within segments, our Communications business soared by an impressive 49% year on year, while Video Systems experienced a solid growth of 37% year on year.

We see a positive outlook for the security technology business in 2023-24 with a forested growth of around 14% YoY.

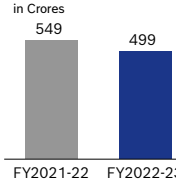
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- Material Cost
- Personal Cost
- Financial Investments

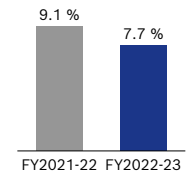
Material Cost Update



Financial Investments



Personal Cost Update



Material Cost

The cost of materials consumed as a percentage of total revenue from operations increased to 63.4% in 2022-23 from 61.9% in 2021-22. The increase is contributed by change in product mix with higher share of traded goods and increase in raw material prices, mainly steel, aluminum, and electronic components, which have seen steep increases over PY.

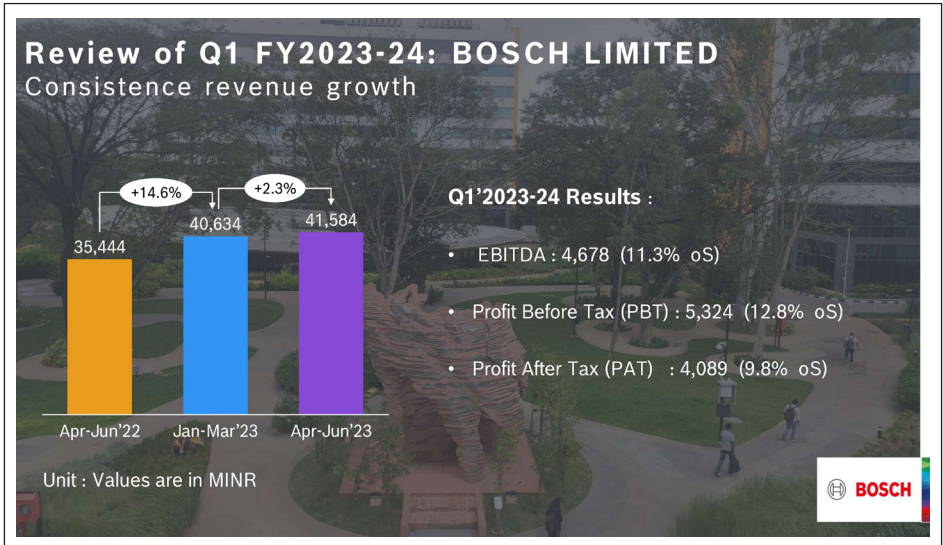
Personnel Cost

Personnel cost in FY 2022-23 was Rs. 1,146 crores as against Rs.1,067 MINR in PY. Personnel cost has reduced from 9.1% of total revenue in FY 2021-22 to 7.7% of revenue in FY 2022-23 due to restructuring of permanent workmen undertaken in the past few years, thereby increasing the flexibility of the workforce resulting in stabilization of personnel costs.

Investments

The total financial investments (Current & Non-Current) as on March 31st, 2023, was Rs. 499 crores as against Rs. 549 crores as on March 31st, 2022. The investments were liquidated for payment of final dividend for FY 2021-22 and interim dividend for FY 2022-23.


Performance of April to June 2023 quarter



The total revenue from operations for April-June 2023 stood at Rs. 4158 crores which has increased by 17 % as compared to April-June 2022. Sequentially, the overall revenue from operations grew by 2.3 % in April-June 2023 over Jan-Mar 2023.

As a percentage of total revenue from operations, Profit before Tax stood at 12.8 % in the current quarter and profit after tax stood at Rupees 409 crores, which is 9.8% of total revenue from operations.


Sale and Transfer (PJ-MS)



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Sale & Transfer of Digital Mobility Business

- Agile global scalability
- Regional compliance
- Data protection for user around the world



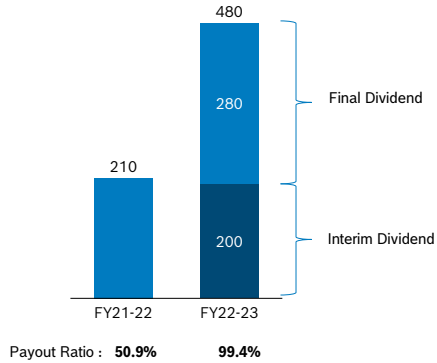
We would want to inform you that the Board of Directors of your Company on 26th May 2023 based on the recommendation of the Audit Committee, approved the sale and transfer of the Company’s Digital Mobility business i.e. Project house mobility solutions (PJ-MS) which includes Mobility Cloud Platform (MCP), Mobility Market (MM) and ParkZeus (PZ) as well as the Logistics Operating System (L.OS) business to Automobility Services and Solutions Private Limited, as a going concern on a slump sale basis for a cash consideration not less than **Rs. 697 crores** (Rupees Six Hundred Ninety Seven crores) along with a purchase price adjustment. This would enable the business to achieve agile global scalability of operations, regional compliance and data protection for users around the world.

Dividend

Ladies and Gentlemen, I now come to the dividend proposal for the year 2022-23. The Board of Directors at its meeting held on 10th May 2023 have recommended a final dividend of INR

Dividend

Dividend INR/share



280 per share for the financial year 2022-23 bringing the total dividend for the year to INR 480 per share, including an interim dividend of INR 200 per share which was declared in Feb 2023. The total dividend payout for FY22-23 stands at INR 480 per share with a payout ratio of approx. 100%.

ESG

Sustainalytics Rating

ESG Risk Rating	8.3	Negligible Risk
Ranking	1 out of 239	Industry Group (1st - lowest risk)
ESG Score	101 out of 1000	Global Disclosure

Picture : Shanumangala lake at Bidadi rejuvenation done by Bosch

Sustainability, Culture in our Business

- We are working on Electrification and Hydrogen, need both for sustainability
- ESG is part of our core values
- We are carbon neutral since 2020 (Scope 1 & 2)

As you all may already know, since 2020, the Bosch Group has achieved carbon neutrality across its approximately 400 locations worldwide, encompassing Scope 1 and 2 emissions. Sustainability is deeply ingrained as a fundamental mission within the Bosch Group.

Sustainalytics, a global ratings agency, has recognized us as the number one auto components company with “negligible risk” out of 237 companies assessed. Moreover, within their expansive global universe of 15,528 companies, we have secured an impressive position at 94. These acknowledgments underscore our unwavering commitment to integrating sustainability into every aspect of our business.

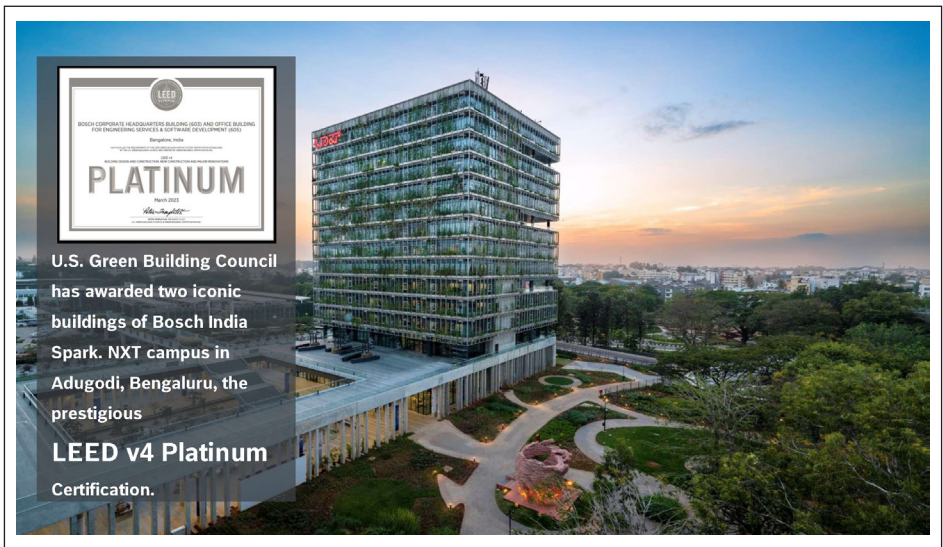
Bosch Limited’s Nashik plant has been honored with the CII National Award for Excellence in Water Management in 2022. Additionally, the plant has received the Bosch Global Sustainability Award for its remarkable achievements in energy efficiency, CO2 reduction, and adherence to global operational standards with sustainability at the forefront. Similarly, our Bidadi plant has been recognized with the CII National Award for Excellence in Energy Management in 2022.



In November 2022, Bosch Limited was bestowed with the prestigious Golden Peacock Award for Excellence in Corporate Governance by the Institute of Directors, India.

In conclusion, Bosch Group’s achievements in carbon neutrality, water management, energy efficiency, and corporate governance exemplify our resolute dedication to sustainability making a lasting impact.

Spark.NXT Campus – Award



You would be delighted to know that, the renowned U.S. Green Building Council has awarded two iconic buildings of our very own Bosch India Spark. NXT campus in Adugodi, Bengaluru, the prestigious LEED v4 Platinum certification. This remarkable feat coincides with the one-year anniversary of the unveiling of our cutting-edge campus.

LEED, a globally recognized rating system aligned with the UN Sustainability Goals, inspires businesses worldwide to transform their operations, creating healthier, more efficient, and cost-saving buildings. At Bosch, our DNA pulsates with the desire to innovate for a cleaner, brighter, and more breathable future.



Hydrogen is coming.....!

Bosch India successfully tested Hydrogen engine demo vehicle at the Hydrogen engines testing infrastructure at Adugodi Campus in Bengaluru

Electrification & Hydrogen Business


We, at Bosch, believe that by 2030, about every third new vehicle across the globe will be an Electric Vehicle (EV) and in the same time frame in India, we expect around 1 in every 5 vehicles to be an EV. Bosch is already gearing up for this change and, hence, offers solutions from Passenger Cars (PC) to Commercial Vehicles (CV) and Hybrids to Battery Electric Vehicles (BEV) & Fuel Cell Electric Vehicle (FCEV). Bosch Ltd. offers complete system solution for Hydrogen-based powertrains in India. We offer systems and components catering to Hydrogen Engine and FCEV technology. Bosch has forged a partnership to offer Hydrogen Tank System as well. The Company is gearing up to become a system solution provider for new age technologies in the mobility space. We have set up a state-of-the-art Hydrogen Engine Test Infrastructure at our Adugodi campus in Bengaluru. Through this, we look forward to developing and advancing our capabilities in the hydrogen engine and fuel cell technologies and propel the alternative fuel revolution in India. Our powertrain solutions division is in deep engagement with key

energy sector players and Original Equipment Manufacturers (OEMs) for Hydrogen Engine business, and you would be happy to note that we have also secured our very first hydrogen business project.


CSR

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Corporate Social Responsibility



- ▶ **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



You will be glad to know that your company has constantly been raising the bar in terms of skill development for enhancing and enabling employment within India. Programs such as BRIDGE (Bosch’s Response to India’s Development & Growth through Employability Enhancement), Skill training programs with Govt organization like PwD, Train the Trainer, Care Giver Program for paramedics etc. have been instrumental in empowering individuals. Environment sustainability projects, education related projects, health and hygiene support have been core to our CSR activities.

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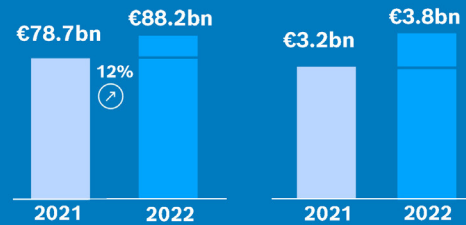
GPTW

Bosch Limited is a Great Place to Work (GPTW) again!!!
Congratulations to all of us.

We continue to create a culture where people are empowered to succeed in a highly adaptable and flexible environment. Our fundamental vision is to create an environment that fosters people's passion and enables them to contribute to the company's long-term success. As a result of our consistent efforts, I am delighted to share the news of Bosch Limited being certified as a 'Great Place to Work' for three years in a row. Bosch Limited continues to remain in the top quartile companies with best cultures in India. The Company has also been recognized as one of the best workplaces in the Auto and Auto Components space in India to deliver extraordinary employee experience.

Bosch Global Business Update

Growth in sales despite a challenging environment



EBIT Margin from operations 4.0 to 4.3%



€7.2bn

R&D
spending



€4.9bn

Capital
expenditure

OUTLOOK FOR 2023

Positive forecast

Sales growth
of 6% to 9%

EBIT margin from
operations approx. 5%



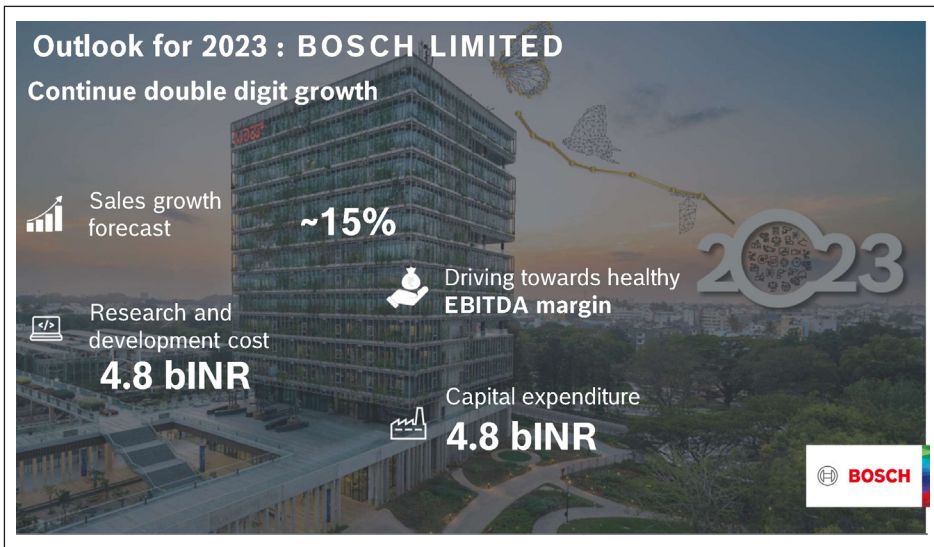
Source : Press release for Bosch Group Annual conference(APC) on 04.05.2023,

Bosch Global

In 2022, Bosch Group sales were at around 88.2 billion Euros or approximately Rs. 8,114 billion. The annual research and development expenditure stood at around 7.2 billion Euros, approximately 7.8 per cent of the total sales revenue.

We rose to the great challenges we encountered in 2022. Our sales revenue was significantly higher than expected and, despite the considerable burdens, we were able to slightly increase our EBIT margin from operations year on year. This alone was a fantastic feat on the part of our more than 421,000 associates worldwide. But all this would not have been possible without our business partners and customers and to them we convey our heartfelt thanks.

And we see positive forecast for 2023 with sales growth of 6% to 9% with EBIT margin from operation aprx.5%

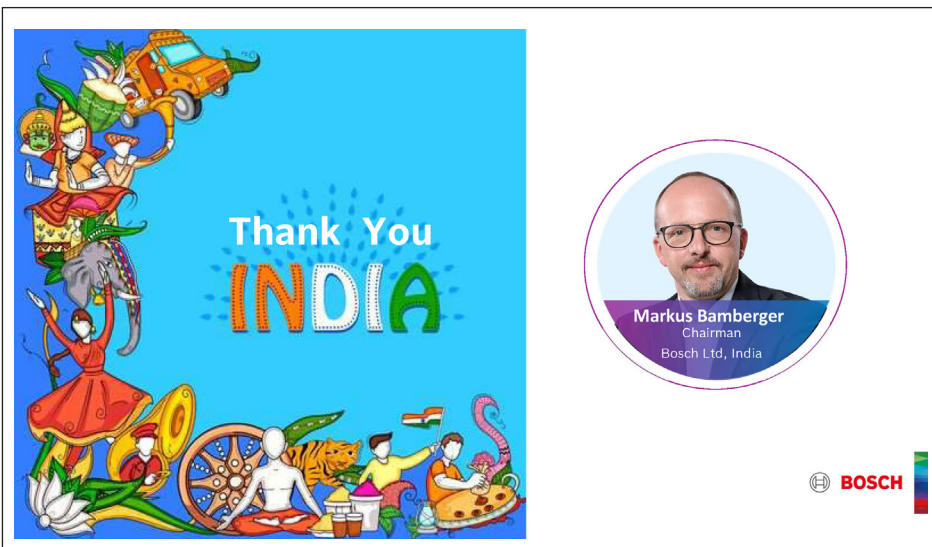


Bosch Limited

Our sales forecast for the calendar year 2023 are currently showing a revenue growth of approximate 15% over last year, and we are optimistic of securing healthy EBIT margins in spite of many challenges global inflation and various commodity price increases. We are continue to invest in our R&D and Capex and preparing ourself for future ready.

Concluding Remarks and Acknowledgement

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.



I am delighted to introduce Mr. Soumitra Bhattacharya as the new Chairman of our Board from August 2, 2023. His impressive 30+ years of experience and leadership will be a huge asset to Bosch Limited. With immense gratitude and joy, I want to thank every one of you for your unwavering support, guidance, and partnership. It has been an honor and privilege to serve as the Chairman of the Board of your Company. I am confident that Bosch Limited will continue its growth trajectory in the years to come.

Thank you for your kind attention.

Markus Bamberger

Chairman

Bengaluru, 1st August 2023

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

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