

Annual Report 2008

Bosch Chassis Systems India Limited



BOSCH

Invented for life



BOARD OF DIRECTORS, COMMITTEES, ETC

■ Directors

Peter Delhey, Chairman
V K Viswanathan
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

■ Bankers

State Bank of India
Citibank N. A.

■ Audit Committee

Sanjay S. Vaidya, Chairman
Wilfried Aulbur
Anant J. Talaulicar
Satish Sekhri

■ Registered Office

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

■ 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)

Report Junction.com

Notice of Annual General Meeting



Report of the Directors



Report of the Auditors to the Members



Balance Sheet



Profit and Loss Account



Cash Flow Statement



Schedules to Balance Sheet



Notes to Accounts



Balance Sheet Abstract



Subsidiary Company



NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of BOSCH CHASSIS SYSTEMS INDIA LIMITED will be held at Sovereign, Hotel Le Meridien, Pune 411 001 on Tuesday, the 30th day of June, 2009 at 1430 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, 2008 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 appoint a Director in place of Mr. Satish Sekhri, who retires by rotation; and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Anant J. Talaulicar, who retires by rotation; and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

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

Place : Pune
Date : March 11, 2009

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. 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.
3. 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 30th day of June, 2009 during business hours of the Company.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary / Compliance Officer at least seven days prior to the meeting so that the required information can be made available at the meeting.
5. 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.

To the Members

Your Directors have pleasure in presenting their Twenty Seventh Annual Report and Audited Accounts of your Company for the year ended on December 31, 2008. During the year, your Company achieved a total income of Rs. 5 622 Million as compared to Rs. 5 541 Million in the previous year, showing a marginal growth of approx. 1.5%. During the year, the Company completely exited from the Two Wheeler Disc Brake manufacturing activity. Consequently, the figures for the year ended 31st December 2008 are not comparable with the figures for the previous year.

Financial results

(Amount - Rs. Thousand)

	December 2008	December 2007
Net Sales and Other Income	5 622 295	5 540 758
Profit for the year before Exceptional item	434 188	628 191
Exceptional item	630 369	Nil
Profit for the year after Exceptional item	1 064 557	628 191
Profit After Tax	765 390	415 940
Add : Balance brought forward from last year	1 201 256	901 994
Profit available for appropriation	1 966 646	1 317 934
<u>Appropriation</u>		
Dividend	-	62 379
Tax on Dividend	-	12 299
Transfer to General Reserve	-	42 000
Surplus retained in Profit & Loss Account	1 966 646	1 201 256

Dividend

Your company has incurred heavy capital expenditure for establishment of the Technical Centre. Further, large investments are envisaged for establishing a state of the art ABS manufacturing facility at Chakan. To conserve resources, your Directors do not recommend any dividend for the year ended 31st December, 2008.

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, 2008, is attached to the Accounts of the Company.

Sale of Equity Stake in Joint Venture

During the year, your Company sold its 50% equity stake in its Joint Venture Company, M/s. KBX Motorbike Products Pvt. Ltd., a manufacturer of Two Wheeler brake systems to M/s. Brembo S.p.A. of Italy.

Delisting of the Company from the Stock Exchanges

Your Company undertook a Voluntary Delisting program during 2008. Subsequent to acquisition of 15.87% equity shares by the promoters under the voluntary delisting scheme, the promoters' stake in your Company increased from 80% to 95.87% and the public shareholding reduced to 4.13% i.e. below the minimum required 10% public shareholding for continual listing. Your Company thereafter applied for delisting and with effect from 7th November 2008, its equity shares were delisted from both Stock Exchanges i.e. NSE & BSE.

Your Directors feel that this move will increase the operational efficiency of the Company.

Directors

- Dr. Ferdinand Allerkamp, a Director, resigned from the Board w.e.f. December 31, 2008. The Board placed on record its deep appreciation of the valuable contributions made by Dr. Allerkamp to the growth of the Company during his tenure as Director.
- In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Satish Sekhri and Mr. Anant J Talaulicar, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.
 - Mr. Satish Sekhri is a Bachelor of Mechanical Engineering and an MBA. He is the Managing Director of the Company since 1995. Mr. Sekhri holds office as Director upto the date of the ensuing Annual General Meeting to be held on June 30, 2009.

Mr. Anant J. Talaulicar is a BE (Mech.) from the Mysore University, a MS from the Michigan University, US and an MBA from the Tulane University, US. Currently he is the Chairman and Managing Director of Cummins India Ltd. Mr. Talaulicar holds office as Director upto the date of the ensuing Annual General Meeting to be held on June 30, 2009.

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 :

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) 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, 2008 and of the profit of the company for that period;
- (iii) 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;
- (iv) 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.

- i) Maintaining power factor at unity,
- ii) Adding air saving unit in new plant at Jalgaon,
- iii) Replacing water cooled package air conditioners by air cooled air conditioners,
- iv) Installing transparent poly carbonate roofing sheets for using natural light for illumination,
- v) Replacing conventional tube lights by CFL lamps,
- vi) Installing cyclic timer to exhaust fans,
- vii) Controlling leakage of compressed air,
- viii) Improving power factor at load centers,
- ix) Controlling AC temperature

These efforts resulted in significant reduction in the consumption of electrical 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 :**

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

- **Foreign Exchange Earnings and Outgo :**

- a) During the year, the Company earned Foreign Exchange equivalent to TINR 311 413.
- b) The foreign exchange outgo on account of import of Components, Capital Goods, Spares, Royalty etc. was of the order of TINR 1 380 701.

Industrial Relations

Industrial relations at all plants and offices of your Company continue to be cordial with no disruptions.

Audit Committee

Post delisting, the Audit Committee of the Board is re-constituted pursuant to Section 292A of the Companies Act, 1956. The members of the Audit Committee comprises of Mr. S S Vaidya, Mr. W Aulbur, Mr. A J Talaulicar and Mr. S Sekhri. As required by Section 292A of the Companies Act, 1956, the Audit Committee has adequate powers and its terms of reference include reviewing of half yearly and annual financial results of the Company before submission to the Board and also ensuring compliance of internal control systems.

Auditors

M/s. Lovelock & Lewes, Chartered Accountants, retire as Auditors of the Company at the conclusion of the Twenty Seventh 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.

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
March 11, 2009

PETER DELHEY
Chairman

FORM "B"**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION****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.

The expenditure made in R & D was to achieve capability and capacity to carry out validation of brake parts as per global specifications including NVH evaluations. |
| 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 new model cars being launched in the Indian market. |
| 4. Expenditure on R&D | |
| a) Capital | Rs. 138.742 million |
| b) Recurring | Rs. 65.495 million |
| c) Total | Rs. 204.237 million |
| d) Total R&D expenditure as a percentage of total turnover | 3.85% |

Technology absorption, adaptation and innovation

- | | |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | Contemporary technology & designs for brake system products suitable for ABS / ESP were obtained from European /Japanese sources. Superior process and control techniques were deployed for achieving these features in the regular production in India. |
| 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 OEMs 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 | i) Technology acquired for brake systems for older models of Maruti and Mahindra has been fully absorbed.

ii) Technology for brake systems acquired in 2004-05 & 2005-06 for new Indian passenger cars is being absorbed progressively. These new designs of brake systems are under phased localization.

Commercial application of above technologies has started. Recurring benefits will continue to be received over the next 4 to 5 years. |
| (a) Technology imported | |
| (b) Year of Import | |
| (c) Has technology been fully absorbed? | |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | |

Information required as per Section 217(2A)(b)(ii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended December 31, 2008

							Particulars of Past
1	2	3	4	5	6	7	8
1.	Berg A	40	Diploma in Mathematics & Computer Science (Germany) 15 years	Vice President (ABS & ESP)	8 465 580	08/10/2007	Project Manager Robert Bosch GmbH, Abstatt, Germany 3 years
2.	Kapoor R	53	B. Tech, MMS 29 years	Executive Vice President & Chief Financial Officer	3 361 522	01/09/2006	Director (Finance) Piaggio Vehicles Pvt. Ltd. 8 years
3.	Mahendra D S	56	B. Tech 33 years	Executive Vice President	5 822 274	01/01/1988	Manager (Materials) Bharat Forge Ltd. 8 years
4.	Matsumura K	56	B.E.(Mech.) 34 years	Technical Advisor	6 119 126	01/09/2006	Project Manager - Overseas Marketing Bosch Corporation, Japan, 3 years
5.	Mergenthaler R	61	Diploma Engineering, Germany 37 years	Integration Manager	15 697 588	15/06/2006	Vice President (Quality) Robert Bosch GmbH, Germany 30 years
6.	Nanjanath A R	61	B. Tech, B. Sc (Engg.), London 39 years	Executive Vice President	4 972 214	16/12/2002	Vice President (Manufacturing) Rane (Madras) Ltd. 2½ years
7.	Pangarkar S N *	60	B.E.(Mech.), M. Tech., M. B. A. 36 years	Executive Vice President (New Projects)	2 738 304	05/04/1998	General Manager Hindustan Motors Ltd. 7 years
8.	Sekhri S	59	B. E. (Mech.), M. B. A. 35 years	Managing Director	15 850 970	04/08/1994	Vice President (Engg. Division) Escorts Ltd. 3 ½ years

Notes :

- Names with an asterisk indicate persons employed for a part of the financial year.
- Designation denotes the nature of duties also.
- Gross remuneration includes salary, Company's contribution to provident fund and superannuation scheme, allowances, perquisites etc.
- Nature of employment and terms and conditions : The nature of employment in case of Sr. Nos. 1,4,5 & 8 above is contractual. In case of other employees, the same is as per Company's Rules and Regulations.
- None of the above employees is related to any of the Directors of the Company.
- Experience includes number of years of service elsewhere wherever applicable.

For and on behalf of the Board of Directors

Place : Pune
Date : March 11, 2009

PETER DELHEY
Chairman

TO THE MEMBERS OF BOSCH CHASSIS SYSTEMS INDIA LIMITED

1. We have audited the attached Balance Sheet of **Bosch Chassis Systems India Limited**, as at December 31, 2008, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on December 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and annexed thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARMILA A. KARVE
 Partner
 Membership No. 43229
 For and on behalf of
LOVELOCK & LEWES
 Chartered Accountants

Place : Mumbai
 Date : March 11, 2009