

Annual Report 2007

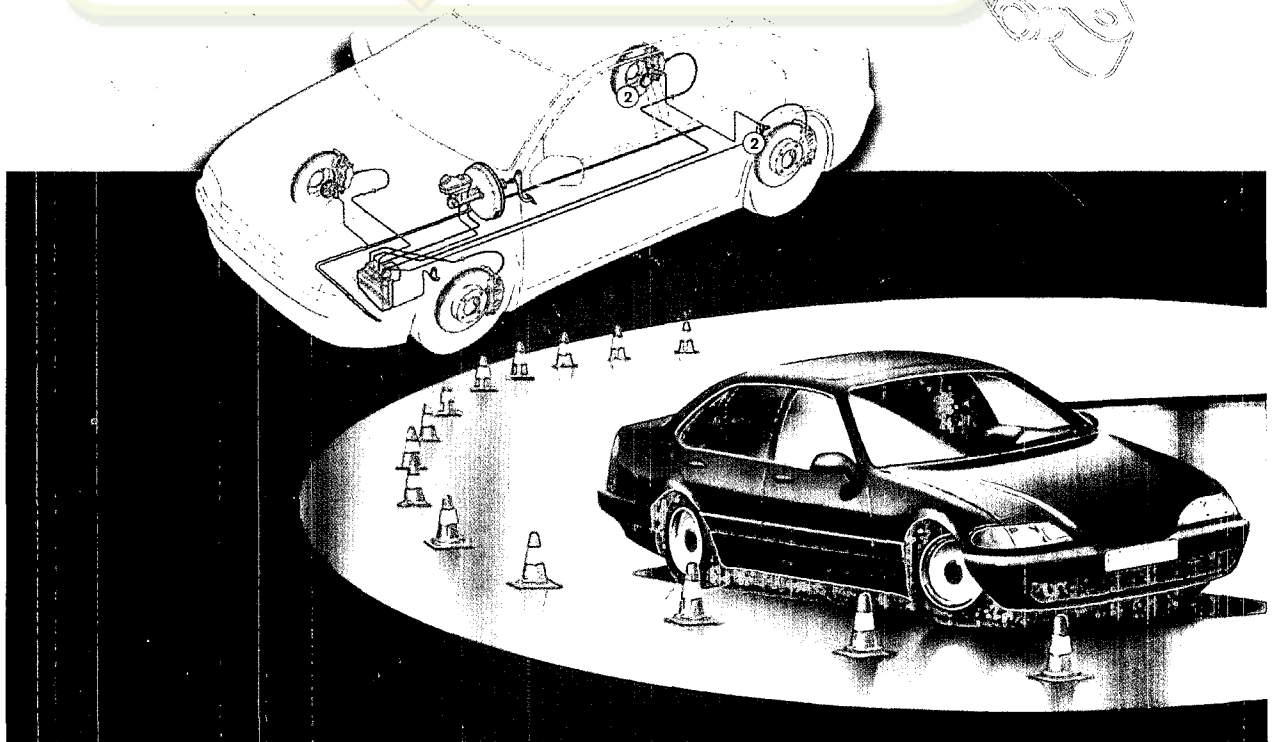
Bosch Chassis Systems India Limited



BOSCH

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BOARD OF DIREFTORS, COMMITTEES, ETC

■ Directors

Peter Delhey, Chairman
V K Viswanathan
Ferdinand Allerkamp
Sanjay S. Vaidya
Wilfried Aulbur
Anant J. Talaulicar
Satish Sekhri, Managing Director

■ EVP, CFO & Compliance Officer

Ravi Kapoor

■ Auditors

Statutory Auditors :
M/s. Lovelock & Lewes

Internal Auditors :
M/s. Deloitte Haskins & Sells

■ Bankers

State Bank of India
Citibank N. A.
IDBI Bank

■ Registered Office

Panchashil, Quadra-1
Magarpatta City Road
238 Hadapsar, Pune 411 028

■ Audit Committee

Sanjay S. Vaidya, Chairman
Ferdinand Allerkamp
Wilfried Aulbur
Anant J. Talaulicar

■ Shareholders' Grievance Committee

Wilfried Aulbur, Chairman
Satish Sekhri
Ferdinand Allerkamp

■ Stock Exchanges

(where the shares of the company are listed)

Bombay Stock Exchange Ltd.
Dalal Street, Mumbai 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051

■ Plant Locations

Bambhori, Tal. Dharangaon
Dist. Jalgaon 425 001 (Maharashtra)

Nanekarwadi (Chakan)
Dist. Pune 410 501 (Maharashtra)

9, Sector 3, IMT Manesar,
Gurgaon 122 050 (Haryana)

Eldeco Sidcul Industrial Park, Sitargarj,
Dist. Udham Singh Nagar 262403 (Uttarakhand)

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NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of BOSCH CHASSIS SYSTEMS INDIA LIMITED will be held at Sovereign, Hotel Le Meridien, Pune 411 001 on Tuesday, the 29th day of April, 2008 at 1230 Hours to transact the following business :

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st December, 2007 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31st December, 2007.
3. To appoint a Director in place of Mr. Peter Delhey, who retires by rotation; and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Special Business

5. To consider, and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"Dr. Wilfried Aulbur, who was appointed a Director of the Company to fill the casual vacancy on the Board caused by resignation of Mr. H M Huber who would have retired by rotation at this Annual General Meeting and the Company having received a Notice in writing from a member under Section 257 of the Companies Act, 1956 proposing Dr. Aulbur's candidature, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider, and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"Mr. V K Vishwanthan, who was appointed a Director of the Company to fill the casual vacancy on the Board caused by resignation of Mr. A Hieronimus who would have retired by rotation at this Annual General Meeting and the Company having received a Notice in writing from a member under Section 257 of the Companies Act, 1956 proposing Mr. V K Viswanathan's candidature, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board of Directors
For Bosch Chassis Systems India Limited

Place : Pune
Date : February 21, 2008

RAVI KAPOOR
EVP, CFO & Compliance Officer

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item Nos. 5 & 6 of the Notice to be transacted at the Annual General Meeting is annexed hereto.

NOTICE

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 18th April, 2008 to Tuesday, 29th April, 2008 (both days inclusive).
4. Dividend as recommended by the Directors for the year ended 31st December, 2007, if declared, will be payable to those members whose names appear in the Register of Members, as at the close of business on 18th April 2008 and who are beneficial owners as on 18th April 2008 as per the list furnished to the Company by NSDL/CDSL in respect of shares held in dematerialized form and the dividend warrants will be posted to them on and from 7th May 2008.
5. Members holding shares in dematerialized form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the aforesaid changes to the Secretarial Department at the Registered Office of the Company.
6. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto 29th day of April 2008 during business hours of the Company.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Compliance officer at least seven days prior to the meeting so that the required information can be made available at the meeting.
8. Dividends which remain unencashed/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred by the Company to IEPF.
9. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders who have not dematerialized their shareholding are advised to dematerialize the same to avoid inconvenience in future.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out, as required by Section 173 of the Companies Act, 1956, the material facts relating to Item Nos. 5 & 6 mentioned in the accompanying Notice dated February 21, 2008.

Item No. 5

Dr. Wilfried Aulbur was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. H M Huber. Mr. Huber was liable to retire by rotation at this Annual General Meeting and accordingly, Dr. Aulbur holds office as Director till the conclusion of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act, 1956 from a Member proposing the candidature of Dr. Aulbur to the Office of Director.

Your Directors feel that it is in the interest of the Company to re-appoint Dr. Wilfried Aulbur as a Director, and accordingly recommend his re-appointment. None of the Directors of the Company is interested in the resolution except Dr. Aulbur, who is proposed for re-appointment as a Director.

Item No. 6

Mr. V K Viswanathan was appointed as Director of the Company in the casual vacancy caused by the resignation of Dr. Albert Hieronimus. Dr. Hieronimus was liable to retire by rotation at this Annual General Meeting and accordingly, Mr. Viswanathan holds office as Director till the conclusion of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act, 1956 from a Member proposing the candidature of Mr. Viswanathan to the Office of Director.

Your Directors feel that it is in the interest of the Company to re-appoint Mr. V K Viswanathan as a Director, and accordingly recommend his re-appointment. None of the Directors of the Company is interested in the resolution except Mr. Viswanathan, who is proposed for re-appointment as a Director.

By Order of the Board of Directors
For Bosch Chassis Systems India Limited

Place : Pune
Date : February 21, 2008

RAVI KAPOOR
EVP, CFO & Compliance Officer

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their Twenty Sixth Annual Report and Audited Accounts of your Company for the year ended on December 31, 2007. During the year, your Company achieved a total income of Rs. 5 541 Million as compared to Rs. 3 705 Million in the previous year of 9 months period, showing a growth of over 12%, on annualized basis.

Financial results

(Amount - Rs. Thousand)

	December 2007 (12 months)	December 2006 (9 months)
Net Sales and Other Income	5 540 758	3 704 966
Profit Before Tax	628 191	403 141
Profit After Tax	415 940	263 691
Add : Balance brought forward from last year	901 994	733 092
Profit available for appropriation	1 317 934	994 195
Appropriation		
Dividend	62 379	57 181
Tax on Dividend	12 299	8 020
Transfer to General Reserve	42 000	27 000
Surplus retained in Profit & Loss Account	1 201 256	901 994

Dividend

Your Directors are pleased to recommend a dividend of 30% on equity shares (Rs. 3 per equity share of Rs.10 each) for the year ended on December 31, 2007.

Subsidiary

A statement pursuant to Section 212 of the Companies Act, 1956, relating to Precision Seals Manufacturing Limited (PSML), a subsidiary of the Company, as on December 31, 2007, is attached to the Accounts of the Company.

Consolidated financial statements of the Company (alongwith it's Subsidiary and Joint Venture Company) and the Auditors' Report thereon, as on December 31, 2007, are also attached to the Accounts of the Company.

Joint Venture

Consolidated financial statements annexed to the Annual Report include results upto December 31, 2007 of the Joint Venture Company, M/s. KBX Motorbike Products Pvt. Ltd.

Directors

- Mr. Friedrich Wagner resigned as Director of the Company w.e.f. 30th July, 2007. The Board placed on record its deep appreciation of the valuable contributions made by Mr. Wagner to the growth of the Company during his tenure as Director.
- Dr. Albert Hieronimus, a Director, resigned from the Board w.e.f. 31st January 2008. The Board placed on record its deep appreciation of the valuable contributions made by Dr. Hieronimus to the growth of the Company during his tenure as Director.

DIRECTORS' REPORT

- With effect from 1st February 2008, Mr. V K Viswanathan was appointed as a Director in place of Dr. Albert Hieronimus. Mr. Viswanathan, 57, a Chartered Accountant, is the Managing Director of Bosch Limited, Bangalore (formerly Motor Industries Company Ltd.) and is associated with Bosch group for over 11 years. Mr. Viswanathan holds office as Director upto the date of the ensuing Annual General Meeting to be held on 29th April, 2008. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, liable to retire by rotation.
- Dr. Wilfried Aulbur was appointed as an Independent Director on 20th January 2006 in place of Mr. H M Huber. Dr. Aulbur, 42, completed his graduate studies in Europe and the US. He received a Doctorate in Physics from the Ohio State University from USA. Currently he is the Managing Director & CEO of DaimlerChrysler India Pvt. Ltd. Dr. Aulbur holds office as Director upto the date of the ensuing Annual General Meeting to be held on 29th April, 2008. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, liable to retire by rotation.
- In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Peter Delhey, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

Mr. Peter Delhey, 45, completed his Advanced Studies in Economics from the University of Freiburg, Germany. He has been associated with the Bosch group since 1990. Currently he is the Executive Vice President, Chassis Systems Brakes, Robert Bosch GmbH, Germany. Mr. Delhey holds office as Director upto the date of the ensuing Annual General Meeting to be held on 29th April, 2008.

Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the year ended December 31, 2007 and of the profit of the company for that period;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts on a "going concern" basis.

Operations

● Conservation of Energy:

As a measure of energy saving and cost control, your Company took various actions. For effecting savings in electrical energy, following specific measures were taken.

- Maintaining power factor at unity thereby reducing electrical consumption and yielding incentive,
- Adding air saving unit in Jalgaon plant thereby reducing electrical energy,
- Replacing exhaust fans by Turbo ventilators (powered by Wind energy) reducing electrical energy,
- Replacing high pressure pumps by Hydro pneumatic pumps reducing electrical energy,
- Installing transformer at HT side instead of at LT side reducing electrical energy,
- Installing energy efficient lighting in place of sodium vapour lamp thereby reducing electrical energy,
- Installing fuel saver on DG set thereby saving diesel consumption,
- Replacing fixed displacement hydraulic pumps by energy efficient variable displacement pumps,
- Replacing conventional washing machine temperature controller by proportional integrated and derivative controller thereby reducing electrical energy,

DIRECTORS' REPORT

These efforts resulted in significant reduction in the consumption of energy. Our Industry is not specified in the Schedule to Form "A" of the Annexure to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. We have, however, planned further actions for energy conservation.

☞ Technology Absorption :

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The efforts made in technology absorption are given in the prescribed Form "B" as an Annexure to this Report.

☞ Foreign Exchange Earnings and Outgo :

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- a) During the year, the Company earned Foreign Exchange equivalent to TINR 356 045.
- b) The foreign exchange outgo on account of import of Components, Capital Goods, Spares, Royalty etc. was of the order of TINR 572 650.

Industrial Relations

Industrial relations at all plants and offices of your Company continue to be cordial with no disruptions. A three year agreement was signed with the newly formed union of technicians at Chakan Plant.

Auditors

M/s. Lovelock & Lewes, Chartered Accountants, retire as Auditors of the Company at the conclusion of the Twenty Sixth Annual General Meeting and are eligible for re-appointment.

Particulars of Employees

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time and forming part of this Report is annexed herewith.

Corporate Governance

The Companies Act, 1956 and the Listing Agreement with the Stock Exchanges require compliance with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the practising Company Secretaries as well as a detailed Report on Corporate Governance is set out in the Annexure to the Directors' Report. A Management Discussion and Analysis Report also accompanies this Report.

Acknowledgements

Your Directors wish to place on record their appreciation for the co-operation received from the Central Government and the Governments of Maharashtra, Haryana and Uttarakhand, Bankers, Financial Institutions, our esteemed customers, suppliers and promoters Robert Bosch LLC and Robert Bosch Investment Nederland B.V. The Directors would like to place on record their appreciation of the unstinted efforts and contributions made by the Management Team and the employees of the Company at all levels.

For and on Behalf of the Board of Directors,

Pune
February 21, 2008

PETER DELHEY
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

FORM "B"

Research and Development (R&D) -

- | | |
|--|---|
| 1. Specific areas in which R&D carried out by the Company | During the period, design, development and application engineering work was carried out for braking systems for passenger cars and SUVs. |
| 2. Benefits derived as a result of the above R & D | This technology has resulted in improved performance of braking systems for the contemporary vehicles. A further benefit has been higher localization, thus saving outflow on foreign exchange. |
| 3. Future plan of action | Development of brakes for SUVs and new model cars being launched in the Indian market. |
| 4. Expenditure on R&D | |
| a) Capital | Rs. 34.372 million |
| b) Recurring | Rs. 27.379 million |
| c) Total | Rs. 61.751 million |
| d) Total R&D expenditure as a percentage of total turnover | 1.12% |

Technology absorption, adaptation and innovation

- | | |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | Contemporary technology & designs for brake systems were obtained from European/Japanese sources. Superior process and control techniques were deployed for achieving these design features in the regular production. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. | Such product improvements, cost reduction etc. enabled the Company to maintain its competitive position and share of business with leading Indian customers and also win contracts from global customers launching new products in the Indian market. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished | |
| (a) Technology imported | i) Technology acquired for brake systems for older models of Maruti and Mahindra has been fully absorbed. |
| (b) Year of Import | ii) Technology for brake systems for new Indian passenger cars, acquired in 2004~05 & 2005~06 is being absorbed progressively. |
| (c) Has technology been fully absorbed? | These new designs of brake systems are under phased localisation. |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | Commercial application of above technologies has started. Recurring benefits will continue to be received over the next 3 to 5 years. |