

Press Release

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Auto Expo Delhi confirms upward trend:

Bosch shows confidence in Indian growth economy

- Bosch Group enhances investments in India to over Rs 1800 Crores (325 million euros) between 2005 and 2008
- Commencement of large-scale series production of common-rail systems in Bangalore and Nashik

New Delhi, January 11, 2006: The Bosch Group today announced plans to expand its presence significantly in the booming Indian market. Between 2005 and 2008, Bosch plans to invest some Rs 1800 Crores (325 million euros) in India. This commitment is an extension of the previously announced investment plan of Rs 1000 Crores (180 million euros) between 2004 and 2007. A major part of this investment will go towards the expansion of the companies' automotive activities in India, with a special focus on modern diesel technology.

"India is a growth economy, and we are confident that the steep upward trend will continue in the future," said Dr Bernd Bohr, Member, Board of Management, Robert Bosch GmbH, at a press conference at the Bosch Pavilion, 8th Auto Expo in New Delhi. Sales of the Indian subsidiaries of Bosch grew by 25 percent in 2005, to nearly Rs 3802 Crores (685 million euros). Group sales of Bosch subsidiaries in India have quadrupled over the last decade.

Growth in India: An opportunity for modern diesel systems

"India is a country on the move. In the years up to 2015, we expect to see Indian automobile production increasing by eight percent per year on average," Dr Bohr said. The dynamic expansion of India's infrastructure is accompanied by increasing motorization. With its innovative automotive technology, Bosch intends to play an active role in this development. The company sees tremendous opportunities in the area of clean, eco-friendly diesel systems, as India is already tightening its emissions legislations since 2000, following the pattern set by Europe.

Bosch is investing Rs 550 Crores (100 million euros) in the large-scale series production of the high-pressure common-rail system, its most modern diesel technology. Other parts of the total investment will be utilized for capacity ramp up, routine capital and maintenance expenditure and developing R&D infrastructure etc., across the Bosch subsidiaries in India. Bosch has already started production of injector components for the common-rail system in Nashik by the end of 2005. The manufacture of complete injectors will follow in 2007. In Bangalore, the first common-rail high-pressure pumps will be produced in mid-2006.

"We expect to see diesel's share in the Indian car and utility vehicle market rise from 29 to 37 percent by 2010," Dr Bohr said. "In 2005, we delivered roughly 40,000 common-rail

systems in India, and in 2010 this figure is likely to be 600,000.” But the company intends to further expand not only the production of common-rail systems in India, but also its development and application.

Trend toward cost-effective solutions and more safety

According to Dr Bohr, the increasing demand for diesel is not the only outstanding development in the Indian automotive market – there is also a trend towards the low-cost vehicle. “Although we expect to see an above-average increase worldwide in sales of vehicles whose net price is less than Rs 400000, this increase will be especially high in India. We are working hard to provide systems for low-price vehicles that allow them to be safe, clean and economical.”

In the long term, Bosch also predicts a trend towards more vehicle safety in India. At more than 80,000 a year, the number of road deaths is twice as high as in Europe, where traffic density and speed are significantly higher. According to Dr Bohr, this is a figure that can also be reduced in the long term in India, by the increasing use of technologies such as the Antilock Braking System (ABS) or the Electronic Stability Program (ESP), which reacts to prevent potential skidding accidents.

Bosch therefore places great importance on driving forward technological progress in accident prevention and environmental protection. Its Automotive Technology business unit spends more than nine percent of its sales revenue on research and development – far more than the average for the industry. The company is a global leader in car related patents.

Bosch is well established to share in the Indian economy’s growth: on the one hand, it has companies with long-standing relationships with local customers and, on the other hand, the subsidiaries are increasingly integrated in the Bosch global development network. As Dr Bohr pointed out: “This combination allows us to fulfill the most important expectations of Indian vehicle manufacturers: quality combined with prices and development times that are as competitive and as short as possible.”

About the Bosch Group

The Bosch Group is a leading global manufacturer of automotive and industrial technology, consumer goods, and building technology. In fiscal 2004, some 242000 associates generated sales of 40 billion euros. Set up in Stuttgart in 1886 by Robert Bosch (1861-1942) as "Workshop for Precision Mechanics and Electrical Engineering," the Bosch Group today comprises a manufacturing, sales, and after-sales service network of some 260 subsidiaries and more than 10,000 service centers in over 130 countries.

The special ownership structure of the Bosch Group guarantees its financial independence and entrepreneurial freedom. It makes it possible for the company to undertake significant up-front investments in the safeguarding of its future, as well as to do justice to its social responsibility in a manner reflective of the spirit and will of its founder. 92% of the shares of Robert Bosch GmbH are held by the charitable foundation Robert Bosch Stiftung. The entrepreneurial ownership functions are carried out by Robert Bosch Industrietreuhand KG.

Additional information can be accessed at www.bosch.com

About Bosch in India

The Bosch Group is represented by four subsidiaries in India. In 2005, over 14,000 associates generated annual sales of Euro 685 Mio.

Motor Industries Company Limited is the flagship of the Bosch group in India, established in the year 1951. Mico is the largest auto component manufacturer and the largest Indo-German company in India. The Bosch Group holds 60.55% stake in Mico. Access to state-of-the-art technologies from Bosch and a commitment to world-class quality have made Mico, the country's largest manufacturer of Diesel Fuel Injection Equipment and one among the largest in the world. It is headquartered in Bangalore with facilities in Bangalore, Nashik, Naganathapura and Jaipur. All the 4 plants are TS 16949 and ISO 14001 certified. With strength of 9700 associates, Mico manufactures and trades products as diverse as fuel injection equipment, industrial equipment, auto-electricals, hydraulics, electric power tools, packaging machines, security systems and Blaupunkt car audio systems.

Robert Bosch India Limited, a wholly owned subsidiary of Robert Bosch GmbH, develops software and engineering solutions for all business sectors within the Bosch world in more than 15 nations across Europe, USA, Asia and Australia. Founded in 1998, RBIN is an ISO 9001 and CMM Level 4 organisation with cutting-edge facilities at Bangalore. It employs nearly 2900 associates and is the largest software development center outside Germany.

Bosch Chassis Systems India Limited (formerly Kalyani Brakes) is the leading manufacturer of hydraulic brakes in India for passenger cars, two wheelers, three wheelers and tractors. Its plants are located in Jalgaon and Chakan in Maharashtra and Manesar near Delhi. Founded in 1982, the Bosch Group holds over 80% stake in the company and employs approximately 1,700 associates.

Bosch Rexroth India Limited provides a complete range of world-class products, systems and services for drive and control technologies to various industrial and mobile applications. Established in 1975, Bosch holds 95.5% stake in BRIN and is into five technology groups namely: Industrial Hydraulics, Electric Drives and Controls, Linear Motion and Assembly Technologies, Pneumatics, and, Mobile Hydraulics. BRIN is ISO 9001:2000 certified and employs 300 associates, serving customers in India, Bangladesh, Nepal and Sri Lanka through manufacturing facilities in Ahmedabad and Bangalore.

As Bosch is focusing on India to develop it as a technology hub, Mico is gearing up to meet the challenges. Bosch's new tagline 'Invented for Life' communicates Bosch's core competencies and vision -technological leadership, modernity, dynamics, quality and customer orientation which are part of its long tradition.

For more information on Bosch in India, please log onto www.boschindia.com, www.bosch.com