

Annual Report 2011

Bosch Chassis Systems India Limited

Active and Passive Safety Solutions



BOSCH

Invented for life



BOARD OF DIRECTORS, COMMITTEES, ETC

Directors

Gerhard Steiger, Chairman
V K Viswanathan
Sanjay S. Vaidya
Dhiraj Wali, Managing Director
Reinhard Pfendtner, Joint Managing Director
V Balasubramanian, Deputy Managing Director

Company Secretary

Vijay Dighe

Auditors

Statutory Auditors :
M/s. Lovelock & Lewes

Bankers

State Bank of India
Citibank N. A.

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
Block No. 202, 2nd Floor
Akshay Complex, Off Dhole Patil Road
Pune 411 001
Tel. : 020 - 26160084 / 26161629

Audit Committee

Sanjay S. Vaidya, Chairman
Gerhard Steiger
V K Viswanathan
Dhiraj Wali

Registered Office

Godrej Millennium, 3rd Floor
Koregaon Park
Pune 411 001

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, ,
Sitarganj Dist. Udham Singh Nagar 262405
(Uttarakhand)

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NOTICE is hereby given that the Thirtieth Annual General Meeting of BOSCH CHASSIS SYSTEMS INDIA LIMITED will be held at "Renew", The Westin Pune Koregaon Park, Mundhwa Road, Pune 411 001 on Friday, the 1st day of June, 2012 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, 2011 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. S S Vaidya, who retires by rotation; and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Gerhard Steiger, who retires by rotation; and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT M/s Lovelock & Lewes, Chartered Accountants, Mumbai (Firm Registration No. 301056E) be and are hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the period."

Special Business

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

"RESOLVED THAT Mr. V Balasubramanian be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in exercise of the powers conferred by Article 122 & 138 of the Articles of association of the Company and pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said act, and subject to the approval of the Shareholders in General Meeting and subject to such other approvals as may be required, Dr. Reinhard Pfendtner be and is hereby appointed as Joint Managing Director of the Company for a period of three years from March 1, 2012 to February 28, 2015, on such remuneration and on such terms and conditions as set out in the draft Agreement to be entered into between the Company and Dr. Reinhard Pfendtner.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized and empowered to approve annual increments and to make such improvements in the terms of remuneration to Dr. Reinhard Pfendtner as may be permissible under and by any amendments to Schedule XIII of the Companies Act, 1956 or by way of any Government guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Joint Managing Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting."

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

"RESOLVED THAT in exercise of the powers conferred by Article 122 & 138 of the Articles of association of the Company and pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said act, and subject to the approval of the Shareholders in General Meeting and subject to such other approvals as may be required, Mr. V Balasubramanian be and is hereby appointed as Deputy Managing Director of the Company for a period of five years from March 1, 2012 to February 28, 2017, on such remuneration and on such terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. V Balasubramanian.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized and empowered to approve annual increments and to make such improvements in the terms of remuneration to Mr. V Balasubramanian as may be permissible under and by any amendments to Schedule XIII of the Companies Act, 1956 or by way of any Government guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Deputy Managing Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting."

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

Place : Pune
Date : April 12, 2012

Vijay Dighe
Company Secretary

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. 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.
3. M/s. Link Intime India Pvt. Ltd. are the Registrar & Share Transfer Agent of the Company. All investor related communication may be addressed to them at the following address:
Link Intime India Pvt. Ltd.
Block No. 202, 2nd Floor, Akshay Complex
Off Dhole Patil Road, Pune 411001
Tel. 020 - 26160084 / 26161629
E-mail : vikrant.deshmukh@linkintime.co.in
4. 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 up to 1st day of June, 2012 during business hours of the Company.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days prior to the meeting so that the required information can be made available at the meeting.
6. Members attending the Annual General Meeting are requested to bring with them the following :
 - a) Members holding shares in dematerialized form – the details of their DP and Client ID Numbers.
 - b) Members holding shares in physical form – the details of their Folio Numbers.
 - c) In case of Body Corporate, the authorized representative should bring with him/her a certified copy of relevant Board/Governing Body resolution of the entity concerned. In the event such a person wants to appoint a proxy to represent himself/herself, the conditions as outlined above, as to proxy/deposition of the proxy with the Company, would apply. The Proxy Form in such a case should be accompanied by a copy of the relevant resolution.

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 to 7 mentioned in the accompanying Notice dated April 12, 2012.

Item No. 5

Mr. V Balasubramanian, who was appointed as Additional Director with effect from March 1, 2012, under Article 119 of the Articles of Association of the Company, holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956. However, being eligible, Mr. V Balasubramanian offers himself for appointment as regular Director. The Company has received a Notice in writing from a member, under Section 257 of the Companies Act, 1956, proposing Mr. V Balasubramanian as a candidate for the office of Director, liable to retire by rotation.

The resolution for his appointment as Director is recommended to the members for approval.

None of the Directors of the Company is interested in the resolution except Mr. V Balasubramanian, who is proposed for appointment as Director.

Item No. 6

Mr. Deepak Mahendra, previous Joint Managing Director, resigned from the services of the Company with effect from February 29, 2012. The Board of Directors of the Company in its meeting held on January 24, 2012 has approved appointment of Dr. Reinhard Pfendtner as Joint Managing Director for a period of 3 years with effect from March 1, 2012 to February 28, 2015. The Board of Directors in its meeting held on April 12, 2012 approved the terms of remuneration of Dr. Pfendtner, with effect from March 1, 2012, as given hereunder.

Dr. Reinhard Pfendtner, 48, is a Doctorate from Karlsruhe Institute of Technology (Baden-Wuerttemberg, Germany) in Optical Electronics. He started working for Bosch in 1998 and has since worked in various divisions and corporate departments. Before joining the Company in July, 2011, he was responsible for the Spanish brakes operations of Bosch in Barcelona and Santander.

Dr. Pfendtner's terms of appointment and remuneration as approved by the Board are as under :

- A) Period of Appointment : March 1, 2012 to February 28, 2015
- B) Details of Remuneration :
 - a) An aggregate salary of Rs.1,103,675 per month
 - b) The above salary includes the following facilities/benefits provided by the Company to Dr. Pfendtner :
 - i) Housing : A company leased house (unfurnished) subject to a limit of Rs. 145,000 per month.
 - ii) Security at the house : 24 hour security at his residence
 - iii) Car : Two cars maintained by the company for the use of employee, as per policy of the Company.
 - iv) Telephone at home : A telephone at home for the purpose of the company's business. Employee shall pay all costs related to the personal use of telephone.
 - v) Club Membership : Fees of one club excluding admission and life membership fees
 - vi) Home trip: In respect of leave to be spent in home country, return passage shall be allowed once a year by economy class for employee and/or his wife, dependent children.
 - vii) Others :As per Company rules, Payment/remittance of :-
 - a) Social Security contribution
 - b) Provident fund contribution
 - c) Storage expenses
 - d) School fees and
 - e) Language fees

Approval of the Members is sought to the appointment and to the payment of remuneration to Dr. Reinhard Pfendtner, as detailed in the resolution. The Directors recommend the resolution for approval of the members.

A copy of the draft agreement proposed to be entered into between the Company and Dr. Reinhard Pfendtner will be available for inspection by the Members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on all working days.

This statement read alongwith the resolution may be deemed as an abstract of the terms of the agreement proposed to be entered into between the Company and Dr. Pfendtner, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

None of the Directors of the Company is interested in the resolution except Dr. Pfendtner who is proposed to be appointed as a Joint Managing Director.

Item No. 7

The Board of Directors of the Company in its meeting held on January 24, 2012 has approved appointment of Mr. V Balasubramanian as Deputy Managing Director for a period of 5 years with effect from March 1, 2012 to February 28, 2017. The Board in its meeting held on April 12, 2012 approved the terms of remuneration of Mr. Balasubramanian, with effect from March 1, 2012, as detailed in the resolution.

Mr. V Balasubramanian, 51, is B.E. (Mechanical) from Delhi College of Engineering. He has around 28 years of work experience in various fields in the Auto components/ancillary industry. Before this assignment, Mr. Balasubramanian was working as Regional President, Chassis Systems Control Division of the Company.

Mr. Balasubramanian's terms of appointment and remuneration as approved by the Board are as under :

A) Period of Appointment : March 1, 2012 to February 28, 2017

B) Details of Remuneration :

- a) Salary (inclusive of Basic Pay & Executive Allowance) for the month of March 2012 : Rs. 164,575 per month
- b) Salary (inclusive of Basic Pay & Executive Allowance) from April 1, 2012 onwards : Rs. 199,025 per month
- c) Performance Bonus : As may be approved by the Board from time to time
- d) Perquisites : Apart from salary as above, the Company shall provide following facilities/benefits to Mr. Balasubramanian :
 - i) House Rent Allowance : Rs. 23,500 p.m.
 - ii) Car running and Maintenance expenses : Rs. 11,000 p.m.
 - iii) Education Allowance : Rs. 200 p.m.
 - iv) Medical Reimbursement: Rs. 1,250 p.m. for the month of March'12 and from April 1, 2012 onwards Rs. 1,750 p.m.
 - v) Leave Travel Allowance : As per policy of the Company
 - vi) Contribution to Provident Fund, Superannuation and Gratuity : As per policy of the Company
 - vii) Company Car scheme : As per policy of the Company
 - viii) Hard Furnishing Reimbursement : As per policy of the Company
 - ix) Premium for Medical Insurance (family of 4) and Premium for Accident Insurance : As per policy of the Company
 - x) Housing Loan : As per policy of the Company
 - xi) Holiday Resorts : As per policy of the Company
 - xii) Residence Telephone, Mobile Phone & Laptop Computer : As per policy of the Company

Approval of the Members is sought to the appointment and to the payment of remuneration to Mr. V Balasubramanian, as detailed in the resolution. The Directors recommend the resolution for approval of the members.

A copy of the draft agreement proposed to be entered into between the Company and Mr. Balasubramanian will be available for inspection by the Members at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on all working days.

This statement read alongwith the resolution may be deemed as an abstract of the terms of the agreement proposed to be entered into between the Company and Mr. Balasubramanian, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

None of the Directors of the Company is interested in the resolution except Mr. Balasubramanian who is proposed to be appointed as a Deputy Managing Director.

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

Place : Pune
Date : April 12, 2012

Vijay Dighe
Company Secretary

To the Members

Your Directors have pleasure in presenting their Thirtieth Annual Report and Audited Accounts of the Company for the year ended on December 31, 2011.

Financial results

(Rs. Thousand)

	December 2011	December 2010
Net Sales	10 140 997	8 102 214
Other Income	354 384	322 465
Total Income	10 495 381	8 424 679
Profit Before Tax	393 034	623 498
Profit After Tax	269 239	492 446
Add: Balance brought forward from last year	2 872 229	2 379 783
Balance available for appropriation	3 141 468	2 872 229
<u>Appropriation</u>		
Dividend	-	-
Tax on Proposed Dividend / Dividend	-	-
Transfer to General Reserve	-	-
Surplus retained in Profit & Loss Account	3 141 468	2 872 229

For the year 2011, net sales of your Company stood at Rs. 10140 Million as compared to Rs. 8102 Million in 2010, a growth of over 25%. The Profit Before Tax (PBT) in 2011 as percentage of net sales was at 3.9% as compared to 7.6% in 2010. The Profit After Tax (PAT) as percentage of net sales was 2.7% in 2011 as compared to 6.1% in 2010.

Dividend

To conserve resources for capacity expansion to meet increasing demand, your Directors do not recommend any dividend for the year ended December 31, 2011.

Subsidiary

As required under Section 212 of the Companies Act, 1956, annexed hereto are the Audited Statement of Accounts, the Report of the Board of Directors and the Auditors' Report for the year ended December 31, 2011 of (1) Precision Seals Mfg. Ltd. and (2) Foundation Brake Mfg. Ltd., subsidiaries of the Company.

Shifting of Registered Office

The Registered Office of the Company has been shifted from Panchshil, Quadra 1, Magarpatta City Road, 238 Hadapsar, Pune 411028 to Godrej Millennium, 3rd Floor, Koregaon Park, Pune 411 001 with effect from July 1, 2011.

Sale of Equity Stake in the Subsidiary

Foundation Brake Mfg. Ltd. (FBML) was promoted by your Company as its wholly owned subsidiary in July 2011. In February 2012, your Company sold its 100% equity stake in FBML to Foundation Brakes Holding B.V., Netherlands (FBHN). Consequently, FBML is now a subsidiary of FBHN.

Sale of Foundation Brakes Business

- Robert Bosch GmbH, the ultimate parent company decided to sell its global Foundation brakes business for light vehicles consisting of disc brakes (front and rear calipers), drum brakes (drum brakes, drum in hat), rotors (excluding i-discs) to M/s. KPS Capital Partners, U.S.A.
- In an Extra Ordinary General Meeting of the members of the Company held on February 27, 2012, the members approved sale of Foundation brakes business of the Company, in two phases, as going concerns on slump sale basis, to Foundation Brake Manufacturing Limited ("FBML") as under for a total consideration not less than Rs.2181 Million, as determined by an independent valuation conducted by Ernst & Young Private Limited.
 - (i) the business of accepting orders for foundation brakes and supplying the foundation brakes to the customers ("Trading Business"), with effect from March 1, 2012 for a total consideration not less than Rs. 226 Million and
 - (ii) the whole of the business of manufacturing mainly the foundation brakes for light vehicles ("Manufacturing Business") including Jalgaon, Manesar and Sitarganj plants of the Company with effect from November 1, 2012 for a total consideration not less than Rs. 1955 Million.

Directors

- Mr. Deepak Mahendra, resigned from the services of the Company as Director and Joint Managing Director of the Company w.e.f. February 29, 2012. The Board placed on record its deep appreciation of the role played by Mr. Mahendra in steering the growth and development of the Company.

With effect from March 1, 2012, Dr. Reinhard Pfendtner was appointed as a Joint Managing Director of the Company in place of Mr. Deepak Mahendra.

Dr. Reinhard Pfendtner, 48, is a Doctorate from Karlsruhe Institute of Technology (Baden-Wuerttemberg, Germany) in Optical Electronics. He started working for Bosch in 1998 and has since worked in various divisions and corporate departments. Before joining the Company in July, 2011, he was responsible for the Spanish brakes operations of Bosch in Barcelona and Santander.

- With effect from March 1, 2012, Mr. V Balasubramanian was appointed as Deputy Managing Director of the Company.

Mr. V Balasubramanian, 51, is B.E. (Mechanical) from Delhi College of Engineering. He has around 28 years of work experience in various fields in the Auto components/ancillary industry. Before this assignment, Mr. Balasubramanian was working as Regional President, Chassis Systems Control Division of the Company.

- In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S S Vaidya and Mr. Gerhard Steiger, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment.
 - Mr. Sanjay Vaidya, 56, is a Chartered Accountant and Graduate in Cost & Works Accounts. He has been a member of the Board since March 2002. Mr. Vaidya holds office as Director upto the date of the ensuing Annual General Meeting to be held on June 1, 2012. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, liable to retire by rotation.