

# Bosch Limited

Annual Report 2012



**BOSCH**

Invented for life

**A commitment towards a clean,  
green, and safe environment**



# **Bosch Limited - Our vision**

## Creating values - sharing values

If we want to work successfully as a team in a global and complex world, then we need a common image of the future for our Company. This image and vision will help us bring our strategic thinking into clear alignment.

We are the flagship Company of Bosch in India. We take advantage of opportunities for an accelerated growth. We focus on our core competencies in automotive and industrial technologies as well as in products and services for professional and private use.

We strive for sustained economic success and a leading market position in our business areas guided by a long-term perspective. We are the preferred business partner to our customers and vendors, based on our leadership in technology, innovation, reliability, response and quality.

We set ambitious goals and we are determined to jointly achieve them. We value our associates who accept challenges and are committed to continuous improvement. Together, we enhance the quality of life.

In all our actions, we are committed to the environment, society and all stakeholders. We live by Bosch values that provide us a long common bond and orientation. We are proud to be part of the Bosch family.

# Contents



## Cover Page

The Bosch slogan, 'Invented for life', symbolizes - apart from quality - the commitment and importance we give to a clean, green, and safe environment through our meaningful products. A commitment that is reflected in our products and processes to ensure a sustainable present and future. Aspects relating to the environment and safety have been prioritized since the early 1970s, and have been important foundation blocks for what we do and stand for.

Today, the world provides us with numerous opportunities. Harnessing these opportunities needs greater responsibility; responsibility towards our environment, society, associates and other stakeholders. We have a focused approach to diversification by developing an environmentally-friendly portfolio of products. Part of our Corporate Social Responsibility (CSR) is oriented towards a clean, green, and safe environment. We will continue to drive all these activities forward in the future.

The theme of '**Clean, Green, and Safe Environment**' in this year's Annual Report will give you glimpses of the various activities that Bosch Limited undertakes in these areas. They contribute significantly towards environmental protection, safety at the work place and beyond. Bosch Limited has always demonstrated being a socially responsible organization with its customers, suppliers, associates and shareholders. In turn, the Company has received whole-hearted support from all its stakeholders - a vital bond that forms the backbone of our consistent growth, based on our values.

We look forward to further strengthening this bond in the future.

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## About Bosch Group

Bosch Headquarters  
in Stuttgart, Germany.



The Bosch Group is a leading global supplier of technology and services, active in the fields of automotive technology, energy and building technology, industrial technology, and consumer goods. According to preliminary figures, more than 306,000 associates generated sales of 52.3 billion euros in 2012. The Bosch Group comprises Robert Bosch GmbH and its more than 350 subsidiaries and regional companies in some 60 countries. If its sales and service partners are included, then Bosch is represented in roughly 150 countries. This worldwide development, manufacturing, and sales network is the foundation for further growth. Bosch spent some 4.5 billion euros for research and development in 2012, and applied for over 4,700 patents worldwide. The Bosch Group's products and services are designed to fascinate, and to improve the quality of life by providing solutions which are both innovative

and beneficial. In this way, the company offers technology worldwide that is 'Invented for life'.

The company was set up in Stuttgart in 1886 by Robert Bosch (1861-1942) as "Workshop for Precision Mechanics and Electrical Engineering." The special ownership structure of Robert Bosch GmbH guarantees the entrepreneurial freedom of the Bosch Group, making it possible for the company to plan over the long term and to undertake significant up-front investments in the safeguarding of its future. Ninety-two percent of the share capital of Robert Bosch GmbH is held by Robert Bosch Stiftung GmbH, a charitable foundation. The majority of voting rights are held by Robert Bosch Industrietreuhand KG, an industrial trust. The entrepreneurial ownership functions are carried out by the trust. The remaining shares are held by the Bosch family and by Robert Bosch GmbH.

## About Bosch Limited



Bosch Limited  
Corporate Office in  
Bangalore, India.

Bosch has been present in India for more than 80 years - first through a representative office in Calcutta since 1922, and from 1951 through its subsidiary Bosch Limited.

The Bosch Group operates in India through six companies, viz, Bosch Limited, Bosch Chassis Systems India Limited, Bosch Rexroth India Limited, Robert Bosch Engineering and Business Solutions Limited, Bosch Automotive Electronics India Pvt Ltd. and Bosch Electrical Drives India Pvt Ltd. Bosch Limited is the flagship company of the Bosch Group in India.

The Robert Bosch GmbH holds 71.18 percent stake in Bosch Limited. Headquartered out of Bangalore, Bosch Limited has its manufacturing facilities in Bangalore, Nashik, Naganathapura, Jaipur and Goa. These Plants are TS 16949 and ISO 14001 certified. With a presence across automotive technology, industrial technology, consumer goods and energy and building technology, the Company has a headcount of over 11,000 associates. It manufactures

and trades products as diverse as diesel and gasoline fuel injection systems, automotive aftermarket products, auto electricals, special purpose machines, packaging machines, electric power tools and security systems. In 2012, Bosch Limited touched a turnover of Rs. 8,400 crores.

Apart from a wide product portfolio, over the decades the Company has also developed excellent R&D facilities in the country resulting in a strong and loyal customer base. The market leadership of Bosch Limited is a testimony to the high quality and technology of its products. Over and above a strong presence in the India Automotive services sector, Bosch in India has a vast service network that spans across 1,000 towns and cities with over 2,500 service outlets. These service outlets ensure widespread availability of both products and services. In addition to this, Bosch in India also has a strong automotive training network that is spread across 16 cities thereby offering parts, bytes, services and training all under one roof.

## Board of Directors, Committees, etc.



**Dr. A. Hieronimus**  
Chairman



**V.K. Viswanathan**  
Managing Director  
(up to 31.12.2012)  
Vice Chairman  
(from 01.01.2013)



**Dr. B. Bohr**  
Director



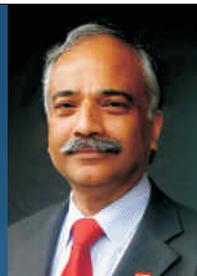
**B. Steinruecke**  
Director



**B. Muthuraman**  
Director



**Renu S. Karnad**  
Director



**Prasad Chandran**  
Director



**Bhaskar Bhat**  
Director  
(from 01.01.2013)



**Dr. Steffen Berns**  
Managing Director  
(from 01.01.2013)



**Dr. Manfred Duernholz**  
Joint Managing Director  
(up to 31.12.2012)



**Soumitra Bhattacharya**  
Alternate Director for  
Dr. B. Bohr  
(up to 31.12.2012)  
Joint Managing Director  
(from 01.01.2013)

**Company Secretary**

A. Vijay Shankar

**Auditors**

Price Waterhouse & Co., Bangalore

**Bankers**

State Bank of India  
Canara Bank  
Citibank, N.A.  
Deutsche Bank AG

**Registered Office**

Hosur Road  
Adugodi  
Bangalore - 560 030

**Stock Exchanges**

*(Where the shares of the Company are listed)*

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

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

**Registrar & Transfer Agent**

Integrated Enterprises (India) Limited  
No. 30, Ramana Residency  
4<sup>th</sup> Cross, Sampige Road  
Malleswaram  
Bangalore - 560 003

**Audit Committee**

Renu S. Karnad, *Chairperson*  
Dr. A. Hieronimus  
B. Steinruecke  
B. Muthuraman  
Prasad Chandran

**Shareholders'/Investors' Grievance Committee**

B. Steinruecke, *Chairman*  
Renu S. Karnad  
Prasad Chandran  
Dr. A. Hieronimus  
V. K. Viswanathan (up to 31.12.2012)  
Dr. Steffen Berns (from 01.01.2013)

**Remuneration Committee**

Dr. A. Hieronimus  
B. Muthuraman  
B. Steinruecke  
Prasad Chandran

**Investment Committee**

B. Muthuraman  
Renu S. Karnad  
V. K. Viswanathan (up to 31.12.2012)  
Dr. Manfred Duernholz (up to 31.12.2012)  
Dr. Steffen Berns (from 01.01.2013)  
Soumitra Bhattacharya

**Property Committee**

Dr. A. Hieronimus  
Renu S. Karnad  
V. K. Viswanathan (up to 31.12.2012)  
Dr. Manfred Duernholz (up to 31.12.2012)  
Dr. Steffen Berns (from 01.01.2013)  
Soumitra Bhattacharya (from 01.01.2013)

**Share Transfer Committee**

B. Muthuraman  
B. Steinruecke  
Prasad Chandran  
V. K. Viswanathan (up to 31.12.2012)  
Dr. Steffen Berns (from 01.01.2013)

# A Clean, Green, and Safe Environment

## Responsibility is a key Bosch value

*We accept that our actions must be in accord with the interests of society. Above all else, we place our products and services in the interests of the safety of people, the economic use of resources, and environmental sustainability.*

Bosch has a long tradition of responsibility towards society. In the early days of the company, Robert Bosch pioneered the launch of welfare programs for associates and their families. In non-business areas too, he played an active philanthropic role. Today, the Robert Bosch Foundation promotes health care, international understanding, welfare, education and training, and science. It was in 1973 that the first environmental guideline was passed from the management board making environmental protection an integral part of the corporate principles of the Bosch Group.

Combining the pursuit of economic objectives with consideration for the society and environment is a priority at Bosch. Responsibility hence, becomes more than just an organization model. It is a mind-set that is brought to life and put into practice every day. Robert Bosch envisioned a company that would benefit society, a company that would create social capital beyond products and services. Working for a brighter and better future has always been a core aspiration.

## 'Invented for life': Led by our principles and vision

Associates across the Bosch world epitomize the Company's slogan 'Invented for life'. Based on cutting-edge technology, Bosch contributes in countering the challenges of today. Be it from climate and environmental protection, to conservation of non-renewable resources, or mobility of the future, Bosch is doing more than its bit, right from the products it offers to the processes it follows. Solutions developed with the aim of conserving resources and protecting the environment already account for 40 percent of the Group's sales (as of 2011). These technologies not only create value - they maintain it as well. Bosch affirms its commitment to common principles of social responsibility, taking the lead from the basic labor standards of the International Labor Organization.

To create a 'Clean, Green, and Safe' future, it's the actions of the present that matter. Bosch has already laid this foundation for a sustainable future. Some of its efforts to create a better and greener tomorrow will be highlighted in this cover story. 'Clean, Green, and Safe' is not just a principle at Bosch - it's a responsibility.



At Bosch Limited, we are guided by our principles to develop products that protect the environment.

## ► Bosch Principles of Work Safety and Environmental Protection

The Bosch Group follows the below Principles of Work Safety and Environmental Protection that put in perspective its past, current and future actions.

### Products

We develop and manufacture products that are safe, eco-friendly, and economical. Our products enhance people's safety and reduce burdens to the environment, also during their subsequent recycling and disposal.

### Processes

We design processes to ensure that people's health and safety have priority and that effects on the environment are kept to a minimum. We are prepared to cope with emergencies.

### Sustainability

We accept that our actions must accord with the economy, the ecology, and the responsibility we take for the community at large, also with a view to future generations. For this reason, respect for people's health and safety, for an economic use of resources, and for a natural and clean environment are basic principles of our business policy.

### Responsibility

It is the task of all associates to help prevent the endangering of people and the environment, as well as to maintain strict compliance with all laws and regulations pertaining to work safety and the protection of people's health and the environment. It is a leadership task to recognize such danger, to evaluate them, and to undertake appropriate actions.

### Continuous improvement

We review our processes and our behavior on a regular basis, just as we measure their effects on people and on the environment. This is how we identify weak points and potential for improvement, and ensure the effectiveness of our program for work safety and protection of people's health and the environment.



The future of this world depends upon innovative technologies that are clean, green, and safe. And, being a pioneer in cutting edge technology at Bosch Limited, the focus is on developing products and processes that ensure a safer tomorrow. Green campuses like this at the Bangalore Plant go a little way in ensuring a cleaner future.

## Environment, Health and Safety

Apart from these principles, the Bosch Group promotes this vision of Environment, Health and Safety:

**Environment:** We preserve the natural resources on which life depends for today's and future generations.

**Health and Safety:** We achieve excellence in health and safety and strive for the well being of our associates.

**Business Continuity:** We protect people and ensure customer delivery, with all resources and options available with us.

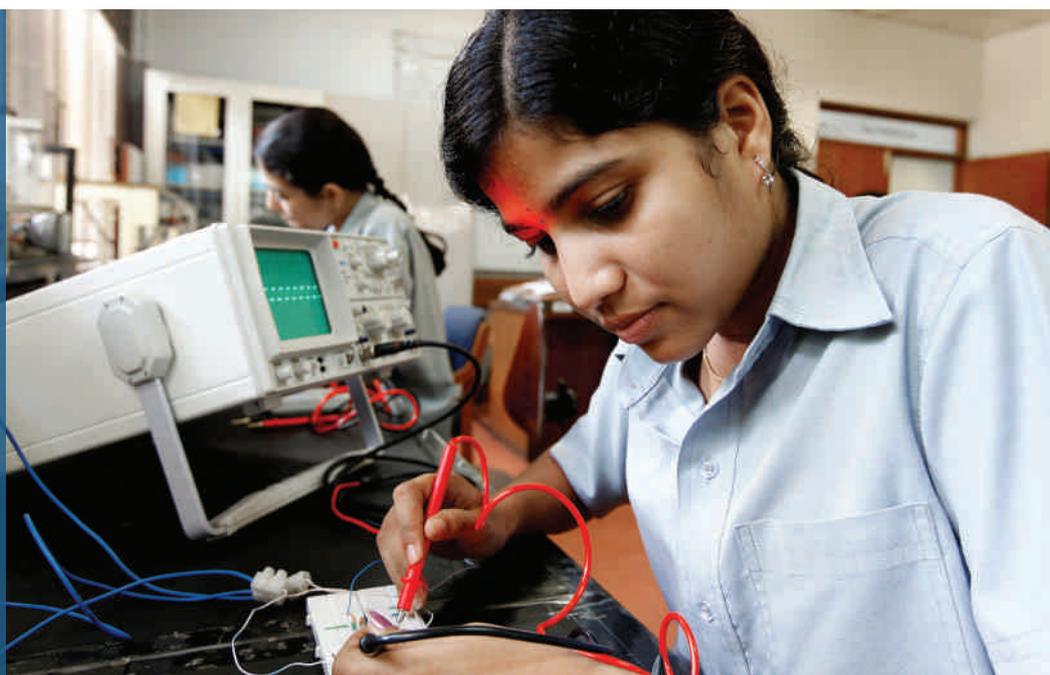
## Drawing on its research strength

Responsible use of natural resources and energy efficiency are the major challenges of this century. As a leading technology company, Bosch is already developing the innovative technologies of the future. Bosch develops products that help reduce emissions and shows sustained commitment to the green economy. This is possible through its extensive investment in R&D.

The Bosch Group has invested close to 30 billion euros in R&D over the past 10 years. With expenditure exceeding eight percent of sales, Bosch has been among the world's top R&D companies for some years now. Its innovative strength comes from having around 42,000 researchers and engineers globally, who applied for more than 4,700 patents last year.

### ► Bosch Limited's sustained commitment to a clean, green, and safe environment

Bosch Limited believes that it is not just commitment to sustainable product quality, but also commitment towards developing innovative technology that contributes to the conservation of resources while minimizing the impact on the environment. Our products and processes show this commitment. Bosch Limited ensures that all locations are compliant with Bosch norms and standards as well as Indian environment, health and safety regulations. Such precautions are addressed either through management programs or operational control procedures to minimize impact as well as mitigate risks. All Plants of the Company have established an integrated management system in line with ISO 14001:2004(EMS) and OHSAS 18001:2007 requirements.



At Bosch, there has always been heavy emphasis on technical training. The Bosch Vocational Centre in India offers various courses like Hydraulics & Pneumatics and Electrical & Electronics for Mechanical Trades, apart from others. The Centre has won several accolades, including the eminent Certificate of Honor and President's Trophy. At the Centre, importance is given to practical training as shown in the picture.

India's vehicular traffic is only bound to increase in the coming years. Ensuring a sustainable future will be of key interest to policymakers. Technology from Bosch is already geared towards meeting this challenging future.



## ► Living these principles

### Innovative products for a clean, green, and safe environment

Formulating principles for a greener environment is just the first step. Bosch Limited lives these principles in its efforts to convert a vision of a cleaner environment into reality as the Company believes in offering products that make the world a better place. Through our wide range of products, both in automotive and non-automotive, we contribute to our vision of a clean, green and safe world.

#### **Automotive Technology: Products for a cleaner environment**

Bosch is the worldwide leader in diesel-fuel-injection technology. Starting from the first inline fuel-injection pump introduced in 1927 to state-of-the-art fourth generation Common Rail Systems, Bosch has pioneered many an invention in diesel fuel systems.

In the year 1997, Bosch applied the novel idea of separating fuel pressurization and injection timing by introducing Common Rail Systems for passenger cars. The concept of introducing an accumulator (Rail) between the pump and the injector to achieve better control and higher pressure was a significant breakthrough for the future. Common Rail Systems marked the beginning of a new era in diesel technology. These systems have contributed and resulted in significant improvements in combustion. Bosch has further introduced improvements in Common Rail technology and extended it to commercial vehicle segments as well.

In the recent past, integration of the old generation conventional inline pump with an electronic governor has given Genset manufacturers a robust system solution for the upcoming Central Pollution Control Board (CPCB) - Stage 2 emission norms.

Today, Bosch continues to offer products that make diesel engines cleaner, quieter, and more economical in all segments.

#### **Meeting stringent emission norms**

Over the past few years, the emphasis has been on developing technology that will help meet emission requirements. Concerns over the environment have led to more stringent emission norms. The recent developments in engine management systems for two-wheelers and low-priced gasoline vehicles are examples that reiterate the focus on technological advances to meet future emission requirements.

Bosch already has a strong presence globally with its Compressed Natural Gas (CNG) technology in the original equipment manufacturers space. Bosch offers high-performance CNG components to satisfy customers' requirements for factory-fitted CNG solutions.

**Increased fuel economy through innovative Bosch products**

Total cost of ownership is a key driver in the competitive vehicle market, especially in the commercial vehicle segment. Bosch has significantly contributed to addressing this aspect. The exhaust gas after-treatment through selective catalytic reduction technology integrated with Common Rail Systems for commercial vehicles offers improved fuel efficiency (up to three percent). This solution fits in well with the concept of economical usage.

Also, start/stop technology from Bosch improves the fuel efficiency of the vehicle (up to eight percent depending on the usage, driving patterns and segment). The introduction of electronic fuel injection technology in two-wheelers not only improves the vehicle response and performance, but also fuel efficiency.

**Non - Automotive Technology: Contributing to a clean, green, and safe future**

Ever since Bosch introduced lithium-ion technology for Power Tools in 2003, the Company has consolidated its position as a technology leader with its range of cordless tools. Bosch cordless tools incorporating "Premium" lithium-ion technology exemplify the advantages of a rechargeable battery system that not only saves energy, but also offers longer life, protection against overload, overheating and deep discharge.

Bosch Power Tools also provides specific recycling services where a customer can bring back old power tools, battery chargers and battery packs. Power Tools from Bosch come with vibration control and kick-back stop where the tools shut down when jammed. These tools also come with restart protection, which prevent them from automatically starting after a power cut. Bosch lithium-ion chargers detect the battery temperature and adapt the charging current, avoiding risk of overheating and explosion. In addition, the team at Bosch Power Tools conducts several awareness campaigns on the topic of health and safety at various companies and sites. Such campaigns educate and advise users to work efficiently and safely with Power Tools.

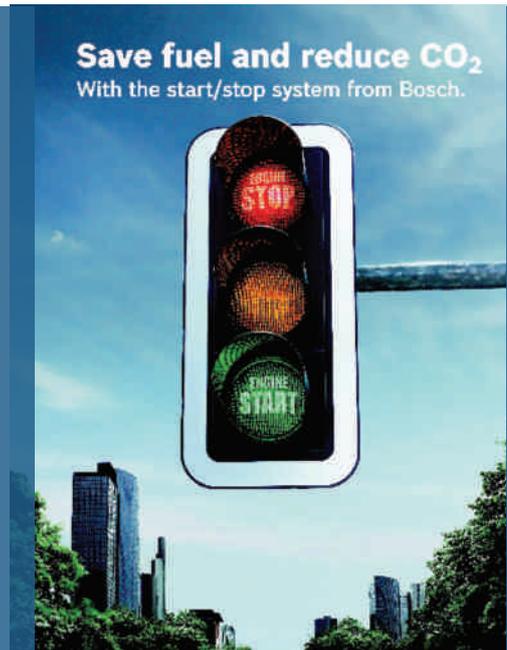
The Security Technology Division is promoting and moving towards the internet protocol (IP)-based system for its installations. Running systems on an IP network reduces the need for traditional, complicated, and huge analog cabling networks, saving a lot of raw materials. Compared to that, IP infrastructure is easier and more efficient.

Surveillance and alarm systems from Bosch are used extensively in sensitive areas where safety is of prime importance. Advanced technology in these products can help in recognizing a potential safety hazard.

Bosch pharmaceutical machines are built to maintain the highest hygiene standards. Parts used in these machines that come into contact with the product are made of materials approved by the Food and Drug



Common Rail Systems from Bosch are used in a range of engines starting from small, fixed installations to large earth movers.



Start/Stop systems help reduce CO<sub>2</sub> emissions and save fuel up to eight percent depending on the usage, driving patterns and segment.

Administration. Further, these machines are also designed in such a way that they are easy to clean. The machines do not have any corners and this makes sure that there is no product accumulation at any time, a crucial factor that makes them capable of packing high toxic products with ease. Some of the Bosch pharmaceutical machines also have isolators that prevent any kind of contamination.

In addition, Bosch Packaging Technology's portfolio includes single units, systems and complete solutions for process technology of sterile liquids and powder processing. Our equipment is designed ergonomically for easy cleaning and uses materials and principles that protect both the drug from any unwanted contamination as well as the operator in case highly potent medicines are processed and packaged.

The introduction of Thermotechnology and Solar Energy products has further affirmed Bosch's orientation towards offering environmentally-friendly technology.

### ► Efficient process initiatives for a clean and safe environment

While Bosch products exemplify commitment to the 'Invented for life' motto, processes and initiatives at all of its locations also serve to highlight the same commitment.

#### Energy-efficient measures: Harnessing the power of the sun

The energy we receive from the sun in one day is enough to suffice the need of the world for a whole year.

Fossil forms of energy are limited, potentially harmful or difficult to reach. Alternative sources of energy like solar energy, wind power, or biomass are renewable and 'clean,' helping reduce the amount of harmful emissions otherwise released through use of conventional energy.

The future of manufacturing must ensure sustainable energy-efficient processes that include improved conservation of existing resources and the accelerated application of alternative, renewable energy sources.

And there are enough and more opportunities to make a difference. A study by the Fraunhofer Institute for System and Innovation Research reported that the core processes of today's manufacturing consume only one-third of the total energy expended in manufacturing; the remaining two-thirds is consumed by auxiliary processes, which frequently use inefficient, outdated legacy technologies.

Our manufacturing locations have defined processes for a cleaner, safer, and greener working environment. For example, the Bangalore Plant has installed around 40 sun tubes (daylight harvesting) at the canteen. Sun tubes are mainly used for the distribution of natural light. With this and other measures, the Plant's canteen is able to



The Jaipur Plant's 40kW solar plant generates around 110 units of electricity a day.

reduce energy consumption by around 23,230 kilowatt-hours (kWh) a year and carbon dioxide (CO<sub>2</sub>) emission by 20.9 tons a year.

The administration building at the Plant has installed photovoltaic cells that produce around 40 kWh of energy for lighting. Apart from this, the Plant also has turbo ventilators installed on the roof of the hangar. Two types of ventilators have been installed, one with aluminum coating and the other, stainless steel with epoxy coating. A total of 698 ventilators have been installed. With an investment of around INR 4.8 million, the manufacturing Plant in Bangalore has achieved CO<sub>2</sub> savings of 1,364 tons per year and 1,886 MegaWatt-hours (MWh) of energy.

In addition to the above measures, in the Bangalore Plant, the flooring is coated with epoxy to prevent oil seepage into the soil. At Nashik, ventilation systems in production hangars are designed with evaporative cooling system instead of air conditioning.

Bosch Limited's newest facility, the Verna Plant, was designed keeping in mind optimum energy conservation. Skylights are known to be an environmentally-friendly solution for brightening industrial premises. By using natural light rather than electricity, skylights can save energy and reduce dependence on power. In Verna, skylights have been installed on the hangar roof, ensuring plenty of natural light. Optimal usage of air-conditioning with operational efficiency has resulted in energy savings (up to 109 MWh/year). Other initiatives like sensors linked to movement-control ensure optimal usage of lighting. Creating awareness through constant visual representation of power saving has yielded a saving of more than 640 kWh/year.

In 2012, the Naganathapura Plant was able to achieve an energy conservation of 276MWh per year through effective implementation of various energy conservation projects. This was achieved by optimizing the existing exhaust system and replacing existing blowers with energy efficient ones. With this, we have been able to reduce CO<sub>2</sub> emission by 265 tons.

These efforts matter to preserve and sustain an increasingly fragile environment. The share of CO<sub>2</sub> in the atmosphere is almost one-third higher than before the industrial revolution 200 years ago. The International Energy Agency anticipates CO<sub>2</sub> emissions to grow by 1.7 percent a year between 2004 and 2030. Bosch is concerned. Bosch cares. At all our Plants, ensuring a greener tomorrow is not just a distant dream, but forms part of the practices of the present.

### **Waste management**

Over 70 percent of our Earth's surface is covered by water. Yet 97.5 percent of it is salt water, leaving just 2.5



The skylights installed on the roof of the Verna Plant ensure optimum usage of sunlight.



The clarifier at the canteen effluent treatment plant in Bangalore, which recycles and reuses domestic waste water.



The oil reclamation plant in Nashik.

percent as fresh water. Of that 2.5 percent, less than one percent is available for use. Demand for freshwater is increasing by 64 billion cubic meters a year, according to data from the United Nations.

Bosch is doing its bit to ensure that this precious fresh water supply is not depleted through wanton use. The Naganathapura Plant was able to achieve a reduction in fresh water consumption by 22 percent against 2011 consumption, which includes reduction of 4.5 percent in various processes through effective implementation of the 3R's - Reduce, Reuse and Recycle. In the electroplating process, 50 percent of the water is recycled. And 116 kiloliters of treated water from the sewage treatment plant is used for gardening, ensuring that additional fresh water is not used.

At the Verna Plant, rainwater harvesting has gained importance. Rainwater on the roof is collected through proper piping and the water fed into an underground storage tank with a capacity of storing more than one lakh liters. This water is then reused.

The Bangalore Plant has facilities for effluent treatment, reverse osmosis, ultra filtration, sewage treatment, and a canteen effluent treatment plant. The trade effluent treatment plant with a capacity of 250 kiloliter discharge (KLD) was established in 1991 and treats process effluents such as acid-alkali effluents. In 2008, a reverse osmosis plant was set up for treated trade effluents. The plant has a capacity of 200 KLD, and post treatment, permeate (the purest form of recycled water) is reused in the process while the rejects are blended with the final treated sewage and used for landscaping and toilet flushing activity.

The Bangalore and Nashik Plants are also continuously reducing their usage of hazardous substances, e.g. through the elimination of Tri Chloro Ethylene, lapping paste and cyanides and by developing alternate

The sewage treatment plant at the Bangalore Plant recycles and reuses domestic waste water.



processes. Emission of air polluting gasses is monitored and controlled on a regular basis.

The Nashik Plant is a zero discharge facility where processed water is treated at the effluent treatment plant and sewage water in the sewage treatment plant. This sewage treatment plant with a capacity of 300 m<sup>3</sup>/ day was set up in 1999 at a cost of INR five million. It was in 2001 that the effluent treatment plant was established at a cost of INR 37 million. It has a total capacity of 300 m<sup>3</sup>/ day. The plant is fully automated with provision for automated chemical dosing, sludge dewatering, batch treatment and supervisory and data acquisition control. The treated water from both these plants is used for gardening.

The ultra filtration plant, established in 2001, was upgraded in 2009 with a total capacity of 1.2m<sup>3</sup>/hr at a cost of INR 15 million. At this facility, oil water separation from the coolant and physical separation (membrane) is possible apart from being fully automated.

In 2001, both incinerator and chip handling facilities were set up. Ash from the incinerator is given to authorised agencies for disposal, while waste water is sent to the effluent treatment plant.

Apart from such facilities, other waste management measures include collection of all hazardous waste in metallic containers with disposal to an authorized common hazardous waste treatment, storage, and disposal facility. Also, electrical and electronic waste is stored separately in the scrap yard and disposed through authorised agencies.

At all Plants, every chemical is first assessed for hazardous properties, and all chemical stores are access-controlled with proper training given to chemical handlers of such waste. All Plant associates receive personal protection equipment. As part of the drive to eliminate use of hazardous material, all asbestos roofs have been replaced with eco-friendly cement sheets at the Nashik Plant.

### Conforming to Environment, Health and Safety (EHS) standards:

One of the principles of social responsibility at Bosch relates to occupational health and safety:

*Safety at the workplace and the physical well-being of our associates has top priority. Bosch adheres at the very least to the relevant national standards for a safe, hygienic working environment and takes appropriate action within this framework to ensure its associates' health and safety at their workplace in order to guarantee working conditions which are not harmful to health.*

Bosch believes that safety is everyone's responsibility. The main objective is to motivate associates to put safety first in the workplace and contribute towards making Bosch a healthier and safer place to work.

At Bosch, all workers are equally made aware of their responsibilities and operate under the principle that unsafe acts and conditions can be avoided. Frequent EHS awareness sessions are held at all locations.

Bosch associates are also trained for emergency preparedness. At high-risk areas, mock drills are conducted once every month. Evacuation drills are also conducted as per statutes. Contractors are trained before they are given any job and a refresher course given every year.

Special programs include awareness campaigns on anti-smoking, material safety and conducting health camps. Demos, table top exercises and videos on the shop floor are also introduced on a regular basis. These measures



The decentralized exhaust system at the Naganathapura Plant.

are indeed effective. The Jaipur Plant has managed to reduce the accident rate to the lowest level. With processes like 'Near Miss' reporting and cross-functional audits, the Plant aims to achieve a zero accident rate in the future. Also, in case of a fire emergency, automatic CO<sub>2</sub> flooding systems have been installed on 33 fire-prone machines, as well as seven sealed-quench furnaces. This system also minimizes the extent of damage in case of a fire. It gives machine operators the assurance that they work in a safe environment.

The Bangalore Plant has also taken the initiative to register 'Near Miss' incidents. Any unsafe act and conditions that could act as an early alarm to mitigate seen and unseen hazards is registered. This online register of such incidents is the first of its kind in the Bosch world. Since reporting 'Near Misses' can help in avoiding more dangerous occurrences, the management encourages reporting such instances and learning from them.

The Naganathapura Plant believes in continuously reviewing and improving the workplace and ensuring that it meets the highest safety standards. A number of small measures were undertaken through the year to achieve this objective. Light curtains were provided to all machines with risk of injury from moving parts, hydraulic presses and other unsafe conditions. A mini water tender based on water mist technology was procured with a capacity of fighting fire for eight minutes with just a single jet. To reduce the risk of fire and explosion, above ground Class A fuel storage installation was eliminated and underground fuel storage facility installed.

### Caring for the environment

Bosch has always maintained that future growth is based on the creation of technology that is innovative, beneficial to society and at the same time, environmentally-friendly.

Being an organization that will continue to pioneer in technology, Bosch is drawing upon its core strength to reduce its carbon footprint while simultaneously generating profits. It ensures sound environmental processes and technologies throughout the value chain.

### Following the 3S program

In November 1974, Bosch set itself the goal of inventing technologies that are safer, eco-friendly and economical. This led to the genesis of the 3S program. 3S is a mission in just three words. 3S stands for 'sicher', 'sauber' and 'sparsam' in German, meaning 'safe,' 'clean,' and 'economical' respectively.

It is one of the foremost corporate principles across the Bosch world. The program spurred the integration of environmental protection in the overall Bosch business strategy. By developing products under the auspices of the 3S program, Bosch has brought about many new changes in the automobile industry.

### ► Awareness and campaigns

#### Clean Air Campaign

The Nashik Plant has taken several measures internally to reduce CO<sub>2</sub> emission, not just at the Plant, but also outside it. The Clean Air Campaign aims to generate awareness about vehicular pollution among today's younger generation.

The themes of this campaign address vehicular air pollution, effect of pollution on health, pollution norms, and

A green environment is part of Bosch's responsibility. And putting it in practice even more so. This responsibility includes planting more trees not just on campus, but also outside it.



using technology for reducing vehicular pollution.

The first Clean Air Nashik Campaign was started in 2011. With the help of around 23 volunteers, 180 vehicles were checked and approximately 250 people benefited from the awareness program that year.

The most recent Clean Air Campaign was organized on March 2, 2012. Around 3,129 vehicles were checked for Pollution Under Control certificates across seven locations in the city with the support of the Road Transport Office (RTO) and 15 volunteers of Bosch.

Information posters about vehicular pollution were displayed at all major localities in Nashik. During this campaign, awareness was created with help from the media and cooperation of the local RTO, and tips were also provided on curbing vehicular pollution.

In addition, the Nashik Plant organized lectures on the “Basics about Fuel Injection and Vehicular Pollution” in a few engineering colleges to sensitize the younger generation.

### World Environment Day

As stated in the cover page, a part of our CSR objectives is oriented towards the environment. World Environment Day is held every year on June 5 by the UN General Assembly to raise awareness on the need for a cleaner environment. Last year, Brazil was the host country for World Environment Day, and Nashik Plant too joined in the commitment with the theme: ‘Green Economy: Does it include you?’

As part of the celebration, a World Environment Day banner was unfurled at the Nashik Plant along with an explanation of the Day’s theme. Trees are the future for a greener environment and associates planted trees as part of an environment pledge. In addition, over 500 associates took the ‘Environment Protection Oath’ to support the Green Economy.

### Running for health and a cause

The Nashik Run helps create a platform for like-minded people to come together to help the deprived and underprivileged. This campaign serves as an ideal platform to fulfill the Plant’s obligation towards the society and environment, apart from maintaining and spreading awareness and the need for charity and goodness in society.



Inaugurating the ‘Clean Air Campaign.’

The 11th edition of the Nashik Run was held in January this year with the participation of over 20,000 people, which included women and children as well. Over a period of 10 years, through donations from different organizations and individuals, the Trust responsible for the Run has collected around INR seven crores. Using this fund, over 215 projects have received support in the areas of health, education, community development and the environment.

### Safety Day

Every year, Bosch celebrates National Safety Day. During the week, activities like fire fighting training, emergency preparedness training and basic life safety training are provided to associates.

Training drills on safety are regularly conducted for associates at the Plants. At Nashik, contractors at the Plant receive basic training on topics such as electrical safety, mechanical safety, housekeeping, oil and chemical handling. A first aid training program was conducted in October last year with the objective being to train as many associates as possible and utilize their skill during any emergency. Associates at the Plant were also sensitized about the need to maintain hygiene and cleanliness in the canteen.

Bosch also celebrated Occupational Health Day with the theme for the day being 'Basic Occupational Health Services.' During the day, various sessions were conducted on work ergonomics for all associates. A special 'bone mineral density' camp was organized for women within the Plant. Informative posters were displayed across the Plant on topics such as nutrition and diet, work postures etc.

Last year, the Naganathapura Plant held a one-day safety training program on 'Occupational and Safety Aspects.' This initiative was created through the collaborative synergies of the Karnataka State Safety Institute in collaboration with the Directorate of Factories and Boilers, and Industrial Safety and Health.

### Green campaign

Rapid economic growth can have disastrous consequences on the environment. India's depleting tree cover has borne the brunt. The current tree cover in India has stabilized somewhat at 23 percent, in a report by the Environment Ministry. However, the National Forest Policy 1988 sets a goal of 33 percent of forest and tree cover to achieve a semblance of ecological security and environmental balance. As always, Bosch is doing its bit. Our



During the Nashik Run, held every year, like-minded people across different sections of the society come together every year to support the deprived and the underprivileged.



Every year, Bosch Limited celebrates Safety Day with associates taking the safety pledge and awareness campaigns conducted at many locations.

team at Naganathapura was able to replace ISO cardboard boxes with reusable plastic crates. This one act alone helped eliminate the use of 7,500 wooden pallets a year and resulted in an immediate saving of 1,500 trees. Further, eliminating 50 tons of cardboard a year helped save another 850 trees. Bosch intends to enhance the green belt cover in the Plant by replacing 150 palm trees with around 250 flowering shrubs considered to be of better value to the environment. Currently in progress, this project is expected to be completed in 2013.

The Nashik Plant has been active in ensuring a greener Nashik as well. For the past four years, the Plant has been running a tree planting campaign. It has planted around 3,000 trees in Nashik. And the Nashik campus alone boasts of 35 percent green cover with more than 5,000 trees. In October 2011, as part of this campaign, the Nashik Plant organized a tree plantation event in the city. For a total stretch of around 600 meters, almost 1,300 trees were planted just on that single day.

Given that Jaipur has a dry climate, a green environment is one of the Plant's key focus areas. Jaipur has over 3,900 trees at the Plant, but it's not just about keeping the Plant green. For the past three years, our Jaipur Plant associates have been planting trees outside the Plant premises. Having planted over 600 trees outside the Plant, we are proud to have converted at least a part of the desert into a green oasis.



Bosch has always promoted healthy and safe living. This philosophy is not just limited to associates, but their families too. Several health check-up camps are often held at Bosch Limited campuses.

### Corporate social responsibility: Taking the lead in community development

Society is one of Bosch's key stakeholders and many campaigns and projects have been driven with this thought. Projects at the Plants are driven primarily through vocational training, environment, health and hygiene as well as community development.

Bosch Limited conducts several programs on a regular basis as part of CSR. At the Bangalore Plant, the Children Healthcare Development Program screens around 2,000 children from 18 schools varying from the age of six to 16 for medical ailments. Internally too, the Plant often conducts health camps such as cardiac and orthopedic check-ups for associates and their family members. Around 1,200 people, including associates and family members, have benefitted from such health camps. An ambulance was also donated to the Department of Factories on National Safety Day in 2012 to provide emergency assistance for industrial accident cases in industrial layouts in Bangalore. This ambulance is specially used by the Employee State Insurance Department.

The Nashik Plant conducts several projects such as the malnutrition diet program, dental hygiene camps for children, and blood donation camps for kids affected by thalassemia. Every year, a general health camp is conducted in villages with specialist doctors from Nashik participating in this camp. In 2012, around 387 patients benefitted from this program.

Jaipur has often been in the news for poor water quality. Its citizens have suffered from unavailability of drinking water. Residents of Jaipur have also complained of high fluoride content in water, which can affect the teeth and bones. Bosch set up a Reverse Osmosis Plant in the Government Industrial Training Institute - now adopted by the Jaipur Plant - and another one at Goner village. The Reverse Osmosis Plant provides safe drinking water to around 820 families in and around the village, apart from 150 students, including staff at the Industrial Training Institute.

Last year, the Naganathapura Plant also conducted a special program around Parappana Agrahara and Naganathapura villages. The idea was to plant as many saplings as possible so that they will grow into lush green trees. So associates at the Plant took the area by storm, planting over 1,000 saplings for a month. This was just Bosch's way of spreading the green message.

### ► Awards and recognitions

It is due to sustained efforts like these that Bosch Limited has won several awards and recognitions for practicing a clean, green, and safe environment. The Bangalore Plant was recognized by the National Safety Council and won the Outstanding Safety Award in 2011 among all categories of industries in Karnataka.



Bosch's Jaipur Plant has set up a Reverse Osmosis plant at the Government Industrial Training Institute and another one at Goner village.

In addition, the Nashik Plant has won accolades like Golden Peacock Environment Excellence Commendation Certificate in 2011 and Green Tech Fire Safety Award in 2012.

Like every other year, 2012 was also a year of awards and accolades for the Jaipur Plant. The Plant received the Confederation of Indian Industries (CII) National award for Excellence in Water Management, Commendable Performance in Water Management from the Rajasthan State Industrial Development and Investment Corporation (RIICO) and the Rajasthan Energy Conservation Award from the Government of Rajasthan in 2012.

Other significant achievements include the CII Export-Import Bank of India Award, CSR awards from RIICO and another CSR award from the All India Management Association.

### ► Reaffirm and intensify commitment to sustainability

Clearly, 'Clean, Green, and Safe' is an enduring principle in practice at Bosch Limited. Be it the Clean Air Campaign at Bangalore, rainwater harvesting in Verna, a reverse osmosis plant in Jaipur or manufacturing processes at the Nashik Plant, Bosch Limited has shown sustained commitment towards creating a sustainable future.

It is responsibility and commitment for the environment that constantly drives Bosch Limited to improve on technologies and measures that will help preserve a fragile environment. The processes and products that we have captured in the cover story are just a part of the overall Bosch philosophy in contributing to a better world at every level.

It's the Company's goal to strive for continuous improvement; to create a cleaner and greener environment, combined with a concern for occupational safety. Taking responsibility for associates along with the environment is ingrained in the corporate culture of Bosch. This sense is reflected by Bosch's long-term sustainability orientation. Preventing accidents, and a safe working environment is our endeavor.

To develop 'Clean, Green, and Safe' products and implement these principles in its production and processes is Bosch's aspiration, as elaborated here. Most importantly, it's an enduring commitment that will continue to show the way to a cleaner, greener, and safer future.

# Report of the Directors

The Directors have pleasure in presenting their SIXTY FIRST Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> December, 2012.

## Financial Results

The following are the financial results:

(₹ Million)

	2012	2011
Net Sales (excluding recovery of duties and taxes)	84,172	79,295
Of which Export Sales	9,402	10,344
Profit before tax	13,462	15,740
Less: Provision for tax	4,163	4,709
Add: Deferred tax and tax adjustments relating to earlier years	284	196
Profit after tax	9,583	11,227
Appropriations:		
Dividend:		
- Dividend recommended at ₹ 60 per share (previous year: ₹ 50 per share)	1,884	1,570
- Special dividend at ₹ 85 per share	-	2,669
Tax on Dividend	306	255
Tax on Special Dividend	-	434
General Reserve	958	5,000
Reversal of Dividend Distribution Tax	-	(4)
Balance carried forward	6,435	1,303
Total	9,583	11,227

Net sales for the year 2012 grew by 6.2%. The Profit Before Tax (PBT) in 2012 as a percentage of net sales was at 16.0% as compared to 19.8% in 2011. The Profit After Tax (PAT) as a percentage of net sales was 11.4% in 2012 as against 14.1% in 2011.

Material costs as a percentage to sales increased to 56.5% in 2012 as compared to 55.4% in 2011.

Overall, the Profit Before Interest, Depreciation and Taxes, for the year shows an decrease of 8.5% over

the previous year.

## Investments

Capital investment during 2012 was higher than previous year, at ₹ 7,262 mio. as against ₹ 5,388 mio. in 2011.

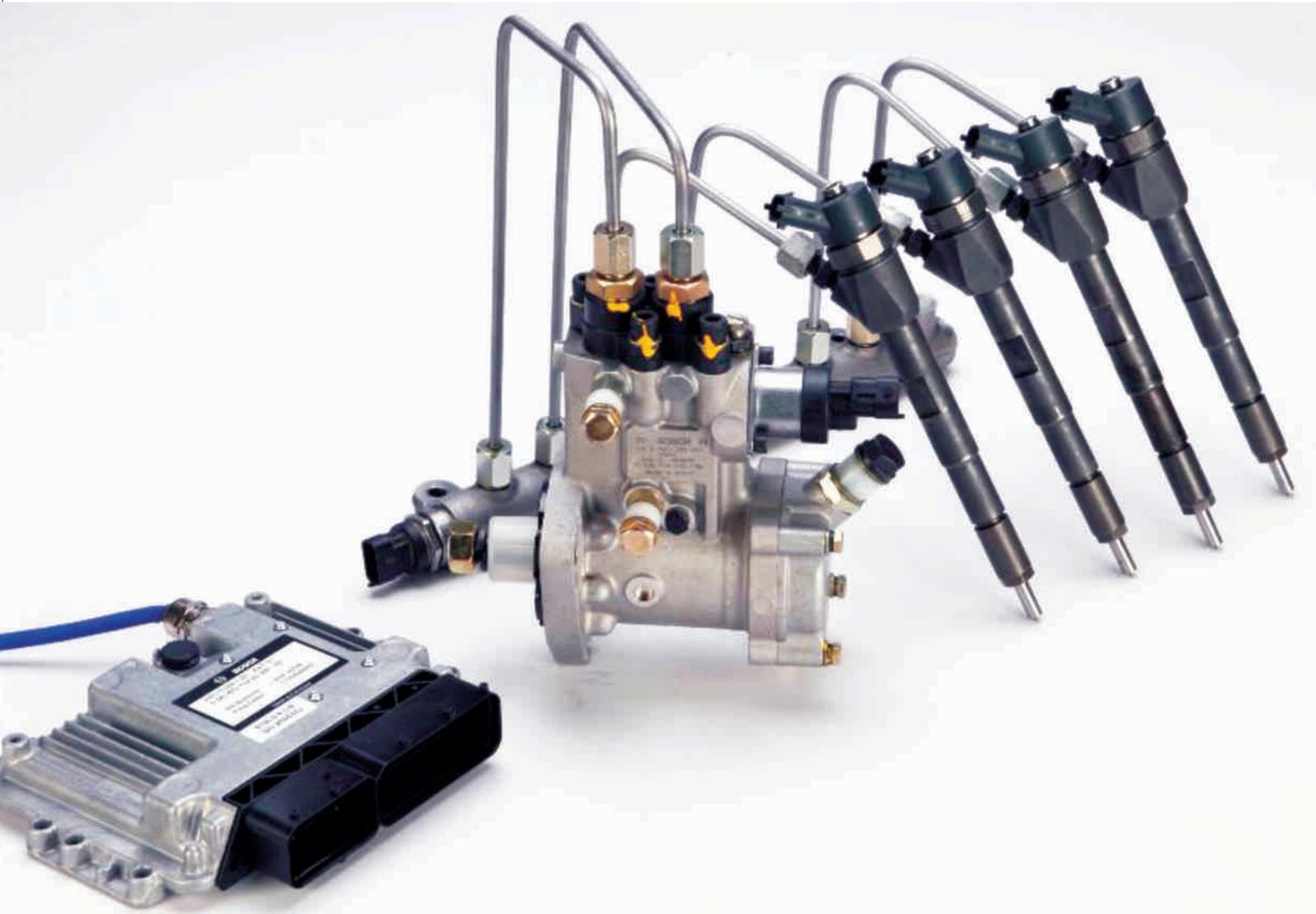
## Dividend

The Board of Directors recommends a dividend of ₹ 60 per equity share for the year 2012 as against a dividend of ₹ 50 per equity share in 2011 besides a special dividend of ₹ 85 per share in 2011. This dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## Business Situation

The automotive market growth momentum slowed down considerably in the year 2012. The vehicle sales performance in the second half of the year resulted from low market sentiments, culminating from a slowdown in India's GDP, Industrial production, high inflation, interest rates and with delayed monsoons. The Global scenario aided to the woes by continuing to remain weak and limiting exports. During the last 3 quarters (April'12 to December'12), automobile exports registered de-growth of 2.98 percent compared to the same period last year. However, the 4th quarter saw a slight recovery in the Passenger car segment owing to the festive season demand and some positive measures from the Government on the fuel prices. But it was far from compensating the overall situation in the market. Overall, the automotive production volumes grew by a mere 2 % over 2011.

Segment-wise, the Passenger Cars & Utility Vehicles recorded positive growth of 7.4% mainly with growth in Utility Vehicles supported by new model launches. Within Passenger cars, dieselization continued to remain strong with diesel share going up from 37% in 2011 to 48% in 2012. Commercial vehicles de-grew by 2% with Heavy Commercial Vehicles posting a de-growth of 12%. The Light Commercial Vehicles posted positive growth of 5.3% supported by a good



The 'Value-Line' Common Rail System developed for light and medium duty commercial vehicles that provides injection pressure up to 1600 bar. This low cost system can meet BS3 and BS4 emission norms.

growth in retail sector and ramp up of new models by OEM's in the premium segment. Tractors de-grew by 6.6% with poor & delayed monsoons playing a major role. Three Wheelers registered a 5% de-growth due to the tumbling export market particularly in Sri Lanka and flat domestic sales. Two Wheeler market grew by 10% in the first half of the year but the

growth considerably declined in the second half to end up with a year on year growth of 4%.

In view of the market conditions that prevailed in 2012, the Company performed moderately with sales from automotive segment growing by 4.7% and exports at ₹ 8,823 mio. with a de-growth of 11.4% over 2011. Our



An associate inspecting the Common Rail High Pressure Pump (CP1H).

non-automotive business grew by 19.5% in 2012 as compared to 28.5% in 2011 and was mainly attributed to very good performance in the Power Tools, Security Technology and Machine building division.

#### **Automotive Technology**

Diesel Systems business de-grew by 0.9 % in the year 2012 as compared to the growth of 19.2% in the previous year owing to the slowdown witnessed by the automotive market during the last two quarters of the year 2012. As a clear testimony to the Company's

strong innovative culture and its focus on providing value to customers, shift from Product to System solution provider was reinforced with introduction of not only Fuel Injection equipments but also Air & Exhaust After Treatment solutions across segments. The Price sensitive and technology intensive Light Passenger Vehicle segment (LPV) portfolio was strengthened further in the year 2012 with the development of the Generation 3 Common Rail Systems.

Total Cost of Ownership (TCO) in the Commercial



◀ Accelerator pedal module and Fuel supply module ▶ used in Gasoline and Diesel passenger car applications.



Vehicle (CV) segment can be improved with the Denoxtronic solution for emerging markets. This has resulted in ~3% improvement in fuel efficiency with Selective Catalytic Reduction (SCR) technology in combination with Common Rail System (CRS). Integration of Inline pump with an electronic governor provided Genset manufacturers a robust system solution for the upcoming Central Pollution Control Board (CPCB) - Bharat Stage 2 norms planned for introduction in the year 2013.

Gasoline Systems Division witnessed a tough market situation in 2012 driven by the economy slow down and also the price parity effect between gasoline and

diesel fuel affecting the gasoline Passenger Car segments. This has resulted a de-growth of 9.4% in 2012. However, the past year witnessed good market response for the 2 Wheeler EMS with continued interest from OEMs.

Starter Motors and Generators registered an impressive growth of 51.1% for the second consecutive year powered by New Base Line Generators both in the domestic and export market and also increasing the share of business with already existing products, thus doubling their turnover in two years. The division achieved significant overall productivity improvement over the previous year.



◀ Starter Motor with Thermal Protection: Starter motor with auto-cut off & auto-reset feature - protection against thermal overload.  
New Base Line ▶ Generator: Compact, internal fan generator with improved efficiency.





◀ Launch of Workshop module Bosch Tractor point by the Aftermarket division.

Bosch pavilion at the Auto Expo 2012 held in January 2012 at New Delhi. ▶



The division received recognitions from the customers Volkswagen and Ashok Leyland for Quality and ramp-up support.

The Automotive Aftermarket division recorded a turnover of ₹ 1,917 crores in 2012; with a growth of 9.6%. This included over 25% growth in 2 wheelers and almost 20% growth in Passenger Car business. The division received Quality awards from its customers Bajaj and Mahindra & Mahindra. In our endeavor to get closer to our customers, two new sales offices were established in the year 2012 - one in Jodhpur (Rajasthan) and the other at Jabalpur (MP). Aggressive network expansion at primary and

secondary trade level continued and more than one new customer appointed per day to create demand in the slowing markets. eFOCuS, the Dealer ERP system, was implemented at ~250 distributor locations. Innovative customer binding programmes have resulted in increased demand generation from retailers and mechanics.

A new workshop module Bosch Tractor Point was launched; Express Bike Service was rolled-out across India. Novel training concepts such as Mobile Training Van, web-based Training portal, 2 Wheeler Training Concept were the other launches. Totally more than 25000 people were trained across the



Bosch Car Service workshops spread across the country are one-stop multi brand car service and testing stations, equipped with sophisticated diagnostic tools and computerised working systems.



◀ Main Shaft Assembly Line at the Industrial Equipment manufacturing facility in Bangalore.

SKIL - Circular Saw hand tool from Bosch Power Tools. ▶



country in 2012. Bosch System Technicians (BST), hitherto available to Bosch Diesel Service, was extended to Bosch Car Service personnel in 2012. A new Annual Maintenance Contract (AMC) kit to strengthen the Quality standards of Bosch Diesel Service workshops was released. The year 2012 witnessed increased market coverage across vehicle segments through launch of new part numbers and seven new suppliers were taken on board. The division acquired the Diagnostic Tools & Technical Services Solutions business from SPX India to strengthen the Company's presence in the diagnostic business area. SPX Diagnostics team launched 9 new test equipments for the Indian market in the year 2012.

**Industrial Technology**  
**Packaging Technology**

In line with the general business scenario, Packaging Technology division recorded a moderate 8.7% growth in 2012. The Confectionery division grew by about 56%.

The focus in the year 2012 was on the development of SVI (Vertical form fill Seal machine), Twin SVI basic machines for the market. The machines were showcased at the industrial exhibitions held at Mumbai and New Delhi in 2012.

The belt weigher was another significant addition to our portfolio as it is a locally developed product and showcases our development capabilities on a global platform. With the new FDI policy in retail, we anticipate higher expectations from our customers in choosing suppliers with capabilities to provide

complete solutions to their packaging needs.

**Industrial Equipment**

The Industrial Equipment division registered an overall growth of 12.1% both in the internal and external market segments. The division exported Special Purpose Machinery items to Bosch works in Europe and China during the year 2012.

**Consumer Goods and Building Technology**  
**Power tools**

The Power Tools division achieved an impressive growth of 16.7% thus sustaining its consistent record of strong double digit growth over the last decade in India. The division successfully opened 49 Bosch System Specialist Stores(BSS) in 2012. Also, for the first time, the division in partnership with Swan Machine Tools launched Accessorize -its exclusive Power tools Accessories store in July at Ahmedabad with a 100% focus on Accessories. Skil Hand tool was launched for the first time in India as lifestyle designer tools for home use and achieved an amazing success. The division in association with National Institute of Design (NID) launched a nationwide design contest called "India Changers" to recognize industrial design projects that use innovative design concepts to create socially relevant solutions for the betterment of India.

**Security Technology**

Security Technology business posted an impressive 31.4% growth in sales for the year 2012 compared to



◀ Bosch Aquatak Car Washer - a multi purpose cleaning equipment and high pressure water sprayer that washes car squeaky clean, right from the wheels and doors to the most unreachable of areas.

State-of-art Power Tool Training Centre in Bangalore. ▶



the sales achieved in 2011. Business unit of Video Systems made the highest contribution to this, growing at 29% over the last year. During the year 2012, the division enhanced its local product portfolio by releasing a new range of highly competitive mixer-amplifiers. The division participated in key Industry Trade shows - IFSEC, Secutech and PALM Expo, few of the key trade shows in the industry, in addition to certain road shows in key cities across India, to strengthen the brand presence and product exposure to target audience.

**Solar Energy**

The division started the year 2012 with the commissioning of 1 MW solar project which installed Bosch solar photo voltaic panels. The division also got empanelled as a certified channel partner for system integration, with the Ministry of New and Renewable

Energy. With the empanelment, Bosch Limited can directly offer Government benefits to its customers. The division faced challenges due to accelerated price erosion of solar panel prices and is now focusing on the crystalline technology based solution.

**Thermo Technology**

New manufacturing facility was setup in the last quarter of the year 2012 at Kumbalgodu, Kengeri-Hobli, Bangalore, and the division geared up for the series of manufacturing of solar flat plate collectors, solar thermal water heaters and accessories upon completing validation trials in the current year 2013.

**Competition and challenges in our business sectors**

As in other regions of the world, the year 2012 was a challenging year for the Indian automotive industry.



◀ The Bosch Digital Congress Network (DCN) - an innovative digital technology to discussion and conference systems.

Next Generation MIC ▶ Series - CCTV cameras that can be installed in a variety of locations including low voltage and mobile applications.





◀ Solar PV Installation at a customer location.

Thermotechnology ▶ assembly station with the product Thermal System.



The demand fluctuation from customers owing to the slowdown and weak market sentiments put additional pressure on the manufacturers. High inflation and adverse foreign exchange increased the cost pressures and challenged the businesses across all domains.

However, the Company continuously strived to capture every opportunity with its efficient processes and systems. The Company also paced itself with the changing requirement of the market and its developments. The Company has always considered its people as its most valuable asset and this has always been its core strength. Though the business growth in the year 2012 has been far from satisfactory, the year 2013 seems even more challenging but not without its fair share of opportunities and growth. The Company aims to continue its successful march ahead by focusing on customer satisfaction and meet expectation of all stakeholders.

**Plants  
Bangalore**

In the year 2012, the Bangalore Plant attained moderate production level in all its products viz., Inline Pumps, Elements, Delivery Valves, Common Rail Pumps, Glow Plugs and Single Cylinder Pumps. The Plant had a big challenge in 2012 due to drop in customer demand which led to huge pressure on cost and flexibility. However, the Plant successfully tackled the productivity by taking measures such as

inventory reduction, budgetary control, temporary closures and manpower re-deployment.

For the first time in the history of Bangalore Plant, the Bosch Board of Management from Germany comprising of eight Board members visited the Plant and the Technical Centre in Feb' 12. The Bosch Board of Management were highly appreciative of how a Plant more than half a century can churn out market relevant products that are high on technology but low on costs.

The Plant received the “Golden Peacock Environment management Award” for excellence and ‘Greentech Safety Award’ for EHS best practices. The young team of Managers from the Plant became the National Champions for Young Managers (NCYM) in a competition and were the winners as well as runners at National level.

**Nashik**

The Nashik Plant has achieved the highest production levels in Common Rail Injectors (CRI) by crossing a milestone of 2.5 million production mark. The Plant produced 50 million DSLA Nozzle. In the conventional products, the Plant faced sharp fall in demand due to general sluggishness in the market. To reduce the adverse impact of underutilisation of capacities, the Plant strongly focussed on cost reduction measures. Though, the Plant went through a tough time, it saw the year 2012 as an opportunity to closely review all the processes and improve in all

areas to prepare for the future to meet the market demand. The Plant invested ~ 3,600 Mio INR for mainly expanding the capacity in CRI and for building a new production hangar.

The Plant was recognized with the “CII-EXIM Bank’s Prize in Business Excellence” for the year 2012. It was also awarded with the ‘Greentech Safety Award 2012 (Silver)’ for outstanding achievements in Safety Management and “Bajaj Gold award 2011 to 2012” towards achieving and sustaining its quality of products. Seven apprentices from the Bosch Vocational training Centre (BVC) of the Plant won 1st and 2nd positions in the 24th Regional Work Skill Competition conducted by the CII and Director General of Employment & Training, Maharashtra.

#### **Jaipur**

Jaipur Plant produced its four millionth VE Pump in the year 2012. The Plant has successfully transferred VE components from Bangalore to Jaipur and initiated an all important strategic project on ‘End of Production’ (EoP) at Feuerbach, Germany. This has reduced Value chain complexities and increased its cost competitiveness. Also, the Plant has created ready to use production space with state of the art facilities for further potential expansion.

The Plant was honoured with CII-EXIM Bank’s

‘Commendation for significant achievements in Business Excellence’ award for the year 2012. The other awards received were: Co-creation award from M&M, Quality improvement award from KOEL, Smiley award from M&M, the national award for excellence in Water Management by CII, Best Employer Certificate by Rajasthan Government, AIMA Award for Best CSR Practices leading towards Responsible Business & Sustainability, an award from RIICO (Rajasthan Industrial Corporation) for Commendable Performance in Efficient Water use and Energy conservation award from Rajasthan Government.

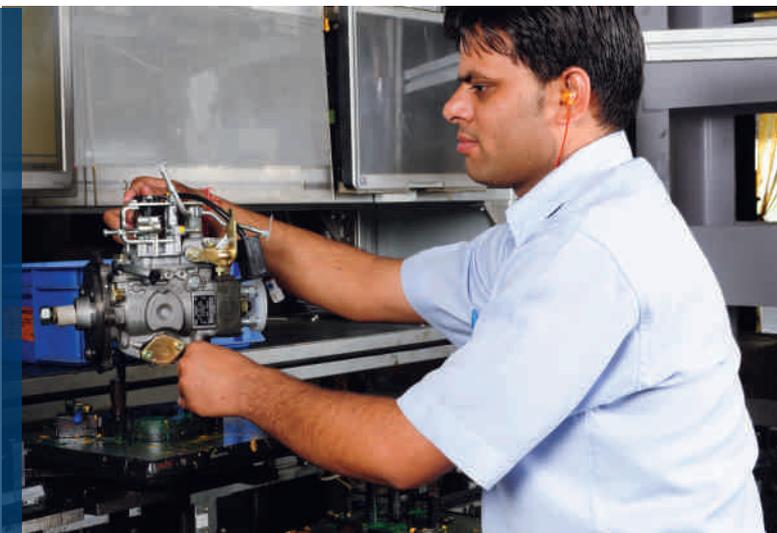
#### **Naganathapura**

In the year 2012, good productivity improvement of the products manufactured was achieved by the Plant with substantial ramp-up. The Plant recorded major milestones in the production of NBL Generators in 2012.

Increased localization of power train sensors, accelerator pedal and fuel supply modules were the other highlights in the Gasoline system Plant. Improvements in Environment Health and safety were achieved.

#### **Verna (Goa)**

The year 2012 witnessed a very significant milestone



An associate inspecting the VE Pump manufactured at Jaipur Plant.



State-of-art manufacturing packaging Plant in Verna (Goa) that was inaugurated in August 2012.

for the Verna Plant. The year saw the scheduled completion of the construction activities for the new Plant that had commenced in 2011, and the same was inaugurated on the 10th of August 2012 by the Honorable Chief Minister of Goa in the presence of senior Bosch officials as well as our key suppliers and customers. The new facility has provided the division with the right platform to scale to greater growth levels in the coming years.

The Plant augmented internal processes by introducing ‘Project Management’ as one of its key process, the BPS initiatives also stabilized with the Point CIP, Flow production, and various process improvements contributing to reduced lead times. The Plant’s Supply Chain continued to focus on cost reduction initiatives, vendor development and lean inventory management.

#### **Industrial Relations**

Industrial relations at all Plants and other establishments continued to be cordial through out the year 2012. Various bipartite and tripartite settlements were signed by different Plants on issues that concerned the management and the workmen in

a cordial atmosphere. On the expected expiry of the Long Term Settlements in three of the Plants on 31.12.2012, the respective Unions have submitted their charter of demands, for the consideration of the management, and the same are under the active consideration for negotiations along with the management proposals.

#### **Information Technology (IT)**

The annual assessment of the maturity of IT enabled business processes showed further improvement during the year 2012 on all seven dimensions - significant improvements in the areas of process organization, authorizations, documentation, training and communication.

A portal based solution was implemented to track goods in transit with the freight forwarders prior to being received by the customers. Electronic Data Interchange (EDI) of customer schedules and advanced shipment notifications was implemented with one customer. New IT tools and central authorizations concept was implemented which supported the purchase group and purchase

organization harmonization across the region.

An initiative in the Bangalore Plant and corporate areas that focused on removal of unwanted and obsolete IT hardware, software and clean up of data on central storage achieved significant savings. This was made possible with the active involvement and enthusiasm of more than 100 internal “Data Security Partners” and more than 1000 IT users.

### **Change Initiatives**

#### **Continuous Improvement Process (CIP)**

The journey of CIP activities in the Company attained the completion of 2 decades in the year 2012 and during these 20 years CIP has contributed to orient the associates of the Company towards Continuous Improvement mindset. Focus on indirect areas has been improved over the years with the introduction of LeaderCIP approach in the Company. For optimizing repetitive processes (e.g. Machine Ordering Process, Recruitment Process, Customer Complaint Resolving Process), VSDiA (Value Stream Design in Indirect Areas) as an integral part of LeaderCIP, has been gaining a lot of importance since its inception. VSDiA has become most sought tool of CIP in 2012 for optimizing processes in indirect areas. A direction has been set to apply SystemCIP model to bring a clear focus for continuous and proactive improvements even in indirect areas to address application of LEAN philosophy.

Associate level involvement at lower level is being motivated by means of various CIP tools (e.g. Shop Floor CIP, Voluntary Lernstatt Team, Waste Elimination Process) and encouraging them to participate in internal as well as external competitions. Our CIP teams received accolades in the regional competitions. Deep rooted CIP philosophy practiced in the Company helped to bring increased amount of savings in the difficult year of 2012 in comparison to 2011 by means of systematic improvements.

#### **Bosch Production System (BPS)**

BPS has been playing a prominent role in the

Company in bringing improvements on the shop-floor by following principles and approach of Bosch Production System. To improve upon the understanding of associates regarding BPS implementation, 2 days’ BPS Basic program has been launched. This program has replaced the earlier 3 days’ “BPS 100” training program inline with the recent learning to give focus to implementation related with goal/s achievement rather than just addressing the principles of BPS. Further, to improve upon the contribution of process planners in the progress related with BPS implementation, “Leading BPS Plant - Process Planners” module has been launched.

The assessment methodology being used as part of BPS implementation progress has been instrumental in improving important aspects on shop-floor for improving BPS implementation maturity in conceptualization and execution. Considerable improvements in Leveling, Lean Line Design and reduction in Performance losses have been achieved in 2012.

#### **Diesel Systems Business Excellence**

The Diesel Systems Business Excellence integrates the various cross functions in the Plants and aligns them towards meeting the Company’s Diesel Systems Business (INDS) Vision and Mission. This has been implemented at all the Diesel Systems (DS) manufacturing Plants in India viz., Bangalore, Nashik and Jaipur. The Company adopted the European Foundation for Quality Management (EFQM) model of Business Excellence to improve the organization’s effectiveness in a holistic manner.

The Company carries out regular assessments at all Diesel Plants as a health check in order to continuously improve the systems and processes in its journey towards Business Excellence. Key performance indicators are measured to enable the achievement of required results as a cause and effect with respect to all the key stakeholders. INDS is striving towards institutionalizing a culture of ‘Living Business Excellence’ as ‘Business Excellence at work’ by incorporating the same in the INDS Vision &



Bosch Vocational Centre in Bangalore - one of India's leading trade apprentice training centres.

**Mission.** The strategic measures / targets are deployed across Plants & connected corporate functions through Policy Deployment process.

INDS has won many accolades in this exciting journey. Diesel Systems, India as a business unit was assessed for the first time in 2012 by a team of senior management from DS worldwide with an external EFQM lead assessor. INDS achieved a milestone equivalent to the EFQM 'Recognized for Excellence' (R4E) level. Bangalore Plant won the coveted 'CII-EXIM Bank award for Business Excellence' in 2009, Nashik Plant won the 'CII-EXIM Bank Prize for Business Excellence' in 2012 and Jaipur Plant was recognized with 'Significant Achievement on Journey towards Business Excellence' in 2012.

#### **Bosch Vocational Centre**

The year 2012 was devoted to intensify training of Associates (workmen and staff) and sustaining of our excellence in the field of training in the country.

Bosch Vocational Centre conducted and extended its support to various programs such as On Job Training, Skill Enhancement Training, CIP & 5S, Quality and Safety, Training Program on Mechatronics, Advanced Measurement Technique, Pneumatics, Hydraulics & CNC, Need based programmes like

OHSAS, TPM and Knowledge Sharing Sessions for Company's executives.

BVC being the "Best in Class" in the country also sustained excellence in the field of Vocational Training by increasing tally of Gold medal winners to 204. The Company was declared "Best Establishment" in the country for the 44th time.

#### **Awards and Recognition**

The Company won several awards, as recognition of the efforts put in by the Company:

- 'Overall Silver award' for vendor performance at the Maruti Suzuki India Ltd (MSIL) Vendor Conference held at Bangkok in May 2012.
- 'President's Award' conferred by Mahindra and Mahindra on Bosch Limited, Diesel Systems for outstanding overall performance for the year 2011-12 at the vendor conference held at Prague in May 2012.
- 'Sustainable Initiative on Reusable Packaging Award' at the Cummins Vendor Conference held at Pune in June 2012.
- 'Best Supplier of 2012' award by New Holland Fiat India (P) Ltd (NHFIL) for all-round support given to NHFIL on Fuel Injection Systems for TREM3A Tractors.

Displayed are some of the awards received by the Company in 2012-13. (Left to Right) - In Fortune India's first survey on India's most admired company, Bosch was ranked 11th and 1<sup>st</sup> in Talent Management and Leadership in the entire auto industry; Best supplier of 2012 award by NHFIL; Best CRE/VAE performance award by Mahindra & Mahindra; Overall Silver award for vendor performance given by Maruti Suzuki; President's award for outstanding overall performance by Mahindra & Mahindra; Car and Bike India award.



- 'Car India & Bike India award 2013' for being the Automobile Component Manufacturer of the Year 2013 held at Mumbai in January 2013.

#### **Bosch India Foundation**

Bosch India Foundation (BIF), the Trust of the Bosch companies in India, was able to reach out to an additional 5,700 youths in 2012. Of the two focus areas of Vocational Skill Development and Health care, the growth in activity was higher in the area of vocational/skill training. Through 30 new proposals in 2012, BIF was able to start activities in new locations such as Pune, Nashik, Kolkatta, Kolar, Mysore, Udupi, Hassan, Wayanad and Ernakulam. BIF partnered with 20 new NGO's taking the partnership base to a total of 35. Each partnership was of immense value as it helped the BIF to reach out to those communities and localities that the NGO's served and had in-depth connection. In 2012, BIF partnerships offered short duration training in 32 trades. Three new areas that the Foundation made an entry was in supporting vocational training to i) specially-abled youth ii) construction workers and iii) rural farmers.

#### **Subsidiary Company**

As the aggregate assets and income of MICO Trading Pvt. Ltd., as on December 31, 2012 is not material, no consolidated financial statements under Accounting Standard 21 "Consolidated Financial Statements" as

notified under section 211(3C) of the Companies Act, 1956, has been prepared.

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 Auditors' Report for the year ended 31st December 2012 of MICO Trading Pvt. Ltd.

#### **Directors**

Mr. Bhaskar Bhat joined the Board as Additional Director and Independent Director with effect from 01.01.2013.

Mr. Bhaskar Bhat, aged 58 years, is a B.Tech (Mechanical Engineering) from IIT Madras (1976) and has the Post Graduate Diploma in Management from IIM Ahmedabad (1978). He started working as a Management Trainee at Godrej & Boyce Manufacturing Company Private Limited in 1978. After spending five years in Godrej, he joined the Tata Watch Project which was initiated at Tata Press Limited. Since 1983 he has been associated with the Tata Watch Project which later became Titan Watches Limited and is now Titan Industries Limited. Presently, Mr. Bhaskar Bhat is the Managing Director of Titan Industries Limited and is responsible for Sales & Marketing, Human Resources, International Business and general managerial assignments of the company.

Mr. Bhaskar Bhat is a member of the Governing Council at the T.A. Pai Management Institute, Manipal and the SDM Institute of Management and Development, Mysore. He was appointed as the Chairperson of the Board of Governors at the new National Institute of Technology established at Uttarakhand. He received Distinguished Alumnus Award in IIT Madras in 2008. He was conferred the Qimpro Gold Standard Award for Business in February 2010. He won the Most Admired Retail Professional of the year 2011 at the India Retail Forum 2011 and distinguished Alumnus Award in IIM Ahmedabad in November 2011. He was ranked as the 4th CEO in a survey conducted by the Business Today, INSEAD and Harvard Business Review.

Mr. V.K. Viswanathan retired as Managing Director of the Company with effect from the close of office hours on 31.12.2012. However, he continues as Director and Vice Chairman of the Board from 01.01.2013.

Dr. Manfred Duernholz ceased to be Joint Managing Director from the close of office hours on 31.12.2012 consequent to assuming responsibility for leading projects in Diesel Systems, Robert Bosch GmbH.

The Board of Directors places on record their deep appreciation of the outstanding contributions made by Mr. V.K. Viswanathan and Dr. Manfred Duernholz to the growth and profitability of the Company.

With effect from 01.01.2013, the Board of Directors of the Company appointed Dr. Steffen Berns as Additional Director and Managing Director of the Company responsible for Automotive Aftermarket, Starters and Generators, Power Tools, Security Technology, Solar Energy & Thermo Technology and Engineering.

Dr. Steffen Berns, aged 50 years, studied Mechanical Engineering at Darmstadt Technical University, Germany, and got a Doctorate in Engineering from the Technical University of Aachen, Germany. He served the Company as General Manager-R&D and OE Sales during the years 1996 -1998. From 1998 to 1999 he held the position as President of Robert Bosch India

Ltd. (Presently Robert Bosch Engineering and Business Solutions Ltd.). He then went back to parent company Robert Bosch GmbH as Senior Vice-President, Diesel Systems, responsible for Engineering Control Units and Sensors and since 2006 as Executive Vice President, Gasoline Systems division. He joined the Company from 01.09.2012 and became the Managing Director of the Company w.e.f. 01.01.2013.

With effect from 01.01.2013, the Board of Directors of the Company appointed Mr. Soumitra Bhattacharya as Additional Director and Joint Managing Director of the Company responsible for Finance and Administration, IT Co-ordinator and Diesel System Business in India. Consequent, to his appointment as Joint Managing Director, Mr. Bhattacharya ceased to be Alternate Director to Dr. B. Bohr from the close of office hours on 31.12.2012.

Mr. Bhattacharya, aged 52 years, is a graduate in Commerce and a Chartered Accountant. He has been associated with the Company since 1995 and has a valuable experience for over 27 years in the areas of Finance, Accounts and entire commercial functions including HR, Legal, Tax, systems etc. He served as a Commercial Director of Robert Bosch, Turkey. Prior to this assignment he served as Vice President responsible for the Commercial and Administration functions at the Company's Plants at Nashik and Jaipur. He worked in Stuttgart, Germany, during 1998-99 on deputation to parent company Robert Bosch GmbH as General Manager at the Feuerbach Plant. He was Executive Director responsible for Finance and Administration of the Company until 31.12.2012 and became Joint Managing Director of the Company from 01.01.2013. He was also Alternate Director to Dr. B. Bohr during the period from 01.07.2011 to 31.12.2012. Mr. Bhattacharya is Vice Chairman of Confederation of Indian Industry, Karnataka State Council and Chairman of the Consumer Affairs and Anti-Counterfeiting Committee of Automotive Component Manufacturers Association of India.

Names of companies/firms in which Directors of the

Company hold/held office as Director/Partner are given below:

#### **Dr. A. Hieronimus**

- MindTree Ltd. (Vice Chairman)
- Bosch Rexroth AG (Member of Supervisory Board)

#### **Mr. V. K. Viswanathan**

- Robert Bosch Engineering and Business Solutions Ltd. (up to 31.12.12)
- Bosch Rexroth (India) Ltd. (up to 31.12.12)
- Bosch Chassis Systems India Ltd. (up to 31.12.12)
- Bosch Automotive Electronics India Private Ltd. (up to 31.12.12)
- Bosch Electrical Drives India Private Ltd. (up to 31.12.12)
- MICO Trading Private Ltd. (up to 31.12.12)
- BSH Household Appliances Mfg. Pvt. Ltd.
- FLSmidth Pvt. Ltd.
- Robert Bosch (Bangladesh)Ltd. (up to 01.02.13)
- Indo-German Chamber of Commerce (President)
- Confederation of Indian Industry (Committee Member, Southern & National)

#### **Dr. B. Bohr**

- ZF Lenksysteme GmbH (Chairman of Supervisory Board)

#### **Mr. B. Steinruecke**

- FAG Bearings India Ltd.
- Zodiac Clothing Company Ltd.
- HDFC ERGO General Insurance Company Ltd.
- Apollo Munich Health Insurance Company Ltd.
- Indo German Chamber of Commerce (Director General)

#### **Mr. B. Muthuraman**

- Tata International Ltd.(Chairman)
- Tata Africa Holdings (SA) (Pty) Ltd.(Chairman)
- Tata Steel Ltd. (Vice Chairman)
- Tata Industries Ltd.
- Tata Steel Europe Ltd.
- Tulip UK Holdings No.2 Ltd.
- Tulip UK Holdings No.3 Ltd.
- Tata Incorporated, New York.
- Strategic Energy Technology Systems Ltd.

#### **Mrs. Renu S Karnad**

- HDFC Property Ventures Ltd. (Chairperson)
- Credila Financial Services Pvt. Ltd. (Chairperson)
- HDFC Education and Development Services Pvt. Ltd. (Chairperson)
- Housing Development Finance Corporation Ltd. (Managing Director)
- HDFC Asset Management Co. Ltd.
- HDFC ERGO General Insurance Co. Ltd.
- HDFC Standard Life Insurance Co. Ltd.
- Credit Information Bureau (India) Ltd.
- GRUH Finance Ltd.
- HDFC Bank Ltd.
- AKZO Nobel India Ltd.
- Indraprastha Medical Corporation Ltd.
- Feedback Infrastructure Services Pvt. Ltd
- G4S Corporate Services (India) Pvt. Ltd.
- Value and Budget Housing Corpn(India)Pvt. Ltd
- Lafarge India Pvt. Ltd.
- EIH Ltd.
- HT Parekh Foundation
- WNS Global Services (P) Ltd.
- HDFC PLC, Maldives

#### **Mr. Prasad Chandran**

- BASF India Ltd. (Chairman and Managing Director)
- BASF Asia Pacific (India) Pvt. Ltd. (Chairman)
- BASF Lanka Private Ltd. (Chairman)
- BASF Catalysts (India) Pvt. Ltd.
- BASF Bangladesh Ltd.
- BASF Grameen Ltd.
- Indo German Chamber of Commerce. (Committee Member)
- Federation of Indian Chamber of Commerce. (Executive Committee Member)
- Bombay Chamber of Commerce and Industry. (Managing Committee Member)
- The Energy and Resource Institute (Committee Member)

#### **Mr. Bhaskar Bhat (from 01.01.2013)**

- Tata Ceramics Ltd. (Chairman)
- Virgin Mobile India Pvt. Ltd. (Chairman)
- Titan Industries Ltd. (Managing Director)

- Titan Properties Ltd.
- Titan International Middle East FZE
- Titan Watches & Jly Intl. (Asia Pacific) Pte. Ltd.
- Titan International Marketing Ltd.
- Trent Ltd.
- Titan Time Products Ltd.
- TA Pai Management Institute, Manipal (Member of Governing Council)
- SDM Institute of Management, Mysore (Member of Governing Council)
- Jain University (Member of academic Council)
- National Institute of Technology, Uttarkahand (Chairman, Board of Governance)
- The Titan Foundation for Education (Chairman)

#### **Dr. Manfred Duernholz (up to 31.12.2012)**

- MICO Trading Pvt. Ltd. (up to 31.12.12)

#### **Dr. Steffen Berns (from 01.01.2013)**

- Robert Bosch Engineering and Business Solutions Ltd.
- Bosch Automotive Electronics India Private Ltd.
- MICO Trading Private Ltd.
- Robert Bosch(Bangladesh)Ltd. (from 01.02.13)

#### **Mr. Soumitra Bhattacharya (from 01.01.2013)**

- Bosch Electrical Drives India Private Limited
- MICO Trading Private Limited
- Automotive Component Manufacturers Association of India (Chairman of Consumers Affairs and Anti-Counterfeiting Committee)
- Confederation of Indian Industry (Vice - Chairman, Karnataka State Council)

Dr. Hieronimus and Mr. B. Steinruecke are liable to retire by rotation and offer themselves for re-election.

Dr. Hieronimus, aged 65 years, holds a Diploma in Mathematics from the University of Cologne, Germany. He joined Mannesmann AG in 1979 and held senior positions responsible for materials management, sales and operation planning in the Mannesmann Group companies in Germany. In 1990, he became a Member of the Management Board of Mannesmann Demag Baumaschinen GmbH and later

of the Board of Management in Mannesmann Rexroth GmbH. From 1997 to April 2001, he was a Member of Executive Board of Mannesmann Rexroth AG, Germany and continued in that position till August 2003, upon the takeover of Rexroth AG by Robert Bosch GmbH. Dr. A. Hieronimus was Managing Director of the Company from 01.09.2003 and consequent upon assuming new responsibility from 01.02.2008 as Chairman of the Board of Directors of Bosch Rexroth AG, he ceased to be the Managing Director of the Company from 01.02.2008. The Board of Directors appointed Dr. A Hieronimus as Chairman of the Company from 01.02.2008. Dr. Hieronimus holds 640 shares in the Company. He is a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company. He is also the Chairman of the Shareholders'/ Investors' Grievance Committee and a member of the Audit Committee in MindTree Limited.

Mr. B. Steinruecke, aged 57 years, studied Law and Economics in Vienna, Bonn, Geneva and Heidelberg. He has a Law degree from the University of Heidelberg and passed the Bar Examination of the High Court of Hamburg. He worked with Coopers and Lybrand, Hamburg before joining Deutsche Bank in 1984 and rose to become General Manager of the Mumbai Branch and Joint Chief Executive Officer of Bank's operations in India. Later, he became the Managing Partner and Speaker of the Board of the ABC Privatkunden-Bank, Berlin. In July 2003, he became the Director General of Indo -German Chamber of Commerce. Mr. Steinruecke is an Independent Director of the Company, Chairman of Shareholders'/Investors' Grievance Committee, member of Audit Committee, Remuneration Committee and the Share Transfer Committee of the Board. He does not hold any shares in the Company.

#### **Particulars of Employees**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per

provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to the Shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary at the Registered Office of the Company and the same will be sent by post.

### **Corporate Governance**

A Report on Corporate Governance approved by the Board of Directors of the Company and a certificate from the Practicing Company Secretary is set out in the Annexure to the Directors' Report. The Company has fully complied with the Corporate Governance practices specified under the Companies Act, 1956, and the listing agreement with the Stock Exchanges.

A Code of Conduct for Directors and Senior Management, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Rules and Regulations of Service Conduct for Managerial and Superintending Staff, Code of Business Conduct etc., effectively support the Corporate Governance processes.

A Management Discussion and Analysis Report also accompany this report.

### **Business Responsibility**

Pursuant to clause 55 of the listing agreement, listed companies are required to submit Business Responsibility Report as part of their annual report covering the principles enunciated in the said clause. Accordingly, a report on Business Responsibility is set out in the annexure to this Directors' Report. The report covers all activities connected with Corporate Social Responsibility undertaken by the Company in the year 2012.

### **Energy, Technology, Foreign Exchange, etc.**

The report in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) read with The Company's (Disclosure of Particulars in the

Report of Board of Directors) Rules, 1988, is set out in the Annexure to the Directors' Report.

### **Auditors**

M/s. Price Waterhouse & Co., Bangalore, (Regn. No. 007567S) Chartered Accountants, the retiring auditors, are eligible for re-appointment.

### **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- Accounting policies have been selected and applied consistently and the judgments and estimates made 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 financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken 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.
- The annual accounts have been prepared on a going concern basis.

### **Acknowledgements**

The Directors express their gratitude to the Central Government and the State Governments of Karnataka, Maharashtra, Rajasthan and Goa for the support given to the Company. The Directors also thank all customers, dealers, suppliers, financial institutions and banks, members and others connected with the business of the Company for their co-operation.

For and on behalf of the Board of Directors

Bangalore  
27<sup>th</sup> February 2013

Albert Hieronimus  
Chairman

## Financials at a glance

(₹ Million)

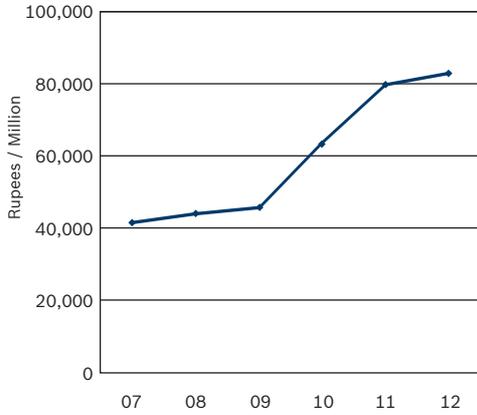
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales	84172	79295	66305	47498	45416	42796	37837	29775	23277	18979
<i>Of which</i> export sales	9402	10344	8461	5855	6845	6730	6270	4231	3997	3256
Profit before tax	13462	15740	12028	7934	8566	8560	7983	5290	5635	3836
Less: Provision for tax on income	3879	4513	3439	2028	2227	2468	2503	1859	1887	1486
Profit after tax	9583	11227	8589	5906	6339	6092	5480	3431	3748	2350
<b>Profit before appropriation</b>	<b>9583</b>	<b>11227</b>	<b>8589</b>	<b>5906</b>	<b>6339</b>	<b>6092</b>	<b>5480</b>	<b>3431</b>	<b>3748</b>	<b>2350</b>
Appropriations										
Capital redemption reserve	-	-	-	6	-	-	-	-	-	-
Capital reserve	-	-	0.6	35	-	-	-	-	-	-
Interim Dividend (%)	-	2669	-	-	-	-	385	-	-	-
	-	(850)	-	-	-	-	(120)	-	-	-
Dividend (%)	1884	1570	1256	942	801	801	128	385	321	208
	(600)	(500)	(400)	(300)	(250)	(250)	(40)	(120)	(100)	(65)
Tax on dividend	306	255	209	160	136	136	76	57	42	27
Tax on interim (Special Dividend)	-	434	-	-	-	-	-	-	-	-
Tax on dividend written back	-	(4)	(3.6)	-	-	-	-	-	-	-
Tax on dividend for 2002	-	-	-	-	-	-	-	-	-	16
Dividend & tax on dividend written back relating to 2008	-	-	-	(15)	-	-	-	-	-	-
General Reserve	958	5000	3750	4500	5000	4800	4500	2500	2700	1700
Balance carried forward	6435	1303	3377	278	402	355	391	489	685	399
<b>Total</b>	<b>9583</b>	<b>11227</b>	<b>8589</b>	<b>5906</b>	<b>6339</b>	<b>6092</b>	<b>5480</b>	<b>3431</b>	<b>3748</b>	<b>2350</b>
Paid-up Capital	314	314	314	314	320	321	321	321	321	321
Reserves	55419	46970	40666	33538	30634	25313	20099	15208	12218	8833
Net Worth	55733	47284	40980	33852	30955	25634	20420	15528	12539	9154
Gross Block of Fixed Assets	39414	33584	30238	28712	27286	23459	21027	18290	14894	14392
Net Block of Fixed Assets	8633	5917	4360	5133	6086	4871	4488	3838	1947	1927
Additions to Gross Block	6375	4423	1776	2121	4248	2943	3177	3881	1019	680
<b>Earnings per share (EPS) (₹)</b>	<b>305</b>	<b>358</b>	<b>274</b>	<b>187*</b>	<b>198*</b>	<b>190</b>	<b>171</b>	<b>107</b>	<b>117</b>	<b>73</b>

\* Based on weighted average of the number of shares.

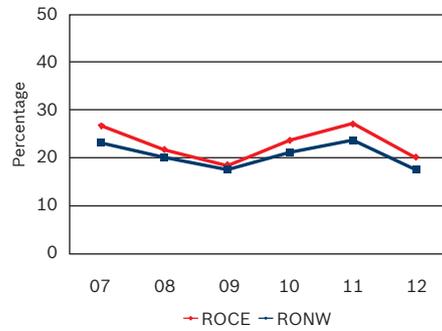
Previous years' figures have been recast/regrouped wherever necessary.

EPS for the year 2003 has been changed to bring the same in line with the face value of Rs. 10 per share (upto 2003: face value of Rs. 100 per share).

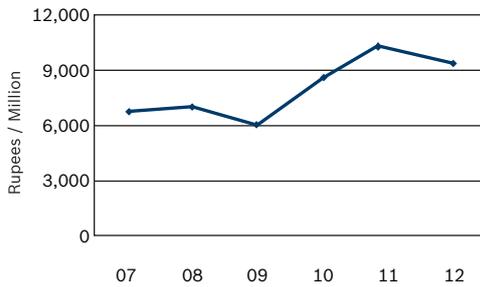
**Net Sales**



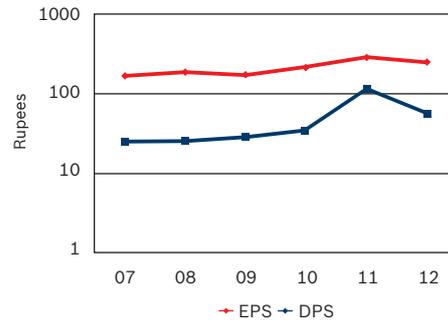
**Return on Capital Employed (ROCE)  
Return on Net Worth (RONW)**



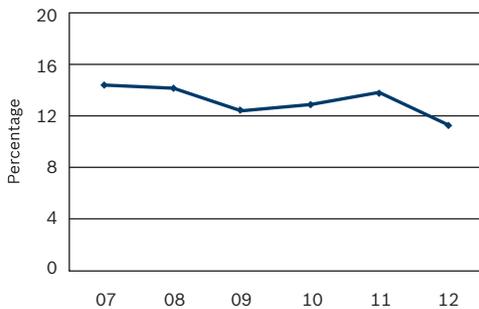
**Exports**



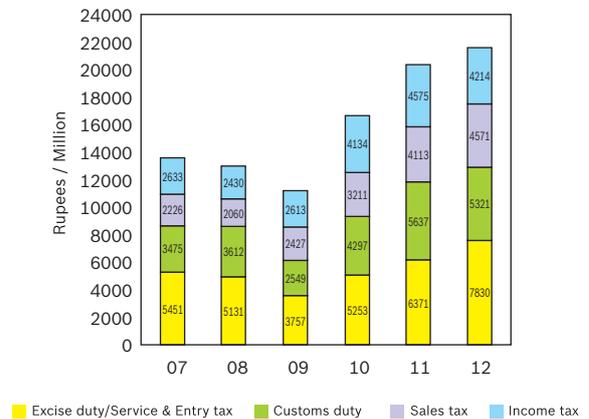
**Earnings per Share (EPS)  
Dividend per Share (DPS)**



**Profit After Tax (PAT) as % of Sales**



**Contribution to Exchequer**



## Annexure to the Report of the Directors

*[Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988]*

### A. Conservation of energy

Energy conservation initiatives receive highest priority across all our locations. The Company has strong commitment towards reducing CO<sub>2</sub> emissions. The projects viz., use of energy efficient VRV (Variable Refrigerant Volume) system in place of conventional AC (Air Condition), introduction of Turbo Vent fans in place of exhaust fans and elimination of chiller unit for Sinus Testing Machine, initiated by the Company in the year 2012 yielded very good results.

#### a) Measures taken during the year 2012

- Introduction of "Turbo Vent" fans in place of exhaust fans.
- Use of energy efficient VRV system in place of conventional AC.
- Elimination of heaters and pumps in HWG (Hot Water Generation) system.
- Elimination of Chiller unit for Sinus Testing Machine.
- Modification in "DIESEN" impregnation machine.
- VFD 's for exhaust and air blowing motors.
- Energy saving by Switching off AHU chiller pump.
- Load Balancing & Harmonic mitigation in Plant.
- Temperature controlling in Cleaning Machines.
- Control of air conditioners in office & Shop floor.
- LED lights for street lighting.
- Air leakage corrections.
- Harnessing solar energy.

#### b) Additional proposals being implemented

- Power factor improvement in shop feeders.
- Light pipe installation.
- Energy efficient Grundfos pumps for Compressor cooling systems & other areas.
- Introduction of VFD Compressor.
- Hydro pump system.
- Adiabatic cooling system.
- Use of non conventional sources(Solar park).

#### c) Impact of the above measures

In the year 2012, the implementation of energy conservation measures has resulted in net

electrical energy savings of 8.68 Mio. kWh annually.

### B. Technology absorption

#### (a) Research and Development

##### 1. Specific areas in which R&D was carried out.

#### Fuel Injection Equipment (FIE): Diesel

- In-line pump (PE) with integrated Electronic Governor capable to meet <4% speed droop for the Genset segment was developed.
- Prestigious OE business was acquired in the Commercial Vehicle segment with the SCR (Selective Catalytic Reduction) system solution.
- Combined with Bosch international development network, Diesel Particulate Filter technology adaptation lead to innovative functions development in the Passenger car segment which is crucial for Bharat Stage-5 implementation in the Indian market.

#### Gasoline Systems:

- Extension of EMS Technology in the Light Passenger Vehicle (LPV) to Bharat Stage-4, Bharat Stage-5 and CNG – LPV applications.
- Joint Global Platform, Development of Emerging Market – Fuel Supply Module and Accelerator Module.
- 2 Wheeler EMS development.

#### Starters and Generators:

- SOP of Thermal protected Starter Motors to prevent overload/abuse operations in field.
- Development of High efficiency compact generator with vacuum pump for PC-Diesel.
- Development of Gear reduction Starter Motors with water protection for tractor applications.

#### Spark Plugs:

- Launch of Exclusive range of spark plugs for CNG applications.
- Launch of Spark plugs to meet new emission norm as per ARAI standards.

#### Glow Plug & Glow Control Units:

- New platform Glow Plugs with reduced tip diameter for Global OEM applications.

- Development of Glow Plugs for European Aftermarket applications.
- Development of Glow Control Units for 2 Cyl. BS4 applications.

## 2. Benefits derived

The initiatives have resulted in benefiting our customers and the end users, as enumerated below.

- Reducing Emissions
- Improving fuel economy and consequent reduction in CO<sub>2</sub>
- Optimum cost/benefit ratio for system solutions

## Future plan of action

- Build up competence in engine management solutions for technologies beyond Bharat Stage-5 norms
- Projects on energy conservation to enable reduced carbon dioxide emissions thereby reducing the carbon foot print.
- Product portfolios relevant to the low price vehicle segment.
- Increase the depth of localisation.
- Increase in competencies across business sectors to take advantage of the potential in the Indian market through efficient processes and systems.
- Improve cost competitiveness across all areas and business divisions.

## 3. Expenditure on R&D

		₹ Million
a)	Capital	331
b)	Revenue	1,046
c)	Total	1,377
d)	Total R & D expenditure as a percentage of total turnover	1.64%

## (b) Technology absorption, adaptation and innovation

### 1. Efforts made

The Company in its efforts to keep updated with the latest technology, made continuous exchange of information with member companies of the Bosch Group worldwide.

This has enabled the Company to keep abreast with the latest developments in product technology, manufacturing process and methods, quality assurance and improvement, marketing, management systems and benefit out of mutual experience. The Company's Technical Centre (TCI), through expertise in technology collaborations with the payers in the automotive industry, develops solutions and system that match the specific needs of the manufacturer. The Company has the requisite infrastructure and technically competent engineers to translate the latest technical know-how into products that meet the requirements of local and international customers.

## 2. Benefits derived

The benefits are the same as enumerated in B (a) 2 above.

## 3. Technology imported during the last 5 years

In addition to the existing technical collaborations for products in the field of Fuel Injection Equipment, Spark Plugs, Auto Electrical, Power Tools, Compact Alternators, etc., the Company has entered into technical collaborations for the following products during the last 5 years:

Baseline Generators.	2008
Throttle Position Sensor and Assembly Lines (ATMO).	2009
Packaging Machines; Electronic Control Units.	2010
Compact Direct Starter Motor, Start-Stop Motor-SSM1; SSM-Eco, Common Rail Electronic Control Units-EDC17; Temperature Sensor TF-W; and VP37 product sub-class VE-EDC.	2011
Packaging Machines of ranges Pack 201 Hand load infeed, Pack 301 inline Feeder for compressible biscuits, SVI 2620 & SVI 4020; Crank Shaft Sensor 'DG-6' family and Accelerator Pedal Module	2012

#### 4. Technology absorption

The Bosch Group is a leading global supplier of technology and services. The Company's membership in the Bosch Group gives it access to the future technologies. The Company is therefore able to offer at any point of time state-of-the-art technology to meet the requirements of its national and international customers.

#### C. Foreign exchange earnings and outgo

		₹ Million
a)	Export activities:	
	Exports	9,402
b)	Total foreign exchange used and earned:	
	Foreign exchange used (including for capital assets)	30,753
	Foreign exchange earned	9,432

## Report on Corporate Governance

The Company is committed to good Corporate Governance practices aimed at increasing value for all stakeholders. The Company as a constituent of the Bosch Group has always been a value driven Company. The Company's corporate governance philosophy is based on Bosch values focusing on fairness, transparency, accountability and responsibility, openness and trust.

The governance of the Company to fulfill its legal, financial and ethical objectives is done in line with the guidelines, procedures, rules and processes in accordance with Bosch corporate guidelines and directives. Bosch Values and Bosch code of business conduct provides the necessary frame work in running our business with the highest standards of corporate governance and the Company has a well-informed and independent Board for ensuring the same.

### Board of Directors, Board Meetings, etc.

The composition of the Board of Directors of the Company is governed by the provisions of The Companies Act, 1956, the Articles of Association of the Company and the Listing Agreement with the Stock Exchanges. The Board was comprised of eight Directors both executive and non-executive Directors and one Alternate Director until 31.12.2012 and from 01.01.2013 the Board comprised of ten Directors, both executive and non-executive. Dr. A. Hieronimus is the non-executive Chairman and Mr. V.K. Viswanathan is the non-executive Vice Chairman (from 01.01.2013). Mr. B. Steinruecke, Mr. B. Muthuraman, Mrs. Renu S Karnad, Mr. Prasad Chandran and Mr. Bhaskar Bhat (from 01.01.2013) are the independent directors who constitute fifty percent (50%) of the total strength of the Board.

The Directors of the Company are persons of eminence having vast and varied experience in manufacturing, marketing, sales, banking, financial and business administration. The Board of Directors meets as often as required but not less than four times a year and once in a calendar quarter. Agenda/Board papers are made available to the Board of Directors well in advance to enable

the Board to discharge its responsibilities effectively. The Board of Directors of the Company receive a copy of minutes of Board and Committee meetings. Four Board meetings were held during the year 2012 and the gap between the two meetings did not exceed four months. The dates on which the Board meetings were held are: 28<sup>th</sup> February, 4<sup>th</sup> June, 4<sup>th</sup> September, and 7<sup>th</sup> December.

Particulars of the directorship of Board, membership and office of the Chairman of Board Committees across all companies (as on 31.12.2012) and attendance at the Board Meetings of the Company are given below.

Name of the Director	Directorships held *	Membership of Board Committees **	Chairman/ Chairperson of Board Committees **	Board meetings attended in 2012
Dr. A. Hieronimus Chairman Non-Executive Director	3@	3	1	4
Dr. B. Bohr Non-Executive Director	2@@	-	-	2
Mr. B. Steinruecke Independent Non-Executive Director	5	3	2	3
Mr. B. Muthuraman Independent Non-Executive Director	10@@@	2	-	3
Mrs. Renu S Karnad Independent Non-Executive Director	17@@@	2	3	3
Mr. Prasad Chandran Independent Non-Executive Director	5@@@@	3	-	4
Mr. V.K. Viswanathan Managing Director (up to 31.12.2012); Non-Executive Director & Vice Chairman (from 01.01.2013)	6	2	1	4
Dr. Manfred Duernholz Joint Managing Director (up to 31.12.2012).	2	-	-	4
Mr. Soumitra Bhattacharya, Alternate Director for Dr. B. Bohr. (up to 31.12.2012).	1	-	-	2

\* Excludes directorship in private companies, membership of associations/ trusts etc.

\*\* includes only Audit and Shareholders'/Investors' Grievance Committees

@ Including Directorship in one Foreign Body Corporate

@@ Including Directorship in one Foreign Body Corporate

@@@ Including Directorship in five Foreign Body Corporates

@@@@ Including Directorship in two Foreign Body Corporates

@@@@@ Including Directorship in three Foreign Body Corporates

Particulars of Additional Directors appointed after 31.12.2012:

Name of the Director	Directorships held *	Membership of Board Committees **	Chairman / Chairperson of Board Committees **
Mr. Bhaskar Bhat, Independent Director (from 01.01.2013)	9@	1	-
Dr. Steffen Berns, Managing Director (from 01.01.2013)	4@@	1	-
Mr. Soumitra Bhattacharya, Joint Managing Director (from 01.01.2013)	2	-	-

\* Excludes directorship in private companies, membership of associations/ trusts etc.

\*\* includes only Audit and Shareholders'/Investors' Grievance Committees

@ including directorship in two foreign body corporates

@@ including directorship in one foreign body corporate

The Non-Wholetime Directors do not hold any shares in the Company excepting Dr. Hieronimus, Chairman, who holds 640 shares in the Company.

Directors furnish Notice of Disclosure of Interest as specified in Section 299(1) of The Companies Act, 1956. The Company maintains Register of Contracts, Companies and Firms in which Directors are interested as provided under Section 301(1) of The Companies Act, 1956.

### Audit Committee

During the year 2012, the Audit Committee met on 28<sup>th</sup> February, 7<sup>th</sup> May, 4<sup>th</sup> June, 13<sup>th</sup> August, 4<sup>th</sup> September, 6<sup>th</sup> November and 7<sup>th</sup> December. The constitution and particulars of meetings attended by members of the Committee are given below.

Name of the Director	No. of meetings attended
Mrs. Renu S Karnad Chairperson – Independent Director	4
Mr. B. Steinruecke Independent Director	5
Mr. B. Muthuraman Independent Director	4
Mr. Prasad Chandran Independent Director	7
Dr. A. Hieronimus Non-Executive Director	4

The terms of reference of the Audit Committee as per guidelines set out in the listing agreement with the stock exchanges read with section 292A of The Companies Act, 1956, is set out below.

- Chairman:**  
Chairman of the Audit Committee shall be an independent director.
- Invitees:**  
The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any of the executives of the Company. The Managing Director, Head of Internal Audit and a representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.
- Secretary:**  
The Company Secretary shall act as Secretary of the Audit Committee.
- Frequency of meetings:**  
The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings.
- Quorum:**  
The quorum shall be either two members or one-third of the members of the Audit Committee, whichever is higher but there shall be a minimum of two independent members present.
- Powers:**  
The Audit Committee shall have powers which shall include the following:
  - to investigate any activity within its terms of reference
  - to seek information from any employee
  - to obtain outside legal and other professional advice
  - to secure attendance of outsiders with relevant expertise, as the Committee considers necessary.
- Role:**  
The role of the Audit Committee shall include the following:
  - Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- b. Recommend to the Board the appointment, reappointment and replacement/removal of the statutory auditor and the fixation of audit fee.
- c. Approval of payment to the statutory auditors for any other services rendered by them.
- d. Review with the management the annual financial statements before submission to the Board for approval with particular reference to:
  - ▶ Matters required to be included in the Directors' Responsibility Statement to be included in Board's Report in terms of Clause 2AA of Section 217 of The Companies Act, 1956.
  - ▶ Any changes in accounting policies and practices and reasons for the same.
  - ▶ Major accounting entries involving estimates based on exercise of judgment by management.
  - ▶ Qualifications in draft audit report.
  - ▶ Significant adjustments made in the financial statements arising out of audit findings.
  - ▶ Compliance with listing and other legal requirements relating to financial statements.
  - ▶ Disclosure of any related party transactions
- e. Review with the management, performance of the statutory and internal auditors, adequacy of internal control systems.
- f. Review with the management the quarterly financial statements before submission to the Board for approval.
- g. Review the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- h. Discuss with the internal auditors any significant findings and follow up thereon.
- i. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j. Discuss with the statutory auditors before the audit commences about the nature and scope of audit as well as hold post-audit discussions to ascertain any area of concern.
- k. Look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l. To review the functioning of the whistle

blower mechanism, if any.

8. Review of information:  
The Audit Committee shall review the following information:
  - (i) Management discussion and analysis of financial condition and results of operations;
  - (ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - (iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - (iv) Internal audit reports relating to internal control weaknesses; and
  - (v) The appointment, removal and terms of remuneration of the Chief Internal Auditor.

#### Share Transfer Committee

Mr. B. Muthuraman, Mr. B. Steinruecke, Mr. Prasad Chandran, Mr. V.K. Viswanathan (up to 31.12.2012) and Dr. Steffen Berns (from 01.01.2013) constitute the Share Transfer Committee.

To facilitate prompt services to the shareholders, the Company Secretary is authorized to approve transfer, transmission, consolidation, sub-division of shares and issue of duplicate share certificates not exceeding 500 shares per folio per occasion. These are processed every fortnight.

#### Shareholders'/Investors' Grievance Committee

During the year 2012, the Committee met on 28<sup>th</sup> February, 4<sup>th</sup> June, 4<sup>th</sup> September, and 7<sup>th</sup> December. The constitution and particulars of meetings attended by members of the Committee are given below.

Name of the Director	No. of meetings attended
Mr. B. Steinruecke Chairman, Independent Director	3
Mrs. Renu S Karnad Independent Director	3
Mr. Prasad Chandran Independent Director	4
Dr. A. Hieronimus Non-Executive Director	4
Mr. V. K. Viswanathan* Managing Director (up to 31.12.2012)	4

\* Dr. Steffen Berns, Managing Director, became member from 01.01.2013 in place of Mr. V.K. Viswanathan.

The Committee reviews grievances received from the shareholders/investors and action taken thereon.

Two complaints were received and resolved during the year under report. The Company did not receive any complaints from stock exchanges, investors' association and from The Securities and Exchange Board of India (SEBI). There were no complaints lying unresolved at the end of the year.

### General Meetings

The Annual General Meeting of the Company will be held at Bangalore in May/June each year. During the years 2010, 2011 and 2012, Annual General Meetings were held on 3<sup>rd</sup> June, 1<sup>st</sup> June and 4<sup>th</sup> June, respectively.

Dr. A. Hieronimus, Dr. B. Bohr, Mr. B. Steinruecke, Mr. Muthuraman, Mrs. Renu S Karnad, Mr. Prasad Chandran, Mr. V.K. Viswanathan, Dr. Manfred Duernholz and Mr. Soumitra Bhattacharya attended the last Annual General Meeting held on 4<sup>th</sup> June 2012.

### Insider Trading and Code of Conduct for Directors and Senior Management

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a period of seven days prior to the close of the quarter/half year/year and up to 24 hours after the date on which the results for the respective quarter/half year/year is notified to the stock exchanges.

The Certificate by the CEO of the Company concerning compliance with the Code of Conduct for Directors and Senior Management is given below:

This is to confirm that:  
the Company has obtained from the Directors and Senior Management personnel affirmation that they have complied with the Code of Conduct for Directors and Senior Management for and in respect of the year 2012.

Dr. Steffen Berns  
Managing Director

Place: Bangalore  
Date: 18<sup>th</sup> February 2013

### CEO/CFO Certificate

A certificate from the Chief Executive Officer (Managing Director) and the Chief Financial Officer (Jt. Managing Director) dated 18.02.2013 on the financial statements and other matters of the Company for the financial year ended 31<sup>st</sup> December 2012, was placed before the Board at its meeting held on 27.02.2013.

### Risk Management

The Company has a framework for Risk Management based on Bosch guidelines across all functions for systematic management of Business Risks. Towards this the Company has identified categories of risk under strategic risks, operative risks, information technology risks, financial risks and global risks to which this framework is applied. Company initiates mitigation actions on identified high priority risks for all functions. The Company's internal audit team conducts regular audit of risk management for its effectiveness.

### Subsidiary Company

The Company does not have any material non-listed Indian subsidiary. The Company's only subsidiary MICO Trading Pvt. Ltd., has not commenced its business yet. As the aggregate assets and income of the said subsidiary as on 31<sup>st</sup> December 2012 is not material, no consolidated financial statements has been prepared. However, the Annual Report of the subsidiary company is forming part of this Annual Report. The minutes of the Board meetings of the said subsidiary for each quarter were considered and taken on record by the Board of Directors of the Company at its Board Meetings held every quarter.

### Mandatory/Non-mandatory requirements

The Company has complied with the requirements relating to Corporate Governance as mandated by the Listing Agreements with BSE Limited and National Stock Exchange of India Limited. The Company has a Remuneration Committee comprising of Non-executive and Independent Directors. The Company has a adopted Whistle Blower Policy.

### Remuneration Committee/Remuneration of Directors.

In September 1993, the Board of Directors set up a Remuneration Committee to decide the compensation payable to the Executive Directors. Mr. B. Muthuraman, Mr. B. Steinruecke and Mr. Prasad Chandran being Independent Directors and Dr. A. Hieronimus

constitute the Remuneration Committee. During the year 2012, the Committee met on 28<sup>th</sup> February and 4<sup>th</sup> September. Dr. Hieronimus, Mr. Muthuraman and Mr. Prasad Chandran attended the meeting held on 28.02.2012. Dr. Hieronimus, Mr. B. Steinruecke, Mr. B. Muthuraman and Mr. Prasad Chandran attended the meeting held 04.09.2012.

The remuneration payable to the Executive Directors is approved by the shareholders at the general meeting of the Company. Remuneration of Executive Directors consists of a fixed salary and a variable bonus taking into account the economic results and individual performance. The Board of Directors determines the variable bonus from year to year. It can amount up to 180% of the base salary for Mr. V.K. Viswanathan, Dr. Manfred Duernholz and Mr. Soumitra Bhattacharya. The payment of the annual bonus is made in one/two installment/s at the end of April or June of the following year. In addition, Executive Directors receive benefits such as company owned / leased house, services of security and garden maintenance, company car and driver, telephone at home, club membership and reimbursement of joining time expenses and similarly on their return. Mr. V. K. Viswanathan and Mr. Soumitra Bhattacharya also receive reimbursement of medical expenses, personal accident insurance cover and contribution to provident fund, gratuity and superannuation etc.

Details of remuneration paid to Whole-time Directors are given below.

Particulars	Mr. V. K. Viswanathan Managing Director (up to 31.12.2012)	Dr. Manfred Duernholz Joint Managing Director (up to 31.12.2012)	Mr. Soumitra Bhattacharya Executive Director (up to 31.12.2012)
	Amount (₹)	Amount (₹)	Amount (₹)
Salary	14,985,000	18,100,918	6,900,000
Commission/ Bonus	10,790,280	12,187,593	3,937,056
Contribution to Provident & other funds	3,746,253	1,047,746	1,133,000
Other perquisites (incl. book depreciation on assets used by the Directors)	1,528,112	1,171,624	565,772
Total	31,049,645	32,507,881	12,535,828

The Board of Directors decides the remuneration of the Non-Whole-time Directors. The remuneration consists of a sitting fee of ₹ 10,000 for Board/Committee Meetings held on the same day and ₹ 5,000 for each Committee Meeting held on any other day and a commission based on the profits of the Company, limited to an amount not exceeding ₹ 60,00,000 for all Non Whole-time Directors for or in respect of any one financial year of the Company. The amount of commission is commensurate with the activities of the Company, the responsibilities of Non Whole-time/Independent Directors under the listing agreement with the stock exchanges and under the Companies Act, 1956, and the responsibilities as member/chairman of the Board and member/chairman of committee/s of Board and all other relevant factors.

Details of remuneration paid to Non-Wholetime Directors for 2012 is given below.

Particulars	Commission ₹	Sitting Fee ₹	Total ₹
Dr. A. Hieronimus	835,000	40,000	875,000
Mr. B. Steinruecke	660,000	40,000	700,000
Mr. B. Muthuraman	660,000	35,000	695,000
Mrs. Renu S Karnad	710,000	35,000	745,000
Mr. Prasad Chandran	735,000	55,000	790,000

#### Code of Conduct and Whistle Blower Policy

The Company has adopted a Code of Conduct for the Directors and Senior Management personnel. The code can be accessed in the Company website at [www.boschindia.com](http://www.boschindia.com). The code also incorporates a Whistle Blower Policy. The Whistle Blower Policy as well as the Code of Business Conduct afford to all the employees a right to draw their supervisor's attention to circumstances that appear to indicate a violation of code of business conduct. Such reporting may also be made anonymously or by speaking to the compliance officer over dedicated hotline or by email to the dedicated email address to the compliance officer.

#### Reconciliation of share capital

In the year 2012, an audit was carried out at the end of every quarter by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is

in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDS. The report for every quarter upon reconciliation of capital was submitted to the stock exchanges and was also placed before the Board of Directors at their meetings.

#### Disclosures

- (i) There are no materially significant transactions with the related party viz., Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- (ii) There are no pecuniary relationships or transactions with Non-Executive Directors of the Company except the remuneration paid to them for services rendered as Directors of the Company.
- (iii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities on any matter relating to capital markets.

#### Communication to shareholders

Quarterly/half yearly/annual results and information relating to convening of Annual General Meetings and Extraordinary General Meetings are published in leading newspapers (viz., Business Line, English-all editions and Udayavani, Kannada) and/or hosted on the website of the Company and also notified to the stock exchanges as required under the Listing Agreement.

The balance sheet, statement of profit & loss, directors' report, auditors' report, cash flow statements, corporate governance report and quarterly/half yearly financial statements can be viewed by the shareholders and investors from the Company's website at <http://www.boschindia.com> under the section 'Shareholder Information'.

The quarterly and half yearly financial statements,

shareholding pattern, etc. can be retrieved by the shareholders and investors from Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the URL [www.corpfiling.co.in](http://www.corpfiling.co.in).

The Executive Management of the Company participated in the Conference call organized by financial intermediaries, post publication of audited/ unaudited, quarterly/ half yearly/ annual financial results of the Company.

Company sends notices relating to Annual General Meetings, Extraordinary General Meetings, Postal Ballot, disclosure of Directors' interest in respect of contracts appointing Managing / Joint Managing Director/s etc., to the members at their registered address.

Letters and transfer deeds received from shareholders are accorded a unique system-generated inward control number, monitored and replied in a week's time of its receipt.

In support of the "Green Initiative" undertaken by the Ministry of Corporate Affairs, the Company had during the year 2012 sent Annual Report and notices by email to those shareholders whose email addresses were made available to the depositories or the Registrar and Transfer Agents. Physical copies were sent to those shareholders whose email addresses were not available and for the returned email cases.

Your Company urges you to support the Green Initiative by registering / updating your email addresses with the Depository Participants (electronic holdings) or the Registrar and Transfer Agents (physical holdings) for receiving soft copies of various communications including the Annual Reports.

#### Shareholder information

A detailed supplement containing information of importance to shareholders is given in this Annual Report.

Bangalore  
February 27, 2013

## **Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To  
Members  
Bosch limited  
Hosur Road, Adugodi  
Bangalore 560 030

We have examined all relevant records of Bosch Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under clause 49 of the listing agreement with BSE Limited (BSE) and National Stock Exchange of India Ltd., (NSE) for the period from 1st January 2012 to 31st December 2012. We have obtained all information and explanation which to the best of our knowledge and belief were necessary for the purpose of the certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in the said clause. This certificate is neither an assurance as to the future viability of the Company nor the effectiveness with which the management has

conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the said clause 49 of the listing agreement.

We further state that it is neither an audit nor an expression of opinion on the financial statement of the Company.

For K.V. Venkata Rangan & Co.,  
Company Secretaries ·

K.V. Venkata Rangan  
Practicing Company Secretary  
Membership No.934; CP No.404

Place: Bangalore

Date: February 27, 2013

# Management Discussion and Analysis Report

## A. Economic Overview

The global economy has shown some signs of stabilisation although the situation remains volatile. While economic activity is picking up in the US, near-term forecasts for Euro region are still weak. Weak external demand and a risk-averse sentiment are preventing emerging and developing economies from returning back immediately to a higher growth trajectory.

Currency fluctuation was the global theme in 2012 based on events like the US “Fiscal Cliff”. The BRIC economies saw the biggest currency depreciation since 1998 on weaker prospects for growth.

Compared to 6.5 percent in 2011-12, the Indian economy is projected to grow at a lower than expected 5.5 percent in 2012-13. The twin deficits of fiscal account and current account are the main causes for concern. While there is an expectation of improvement in the fiscal account as a result of the recent reform measures announced by the Government, the current account deficit continues to be at uncomfortably high levels.

The recent moves of the Government to encourage foreign inflows and disincentivise gold imports are expected to improve the situation but strong steps still need to be taken to reduce the trade gap.

Weaker currency and higher domestic inflation are putting pressure on input costs on the supply side and higher interest rates on the demand side. With the Reserve Bank of India now focusing on growth, there is an expectation of an improvement in the demand situation.

## B. Industry Structure and Development

After witnessing a decline in 2009, auto component industry growth bounced back strongly in the year 2010 and 2011. However, the growth momentum slackened in 2012 on account of economic slowdown. Auto sales were restrained by higher interest rates, higher fuel prices, higher inflation, monsoon deficiency, rupee depreciation, etc.

In spite of depreciation in the rupee, the export market growth declined due to slow down in world economy.

Volatile labour situation at some parts of country also impacted the industry.

Indian Automotive Industry witnessed an overall production volume growth of 2% in 2012 over the high growth achieved in 2010 and 2011.

Across the segment, Utility Vehicle (UV) led the pack in the year 2012 by a strong 32% growth. Growth was driven by continued demand for commercial usage (IT, ITES, BPO, Hotels) and shift from Sedan to UV.

Light Commercial Vehicle (LCV) production volume grew by 5% over previous year 2011. Continued retail sector growth and rural growth mainly contributed to LCV growth.

Heavy Commercial Vehicle (HCV) production volume declined by 12%. High interest rates, stagnant freight rates, decline in mining sector and slowdown in infrastructure projects contributed to lower demand for Heavy Commercial Vehicle.

Passenger Cars (PC) production volume growth was subdued. Despite the festive season and new launches, the production volume growth was 2% due to high interest rates and volatile fuel prices.

Tractor production volume declined by 7% compared to previous year 2011. Tractors achieved all time record high growth of 24% in the year 2011. Delay and deficiency in monsoon, slow down in infrastructure projects, etc. amounted to lower demand in this segment.

Three wheeler production volumes declined by 5%. Domestic sales growth was flat. The reduction is mainly on account of lower demand from export segment.

Vehicle Production Growth rates:

Production Segments	+ / (-) PY				
	2008	2009	2010	2011	2012
HCV	-15%	-20%	70%	13%	-12%
LCV	-4%	13%	44%	30%	5%
Car	9%	18%	29%	8%	2%
UV	-3%	18%	35%	13%	32%
Tractor	2%	10%	31%	24%	-7%
3 Wheeler	-6%	12%	37%	15%	-5%
Total	1%	13%	34%	14%	2%

## C. Operational Highlights

The Company witnessed a sales growth of 6.2% over previous year 2011. The overall slowdown in economy in domestic and export market impacted the Company

both in automotive and non-automotive sales. The domestic market grew by 8.4% and the export market declined by 9.1%.

In the challenging environment, the Company was still able to achieve 16.0% profit before tax on sales. However, this was 385 basis points below the previous year 2011.

Diesel systems business declined by 0.9%, due to decline in exports by 39.6%, which was offset to some extent by growth in domestic market. The diesel systems business continues to ride heavily on growth in passenger car & utility vehicle segment and LCV segment with focus on new generation common rail systems (CRS).

Starter Motor and Generator business witnessed an impressive growth of 51.1% over previous year 2011. Export business for the division grew significantly by 173%.

The Automotive Aftermarket business registered a modest growth of 9.6% in spite of subdued demand witnessed due to higher interest rates.

Gasoline business declined by 9.4% due to increased diesel share in Passenger Car.

Packaging Technology business grew by 8.7%. Growth was primarily driven by Confectionery & Pharma segments. Packaging Technology division completed construction of new manufacturing facility and started operating from July 2012.

Security Technology business grew by 31.4%. Prosound system and Video system majorly contributed for the growth.

Power Tools business registered a growth of 16.7% with high contributions from all its major business segments like Power Tools, Accessories, Spares and Lawn & Garden equipment.

Power Tools business launched over 100 new innovative products / variants and launched its "Bosch at Home" initiative aimed at the Do-It-Yourself segment. The year also saw the launch of professional range of "High Pressure Washers" aimed at the Industrial Segment.

New business Solar Energy and Thermo Technology launched their products in 2011 and started commercial operation in 2012 with a new contract manufacturing facility in Bangalore.

During the year the Company acquired Service Solution business division of SPX India Pvt. Ltd.

## D. Results of operation

### 1. Sales

The sales for the year 2012 grew at rate of 6.2% over the previous year 2011 and stood at Mio INR 84,172 as against sales of Mio INR 79,295 in the previous year 2011.

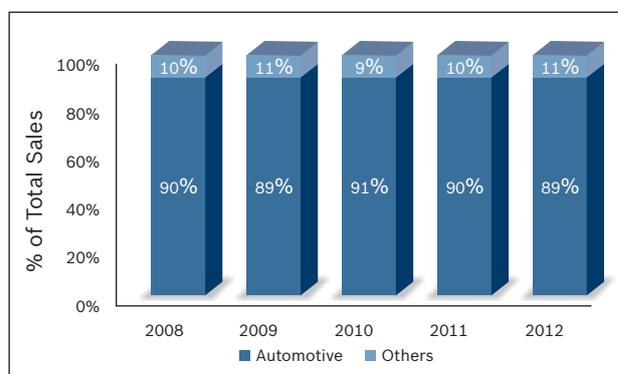
#### 1.1 Segment results

The Company predominantly operates in manufacturing and trading of automotive products and also in manufacturing and trading of non-automotive products (Consisting of Industrial Technology, Consumer goods and Building Technology). Hence the primary segment of the Company classified as Automotive and Other segments. Revenue from geographical location of customers (domestic and export) are classified as secondary segment.

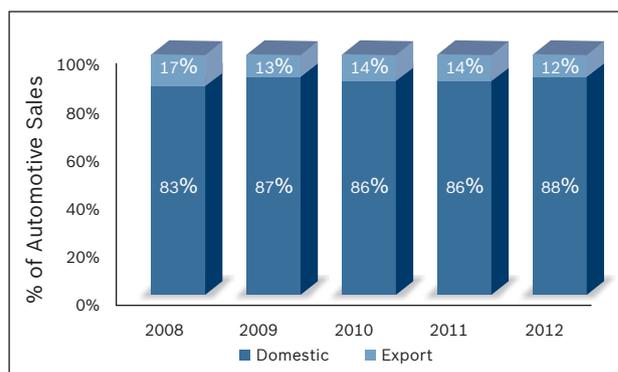
#### 1.1.1 Primary Segment

##### Automotive Products

The share of automotive products has decreased from 90.3% in the previous year 2011 to 89.0% for the year 2012.



The automotive segment saw a marginal growth in sales by 4.7% over previous year 2011 and stood at Mio INR 74,938 for the current year 2012.



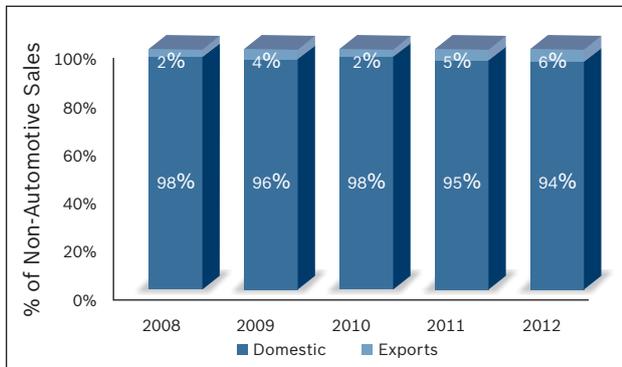
In the automotive segment 88.2% of the sales were derived from domestic sales. The share of export sales in the total sales of the segment has reduced to 11.8% for the current year 2012 from 13.9% of previous year 2011.

#### Others

The other segment (Consisting of Industrial Technology, Consumer goods and Building Technology) saw a healthy growth of 19.5% in sales and stood at Mio INR 9,234 as against Mio INR 7,728 of the previous year 2011.

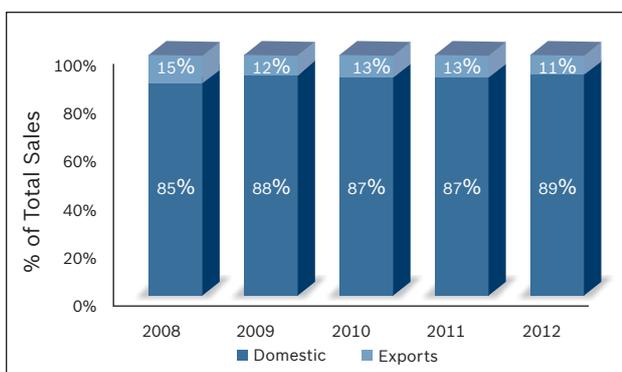
Within the other segment the Industrial Technology business grew by 16.2% over previous year 2011 and Consumer Goods and Building Technology business grew by 20.0% over previous year.

The other (Non-automotive) segment is predominantly driven by domestic sales with a share of 93.7%. The export sales for other segment increased from 4.9% in the previous year 2011 to 6.3% in the current year 2012.



#### 1.1.2 Secondary Segment

Below is the breakup of export and domestic sales:



The export sales for the Company reduced its share in overall revenue by 1.8% over the previous year 2011 and stood at 11.2% for the current year 2012. The domestic sales recorded a growth of 8.4%.

#### 2. Sale of Services and Other Operating Revenue

Sale of Services has increased by 38.3% to Mio INR 936 from Mio INR 677 of previous year 2011. The increase was majorly contributed by Research and Development income.

Other operating revenue has decreased by 12.0% to Mio INR 1,483 from Mio INR 1,686 of previous year 2011.

#### 3. Other Income

For the year other income grew by 15.3% over previous year 2011.

Income from interest on non-trade investments and deposits in banks has increased by 14.8% to Mio INR 2,120 from Mio INR 1,847 of previous year 2011. Deposits with banks and others contributed 56.3% towards total increase of interest income and remaining 43.7% contributed by loans to related parties and Non-trade investments.

Other treasury income (including dividend and sale / redemption of long term non-trade investments) has increased by 6.7% to Mio INR 1,053 from Mio INR 987 of previous year 2011.

Other income (including rent, profit on sale of fixed assets and exchange gain) has increased by 40.6% to Mio INR 519 from Mio INR 369 of previous year 2011.

#### 4. Cost of materials consumed

The percentage of cost of materials consumed as against sales for the year 2012 has gone up by 110 basis points to 56.5% as against 55.4% of the previous year 2011. The increase in percentage is mainly due to depreciation in rupee and increase in the composition of trade goods and new generation products which have high material content.

#### 5. Personnel cost

Personnel cost as a percentage of sales for the year 2012 stood at 12.3%, which has increased by 100 basis points in comparison to 11.3% of previous year 2011. The inflation impact on the wage cost contributed significantly to this increase. Sales per

employee have improved by 4.9% from Mio INR 6.6 in the previous year 2011 to Mio INR 7.0 for the current year 2012.

#### 6. Depreciation and Amortisation

The depreciation charge for the current year is Mio INR 3,670 as against a charge of Mio INR 2,578 of previous year 2011, majorly due to additional capital investment of Mio INR 3,311 during 2012 for capacity increase in Common Rail System production at Nashik Plant.

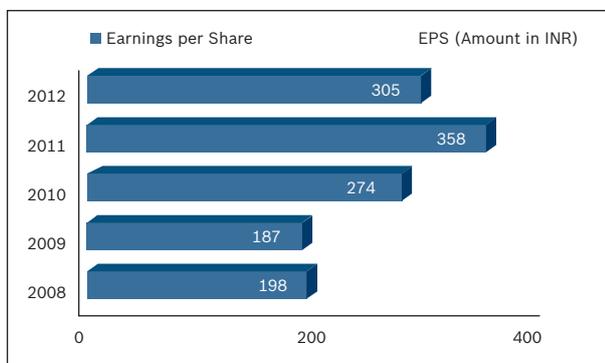
#### 7. Profit

The profit after tax for the year 2012 is Mio INR 9,583 as compared to a profit after tax of Mio INR 11,227 of the previous year 2011, a decrease of 14.6% over previous year.

The effective tax percentage for the current year 2012 has increased slightly compared to previous year 2011.

#### 8. Earnings per Share (EPS)

The EPS (Basic and Diluted) of the Company for the year 2012 has decreased by 14.8% to a INR 305 per share from INR 358 per share in the previous year 2011.



The EPS for the Company has been growing consistently except for 2009 and 2012 during slow down periods. The CAGR for EPS over last five years is 9.0%.

### E. Financial Condition

#### 1. Share Capital

At present the Company has only one class of share, equity share with a face value of INR 10 each. Authorized share capital is Mio INR 381 divided into 38,051,460 shares of INR 10 each. Issued, subscribed and fully paid-up capital as at December 31, 2012 was 31,398,900 shares of Mio INR 314.

#### 2. Reserves and Surplus - Profit and Loss account

The balance retained in profit and loss account as at December 31, 2012 was Mio INR 14,407 which includes retained profit for the year 2012 Mio INR 6,435 after a proposed dividend of INR 60 per share.

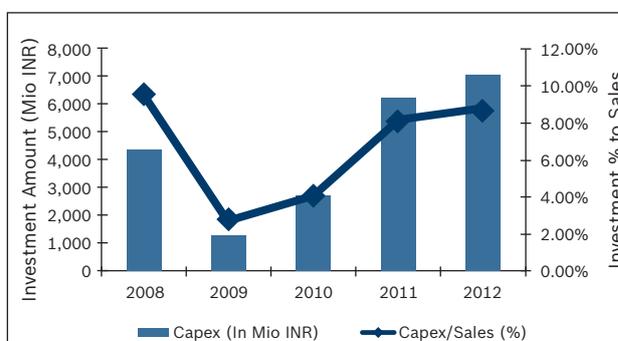
#### 3. Shareholders funds

The total shareholder's fund increased to Mio INR 55,733 as at December 31, 2012 from Mio INR 47,284 as of the previous year 2011 end representing a growth of 17.9%.

#### 4. Fixed Assets – Capital Expenditure

The gross fixed assets as at December 31, 2012 was Mio INR 39,414 (tangible : Mio INR 39,347 and intangible Mio INR 67) as compared to Mio INR 33,584 (tangible Mio INR 33,584 and intangible : Nil) of previous year 2011.

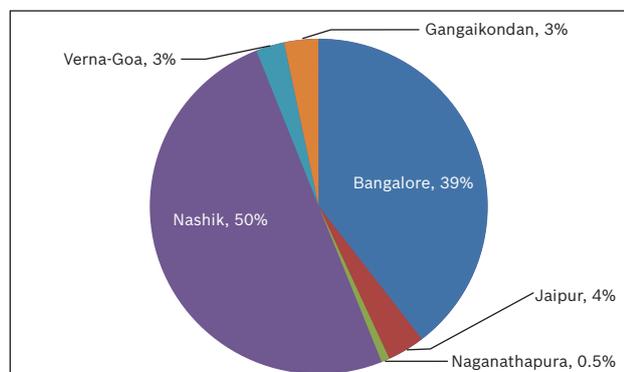
The Company has incurred a capital expenditure of Mio INR 7,339 during the year 2012, an increase of 11.4% over previous year 2011. The following graph shows the trend of capital expenditure and the trend of % of capital expenditure to sales.



In 2011 Company had 8.3% of its sales invested in facilities. In 2012 the investment has been scaled up and 8.7% of sales and have been invested in various facilities across India.

Major investments are made for development of new manufacturing facilities at Verna (Goa) and land acquisition at Bidadi, Sanand and Gangaikondan. Further investments were made for capacity increase of existing products e.g. Common Rail System (CRS) at Nashik, VE Pump at Jaipur, New Base Line (NBL) generator at Naganthapura, etc.

The location wise capital expenditure for the year is as follows:



### 5. Investments

The surplus funds of the Company which are not required for immediate use are invested mainly in tax effective and low risk bearing instruments. The total investment (excluding investment property) as at December 31, 2012 amounted to Mio INR 14,942 as against Mio INR 16,063 for the previous year 2011.

### 6. Working Capital

#### 6.1 Inventories

Inventory as on 31<sup>st</sup> December 2012 decreased by 7.4% to Mio INR 10,957 from Mio INR 11,831 of previous year 2011. The inventory has marginally reduced in 2012 compared to 2011 due to liquidation of stocks built for relocation in 2011 and holding lower inventory in 2012 considering the low demand forecasted in 1<sup>st</sup> quarter of 2013.

#### 6.2 Trade Receivables

Trade Receivables as at December 31, 2012 amounted to Mio INR 10,210 as against Mio INR 8,959 of previous year 2011. Increase in trade receivables mainly on account of tight financial market and high interest rates resulting in delayed realisation. Also increased export in Starter and Generator business with higher credit period.

#### 6.3 Cash and Bank Balances

The total Cash and Bank balances as at 31<sup>st</sup> December 2012 was Mio INR 14,872 as compared to Mio INR 9,515 for the previous year 2011. The increase is mainly on short term deposits with banks having maturity greater than 90 days but less than 1 year.

The Cash and Bank balance includes Cash and Cash equivalent of Mio INR 1,810 as at 31<sup>st</sup> December 2012 as compared to Mio INR 2,895 for previous year 2011.

### 6.4 Net Current Asset

Average net current asset as a percentage of sales of the Company stood at 26.0%, which in the previous year 2011 was 19.0%. The increase in % of net current asset was on account of higher trade receivables and higher cash and bank balances compared to previous year 2011.

### 6.5 Key Ratios

Ratio	2012	2011
Return On Capital Employed (%)	21.0%	29.5%
Inventory Turnover ratio (In Days)	49	46
Trade Receivable Turnover ratio (In Days)	38	34
Current Ratio	3.00	2.65
Number of Days In Working Capital (Days)	80	78
No. of Employee (Average)	12,185	12,171

#### Note

- 1) Average is the simple average of opening and closing balance.
- 2) Previous year's numbers are re-classified to comply with changes in revised Schedule VI of the Companies Act, 1956

### F. Human Resource Development

The year 2012 was marked by intensive efforts on the topic of leadership at the senior and middle management levels via deployment of the flagship programme "Leading in India". Intensive actions have been on-going since 2010 to bring about a visible leadership culture change, that would be appropriate for the future in a fast changing business environment. The deployment has followed a three tier approach. Deep and active engagement collectively by business heads / function heads was the first step, followed by workshops for all senior management and culminating with workshops covering over 80% of the middle management level.

Company's focus on developing and encouraging young generation for future leadership has again been emphasized from the awards received by the teams from the Company at National Competition for Young Managers – 2012 conducted by All India Management Association (AIMA) where we bagged

the national level championship and the young manager's award for the year 2012.

Significant efforts and measures have been taken to integrate more women in the organization and to create an inclusive environment for them. The successful completion of gender diversity global Communication initiative and the launch of "Women Mentoring" programme for women identified as high performers is a key step towards the same.

Necessary changes in the already existing HR policies, such as – revision of travel guidelines, launch of pilot policy on specialist career path are few steps towards our constant endeavors to make the Company a better place to work for. Attrition continues to be well below market levels due to the measures taken by the Company. The Company has strength of 12,313 employees at the close of the year 2012.

The Company continues its efforts of providing a high level of global orientation and working experience to a large number of managers by deputing them in international assignments, participation in international workshops/seminars/forums, identifying and developing high potential managers through Management Development Programs (MDP) conducted by Bosch.

#### **G. Internal Control System**

The Company has an effective and reliable internal control system which is complimented by a code of business conduct binding all its employees to achieve high standards in corporate governance. The internal control system is designed to ensure quality and reliability of underlying processes in achieving operational efficiency, reliability of financial data and safe-guarding of assets. The efficacy of internal checks and control systems are validated by self audits, verified during internal audits and reviewed by the Audit Committee. The scope of internal audit is oriented towards mitigating or eliminating risks in business processes.

The Audit Committee reviews the internal audit plan, significant audit findings and sustainability of measures for corrective actions. The internal audit plan is also aimed at addressing concerns, if any of statutory auditors of the Company.

#### **H. Opportunities and Threats**

The Company is all set to leverage on the market development in the automotive sector with prime focus on technology change in the commercial vehicles and tractor segment. However, the passenger vehicle segment will see a moderate growth. Increased demand for safe personal mobility and increased consumer spending capability are key drivers that will boost sales in this segment.

Non-automotive businesses are also pitched to grow in the backdrop of committed focus and spending in infrastructure related projects. The increasing gap between demand and generation / supply of electricity will continue to create additional demand for auxiliary power units powered by diesel as well as other sources of energy viz. solar. Also the change in awareness in the use of renewable source of energy provides scope for new business e.g. Solar Energy, Thermo Technology, etc.

#### **I. Risks and Concerns**

##### *1. Regulatory risk:*

The changes in the tax laws, Government policies and regulatory requirement especially the de-regularization in the diesel prices, might affect the Company's business.

##### *2. Manufacturing, Input Costs and Inflation:*

Prices of inputs are expected to rise significantly. Whilst the Company continues to pursue cost reduction initiatives, increase in price of input materials, rupee depreciation and increased labour cost could impact the Company's profitability to the extent that the same are not absorbed by the market through price increases and/or could have a negative impact on the demand in the domestic market. The Company is seeking to institutionalize safety standards and modify the current terms & conditions with the Contract companies.

##### *3. Currency Risk:*

The operations are subject to risk arising from fluctuations in exchange rates with reference to currencies in which the Company transacts. These risks primarily relate to fluctuations of Euro and USD to INR. The management is taking appropriate actions like foreign currency management, hedging and investment profile reviews to mitigate the risk.

**4. Competition:**

The Company is operating in a highly competitive market which may exert pressure both on the top line as well as the bottom line.

**5. IR Risks:**

The IR issues faced by the automotive industry in India could very well affect the Company also.

**6. Other Risks:**

There is no credit and liquidity risk foreseen by the Company due to its strong financial position.

**7. Risk Mitigation:**

The following are the few initiatives taken by the management for mitigating the above mentioned risks;

- ✓ The Company has a structured process of periodical review of risks and risk mitigating actions are taken accordingly.
- ✓ Continuous improvement activities and implementing lean practices/processes through the Bosch Production System (BPS).
- ✓ Retain and motivate talent by focused employee development programs.
- ✓ Enhance local engineering, development and

testing capabilities to further drive the “develop locally for the local market” concept.

- ✓ Focus on cost reduction, productivity improvement and import substitution projects.

**J. Outlook**

The global economy is still in an uncertain phase as most nations continue to face challenges of growth and unemployment.

The outlook for GDP growth in India has been on reducing trend for 2012-13 (less than 5.5%) from much higher projections at the start of the year indicating that economic issues need to be addressed on an urgent basis. The recent policy initiatives by the Government and further reforms should help to boost business sentiment and improve the investment climate.

As regards domestic inflation, excess capacity in some sectors is working towards moderating wholesale inflation while consumer inflation continues to remain a challenge.

The key challenges for the Indian economy this year would be to revive demand, to fast-track infrastructure projects, to improve electricity generation and increase industrial production.

**Disclaimer**

*The information and opinion expressed in this section of the Annual report consists of certain ‘forward looking statements’ which management believes are true to the best of its information at the time of its preparation. The Company shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. The information contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person without the express prior written permission of the Company.*

# Business Responsibility Report

## Section A: General information about the Company

Bosch Limited, established in 1951, is the flagship Company of Bosch Group in India. The Company is a major auto component manufacturer in India with a turnover of INR 84,172 Mio. in 2012 with a strength of 12,313 employees as on 31.12.2012. Robert Bosch GmbH (RB), Germany, the parent company, holds 71.18% in the share capital of the Company. Headquartered out of Bangalore, the Company has its manufacturing facilities in Bangalore, Naganathapura, Nashik, Jaipur and Goa. With a presence across automotive technology, industrial technology, consumer goods and energy and building technology, the Company manufactures and trades products as diverse as diesel and gasoline fuel injection systems, automotive aftermarket products, auto electrical, special purpose machines, packaging machines, electric power tools, security systems, solar energy and thermo technology.

### *Particulars of other general information about the Company*

1. Corporate Identity Number (CIN): L85110KA1951PLC000761
2. Registered address: P.B. No. 3000, Hosur Road, Adugodi, Bangalore-560 030.
3. Website: [www.boschindia.com](http://www.boschindia.com)
4. E-mail ID: [rbin.corporate@in.bosch.com](mailto:rbin.corporate@in.bosch.com)
5. Financial Year reported: 31st December 2012
6. Sector(s) that the Company is engaged in: Automotive Component and Accessories
7. List three key products/ services that the Company manufactures /provides (as in balance sheet):
  - i) Fuel Injection Equipment & Components
  - ii) Auto Electrical Items
  - iii) Portable Electric Power Tools
8. Total number of locations where business activity is undertaken by the Company
  - i) International Location: -Nil-
  - ii) National Locations: 5 Plant locations and Sales Offices at 21 locations.
9. Markets served by the Company: Local/State/National/International.

## Section B: Financial details of the Company

1. Paid-up capital (INR): 313,989,000
2. Total Turnover (INR): 84,172 Mio.
3. Total profit after taxes (INR): 9,583 Mio.
4. Total spending on Corporate Social Responsibility as percentage of profit after tax: 0.6%
5. List of activities in which expenditure in 4 above has been incurred:
  - a) Health and hygiene projects in and around various locations of the Company;
  - b) Vocational training to students and apprentices;
  - c) Community development projects in schools, clean air campaign awareness programmes etc.

## Section C: Other details

The Company has a subsidiary viz., MICO Trading Private Limited having its registered office at P.B. No. 3000, Hosur Road, Adugodi, Bangalore - 560 030. The said subsidiary has not commenced business. Hence, there is no participation by the said subsidiary in business responsibility initiatives.

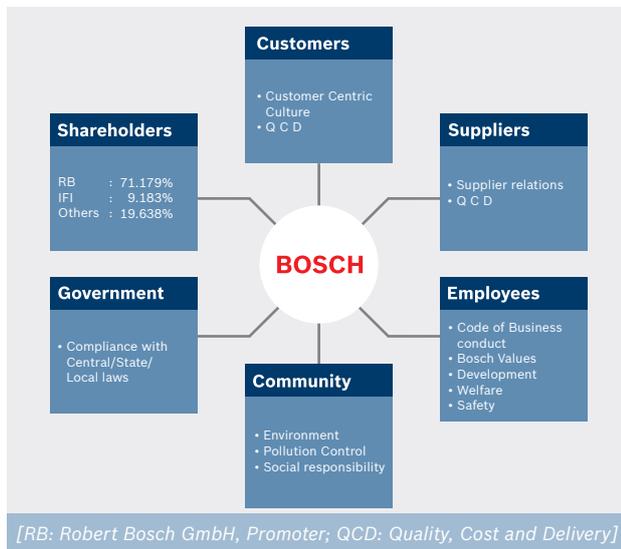
The Company encourages its suppliers, dealers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

## Section D: Business Responsibility information

The Managing /Joint Managing Directors of the Company are responsible for the day to day administration and operations of the Company. The particulars of the Company Directors are given at page 6 of this annual report. The Company has the Corporate Social Responsibility policy (CSR). It has the structure to implement the same in line with the National/International Voluntary guidelines and the Bosch principles of Social Responsibility. The Company has a Steering Committee having representations from various Plants/Corporate heads to monitor the progress and evaluation of the CSR policy and other sustainability issues of the Company. Mr. Soumitra Bhattacharya, Joint Managing Director of the Company, is responsible for implementation of various CSR initiatives for the Company.

The Company’s responsibility towards Environment and Society is guided by Bosch values, Bosch principles of Social responsibility, work safety and environment protection. The Company’s principles of social responsibility include – human rights, equal opportunities, integration of handicapped people, free choice of jobs, rights of children, relations with associate representatives and their institutions, fair working conditions, occupational health and safety, clean and safe environment with social engagement.

The Company is committed to good Corporate Governance practices aimed at increasing value for all stakeholders.



Shareholders:

The Company is committed to enhancing long term shareholder value and delivering speedy and efficient services to the shareholders. Buy back of shares carried out by the Company in May 2000, January 2001, February 2002 and December 2008 to October 2009 and sub-division of shares in July 2004 are the steps in this direction.

Customers:

Customers are the primary focus of Company’s business activity. Quality, Cost and Delivery are the key driving forces for achieving customer delight. The **BeQIK** initiative gives impetus to the efforts of the Company in achieving world-class quality, innovation and continuous improvement to enhance customer satisfaction.



Government

The Government as a stakeholder earns revenue through income tax, service tax, customs duty, sales tax, excise duty, etc. These contributions to the exchequer was ~Rs.16,895 million in the year 2010, ~Rs.20,696 million in the year 2011 and ~Rs.21,936 in the year 2012, excluding tax deducted at source on salaries paid to employees, payments to contractors and to other service providers.

**Section E: Principle-wise performance Ethics, Transparency and Accountability. (Principle-1)**

The Company as a constituent of the Bosch Group has always been a value driven Company. Many of these values go back to Robert Bosch, the founder. Other values have evolved over time. These values have been codified to ensure uniform and common understanding and systematic implementation across all Bosch locations and units worldwide.

Employees who know the Bosch values are able to take better and faster decisions, to develop greater initiative and to take on greater accountability for their own actions. In the end this gives them greater empowerment and makes the Company better.

These values are:

1. Future and Result Focus
2. Responsibility
3. Initiative and Determination
4. Openness and Trust
5. Fairness
6. Reliability, Credibility, and Legality
7. Cultural Diversity

The Company views mutual fairness as a condition of its corporate success when dealing with each other and with its business partners.

The associates, business partners, and investors are informed in a timely and open manner of important developments within the Company.

The Company respects the principle of strict legality in all acts, measures, contracts, and other transactions of the Bosch Group. This also applies to the payment of taxes due, obtaining necessary official permits and observing third party rights. All associates are personally responsible for compliance with the law in their field of work.

To facilitate associates' compliance with these obligations, their essence has been summarized in a Code of Business Conduct. The Code of Business Conduct governs the relationship between the Company and its associates. A code of conduct has also been evolved for the Board members and senior management.

The principles enshrined in the code also extend to our Group Companies in India. The policy relating to ethics, bribery and corruption extends to our Group Companies in India, its employees and engaged representatives, who include dealers, distributors, agents, sub-contractors and power of attorney holders appointed by such companies.

The Company has a whistle blower policy that affords to all employers to draw their supervisor's attention to circumstances that appear to indicate a violation of code of business conduct. Such a reporting may also be made anonymously over dedicated hotline or by e-mail to the compliance officer for this purpose.

**The goods and services provided by the Company are safe and contribute to sustainability throughout their life cycle. (Principle-2)**

The Company places its products and services in the interest of the safety of the people, the economic use of resources and environmental sustainability. The Bosch slogan 'invented for life' is not only the

expression of a quality standard, but also an obligation for the Company to develop innovative and beneficial technology that contributes to the conservation of resources and minimizes impact on the environment. The Company employs efficient manufacturing processes while designing products for the market. More than 50% of Bosch's research and development goes into products that conserve natural resources and protect the environment.

The Company is committed to develop diesel fuel injection products and provide services to meet the stringent emission norms of the future. These demands are met by the Company's product 'Common Rail fuel injection system' which is more fuel efficient and capable of meeting future emission norms. From the Gasoline systems side, the Company offers a wide range of product portfolio such as sensors, fuel injection, fuel supply module, air management etc., for building fuel efficient and low carbon engine management systems.

Through wide network of over 900 diesel service centers established by the Company's Automotive Aftermarket division, vehicles owners are guided to reduce the consumption of diesel and gasoline thus mitigating CO<sub>2</sub> emissions.

Suppliers:

Suppliers are our partners in progress. The Company aims at a long term partnership with suppliers and recognizes the mutuality of interest. The Bosch principle of Quality, Cost and Delivery equally applies to our suppliers.

The Company has the procedure in place for sustainable sourcing of inputs. The fundamental principles relating to the requirements that suppliers are expected to meet are based on the principles of the UN Global Compact. The key principle is human rights and environment. The Company expects its suppliers to meet these principles of environment which provides guidelines on adopting precautionary approach to environmental challenges, promoting greater environmental responsibility and develop environmentally friendly technologies. The Company

has a list of banned/prohibited chemicals which are checked in all the incoming raw materials and ensures required compliance in this regard.

The Company does business with suppliers that meet the following requirements:

- i) Compliance with the statutory regulations relating to the workforce, environmental protection and occupational safety.
- ii) Ability to introduce an environmental management system to ISO 14001.
- iii) Compliance with the basic principles of the UN Global Compact.
- iv) Compliance with international human rights, right to collective bargaining, abolition of forced and child labor, elimination of discrimination relating to appointments and employment, responsibility for the environment, and prevention of corruption.

Key Additional condition for preferred suppliers is that the external certification of the environmental management system to ISO 14001. If suppliers act unlawfully, the Company reserves the right to withdraw from existing contract or to terminate them without notice, unless the supplier in question has taken appropriate measures to avoid any future infringements. All suppliers are subject to a basic check as part of the ISAs (Integrated Supplier Assessments).

As one of the leading technology and service providers, the Company has been fulfilling its responsibility to protect environment and climate for over 30 years. The Environmental Management System (EMS) at Company's Plants is a good example. The Company has methodically expanded these systems so that more than 80% of the locations are now certified in line with international environmental standard ISO 14001. By 2020, the Company would like to slash carbon dioxide emission by 20%. Company also seeks alternatives to rare materials and makes consistent attempt to integrate them into material cycle. Company's Environment, Health and Safety (EHS) policy

provides insight to the commitment by top management towards reducing waste and re-use and recycle wastes.

The Company's re-manufacturing activities in the automotive sector via our Bosch eXchange program is one example of how Company does resource recycle. It is based on an intelligent return system for old components which no longer work. By taking back and re-manufacturing used parts, the Company reduces its resource footprint and its material expense - enabling it to pass these advantages on to its customers. On the same lines, the Company has adopted an approach of re-manufacturing the discarded products. With this approach the Company is able to conserve on the natural resources like raw material, energy and other operating costs.

### **Employees well being and related issues (Principle-3)**

#### Equal opportunity

The Company upholds and affirms equal opportunity at the time of recruitment as well as during the course of employment among our associates, regardless of the color of their skin, race, gender, age, nationality, social origin or handicapped.

The Company has integrated multiple cultures and is focusing on enhancing gender diversity within the organization. Significant efforts and measures have been taken to integrate more women in the organization and to create an inclusive environment for them. The successful completion of Gender Diversity Global Communication initiative and the launch of "Women Mentoring" programme for women identified as High Performers is a key step towards the same.

#### Work-life balance:

To further improve options for work life balance, required policies have been evolved by the Company. The objective behind this is to align with the guidelines on "flexible and family-friendly" working culture at Bosch with in the legal framework of the country. Some of the policies framed to support work life balance includes part-time working, working from home, sabbatical leave, 5 day working

for corporate functions and shift pattern for management staff working in general shift in Plants.

#### Employee development

The year 2012 was marked by intensive efforts on the topic of Leadership at the Senior and Middle Management levels via deployment of the flagship programme “Leading in India”. Intensive actions have been on-going since 2010 to bring about a visible Leadership Culture change that would be appropriate for the future in a fast changing business environment. The deployment has followed a three tier approach. Deep and active engagement collectively by Business heads / Function heads was the first step, followed by workshops for all Senior Management and culminating with workshops covering over 80% of the Middle Management level.

Company’s focus on developing and encouraging young generation for future leadership has again been emphasized from the awards received by the teams from the Company at National Competition for Young Managers – 2012 conducted by All India Management Association (AIMA) where the Company bagged the National level championship and the Young Manager’s Award for the year 2012.

Necessary changes in the already existing HR policies, such as – revision of Travel Guidelines, launch of pilot policy on Specialist Career path are few steps towards our constant endeavors to make the Company a better place to work for. Attrition continues to be well below market levels due to the measures taken by the Company.

The Company’s appraisal program system for managerial staff called as ‘Bosch Performance Review and Employee Development (PRED)’ program has attained higher maturity level through continuous communication and education through forums like Employee Development workshops etc. Introduction of Low Performance Monitoring policy was a key step towards employee development and ensuring retention of the competitive edge of the Company.

The Company continues its efforts of providing a high level of global orientation and working

experience to a large number of managers by deputing them in international assignments, participation in international workshops / seminars / forums, identifying and developing high potential managers through Management Development Programs (MDP) conducted by Bosch.

#### Bosch Management Services

Bosch Management Services division (BMSI) provides platform to pool systematically the expertise and knowledge of retired employees and seamlessly deploy their talent on the projects requiring their skills. Retired employees know Bosch well; they are flexible and are available at short notice; further they require no training and are effective in short duration. BMSI leverages these realities to add value to Bosch Group. The concept of BMSI is highly innovative and is based on a successfully deployed model in Germany. Bosch Group recognizes the need to mobilize all available resources and knowledge to achieve greater operating and structural efficiency in order to react more quickly to market changes. BMSI has a pool of around 250 experts who support Bosch Group of companies to execute projects involving strategic, operational and conceptual issues. BMSI consultants through more than 200 assignments and 25,000+ consultancy days helped in resolving many critical problems in variety of functions. BMSI experts have significantly contributed in projects relating to leadership development, knowledge management, project management, market establishment, quality improvement, cost optimization, supplier development and training.

#### Understanding and living the corporate culture

The ‘House of Orientation’ sets out how the Company sees the future development, the principles of approach and the capabilities that the Company has and wants to exploit for its continued success in the future. It also contains information on the standards and values that motivate us in our daily striving for success and improvement. ‘House of Orientation’ helps all associates to understand and live Company’s corporate culture – a culture that offers orientation, reinforces cohesiveness and creates identification.

‘The House of Orientation’ comprises the following modules:

- The **vision** is the overriding ideal for the Company's future. It points the way forward for a strong and meaningful development of the Bosch Group.
- As a guideline for everyday action, the **mission** gives concrete guidance on how to secure long-term profit and growth.
- Our **values** create a common basis for successful global cooperation. This vital Bosch culture enables the company to continue to evolve in an international market environment.
- The Bosch Group has clear **core competencies** that cross departmental boundaries. Utilizing this potential systematically across all business sectors and regions of the world will enhance our competitiveness.
- The **Bosch Business System** promotes the continuous improvement of all company-internal processes and their practical implementation.

The 'House of Orientation' helps all associates of the Bosch Group to better understand the changes in the Company, to play their part in shaping those changes, and in this way to ensure our long-term competitiveness.

The Company has 12,313 employees (excluding contract labour) as on 31.12.2012. Of which permanent women employees are 129. The contract labour accounts for 4167. The management of the Company recognizes employee association and around 65.23% of the permanent employees of the Company are members of this association. During the last year safety & skill upgradation training were given to 64% of permanent employees, 60% of permanent women employees, 81.7% of casual / temporary/contractual employees and 30% of employees with disabilities. The Company has not received any complaints relating to child labour, forced labour, involuntary labour, sexual harassment during the financial year 2012.

**Company's responsiveness towards its stakeholders, especially those who are disadvantaged, vulnerable and marginalized. (Principle-4)**

The Company contributes to the society at large, more particularly in areas proximate to its works and establishments through contributions and infrastructural support to organizations who promote

the cause of children, mentally and physically challenged, orphans, education, fine arts, health care, sports etc. The Company and the employees also contribute for relief measures at times of natural calamity affecting sections of the society.

The Company has four thrust areas focusing on Health & Hygiene, Environment education, Community development and Vocational Training. These are deployed through the social responsibility model which is communicated across the Plants through posters, visual boards, handouts and guides.

Special initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. Some of the initiatives include engaging the physically disabled persons through NGO 'Ability in Disability'. ~60 disabled persons are working in the Bangalore Plant at various departments such as stores, Power Tools etc.



Disabled persons working in Bangalore Plant.

Some of the initiatives undertaken by the respective Plants during the year 2012 are summarized below.

**Bangalore Plant:**

Bangalore Plant is surrounded by many under privileged communities. A sustained program is running for Government school children called the Child Health Development Program (CHDP), wherein around 2,200 children from 19 schools varying from the age of 6 to 14 years are screened for any medical ailments and need based dental and eye screening are done. Also with the external medical diagnosis,

treatments are given including surgeries as suggested by the doctors and also further follow up and tests are done as required.



Medical screening for Government School Children in the neighbourhood of Bangalore Plant.

Apart from medical health support to children, there are also environment awareness classes conducted by Company volunteers along with NGO Youth For Seva. The children are given awareness on water conservation, waste segregation, air and noise pollution. Also their knowledge is assessed by way of conducting interschool competitions.



Environment awareness - Interschool competition for Government School Children

Based on the need analysis done in the surroundings of the Bangalore location premises, infrastructure/community development was taken up at Government schools and other Government facilities. Accordingly, many projects were taken up like providing drinking water facility, renovation of toilets, facility for rain water harvesting, construction

of shelter for having a meal, donation of furnitures to Institutions etc. to name a few.

Bosch Vocational Training Center of the Company helps providing vocational training to the under privileged. The Training Centre has designed different training programs such as basic computer training suitable for underprivileged children. Many skill development programs or short term courses were introduced at our Bosch Vocational Centre. In the year 2012, focus was on vocational training wherein the target group was the students from the Government Industrial Technical Institute. Under the category of Diesel Mechanics and Motor Mechanics, students were imparted the basic training of electrical and electronics and on automotive technology training by the Training Centre. Computers were provided to the ITI, Bangalore, so that they could conduct Computer courses for the students. Bosch Vocational Centre being the “Best in Class” in the country also sustained excellence in the field of Vocational Training by increasing tally of Gold medal winners to 204. The Company was declared “Best Establishment” in the country for the 44<sup>th</sup> time.

#### **Nashik Plant:**

The village Dahalewadi / Dubewadi which is 50 kms away from Nashik Plant was adopted for overall development from year 2010. Various projects are undertaken based on the needs and upon obtaining through survey at the village. Annual health camp was organized for people from Dahalewadi and surrounding villages. The patients were diagnosed and treated for ailments and free medicines were provided. Eminent specialists from different fields provided their expertise for this social cause. For the children in village special camps are arranged for dental hygiene and malnutrition. Supplementary food & medication is provided for children to improve their health.

Also, health and hygiene awareness sessions were conducted on regular basis especially for girls and women; not only in adopted village but also in other schools in tribal area. Guidance & help was extended to patients to take advantage of Government medical schemes. An ‘Ear Nose Throat’ check including free

medication was continued in a school for hearing impaired children.



Medical camp organized by Nashik Plant in Dubewadi village.

In continuation with 'Income generation programs' for economic empowerment of the underprivileged in the village, more Self Help Groups (SHG) were formed. The SHGs members were given guidance for getting the loans and starting income generation activity. Totally, 40 families are benefitted from this.

To increase the agricultural yield in the village, help from experts of Krishi Vidyan Kendra was taken. Exposure visits were arranged. Training on new techniques for plantation, use of bio-fertilizers, seed treatment etc was given. This has resulted in 2 to 3 times increase in Paddy crop. Similar program was undertaken for Gram plantation also. About 300 fruit bearing trees were planted in the village to generate additional income. For youths; training on producing Vermicompost was arranged.

Additional Solar street lamps were provided in the village to overcome hardships due to power shortages. Drinking water was made available to the villagers by reinstating the pumping system. The Nashik factory undertakes tree plantation every year, across Nashik City along with Municipal Corporation. Till date a stretch of about 15 kms of roads are covered with greenery.

To make the underprivileged youths employable; vocational training courses were started in 7

disciplines, at 2 NGOs with support from Bosch India Foundation; about 450 students will be made employable every year.

The well-known 'Nashik Run' completed its 11th year in January, 2013. The event is coordinated by the Plant with its neighbouring corporate houses. In 2012 it attracted 19,000 participants. The funds collected and disbursed for social causes; amounts to more than 65 million Rupees. The Nashik Run Charitable Trust works for the benefit of underprivileged members/groups such as physically and mentally challenged, old age people, orphan children, destitute ladies and tribals of the region.



Nashik Run organized by the Nashik Run Charitable Trust

#### **Jaipur Plant:**

The success story of RO (treated water) plant at Goner continued in 2012 and 875 families are covered in this clean water project. With the increased demand due to nominal cost and its positive effect on health, 6 more taps are installed in RO plant and average daily consumption in village increased to 10,000 liters. This volume has ensured its sustenance and given a confidence to make a Self Help Group to run the project independently. To spread clean water campaign, installation of two more RO plants of same capacity in Pratap Nagar and Vatika are in progress and will be completed by 1st quarter of 2013.

One Industrial Training Institute and 7 Schools were adopted under the CSR theme Education. Adopted ITI Sanganer got accredited to National Council of

Vocational Training (NCVT). The Institute Management Committee (IMC) was formed with 15 members consisting of members from ITI, Bosch, Government and Non- Government organization. The objective of IMC is effective utilization of INR 25 million grants from government to improve the infrastructure and facilities in ITI. 100% employability was achieved for passed out students in 2012. Computer laboratory was established in one of the adopted schools and CSR volunteers took classes to promote computer education. The necessary requirements like furniture, compound wall, play ground, glass boards, utensils for food, carpets, fans etc. were provided to adopted schools to improve the learning conditions. To support Health and Hygiene in schools, toilets were built and flooring in class rooms was done in one of the adopted school.



Medical screening at Government School in Goner village.

Road safety initiatives were taken with the aim to make Jaipur Plant and Rajasthan Industrial Corporation (RIICO)



Road Safety Awareness Session in Jaipur

accident free zone. Road safety awareness sessions for employees, drivers and in nearby colleges were held along with poster campaign. Around 200 plants were planted outside and inside the Plant premises. Energy Day, Safety week, Environment Day and Society day were celebrated to improve society engagement.

This year the Plant has received two major awards for its CSR initiatives. AIMA awarded our clean water project under “Best CSR practice leading towards responsible business and sustainability”. Rajasthan government through RIICO awarded the Plant a winner in “Corporate Social Responsibility” in Rajasthan.

#### **Goa Plant:**

The Plant continued in 2012 the project ‘Prerna’ with the aim to serve the needy and those neglected by their own kith and kin. The activities of Prerna are sponsored by contributions made by the employees of the Plant with additional support from the Plant management.

#### **Clean Air Campaign**

The ‘Clean Air’ campaign was organized to educate and bring awareness among general public on environment pollution and various measures to reduce the same. As part of this, Company reaches out to Schools and Colleges, students, auto cabs on usage of fuel injection equipments, development in automobile technology and fuel quantity, following the traffic rules among many others. The Company has also commissioned an emission testing van and carries out the testing of vehicles.

Clean Air Bangalore (CAB) is a campaign adopted to educate the Bangalore Metropolitan Transport Corporation (BMT) drivers to check the emission



Awareness to BMT Bus Drivers

levels of the vehicles. The awareness was also given to the engineering college students and to the public at large. This is an ongoing process and is carried out at most of Company's locations in India. This activity has been well acknowledged by the Bangalore Pollution Control Board.

The environment awareness is also carried out in 19 Government Schools located within the 3 kms of Bangalore Plant location. The children are given awareness (both theory and practical) on four themes, i.e. Water Conservation, Waste disposal, Air Pollution and Noise Pollution.

#### **Company's policy on human rights. (Principle-5)**

The Company respects and supports compliance with national and internationally recognized human rights of all relevant stakeholders and groups within and beyond the workplace in particular as regards those of our associates and business partners.

The Company's policy on human rights covers not only the Company but extends to its group companies, joint ventures, suppliers, contractors, NGOs etc. The Company has not received any complaint from any stakeholder regarding violation of human rights.

#### **Environment, Health and Safety (EHS) (Principle-6)**

The Company has a policy on environment, health and safety which aims at increased sustainable approach, responsibility to prevent endangering people and environment, comply with legal requirements, make products that are safe, eco-friendly reducing burden on environment, also during disposal and recycle.

The various locations of the Company have introduced the integrated management system in line with ISO 14001:2004 and OHSAS 18001:2007. Regular review of activities involved in the business is made to identify significant environmental aspects and unacceptable hazards. Such significant aspects and unacceptable hazards are addressed through either management programmes or administrative controls so as to minimize the impacts on the environment and risk levels.

The implementation of environmental management system at Company's locations have helped in achieving the resource conservation, waste minimization, recycling of waste, prevention of pollution and compliance to legal and Bosch requirements.

#### Resource conservation:

Importance is given on conserving natural resource like water, raw materials and also reducing the usage of hazardous substance. An insight to the environment initiatives at Bosch can be accessed at the hyperlink viz..

<http://www.boschindia.com/content/language1/html/4430.htm>

Various energy conservation initiatives and tapping of renewable sources of energy has resulted in substantial savings and reduction in CO<sub>2</sub> emission.

At all Company's locations water is treated as scarce resource. Water audits are frequently done and water balance established. Year on year Plant level objectives are taken up for reducing water consumption. The waste water is treated in automated effluent treatment plants and the domestic sewage in sewage treatment plants. The treated waste water is further subjected to tertiary treatment and reused back in the process thereby conserving fresh water. The treated domestic sewage is reused for secondary purposes like toilet flushing and gardening.

#### Environment protection:

The Company continuously reviews the process to understand their effects on people and environment. This is how the Company arrives at the weak points and opportunity for improvement.

The Company has various strategies and initiatives towards environmental issues. They are being built up by Company's EHS policy enlisting the values and commitments. Reduction of carbon foot print is one of the major objective towards which all the Plants of the Company are working on. By 2020, the goal is to reduce the CO<sub>2</sub> emissions by 20% taking base levels as emissions in the year 2007.

As a continuous improvement process, objectives are

taken up for elimination of hazardous substances thereby making our processes clean and safe. Reuse and recycling of waste has resulted in substantial reduction of waste going for disposal.

More than 10,000 trees are nurtured at Bosch locations. To certain extent rain water is harvested at our locations and the greater part is recharged in to the ground. This has helped in improving the ground water yield at our locations.

In 2012, Jaipur Plant won prestigious “CII-National Award for Excellence in Water Management” and “Rajasthan State Energy Conservation Award”. Also Bangalore Plant won “Golden Peacock Environment Management Award”.

#### *Environment – Vision, Mission Statement*

**Vision:** We preserve the natural resources on which life depends for today’s and future generations.

**Mission:** With our innovative technologies, products and services, we reduce the impact upon the environment and generate profitable growth.

We ensure environmental sound processes and technologies in our value. Our associates act environmentally responsible. We actively improve the environmental conditions.

#### *Bosch Environment Logo*



[“Blue” stands for clean water and clean air, and for objectives to minimize adverse impacts on the environment.

The “Green leaf” represents the link to nature and the careful use of resources, as well as the continuous improvement of operational processes serving to protect nature.

The circular shape symbolises nature’s cycles, and our responsibility during the development and manufacture of products, until their disposal at the end of the life cycle.

The shape of a “Q” - the RB symbol for Quality - emphasizes that environmental protection is a feature of quality.]

#### *Occupational safety:*

The safety at the work places is given utmost importance. The concept of quarterly audits by cross functional team was introduced in the year 2012. The objective was to prevent repeated observations from the audits. During the audit, deviations pertaining to machine safety, electrical safety, hazardous substances management and emergency preparedness were checked to ensure compliance with legal and Bosch requirements. The observations from these audits are being addressed on priority. Various initiatives like assigning responsibility for a defined area to the department heads, layered audits by supervisors, managers, department heads and plant management at different frequencies, deviation management, compliance monitoring, training matrix for different levels and disciplinary measures for repetitive deviations were introduced. Through this mechanism, the number of deviations was brought down considerably thereby the companies EHS maturity levels improved by 4.2% over 2011 level.

The safety release of machines and equipments, management of hazardous substances, emergency preparedness and response, management of contractor activities and measures for electrical safety have ensured accident prevention. Administrative control measures like training, provision of personal protective equipments also help in accident prevention. “Near miss” reporting and tracking system are established in Bosch locations.

Emergency preparedness and response is an effective tool for control and prevention of fire. Initiatives like flame detection system for endurance test cells and oil stores, water mist fire protection system for furnaces, gas suppression system for battery banks, early detection and gas suppression

system for fire prone machines and fire hydrant pump performance system have greatly contributed towards control and prevention of fire.

In 2012, Bangalore and Nashik Plants have received the “Silver Greentech Safety Award” in the engineering and automobile sector for the safety initiatives taken at locations.

*Health and Safety Vision, Mission Statement:*

Vision: We achieve excellence in health & safety and strive for the well being of our associates.

Mission: We provide a healthy and safe work environment for all.

We keep safety as a precondition of stable and managed processes, as well as for productivity improvement.

We are the role model for health & safety in our communities.

*Health and Safety Logo*



[The round shape symbolises the employee in the centre being protected.

The division into two parts signifies that there are rules and one’s own responsibility.

The combined inner and outer circular shape emphasizes the interaction between rules and one’s own responsibility.]

**Company’s responsibility towards public and regulatory policy. (Principle-7)**

The Company through the various Industry forums of which it is member, endeavors to promote growth and technological progress, Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food

Security, Sustainable Business Principles and other matters impacting environmental and society at large.

The Company is also member of various chambers and trade association such as Confederation of Indian Industry, Bangalore Chamber of Commerce, Automotive Component Manufacturers Association of India, Bombay Chamber of Commerce and Industry etc. Select Company executives participate in the workshops and seminars conducted by these chambers on matters of importance to the Company and its business.

**Inclusive growth and equitable development. (Principle-8)**

As referred to in principle 4, the Company has specified programs/modules/projects in pursuit of stakeholder engagement especially those who are disadvantaged, vulnerable and marginalized.

The Company captures the stakeholder expectations through an annual survey during “Samajika Samaveshha” or the “Society Day”. During this interaction, the Company invites the whole spectrum of stakeholders such as end beneficiaries, Government regulatory agencies, transport corporations, hospitals, NGO’s and eminent personalities from the society. The Social Responsibility activities of the Company are presented to the audience and obtain their feedback. The stakeholders have personal interaction with the senior management of the Company. The Company captures the perception using a questionnaire and results are analyzed and improvement actions are prioritized. For example, based on such feedback in



Chief Guest Dr. Vaman Acharya, Chairman, Karnataka State Pollution Control Board addressing the Society Stakeholders

2009, the Company has taken up rain water harvesting projects in its adopted schools. Similarly, the Company provided additional employment to disabled through the “Ability and Disability” organization at Bangalore Plant location. The society perception results are measured on a scale of 1 to 4 and have improved over the last few years.

### **Bosch India Foundation**

In an effort to serve the underprivileged and weaker sections of society and towards extending and sustaining philanthropic values of Bosch Group in India, Bosch formed a foundation in March 2008 called “Bosch India Foundation” (BIF). The Bosch subsidiary companies in India are the Trustees of the foundation. The foundation receives an annual contribution of post tax profits upto 0.5% by the Bosch subsidiaries in India.

BIF through vocational training and health programs, pursued with several projects during the year 2012 like Vocational Skill Training in Automobile Mechanic, Carpentry, Masonry, Plumbing, Fitter, CNC Machinist, Mobile repair and health care projects such as Spinal Cord injury rehabilitation, Orthopaedic and Cleft surgery. The programs were conducted with active participation of Bosch associates from the various plants and sales office.



Vocational training in Tractor repair.

The Foundation was able to reach out to an additional 5,700 youths in 2012. Of the two focus areas of Vocational Skill Development and Health care, the growth activity was higher in the area of vocational / skill training. In the last 4 years since its inception, BIF

has touched the lives of over 10,000 till end 2012.

Through 30 new proposals in 2012, BIF was able to start activities in 9 new locations such as Pune, Nashik, Kolkatta, Kolar, Mysore, Udupi, Hassan, Wayanad and Ernakulam. BIF has now a reach to 15 locations in India, 5 of which are rural areas where the need of the youth is greater.

BIF partnered with 20 new NGO’s taking the partnership base to a total of 35. BIF was able to strengthen the work of well known NGOs as well as help nurture fledging new social enterprises. Each partnership was of immense value as it helped BIF to reach out to those communities and localities that the NGO’s served and had in-depth connection.

BIF also increased its portfolio in vocational skill training, which is one of the main tool used by the foundation to empower the underprivileged. In 2012, BIF partnerships offered short duration training in 32 trades.

Three new areas that the Foundation made an entry in 2012 was to support vocational training to i) specially-abled youth ii) construction workers and iii) rural farmers.

Through four projects, about 100 persons with disability underwent vocational training best suited to their needs. Two projects cater to training persons with cerebral palsy in Bangalore (computer data entry) and Mysore (gift articles); another that supports the prevocational training for mentally challenged youth. Computer training for visually challenged youth using Job Access With Speech (JAWS) program was also initiated in Mysore.

Onsite training for 1,500 unskilled construction workers in the trades of masonry, painting and carpentry using skilled workers as trainers conducted as pilot study also met with success. Vocational trainings were also started in rural trades of farming, dairy and tractor repair.

The Foundation was truly able to live up to its mission - “Like a spark that ignites an engine the foundation aims to empower individuals to create an impact that will help communities stand on their own feet, through employability training and techno-solutions.”

*Perception gathering:*

The Company has various forums to gather perceptions of stakeholders and this process has been reviewed over the years based on stakeholder inputs and analysis thereon. In order to validate the Company's performance results and to take necessary counter measures during the course of the year, inputs are collected from key customers, employees, business partners and selected society representatives.

The Company has specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8. Some of which are - Health and Hygiene Project for Government School Children in and around Bosch location, adoption of 19 schools covering 2,500 children for complete medical treatment; Environment education to the Govt. school children; Vocational training to students of Govt. ITI; Clean Air Bangalore addressing the general public, BMTC, KSRTC, auto drivers, etc., bringing awareness in Schools, Engineering institutions, etc., on the impact of air and noise pollution, RO plant at Jaipur, Nashik run, Support to Anganawadis, Self Help Groups etc.

These specified programs are undertaken jointly by the Company with external NGOs.

The Company's direct contribution to community development projects in Schools, Institutions, etc., including in kind amounts to approximately INR 22 Mio. In order to ensure that the Company's initiative are successfully adopted by the Community and to assess the impact of the Company's initiatives, the Company has framed a questionnaire to take the perception of the stakeholders and their feedback during its Annual Society Day, based on which the next years projects are taken and course corrections are made for further needs and execution of projects.

**Company's responsibility towards its customers and consumers (Principle-9)**

The Company's founder Robert Bosch's statement that "quality is the most valued asset" has

remained an unwavering guideline for Company's business policies. The customers put their trust in our ability to deliver high quality in all our activities. This trust is based on our strength in implementing necessary improvements in a fundamental and lasting way. The Company firmly believes in the Bosch quality principles as laid down in our quality manual for its responsibility towards its customers and consumers.

Over the years, customer perception of the Company has changed to a 'partner in progress' through sustained customer relationship improvement measures. This has enabled the Company to enhance its relationship further with continuous improvements and increasing customer touch points at all levels of the organization. Continuous appreciation by means of customer recognitions and awards as well as sustained improvement in customer satisfaction over last few years is a testimony to our focus on improving customer relationships systematically.

The Company has no significant customer complaints or consumer cases that are pending at the end of financial year 2012. The Company, apart from the mandated declarations, furnishes additional declarations on the products/labels relating to the products and their usage. There are no cases filed by any stakeholder against the Company regarding unfair trade practices as at the end of the financial year 2012. The Company conducts periodical Customer satisfaction survey at designated touch points covering various aspects of Company's interfaces. The Company is guided by Bosch Values of Openness, Trust and Fairness in the day to day interactions with its customers. There are several avenues for regular dialogue with customers on manufacturing, quality and delivery issues. Exceeding customer's expectations is the Company's foremost priority. Therefore, the perception and experiences of Company's customers are captured and monitored regularly. These are reviewed by top management for improvements, where necessary.

# Auditors' Report

## To The Members of Bosch Limited

1. We have audited the attached Balance Sheet of Bosch Limited (the "Company") as at December 31, 2012, and the related Statement of Profit and Loss 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) (Amendment) 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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2012 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 attached 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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.

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
*Chartered Accountants*

Subramanian Vivek  
*Partner*

Place : Bangalore  
Date : February 27, 2013

Membership Number: 100332

## Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bosch Limited on the financial statements as of and for the year ended December 31, 2012.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has granted unsecured loans to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 240 million and nil, respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4 (iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that, except for certain items of inventory/fixed assets which are of special/ proprietary nature for which suitable alternative sources do not exist, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for certain transactions where we are unable to comment, being of specialized/ proprietary nature.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, entry tax, customs duty and excise duty as at

December 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Disputed Amount (Rs. in millions)	Payment made in the normal course of appeal proceedings (Rs. in millions)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty, Service Tax, interest and penalty	39	-	1992-94, 2002-04, 2005-11	Up to Commissioner's Level
		15	11	1998-01, 2003-06	Customs, Excise, Service Tax Appellate Tribunal
		6	-	2002-04	High Court
		29	-	1985-88, 1994-95	Supreme Court
Customs Act, 1962	Customs duty and interest	55	-	1991-92, 2009-10 2011-12	Up to Commissioner's Level
		6	4	2009-10	Customs, Excise, Service Tax Appellate Tribunal
Income Tax Act, 1961	Income tax and interest	1	-	1979-80, 1983-84	Up to Commissioner's Level
		1	-	2003-04	Income Tax Appellate Tribunal
		75	-	1990-94, 1995-04	High Court
State and Central Sales Tax Acts	Sales tax, interest and penalty	79	22	1993-94, 1995-10	Up to Commissioner's Level
		29	23	1996-97, 1998-99, 2000-01, 2002-05	Sales Tax Tribunal
Entry Tax Act	Entry tax and interest	7	-	1993-94, 1999-01	Up to Commissioner's Level
		3	-	1991-93	High Court

x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date

or in the immediately preceding financial year.

- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner

Place : Bangalore  
Date : February 27, 2013

Membership Number: 100332

# Balance Sheet

as at December 31, 2012

[₹ in Millions (Mio INR)]

Particulars	Note No.	2012	2011
<b>Equity and Liabilities :</b>			
Shareholders' funds			
Share capital	4	314	314
Reserves and surplus	5	55,419	46,970
Non-current liabilities			
Long-term borrowings	6	1,813	2,273
Other long-term liabilities	7	334	373
Long-term provisions	8	2,184	1,715
Current liabilities			
Short-term borrowings	9	37	181
Trade payables	10	9,304	10,305
Other current liabilities	11	4,569	5,211
Short-term provisions	12	5,065	3,968
Total		79,039	71,310
<b>Assets :</b>			
Non-current assets			
Fixed assets			
(i) Tangible assets	13	8,566	5,917
(ii) Intangible assets		67	-
(iii) Capital work-in-progress		4,171	3,207
Non-current investments	14	4,500	4,477
Deferred tax assets (net)	15	2,552	2,276
Long-term loans and advances	16	2,256	3,328
Current assets			
Current investments	17	10,698	11,870
Inventories	18	10,957	11,831
Trade receivables	19	10,210	8,959
Cash and bank balances	20	14,872	9,515
Short-term loans and advances	21	8,787	8,894
Other current assets	22	1,403	1,036
Total		79,039	71,310
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner

Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

A. Vijay Shankar  
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus  
V.K. Viswanathan  
B. Muthuraman  
Renu S Karnad  
Prasad Chandran  
B. Steinruecke  
Bhaskar Bhat

Dr. Steffen Berns  
Soumitra Bhattacharya

Directors

# Statement of Profit and Loss

for the year ended December 31, 2012

[₹ in Millions (Mio INR)]

Particulars	Note No.	2012	2011
<b>Revenue from operations :</b>			
Gross sale of product	45	91,322	85,332
Less : Excise duty		(7,150)	(6,037)
Net sale of product		84,172	79,295
Sale of services	23	936	677
Other operating revenue	24	1,483	1,686
Other income	25	3,692	3,203
Total Revenue		90,283	84,861
<b>Expenses :</b>			
Cost of materials consumed	26	27,897	26,944
Purchase of stock-in-trade	27	19,077	19,106
Changes in inventory of finished goods, work-in-progress and stock-in-trade	28	560	(2,098)
Employee benefit expenses	29	10,371	8,961
Finance cost	30	55	4
Depreciation and amortisation expenses	31	3,670	2,578
Other expenses	32	15,191	13,626
Total Expenses		76,821	69,121
<b>Profit before tax</b>		13,462	15,740
<b>Tax expense :</b>			
Current tax			
(i) for the year		4,163	4,709
(ii) relating to earlier years		(8)	(102)
Deferred tax charge/ (credit)		(276)	(94)
<b>Profit for the year</b>		9,583	11,227
Earnings per share - Basic and Diluted of face value of ₹ 10 each	39	305	358
Summary of significant accounting policies	2		
Details of R&D expenses / (income)	33		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner

Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

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Bhaskar Bhat

Dr. Steffen Berns  
Soumitra Bhattacharya

Directors

# Cash Flow Statement

for the year ended December 31, 2012

[₹ in Millions (Mio INR)]

	2012	2011
<b>A Cash flow from operating activities</b>		
Profit before tax	13,462	15,740
Adjustments for :		
Depreciation and amortisation expenses	3,670	2,578
Unrealised exchange difference	(20)	(29)
(Profit) / Loss on sale of fixed assets	(13)	(9)
(Profit) / Loss on sale / redemption of non trade investments (net)	(830)	(793)
Premium paid on investments amortised	16	16
Rental income from Investment property	(370)	(342)
Dividend income	(223)	(194)
Interest income	(2,120)	(1,847)
Interest expense	55	4
Operating profit before working capital changes	13,627	15,124
Adjusted for :		
(Increase) / decrease in inventories	995	(3,738)
(Increase) / decrease in receivables	(1,252)	(2,282)
(Increase) / decrease in loans and advances	735	(1,947)
Increase / (decrease) in liabilities and provisions	(883)	1,971
Cash generated from operations	13,222	9,128
Direct taxes paid (net of refunds)	(3,631)	(4,682)
Net cash from operating activities	9,591	4,446
<b>B Cash flow from investing activities</b>		
Additions to tangible fixed assets	(7,262)	(5,388)
Proceeds from sale of tangible fixed assets	29	12
Purchase of investments	(7,271)	(8,550)
Sale of investments	9,385	9,493
Inter corporate deposit repayment received	4,300	7,280
Inter corporate deposit given	(4,400)	(7,600)
Loan to related party given	(1,020)	(1,510)
Loan to related party repayment received	1,240	-
Fixed deposit investment (having original maturity of more than three months)	(15,042)	(6,600)
Fixed deposit maturity (having original maturity of more than three months)	8,600	12,520
Purchase consideration paid towards acquisition (refer Note 3)	(99)	-
Dividend received	46	38
Rental income from Investment property	370	342
Interest received	1,794	1,933
Net cash from / (used in) investing activities	(9,330)	1,970
<b>C Cash flow from financing activities</b>		
Proceeds from borrowings / repayment of borrowings (net)	(767)	308
Dividends paid	(1,570)	(3,925)
Tax on dividend distribution	(256)	(637)
Capital grant received [refer note 5(a)]	1,056	-
Interest paid	(25)	(5)
Net cash from / (used in) financing activities	(1,562)	(4,259)
Net cash flows during the year (A+B+C)	(1,301)	2,157
Unrealised exchange gain/(loss) on cash and cash equivalents	216	0
Cash and cash equivalents (Opening balance)	2,895	738
Cash and cash equivalents (Closing balance)	1,810	2,895
	2012	2011
Cash and cash equivalents comprises of :		
Cash on hand	0	1
Cheques on hand	406	375
Bank balances		
Current accounts	172	92
Deposit accounts (original maturity of less than 3 months)	1,232	2,427

Notes : a) Above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standard 3 as notified u/s 211(3C) of the Companies Act, 1956.

b) Dividend reinvested has not been considered above as there was no cash inflow/ outflow.

As per our report of even date

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner

Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

A. Vijay Shankar  
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus  
V.K. Viswanathan  
B. Muthuraman  
Renu S Karnad  
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B. Steinruecke  
Bhaskar Bhat

Directors

## Notes to the Financial Statements for the year ended December 31, 2012

### Note 1: Company Information

Bosch Limited (the "Company") is the flagship company of Robert Bosch Group in India. Headquartered out of Bangalore, the Company has its manufacturing facilities in Bangalore, Nashik, Naganathapura, Jaipur and Goa. The Company has presence across automotive technology, industrial technology and consumer technology. It manufactures and trades products as diverse as diesel and gasoline fuel injection systems, automotive aftermarket products, auto electricals, special purpose machines, packaging machines, electric power tools, security systems, solar energy and thermo technology. The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

### Note 2: Summary of Significant Accounting Policies :

#### (a) Accounting basis and convention:

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India and comply in all material respects with the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### (b) Revenue recognition:

Sale of products is recognised when the substantial risk and rewards of ownership in the goods are transferred to the buyer and is recorded net of trade discounts, sales tax, excise duty, claims, etc., as considered appropriate.

Sale of services is recognised on rendering of services based on agreements/arrangements with the concerned parties.

Interest on investments and deposits is recognised on a time proportion basis. Dividend income is accounted for when it is declared.

#### (c) Investments:

Investments that are readily realisable and are intended to be held for not more than one year from the date on which investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are stated at lower of cost and fair value. Long term investments are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of long term investments. Premium paid on acquisition of bonds is amortised over the residual period of such bonds.

Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

#### (d) Fixed assets:

##### (i) Tangible assets

Tangible assets are stated at cost of acquisition or construction less accumulated depreciation.

##### (ii) Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation.

#### (e) Depreciation / Amortisation:

(i) Depreciation on fixed assets is provided using the written down value method based on the useful life as estimated by the management. The estimated useful life for various fixed assets is given below :

<u>Tangible assets</u>	Useful life (in years)
Buildings :	
Residential :	59
Factory/ Office :	29
Plant and machinery :	
General :	6
Data processing equipment :	3
Furniture and fixtures :	8

## Notes to the Financial Statements for the year ended December 31, 2012

<u>Tangible assets</u>	Useful life (in years)
Office equipment :	8
Vehicles :	5
<u>Intangible assets</u>	
Know-how, business :	3
Dealership and networking :	3

In respect of specific assets including second hand machinery which are estimated to have a lower residual life than envisaged above, depreciation is provided based on the estimated lower residual life, where required.

- (ii) Low value assets not exceeding ₹ 15,000/- per unit and assets which are not directly connected with the production activity such as Research and Development assets, pollution control and energy saving devices are depreciated at 100% in the quarter of addition.
- (iii) Cost of application software is expensed off on purchase.
- (iv) In respect of additions, depreciation is provided on pro-rata basis from the quarter of addition and in respect of disposals, the same is provided upto the quarter prior to disposal.
- (v) The aggregate depreciation so provided in the accounts is not less than the depreciation which would have been provided had the rates specified in Schedule XIV of the Companies Act, 1956, been adopted.
- (vi) Cost of leasehold land (other than those which will be converted to freehold after a certain period upon satisfying prescribed conditions) is amortised over the lease term.
- (f) Inventories:  
Inventories are valued at lower of cost and net realisable value. Cost is generally ascertained on weighted average basis. In case of work-in-progress and finished goods, appropriate overheads are included. Obsolete / slow moving inventories are adequately provided for. Excise duty on finished goods lying in factories and customs duty on raw materials in bonded warehouses are considered for valuation of inventories, as applicable. Purchased goods in transit are accounted at lower of cost and net realisable value.
- (g) Employee Benefits:
- (i) Short term employee benefits:  
All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include salaries, wages, short term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.
- (ii) Post-employment benefits:  
Contributions towards Superannuation Fund, Pension Fund and government administered Provident Fund are treated as defined contribution schemes. In respect of contributions made to government administered Provident Fund, the Company has no further obligations beyond its monthly contributions. Such contributions are recognised as expense in the period in which the employee renders related service. Provident Fund contributions made to Trusts administered by the Company is treated as defined benefit plan. The interest rate payable to the members of these Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The Company also provides for post employment defined benefit in the form of Gratuity. The cost of defined benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses in respect of the same are charged to the Statement of Profit and Loss. Termination benefits are recognised as an expense as and when incurred.
- (iii) Other long term employee benefits:  
All employee benefits other than post-employment benefits and termination benefits, which do not fall due wholly within twelve months after the end of the period in which the employees render the related service, including long term compensated absences, service awards, death relief benefits, are determined based on actuarial valuation carried out at each balance sheet date. Estimated liability on account of long term employee benefits is discounted to the present value using the yield on government bonds as the discounting rate for the term of obligations as on the date of the balance sheet. Actuarial gains and losses in respect of the same are charged to the Statement of Profit and Loss.
- (h) Foreign currency transactions:  
Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transactions. At the year end, all the monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences resulting from the settlement of such transactions and from the translation

## Notes to the Financial Statements for the year ended December 31, 2012

of such monetary assets and liabilities at the year end are recognised in the Statement of Profit and Loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment/ highly probable forecast transactions are marked to market and the resultant loss, if any, is recognised in the Statement of Profit and Loss.

## (i) Leases:

Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Operating lease expense/ income is recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

## (j) Income tax :

## (i) Current taxation:

Provision is made for income tax based on the tax liability computed after considering tax allowances and exemptions.

## (ii) Deferred taxation:

Deferred income tax is provided on all timing differences at the balance sheet date between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted as on the balance sheet date.

## (k) Impairment of assets:

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount.

## (l) Provisions:

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

## (m) Research and development:

Capital expenditure on Research & Development is capitalized as fixed assets and depreciated in accordance with depreciation policy of the Company. Revenue expenditure incurred in research phase is expensed as incurred. Development expenditure is capitalized as an internally generated intangible asset only if it meets the recognition criteria under Accounting Standard 26 on Intangible Assets, which inter-alia includes demonstration of technical feasibility, generation of future economic benefits etc. Expenditure that cannot be distinguished between research phase and development phase is expensed as incurred.

## (n) Grants received:

Grants and subsidies from the government are recognized if the following conditions are satisfied, (i) there is reasonable assurance that the Company will comply with the conditions attached to it and (ii) such benefits are earned and reasonable certainty exists of the collection.

Government grants or subsidies given with reference to the total investment in an undertaking or setting up of new industrial undertaking is treated as grant in the nature of promoters' contribution and hence credited directly to capital reserve. The said capital reserve is not available for distribution of dividend.

Government grants that are receivable as compensation for expenses or losses or for the purpose of giving financial support to the company with no further related cost are treated as revenue in nature. Such grants are recognised in the Statement of Profit and Loss when they become receivable.

## (o) Cash and cash equivalents:

Cash and cash equivalents includes cash and cheques on hand, demand deposits with banks, fixed deposits and other short-term highly liquid investments with original maturities of three months or less.

Note 3: Pursuant to the agreement entered into between Robert Bosch GmbH, Germany (the holding Company) and SPX Corporation, USA in January 2012, the Company has acquired Indian unit of 'Service Solutions' business from SPX India Private Limited with effect from December 3, 2012 on a going concern basis for an aggregate consideration of Mio INR 99.

## Notes to the Financial Statements for the year ended December 31, 2012

Note 4: Share Capital [₹ in Millions (Mio INR)]

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
<i>Authorised</i> Equity shares of ₹ 10 each	38,051,460	381	38,051,460	381
<i>Issued, Subscribed and fully Paid up</i> Equity shares of ₹ 10 each	31,398,900	314	31,398,900	314

## (a) Reconciliation of the number of shares:

[₹ in Millions (Mio INR)]

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	31,398,900	314	31,398,900	314
Balance at the end of the year	31,398,900	314	31,398,900	314

## (b) Rights, preferences and restrictions attached to shares:

The Equity shares of the Company, having face value of ₹ 10/- per share, rank pari passu in all respects including voting rights and entitlement to dividend.

## (c) Equity shares held by the holding company:

[₹ in Millions (Mio INR)]

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
Robert Bosch GmbH, Federal Republic of Germany, the holding company	22,349,420	223	22,349,420	223

## (d) Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:

	2012		2011	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Robert Bosch GmbH, Federal Republic of Germany, the holding company	22,349,420	71.18%	22,349,420	71.18%

## (e) Shares bought back during the period of five years immediately preceding the reporting date:

	2012	2011
Number of equity shares bought back by the Company	652,560	652,560

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 5: Reserves and Surplus

[₹ in Millions (Mio INR)]

	2012	2011
<b>Capital Reserve</b>		
Balance at the beginning of the year	43	43
Additions during the year [refer note (a) below]	1,056	-
Balance at the end of the year	1,099	43
<b>Share Premium</b>		
Balance at the beginning and at the end of the year	8	8
<b>Capital Redemption Reserve</b>		
Balance at the beginning and at the end of the year	67	67
<b>General Reserve</b>		
Balance at the beginning of the year	38,880	33,880
Add: Transfer from surplus in statement of profit and loss	958	5,000
Balance at the end of the year	39,838	38,880
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	7,972	6,669
Add: Profit for the year	9,583	11,227
Reversal of Dividend Distribution Tax	-	4
Less: Appropriations		
Proposed dividend on equity share [₹ 60 (2011: ₹ 50) per equity share]	(1,884)	(1,570)
Interim dividend on equity share [NIL (2011: ₹ 85) per equity share]	-	(2,669)
Dividend distribution tax on proposed dividend	(306)	(255)
Dividend distribution tax on interim dividend	-	(434)
Transfer to General reserve	(958)	(5,000)
Balance at the end of the year	14,407	7,972
	55,419	46,970

(a) Addition to capital reserve represents subsidy received during the year under the Package Scheme of Incentives, 2001 from the Government of Maharashtra Mio INR 1,056 (2011: Nil).

## Note 6 : Long-term Borrowings

[₹ in Millions (Mio INR)]

	2012	2011
<b>Unsecured:</b>		
Sales tax deferral loan [refer note (a) below]	1,813	2,273
	1,813	2,273

(a) Terms of repayment for unsecured borrowings :

**Borrowings**

- Interest free Sales tax deferral loan
- State Government of Maharashtra
  - State Government of Rajasthan

**Terms of repayment**

Repayable in 5 equal annual instalments starting January 2009.  
Repayable in 10 half-yearly equal instalments starting January 2012.

## Note 7 : Other Long-term Liabilities

[₹ in Millions (Mio INR)]

	2012	2011
Other liabilities (indirect taxes, retention money, etc.)	334	373
	334	373

## Notes to the Financial Statements for the year ended December 31, 2012

Note 8 : Long-term Provisions [₹ in Millions (Mio INR)]

	2012	2011
Provision for employee benefits	2,054	1,509
Trade demand and others [refer note 12(a)]	74	44
Warranty [refer note 12(a)]	56	162
	2,184	1,715

Note 9 : Short-term Borrowings [₹ in Millions (Mio INR)]

	2012	2011
Secured:		
Cash credit from banks [refer note (a) below]	37	181
	37	181

(a) Secured by hypothecation of present and future stocks of raw materials, finished goods, work-in-progress and book debts.

Note 10 : Trade Payables [₹ in Millions (Mio INR)]

	2012	2011
Dues of Micro Enterprises and Small Enterprises [refer note (a) below]	171	106
Other trade payables	9,133	10,199
	9,304	10,305

(a) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006. [₹ in Millions (Mio INR)]

	2012	2011
(i) The amount due and remaining unpaid as at the balance sheet date		
- Principal	152	98
- Interest thereon	19	8
(ii) The amount of principal and interest paid beyond due date during the year		
- Principal	45	48
- Interest thereon	-	-
(iii) Interest due on principal amounts paid beyond the due date during the year but without interest	0	1
(iv) Interest accrued and remaining unpaid as at balance sheet date	11	1
(v) Total interest due but not paid for the earlier years	8	7

Note 11 : Other Current Liabilities [₹ in Millions (Mio INR)]

	2012	2011
Current maturities of long-term debt	454	617
Unpaid dividend [refer note (a) below]	20	20
Advance from customers	605	508
Statutory dues	1,213	1,134
Other payables (include employee dues, towards purchase of fixed assets, etc.)	2,277	2,932
	4,569	5,211

(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 12 : Short-term Provisions

[₹ in Millions (Mio INR)]

	2012	2011
Provision for employee benefits	635	379
Warranty [refer note (a) below]	1,025	907
Trade demand and others [refer note (a) below]	1,042	857
Provision for tax (net of advance tax paid)	173	-
Proposed final dividend [refer note (b) below]	1,884	1,570
Dividend distribution tax	306	255
	<u>5,065</u>	<u>3,968</u>

## (a) Disclosure under Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" : [₹ in Millions (Mio INR)]

Description	As at 01.01.2012	Additions during the year	Utilised/Reversed during the year	As at 31.12.2012
Trade Demand and Others (Note (i) below)	901 (1,067)	708 (434)	493 (600)	1,116 (901)
Warranty (Note (ii) below)	1,069 (1,028)	438 (330)	426 (289)	1,081 (1,069)

(i) Nature of the provision has not been given on the grounds that it can be expected to prejudice the interests of the Company. Due to the very nature of such costs, it is not possible to estimate the timing / uncertainties relating to their outflows.

(ii) Warranty estimates are established using historical information on the nature, frequency and average cost of warranty claims and also management estimates regarding possible future outflow on servicing the customers for any corrective action in respect of product failure which is generally expected to be settled within a period of 1 to 3 years.

(iii) Figures in bracket relate to previous year.

## (b) Proposed final dividend :

[₹ in Millions (Mio INR) except where otherwise stated]

	2012	2011
Proposed final dividend for the year on Equity share of ₹ 10/- each		
Amount of dividend proposed	1,884	1,570
Dividend per Equity share (₹)	60	50

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 13: Fixed Assets

[₹ in Millions (Mio INR)]

Particulars	Gross Block				Depreciation				Net Block	
	2011	Additions	Deductions/ Adjustments	2012	2011	For the year	Deductions/ Adjustments	2012	2012	2011
<b>Tangible assets:</b>										
Land - Freehold	65	-	-	65	-	-	-	-	65	65
- Leasehold	892	548	-	1,440	14	7	-	21	1,419	878
Buildings [refer note (a) and (b) below]	1,638	818	-	2,456	1,053	82	-	1,135	1,321	585
Buildings - R & D*	113	4	-	117	113	4	-	117	-	-
Plant and machinery [refer note (a) below]	27,311	4,367	498	31,180	23,214	3,050	487	25,777	5,403	4,097
Plant and machinery - R & D*	1,920	311	0	2,231	1,920	311	0	2,231	-	-
Office equipment [refer note (a) below]	625	68	2	691	523	49	2	570	121	102
Office equipment - R & D*	36	0	0	36	36	-	0	36	-	-
Furniture and fixtures	526	60	12	574	432	50	10	472	102	94
Furniture and fixtures - R & D*	48	13	2	59	48	13	2	59	-	-
Vehicles	388	116	31	473	292	73	27	338	135	96
Vehicles - R & D*	22	3	-	25	22	3	-	25	-	-
<b>Total</b>	<b>33,584</b>	<b>6,308</b>	<b>545</b>	<b>39,347</b>	<b>27,667</b>	<b>3,642</b>	<b>528</b>	<b>30,781</b>	<b>8,566</b>	<b>5,917</b>
<b>Intangible assets (acquired) :</b>										
Know-how, business [refer note (a) below]	-	65	-	65	-	-	-	-	65	-
Dealership and networking [refer note (a) below]	-	2	-	2	-	-	-	-	2	-
<b>Total</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>-</b>
<b>Total of fixed assets</b>	<b>33,584</b>	<b>6,375</b>	<b>545</b>	<b>39,414</b>	<b>27,667</b>	<b>3,642</b>	<b>528</b>	<b>30,781</b>	<b>8,633</b>	<b>5,917</b>
Previous year	29,520	4,423	359	33,584	25,476	2,547	356	27,667		
Capital work-in-progress									4,171	3,207
									12,804	9,124

(a) Additions for the year include assets acquired pursuant to acquisition (also refer note 3):

Particulars	Amount (Mio INR)
Buildings	3
Plant and machinery	5
Office equipment	2
Know-how, business	65
Dealership and networking	2

(b) Buildings include Mio INR 0 (2011: Mio INR 0) being the value of shares in co-operative housing societies.

\* Relating to DSIR approved R&amp;D facilities, considered eligible for certain Income tax benefit.

## Notes to the Financial Statements for the year ended December 31, 2012

Note 14 : Non-current Investments (valued at cost, unless otherwise stated)

[₹ in Millions (Mio INR)]

Description (Long term, unquoted, unless otherwise stated)	Number		Amount	
	2012	2011	2012	2011
<b>A. Investment property :</b>				
Land and buildings			718	718
Less : Accumulated depreciation			(462)	(434)
Net block			256	284
<b>Total - A</b>			<b>256</b>	<b>284</b>
<b>B. Trade investments :</b>				
<b>(a) Investment in equity instruments :</b>				
Joint venture :				
MHB Filter India Private Ltd.,				
Equity shares of ₹ 10/- each fully paid	17,500,000	17,500,000	175	175
<b>Total - B</b>			<b>175</b>	<b>175</b>
<b>C. Non-trade investments :</b>				
<b>(a) Investment in equity instruments :</b>				
Subsidiary :				
MICO Trading Private Ltd.	100,000	100,000	1	1
Equity shares of ₹ 10/- each fully paid				
Others :				
ICICI Bank Ltd. (Quoted)	437,110	437,110	16	16
Equity shares of ₹ 10/- each fully paid				
Housing Development Finance Corporation Ltd. (Quoted)	3,404,800	3,404,800	14	14
Equity shares of ₹ 2/- each fully paid				
HDFC Bank Ltd. (Quoted)	188,500	188,500	0	0
Equity shares of ₹ 2/- each fully paid				
<b>(b) Investment in bonds :</b>				
Rural Electrification Corporation Ltd.				
6.00% Capital gains unsecured redeemable bonds of ₹ 10,000/- each	-	500	-	5
India Infrastructure Finance Corporation Ltd. (Quoted)				
6.85% Tax Free unsecured bonds of ₹ 100,000/- each	38,000	38,000	3,817	3,832
Indian Railway Finance Corporation Ltd. (Quoted)				
6.00% Tax Free unsecured bonds of ₹ 100,000/- each	1,500	1,500	150	150
Power Finance Corporation Limited (Quoted)				
8.20% Tax Free secured bonds of ₹ 1,000/- each	71,197	-	71	-
<b>Total - C</b>			<b>4,069</b>	<b>4,018</b>
<b>Total (A + B + C)</b>			<b>4,500</b>	<b>4,477</b>
Aggregate amount of quoted investments			4,068	4,012
Market value of quoted investments			7,439	6,603
Aggregate amount of unquoted investments			176	181
Aggregate value of investment property			256	284
Aggregate provision for diminution in the value of investments			-	-

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 15 : Deferred Tax Assets (Net)

[₹ in Millions (Mio INR)]

	2012	2011
Difference between books and Income tax written down value of depreciable fixed asset	1,908	1,661
Expenses debited to the Statement of Profit and Loss in a year but allowable as deductible expenses for tax purposes in the subsequent years as reduced by the claims allowable in the current year in respect of such expenses on a payment basis	644	615
	<u>2,552</u>	<u>2,276</u>

## Note 16 : Long-term Loans and Advances

[₹ in Millions (Mio INR)]

(Unsecured, considered good unless otherwise stated)

	2012	2011
Capital advances	105	1,200
Security deposits	334	279
Loans to related parties	1,250	1,250
Others		
Secured (refer note 44)	169	144
Unsecured	398	455
	<u>2,256</u>	<u>3,328</u>

## Notes to the Financial Statements for the year ended December 31, 2012

Note 17 : Current Investments (valued at cost, unless otherwise stated)

[₹ in Millions (Mio INR)]

Description (Unquoted, unless otherwise stated)	Number		Amount	
	2012	2011	2012	2011
<b>A. Non-trade investments :</b>				
<b>(a) Investments in bonds:</b>				
Rural Electrification Corporation Ltd.				
6.25% Capital gains unsecured redeemable bonds of ₹ 10,000/- each	-	500	-	5
6.00% Capital gains unsecured redeemable bonds of ₹ 10,000/- each	500	-	5	-
<b>(b) Investment in mutual funds: (Quoted)</b>				
Birla Sunlife Mutual Fund				
Birla Fixed Term Plan - series DX - Growth option of ₹ 10/- each	-	15,000,000	-	150
Birla Fixed Term Plan - series DY - Growth option of ₹ 10/- each	-	20,000,000	-	200
Birla Fixed Term Plan - series EG - Growth option of ₹ 10/- each	10,000,000	-	100	-
Birla Fixed Term Plan - series FH - Growth option of ₹ 10/- each	10,000,000	-	100	-
Birla Fixed Term Plan - series FI - Growth option of ₹ 10/- each	10,000,000	-	100	-
Birla Fixed Term Plan - series FK - Growth option of ₹ 10/- each	20,000,000	-	200	-
Birla Fixed Term Plan - series FU - Growth option of ₹ 10/- each	35,000,000	-	350	-
Birla Fixed Term Plan - series FV - Growth option of ₹ 10/- each	50,000,000	-	500	-
Deutsche Mutual Fund				
DWS Fixed Term Fund - series 81 - Growth option of ₹ 10/- each	-	20,000,000	-	200
DWS Fixed Term Fund - series 80 - Growth option of ₹ 10/- each	-	30,000,000	-	300
DWS Fixed Term Fund - series 88 - Growth option of ₹ 10/- each	-	25,000,000	-	250
DWS Fixed Term Fund - series 92 - Growth option of ₹ 10/- each	-	20,000,000	-	200
DWS Fixed Term Fund - series 95 - Growth option of ₹ 10/- each	-	20,000,000	-	200
DWS Fixed Maturity Plan - series 5 - Growth option of ₹ 10/- each	15,000,000	-	150	-
DWS Ultra Short Term - Institutional Fund - Growth option units of ₹ 10/- each	23,219,095	23,219,095	250	250
Franklin Templeton Fund				
Templeton India Ultra Short Bond Super IP Fund - Daily dividend reinvestment of ₹ 10/- each of Liquid Fund	248,823,998	231,236,268	2,493	2,315
Templeton India Ultra Short Bond Super IP Fund - Growth units of ₹ 10/- each of Liquid Fund	21,220,970	21,220,970	250	250
Fidelity Mutual Fund				
Fidelity Fixed Maturity Plan series 5 - Plan E - Growth option of ₹ 10/- each	-	20,000,000	-	200
Fidelity Fixed Maturity Plan series 5 - Plan C - Growth option of ₹ 10/- each	-	20,000,000	-	200
HDFC Mutual Fund				
HDFC Fixed Maturity Plan 370 D May 2010 (1) series XVIII - Growth option of ₹ 10/- each	-	50,000,000	-	500
HDFC Fixed Maturity Plan 375 D July 2011 (2) series XVIII - Growth option of ₹ 10/- each	-	20,000,000	-	200
HDFC Fixed Maturity Plan 370 D October 2011 series XIX - Growth option of ₹ 10/- each	-	75,000,000	-	750
HDFC Fixed Maturity Plan 370 D December 2011 (2) series XIX - Growth option of ₹ 10/- each	-	15,000,000	-	150
HDFC Fixed Maturity Plan 370 D February 2012 (1) series XIX - Growth option of ₹ 10/- each	20,000,000	-	200	-
HDFC Fixed Maturity Plan 370 D March 2012 (2) series XIX - Growth option of ₹ 10/- each	15,000,000	-	150	-

## Notes to the Financial Statements for the year ended December 31, 2012

Note 17 : Current Investments (valued at cost, unless otherwise stated) [Contd.]

[₹ in Millions (Mio INR)]

Description (Unquoted, unless otherwise stated)	Number		Amount	
	2012	2011	2012	2011
<b>HDFC Mutual Fund</b>				
HDFC Fixed Maturity Plan 370D May 2012 (3) series 22 - Growth option of ₹ 10/- each	15,000,000	-	150	-
HDFC Fixed Maturity Plan 371D August 2012 (1) series 22 - Growth option of ₹ 10/- each	20,000,000	-	200	-
HDFC Fixed Maturity Plan 371D September 2012 (1) series 22 - Growth option of ₹ 10/- each	10,000,000	-	100	-
HDFC Fixed Maturity Plan 373D September 2012 (1) series 22 - Growth option of ₹ 10/- each	10,000,000	-	100	-
HDFC Fixed Maturity Plan 371D November 2012 (1) series 23 - Growth option of ₹ 10/- each	15,000,000	-	150	-
HDFC Fixed Maturity Plan 371D November 2012 (2) series 23 - Growth option of ₹ 10/- each	25,000,000	-	250	-
HDFC Fixed Maturity Plan 369D December 2012 series 23 - Growth option of ₹ 10/- each	15,000,000	-	150	-
HDFC Cash Management - Treasury Advantage Plan wholesale - Growth units of ₹ 10/- each of Liquid Fund	12,452,990	12,452,990	250	250
<b>ICICI Prudential Mutual Fund</b>				
ICICI prudential Fixed Maturity Plan series 54 - 1 year Plan C - Growth option of ₹ 10/- each	-	20,000,000	-	200
ICICI prudential Fixed Maturity Plan series 54 - 1 year Plan C - Growth option of ₹ 10/- each	-	20,000,000	-	200
ICICI prudential Fixed Maturity Plan series 54 - 1 year Plan C - Growth option of ₹ 10/- each	-	20,000,000	-	200
ICICI prudential Fixed Maturity Plan series 56 - 1 year Plan E - Growth option of ₹ 10/- each	-	25,000,000	-	250
ICICI prudential Fixed Maturity Plan series 55 - 1 year Plan G Cumulative - Growth option of ₹ 10/- each	-	20,000,000	-	200
ICICI prudential Fixed Maturity Plan series 57 - 1 year Plan A Cumulative - Growth option of ₹ 10/- each	-	30,000,000	-	300
ICICI Prudential Fixed Maturity Plan series 59 - 1 year Plan B - Growth option of ₹ 10/- each	-	20,000,000	-	200
ICICI Prudential Fixed Maturity Plan series 59 - 1 year Plan F - Growth option of ₹ 10/- each	-	15,000,000	-	150
ICICI Prudential Fixed Maturity Plan series 62 - 1 Year Plan A (367 days) - Growth option of ₹ 10/- each	15,000,000	-	150	-
ICICI Prudential Fixed Maturity Plan series 62 - 1 Year Plan B (367 days) - Growth option of ₹ 10/- each	10,000,000	-	100	-
ICICI Prudential Fixed Maturity Plan series 62 - 1 Year Plan C (367 days) - Growth option of ₹ 10/- each	10,000,000	-	100	-
ICICI Prudential Fixed Maturity Plan series 64 - 367 Days Plan A - Growth option of ₹ 10/- each	15,000,000	-	150	-
ICICI Prudential Fixed Maturity Plan series 64 - 367 Days Plan D - Growth option of ₹ 10/- each	20,000,000	-	200	-
ICICI Prudential Fixed Maturity Plan series 65 - 367 Days Plan B - Growth option of ₹ 10/- each	40,000,000	-	400	-
ICICI Prudential Fixed Maturity Plan series 65 - 367 Days Plan H - Growth option of ₹ 10/- each	5,000,000	-	50	-
ICICI Prudential Flexible Income Plan Regular - Growth units of ₹ 100/- each of Liquid Fund	1,467,910	1,467,910	250	250

## Notes to the Financial Statements for the year ended December 31, 2012

Note 17 : Current Investments (valued at cost, unless otherwise stated) [Contd.]

[₹ in Millions (Mio INR)]

Description (Unquoted, unless otherwise stated)	Number		Amount	
	2012	2011	2012	2011
<b>IDFC Mutual Fund</b>				
IDFC Fixed Maturity Plan - Yearly series 46 - Growth option of ₹ 10/- each	-	25,000,000	-	250
IDFC Fixed Maturity Plan - Yearly series 52 - Growth option of ₹ 10/- each	-	45,000,000	-	450
IDFC Fixed Maturity Plan - Yearly series 53 - Growth option of ₹ 10/- each	-	25,000,000	-	250
IDFC Fixed Maturity Plan - Yearly series 59 - Growth option of ₹ 10/- each	-	20,000,000	-	200
IDFC Fixed Maturity Plan - Yearly series 51 - Growth option of ₹ 10/- each	10,000,000	-	100	-
IDFC Fixed Maturity Plan - 366 Days series - 73 Growth option of ₹ 10/- each	20,000,000	-	200	-
IDFC Fixed Maturity Plan - 366 days series - 74 Growth option of ₹ 10/- each	15,000,000	-	150	-
IDFC Fixed Maturity Plan - 366 days series - 82 Growth option of ₹ 10/- each	25,000,000	-	250	-
<b>Tata Mutual Fund</b>				
Tata Fixed Maturity Plan series 34 - Scheme B - Growth option of ₹ 10/- each	-	45,000,000	-	450
Tata Fixed Maturity Plan series 34 - Scheme C - Growth option of ₹ 10/- each	-	10,000,000	-	100
Tata Fixed Maturity Plan series 36 - Scheme C - Growth option of ₹ 10/- each	-	40,000,000	-	400
Tata Fixed Maturity Plan series 37 - Scheme C - Growth option of ₹ 10/- each	-	25,000,000	-	250
<b>State Bank Mutual Fund</b>				
SBI Debt Funds series 6 - 367 Days - Growth option of ₹ 10/- each	-	40,000,000	-	400
SBI Debt Funds series 7 - 367 Days - Growth option of ₹ 10/- each	-	20,000,000	-	200
SBI Debt Funds series 9 - 367 Days - Growth option of ₹ 10/- each	-	20,000,000	-	200
SBI Debt Funds series 11 - 367 Days - Growth option of ₹ 10/- each	-	20,000,000	-	200
SBI Debt Funds series 3 - 366 Days - Growth option of ₹ 10/- each	35,000,000	-	350	-
SBI Debt Funds series 8 - 366 Days - Growth option of ₹ 10/- each	20,000,000	-	200	-
SBI Debt Funds series 14 - 366 Days - Growth option of ₹ 10/- each	10,000,000	-	100	-
SBI Debt Funds series 15 - 366 Days - Growth option of ₹ 10/- each	15,000,000	-	150	-
SBI Debt Funds series 17 - 366 Days - Growth option of ₹ 10/- each	15,000,000	-	150	-
SBI Debt Funds series 18 - 366 Days - Growth option of ₹ 10/- each	50,000,000	-	500	-
SBI Debt Funds series 20 - 366 Days - Growth option of ₹ 10/- each	30,000,000	-	300	-
<b>UTI Mutual Fund</b>				
UTI Fixed Income Fund - series X - VII (368 days) - Growth option of ₹ 10/- each	15,000,000	-	150	-
UTI Fixed Income Fund - series XI - IX (368 Days) - Growth option of ₹ 10/- each	10,000,000	-	100	-
UTI Fixed Income Fund - series XII - IX (368 days) - Growth option of ₹ 10/- each	10,000,000	-	100	-
UTI Fixed Income Fund - series XIII - I (368 days) - Growth option of ₹ 10/- each	30,000,000	-	300	-
<b>Total</b>			<b>10,698</b>	<b>11,870</b>
Aggregate amount of quoted investments			10,693	11,865
Market value of quoted investments			11,213	12,306
Aggregate amount of unquoted investments			5	5
Aggregate value of investment property			-	-
Aggregate provision for diminution in the value of investments			-	-

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 18 : Inventories (at lower of cost and net realisable value)

[₹ in Millions (Mio INR)]

	2012	2011
Raw materials	2,999	3,286
Work-in-progress (refer Note 48)	1,517	1,513
Finished goods (refer Note 47)	2,571	2,641
Stock-in-trade (refer Note 47)	3,214	3,708
Stores and spares	273	323
Loose tools	383	360
	<u>10,957</u>	<u>11,831</u>

## (a) Inventory includes the following as goods-in-transit

[₹ in Millions (Mio INR)]

Particulars	2012	2011
Raw materials	1,060	882
Stock-in-trade	1,093	1,191
Loose tools	8	13
	<u>2,161</u>	<u>2,086</u>

## Note 19 : Trade Receivables

[₹ in Millions (Mio INR)]

	2012	2011
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months from the date they are due for payment	364	160
Others	9,846	8,799
	<u>10,210</u>	<u>8,959</u>
<i>Unsecured, considered doubtful</i>		
Outstanding for a period exceeding six months from the date they are due for payment	348	266
Other debts	-	-
	<u>348</u>	<u>266</u>
	<u>10,558</u>	<u>9,225</u>
Less: Provision for doubtful debts	(348)	(266)
	<u>10,210</u>	<u>8,959</u>

## Note 20 : Cash and Bank Balances

[₹ in Millions (Mio INR)]

	2012	2011
Cash and cash equivalents		
Cash on hand	0	1
Cheques on hand	406	375
Bank balances		
Current accounts	172	92
Deposit accounts (original maturity of less than 3 months)	1,232	2,427
Other bank balances		
Deposit accounts (original maturity of more than 3 months but less than 12 months)	13,042	6,600
Unpaid dividend accounts	20	20
	<u>14,872</u>	<u>9,515</u>

## Notes to the Financial Statements for the year ended December 31, 2012

Note 21 : Short-term Loans and Advances  
(Unsecured, considered good)

[₹ in Millions (Mio INR)]

	2012	2011
Loan to related parties	1,670	1,890
Inter corporate deposits	3,700	3,600
Advance income tax (net of provision)	-	351
Balance with customs, excise and sales tax authorities, etc	2,056	1,420
Others (include employee advances, vendor advances, etc.)		
Secured (refer note 44)	19	16
Unsecured [refer note (a) below]	1,342	1,617
	<u>8,787</u>	<u>8,894</u>

(a) Includes due from subsidiary, MICO Trading Private Ltd Mio INR 0 (2011: Mio INR 0)

Note 22 : Other Current Assets  
(Unsecured, considered good)

[₹ in Millions (Mio INR)]

	2012	2011
Interest accrued on investments	244	244
Interest accrued on deposits	586	260
Other current assets	573	532
	<u>1,403</u>	<u>1,036</u>

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 23 : Sale of Services

[₹ in Millions (Mio INR)]

	2012	2011
Research and development income	902	659
Others	34	18
	<u>936</u>	<u>677</u>

## Note 24 : Other Operating Revenue

[₹ in Millions (Mio INR)]

	2012	2011
Scrap sales	250	207
Export incentives	307	293
Provision/Liabilities no longer required written back	540	835
Miscellaneous income	386	351
	<u>1,483</u>	<u>1,686</u>

## Note 25 : Other Income

[₹ in Millions (Mio INR)]

	2012	2011
Interest income		
Bank deposits	1,271	1,186
Loans to related parties	385	272
Non-trade investments - long term	276	270
Others	188	119
Dividend from investments - long term	223	194
Profit on sale/ redemption of long term, non trade investments (net)	830	793
Rent	370	342
Profit on sale of fixed assets (net)	13	9
Exchange gain (net)	136	18
	<u>3,692</u>	<u>3,203</u>

## Note 26 : Cost of Materials Consumed

[₹ in Millions (Mio INR)]

	2012	2011
Raw materials consumed (refer note 49)	28,191	27,429
Less: Issues capitalised	(294)	(485)
	<u>27,897</u>	<u>26,944</u>

(a) Cost of materials consumed is based on derived values.

## Note 27 : Purchase of Stock-in-trade

[₹ in Millions (Mio INR)]

	2012	2011
Purchase of goods (refer note 46)	19,077	19,106
	<u>19,077</u>	<u>19,106</u>

## Notes to the Financial Statements for the year ended December 31, 2012

Note 28 : Changes In Inventories Of Finished Goods,  
Work-in-progress and Stock-in-trade

[₹ in Millions (Mio INR)]

	2012	2011
Opening stock		
Finished goods	2,641	1,628
Work-in-progress	1,513	989
Stock-in-trade	3,708	3,147
Closing stock		
Finished goods	(2,571)	(2,641)
Work-in-progress	(1,517)	(1,513)
Stock-in-trade	(3,214)	(3,708)
	560	(2,098)

(a) Includes excise duty on increase / (decrease) of finished goods Mio INR 33 (2011: Mio INR 191)

Note 29 : Employee Benefit Expenses

[₹ in Millions (Mio INR)]

	2012	2011
Salary, wages, bonus etc.	8,661	7,480
Contributions to provident and other funds	805	644
Staff welfare	905	837
	10,371	8,961

Note 30 : Finance Cost

[₹ in Millions (Mio INR)]

	2012	2011
Interest expenses	55	4
	55	4

Note 31 : Depreciation and Amortisation Expenses

[₹ in Millions (Mio INR)]

	2012	2011
Depreciation expenses - Tangible assets (refer note 13)	3,642	2,547
- Investment property (refer note 14)	28	31
	3,670	2,578

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 32 : Other Expenses

[₹ in Millions (Mio INR)]

	2012	2011
Consumption of stores and spares	917	744
Consumption of tools	1,374	1,358
Power and fuel	1,085	1,010
Repairs to machinery	765	821
Repairs to building	455	512
Royalty and technical service fee	1,477	1,291
Rent	302	224
Rates and taxes	323	218
Insurance	56	59
Packing, freight and forwarding	1,527	1,637
Warranty and service expenses	438	330
Travelling and conveyance	770	797
Professional and consultancy charges	1,177	1,103
Advertisement and sales promotion expenses	1,242	934
Miscellaneous expenses [Refer note (a) below]	3,457	2,812
Less: Expenses capitalised	(174)	(224)
	15,191	13,626

## (a) Miscellaneous expenses include :

[₹ in Millions (Mio INR)]

	2012	2011
(i) Remuneration to auditors: (excluding service tax)		
Statutory audit fee	6	5
Taxation matters and tax audit fees	1	1
Other services	3	3
Reimbursement of expenses	1	1
(ii) Donations	33	20
(iii) Provision for doubtful debts	202	159
(iv) Bad debts written off	13	110
(v) Premium paid on investment amortised	16	16

## Note 33 : R &amp; D Expenses/(Income)\*

[₹ in Millions (Mio INR)]

	2012	2011
R & D Expenses :		
Cost of materials consumed	36	55
Employee benefit expenses	469	447
Other expenses	286	303
	791	805
R & D Income :		
Sale of services	(902)	(659)
Other income	(1)	(0)
	(903)	(659)

\* Relating to DSIR approved R &amp; D facilities, considered eligible for certain Income Tax benefit.

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 34: Employee Retirement Benefits:

Disclosure on Retirement Benefits as required in Accounting Standard (AS) 15 on "Employee Benefits" are given below:

## (a) Post Employment Benefit - Defined Contribution Plans

The Company has recognised an amount of Mio INR 233 (2011: Mio INR 223) as expense under the defined contribution plans in the Statement of Profit and Loss.

## (b) Post Employment Benefit - Defined Benefit Plans

The Company makes annual contributions to the Mico Employees' Gratuity Fund and makes monthly contributions to Mico Workmen (Bangalore Works & Sales Houses) Provident Fund Trust and Mico Workmen's (Nashik) Provident Fund Trust, funded defined benefit plans for qualifying employees. The Gratuity Scheme provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs only upon completion of five years of service, except in case of death or permanent disability. The Provident Fund Scheme provides for lumpsum payment/transfer to the member employees at retirement, death while in employment or on termination of employment of an amount equivalent to the credit standing in his account maintained by the Trusts. The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at each balance sheet date.

As per Accounting Standard 15 issued by the Institute of Chartered Accountants of India, benefits involving employer established provident fund, which require interest short falls to be compensated are to be considered as defined benefit plan. The Company actuary has accordingly provided the valuation and based on the below provided assumption there is no shortfall as at December 31, 2012.

## (i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

[₹ in Millions (Mio INR)]

	Provident Fund		Gratuity	
	2012	2011	2012	2011
Obligation at the beginning of the year	4,783	4,062	2,583	2,291
Service cost	239	194	274	215
Contributions from plan participants	544	517	-	-
Interest cost	423	348	233	201
Benefit settled	(704)	(384)	(167)	(120)
Actuarial (gain)/loss	169	46	21	(4)
Change in the reserves	19	-	-	-
Transfer In	30	-	-	-
Obligation at the end of the year	5,503	4,783	2,944	2,583

## (ii) Change in plan assets:

[₹ in Millions (Mio INR)]

	Provident Fund		Gratuity	
	2012	2011	2012	2011
Plan assets at fair value at the beginning of the year	4,989	4,271	2,313	2,014
Expected return on plan assets	448	373	208	186
Actuarial gain/(loss)	38	0	(13)	18
Asset distributed on settlements	-	-	-	-
Transfer In	30	-	-	-
Contributions	784	729	282	215
Benefit settled	(704)	(384)	(167)	(120)
Plan assets at fair value at the end of the year	5,585	4,989	2,623	2,313

## Notes to the Financial Statements for the year ended December 31, 2012

## (iii) Reconciliation of present value of the obligation and the fair value of the plan assets: [₹ in Millions (Mio INR)]

	Provident Fund		Gratuity	
	2012	2011	2012	2011
Present value of obligation at the end of the year	5,503	4,783	2,944	2,583
Fair value of plan assets at the end of the year	5,585	4,989	2,623	2,313
(Surplus)/ Deficit recognised in balance sheet (*)	(82)	(206)	321	270

(\*) Surplus relating to Provident Fund is not recognised in the Balance Sheet as the plan assets belong to the Trusts.

## (iv) Expenses recognised in the Statement of Profit and Loss : [₹ in Millions (Mio INR)]

	Provident Fund		Gratuity	
	2012	2011	2012	2011
Service cost	239	194	274	215
Interest cost	423	348	233	201
Expected return on plan assets	(448)	(373)	(208)	(186)
Actuarial (gain)/ loss	131	46	34	(22)
Past service cost	-	-	-	-
Net cost	345	215	333	208

## (v) Investment details:

	Provident Fund		Gratuity	
	2012	2011	2012	2011
	% Invested	% Invested	% Invested	% Invested
Government of India Securities (Central and State)	48	50	52	52
High Quality Corporate Sector Bonds (including Public Sector bonds)	45	43	34	35
Cash and bank balances (including Special Deposits Scheme, 1975)	7	7	12	12
Others	-	-	2	1
Total	100	100	100	100

## (vi) Assumptions :

	Provident Fund		Gratuity	
	2012	2011	2012	2011
Discount factor [refer note (a) below]	8.30%	9.00%	8.30%	9.00%
Estimated rate of return on plan assets [refer note (b) below]	8.30%	8.40%	8.30%	9.00%
Attrition rate (age upto 44 years / age above 44 years)	2% / 1%	2% / 1%	2% / 1%	2% / 1%
Rate of escalation in salary per annum [refer note (c) below]	9.3%	9.3%	9.3%	9.3%
Retirement age	60	60	60	60

(vii) Contribution expected to be paid to the Mico Employees' Gratuity Fund within next year is Mio INR 261 (2011: Mio INR 228).

Contribution expected to be paid to the Mico Workmen (Bangalore Works & Sales Houses) Provident Fund Trust and Mico Workmen's (Nashik) Provident Fund Trust within the next year is Mio INR 258 (2011: Mio INR 236).

## Notes to the Financial Statements for the year ended December 31, 2012

[₹ in Millions (Mio INR)]

(viii) Net asset/ (liability) recognised in balance sheet in respect of Gratuity (including experience adjustment impact):

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	2,944	2,583	2,291	1,990	1,788
Fair value of plan assets	2,623	2,313	2,014	1,825	1,671
(Surplus)/ Deficit recognised in the Balance Sheet	321	270	277	165	117
Experience adjustment on Plan Assets [gain/ (loss)]	(13)	18	(21)	(4)	26
Experience adjustment on Plan Obligation [(gain)/ loss]	21	(4)	(0)	17	52

(ix) Net asset/(liability) in respect on Provident Fund (including experience adjustment impact): [₹ in Millions (Mio INR)]

	2012	2011	2010
Present value of defined benefit obligation	5,503	4,783	4,062
Fair value of plan assets	5,585	4,989	4,271
(Surplus)/ Deficit	(82)	(206)	(209)
Experience adjustment of plan assets [gain/ (loss)]	38	0	(2)
Experience adjustment of plan obligation [(gain)/ loss]	169	46	(2)

## Notes:

- The discount rate is based on the prevailing market yield on Government Bonds as at the balance sheet date for the estimated term of obligations.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 35 : Segmental Reporting :

The Company's operations predominantly relate to manufacturing and trading of automotive products. The Company is also manufacturing industrial equipments and consumer goods which are non-automotive products. The risks and rewards associated with these two businesses are significantly different. Therefore, the primary segment consists of "Automotive Products" and "Others" which are essentially non-automotive products. Secondary segmental reporting is organised in two geographical segments, namely "India" and "Outside India".

The Accounting principles and policies adopted in the preparation of the financial statements are also consistently applied to record income/ expenditure and assets/liabilities in individual segments. The inter-segment sales are recorded at cost.

## a) Details of Primary Segment

[₹ in Millions (Mio INR)]

Business Segment	Automotive Products		Others		Eliminations		Consolidated Total	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Revenue</b>								
Net sale of product	74,938	71,567	9,234	7,728	-	-	84,172	79,295
Sale of services	936	677	-	-	-	-	936	677
Other operating revenue	1,390	1,549	93	137	-	-	1,483	1,686
Inter-segment revenue	-	-	468	709	(468)	(709)	-	-
<b>Total Revenue</b>	<b>77,264</b>	<b>73,793</b>	<b>9,795</b>	<b>8,574</b>	<b>(468)</b>	<b>(709)</b>	<b>86,591</b>	<b>81,658</b>
<b>Result</b>								
Segment result	10,277	12,775	890	789	-	-	11,167	13,564
Less: Unallocated corporate expenses							(1,342)	(1,023)
Add: Other income							3,692	3,203
Less: Finance costs							(55)	(4)
Less: Tax expense (net)							(3,879)	(4,513)
<b>Net Profit</b>							<b>9,583</b>	<b>11,227</b>
<b>Other Information</b>								
Segment assets	32,710	29,612	3,740	3,737	-	-	36,450	33,349
Unallocated corporate assets							42,589	37,961
<b>Total assets</b>	<b>32,710</b>	<b>29,612</b>	<b>3,740</b>	<b>3,737</b>	<b>-</b>	<b>-</b>	<b>79,039</b>	<b>71,310</b>
Segment liabilities	17,075	16,447	1,527	2,671	-	-	18,602	19,118
Unallocated corporate liabilities							4,704	4,908
<b>Total liabilities</b>	<b>17,075</b>	<b>16,447</b>	<b>1,527</b>	<b>2,671</b>	<b>-</b>	<b>-</b>	<b>23,306</b>	<b>24,026</b>
Capital expenditure	5,859	5,093	241	228				
Depreciation and amortisation	3,462	2,406	75	45				

## (b) Details of secondary segment

Revenue from geographical segment is based on location of its customers. Total carrying amount of assets and the total cost incurred during the period to acquire fixed assets is based on geographical locations of the assets.

[₹ in Millions (Mio INR)]

Geographical Segment	Segment revenue		Carrying cost of assets		Capital expenditure	
	2012	2011	2012	2011	2012	2011
India	76,108	70,857	76,799	69,437	7,262	5,388
Outside India	10,483	10,801	2,240	1,873	-	-
<b>Total</b>	<b>86,591</b>	<b>81,658</b>	<b>79,039</b>	<b>71,310</b>	<b>7,262</b>	<b>5,388</b>

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 36 : Related Party Disclosure:

**(a) List of related parties :****Holding Company :** Robert Bosch GmbH, Germany**Other related parties where transactions have taken place during the year :****Fellow Subsidiary Companies:**

Beissbarth GmbH, Germany  
 Bosch (China) Investment Ltd., China  
 Bosch Automotive Diagnostics Equipment (Shenzhen) Ltd., China  
 Bosch Automotive Diesel Systems Co., Ltd., China  
 Bosch Automotive Electronics India Private Ltd., India  
 Bosch Automotive Products (Changsha) Co., Ltd., China  
 Bosch Automotive Products (Nanjing) Co., Ltd., China  
 Bosch Automotive Products (Suzhou) Co., Ltd., China  
 Bosch Automotive Thailand Co. Ltd., Thailand  
 Bosch Car Multimedia Portugal, S.A., Portugal  
 Bosch Chassis Systems India Ltd., India  
 Bosch Corporation, Japan  
 Bosch Diesel s.r.o., Czech Republic  
 Bosch Electrical Drives Co., Ltd., Korea  
 Bosch Electrical Drives India Private Ltd., India  
 Bosch Engineering GmbH, Germany  
 Bosch Industriekessel GmbH, Germany  
 Bosch Lawn and Garden Ltd., Great Britain  
 Bosch Management Support GmbH, Germany  
 Bosch Packaging Services AG, Switzerland  
 Bosch Packaging Systems AG, Switzerland  
 Bosch Packaging Technology (Hangzhou) Co., Ltd., China  
 Bosch Packaging Technology (Singapore) Pte. Ltd., Singapore  
 Bosch Packaging Technology B.V., Netherlands  
 Bosch Packaging Technology Limited, Great Britain  
 Bosch Packaging Technology SA, Switzerland  
 Bosch Packaging Technology, Inc., United States  
 Bosch Power Tools (China) Ltd., China  
 Bosch Rexroth (India) Ltd., India  
 Bosch Rexroth AG, Germany  
 Bosch Rexroth Co. Ltd., Taiwan  
 Bosch Rexroth Corporation, Japan  
 Bosch Rexroth Corporation, United States  
 Bosch Rexroth Korea Ltd., Korea  
 Bosch Rexroth Pte. Ltd., Singapore  
 Bosch Rexroth Pty. Ltd., Australia  
 Bosch Rexroth Sdn. Bhd., Malaysia  
 Bosch Sanayi ve Ticaret A.S., Turkey  
 Bosch Security Systems B.V., Netherlands  
 Bosch Security Systems Inc., United States  
 Bosch Security Systems Pty. Ltd., Australia  
 Bosch Sicherheitssysteme Engineering GmbH, Germany  
 Bosch Sicherheitssysteme GmbH, Germany  
 Bosch Solar Energy AG, Germany  
 Bosch Solar Thin Film GmbH, Germany  
 Bosch Solarthermie GmbH, Germany  
 Bosch Systems Engineering GmbH, Germany  
 Bosch Thermotechnik GmbH, Germany  
 Bosch Trading (Shanghai) Co., Ltd., China  
 Bosch Transmission Technology B.V., Netherlands  
 BSH Home Appliances Private Limited, India  
 Centro Studi Componenti per Veicoli S.p.A., Italy  
 Eisai Machinery Co., Ltd., Japan  
 ETAS Automotive India Private Ltd., India  
 ETAS Entwicklungs- und Applikationswerkzeuge für elektronische Systeme GmbH, Germany  
 Hüttlin GmbH, Germany  
 MIVIN Engineering Technologies Private Ltd., India  
 Moehwald GmbH, Germany  
 Moeller & Devicon A/S, Denmark  
 OOO Bosch Power Tools, Russian Federation  
 OOO Bosch Rexroth, Russian Federation  
 OOO Robert Bosch, Russian Federation  
 P.T. Bosch Rexroth, Indonesia  
 P.T. Robert Bosch, Indonesia  
 Pharmatec GmbH, Germany  
 Precision Seals Manufacturing Ltd., India  
 Robert Bosch (Australia) Pty. Ltd., Australia  
 Robert Bosch (France) S.A.S., France  
 Robert Bosch (Malaysia) SDN. BHD., Malaysia  
 Robert Bosch (Pty.) Ltd., South Africa  
 Robert Bosch (South East Asia) Pte. Ltd., Singapore  
 Robert Bosch A/S, Norway  
 Robert Bosch AG, Austria  
 Robert Bosch Argentina Industrial S.A., Argentina  
 Robert Bosch B.V., Netherlands  
 Robert Bosch Car Multimedia GmbH, Germany  
 Robert Bosch Company Ltd., China  
 Robert Bosch Elektronik GmbH, Germany  
 Robert Bosch Elektronika Gyártó Kft., Hungary  
 Robert Bosch Elektrowerkzeuge GmbH, Germany  
 Robert Bosch Energy and Body Systems Kft., Hungary  
 Robert Bosch Engineering and Business Solutions Ltd., India  
 Robert Bosch España Fábrica Madrid S.A., Spain  
 Robert Bosch España Fábrica Treto S.A., Spain  
 Robert Bosch España, S.L.U., Spain  
 Robert Bosch España Gasoline Systems S.A., Spain  
 Robert Bosch Fahrzeugelektrik Eisenach GmbH, Germany  
 Robert Bosch Fuel Systems Llc, United States  
 Robert Bosch Inc., Philippines  
 Robert Bosch Korea Diesel Ltd., Korea  
 Robert Bosch Korea Ltd., Korea  
 Robert Bosch LLC, United States  
 Robert Bosch Ltd., Great Britain  
 Robert Bosch Ltd., Thailand  
 Robert Bosch Ltda., Brazil  
 Robert Bosch México Sistemas Automotrices, S.A. de C.V., Mexico  
 Robert Bosch Middle East FZE, United Arab Emirates  
 Robert Bosch Packaging Technology B.V., Netherlands  
 Robert Bosch Power Tools Sdn. Bhd., Malaysia  
 Robert Bosch Produkte N.V., Belgium  
 Robert Bosch S.A., Belgium  
 Robert Bosch Saratow AG, Russian Federation  
 Robert Bosch S.P.A., Italy  
 Robert Bosch Sdn. Bhd., Malaysia  
 Robert Bosch Tool Corporation, United States  
 Robert Bosch Vietnam Co., Ltd., Vietnam  
 Robert Bosch, S. de R.L. de C.V., Mexico  
 Robert Bosch, spol. s.r.o., Czech Republic  
 Robert Bosch Tecnologia de Embalagem Ltda., Brazil  
 SBM Schoeller-Bleckmann-Medizintechnik GmbH, Austria  
 Scintilla AG, Switzerland  
 Shanghai Bosch Rexroth Hydraulics & Automation Ltd., China  
 sia Abrasives Industries AG, Switzerland  
 SICAM S.r.l., Italy  
 Technologie Diesel e Sistemi Frenanti S.p.A., Italy  
 Unipoint Electric MFG Co., Ltd., Taiwan  
 United Automotive Electronic Systems Co., Ltd., China  
 Weifu High Technology Co., Ltd., China

**Subsidiary Company :** MICO Trading Private Limited, India**Joint Venture :** MHB Filters India Private Limited, India**Other entity under the control of the company :** Bosch India Foundation, India**Key Management Personnel:** Mr. V.K.Viswanathan, Dr. Manfred Duernholz and Mr. Soumitra Bhattacharya

Note : The information disclosed is based on the names of the parties as identified by the management.

## Notes to the Financial Statements for the year ended December 31, 2012

## (b) Related Party transactions / balances - summary :

[₹ in Millions (Mio INR)]

Particulars	Holding Company	Fellow Subsidiary	Subsidiary	Joint Venture	Key Management Personnel	Other entity under the control of the Company	Total
Net sale of product	3,377 (5,738)	3,046 (3,656)		20 (12)			6,443 (9,406)
Sale of services	306 (207)	34 (2)					340 (209)
Rent income		370 (342)					370 (342)
Miscellaneous income (including reimbursements received)	162 (107)	515 (345)		9 (8)			686 (460)
Interest earned		385 (272)					385 (272)
Purchases of : Tangible assets	1,642 (1,703)	192 (93)					1,834 (1,796)
Goods	10,034 (11,031)	7,315 (6,552)		768 (661)			18,117 (18,244)
Dividend paid (cash basis)	1,117 (2,794)						1,117 (2,794)
Services received:							
Royalty and technical service fee	1,448 (1,259)	23 (32)					1,471 (1,291)
Professional, consultancy and other charges	1,123 (1,104)	919 (741)					2,042 (1,845)
Donation expense						33 (20)	33 (20)
Loan given during the year		1,020 (1,510)					1,020 (1,510)
Loan repaid during the year		1,240 (-)					1,240 (-)
Loan receivable		2,920 (3,140)					2,920 (3,140)
Trade receivables	554 (520)	487 (848)		1 (3)			1,042 (1,371)
Other receivables	76 (198)	422 (297)		1 (2)			499 (497)
Other advances receivable			0 (0)				0 (0)
Trade payables	2,154 (3,559)	1,913 (1,996)		30 (34)			4,097 (5,589)
Other payables	230 (737)	82 (49)				25 (20)	337 (806)
Managerial Remuneration:							
Mr. V.K. Viswanathan					31 (35)		31 (35)
Dr. Manfred Duernholz					33 (34)		33 (34)
Mr. Soumitra Bhattacharya (previous year from July 1, 2011)					13 (6)		13 (6)
Rent paid/ payable during the year:							
Mr. V.K. Viswanathan					0 (0)		0 (0)
Unpaid Bonus/ Commission as at year end					27 (35)		27 (35)
Loan and Advances transactions :							
Loan/Advances given during the year					3 (4)		3 (4)
Recovery during the year					6 (1)		6 (1)
Amount outstanding at the year end					5 (8)		5 (8)

## Names of fellow subsidiaries having transaction value in excess of 10% in line transactions

[₹ in Millions (Mio INR)]

Particulars	Name of the fellow Subsidiary	2012	2011
Net sale of product	Robert Bosch Korea Diesel Ltd., South Korea	881	1,191
Rent income	Robert Bosch Engineering and Business Solutions Ltd., India	319	293
	Bosch Automotive Electronics India Pvt. Ltd., India	51	49
Miscellaneous income (including reimbursements received)	Robert Bosch Engineering and Business Solutions Ltd., India	124	113
Interest earned	Bosch Rexroth (India) Ltd., India	332	232
Purchase of goods	Bosch Automotive Electronics India Pvt. Ltd., India	2,252	1,512
Professional, consultancy and other charges received	Robert Bosch Engineering and Business Solutions Ltd., India	379	393
	Robert Bosch (South East Asia) Pte. Ltd., Singapore	241	178
Loan given	Robert Bosch Engineering and Business Solutions Ltd., India	1,000	-
	Bosch Rexroth (India) Ltd., India	-	1,250
	Bosch Automotive Electronics India Pvt. Ltd., India	-	240
Loan repaid	Robert Bosch Engineering and Business Solutions Ltd., India	1,000	-
	Bosch Automotive Electronics India Pvt. Ltd., India	240	-

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 37 : Lease Disclosures

Information on leases as per Accounting Standard 19 on "Accounting for Leases":

## (a) Finance Lease :

The company does not have any item covered under finance lease which needs disclosure as per Accounting Standard 19 - "Accounting for Leases".

## (b) Operating Lease Expenses :

The Company has various operating leases for equipments, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for operating leases recognised in the Statement of Profit and Loss for the year is Mio INR 302 (2011 : Mio INR 224).

Disclosure in respect of Non-cancellable lease is as given below:

[₹ in Millions (Mio INR)]

Future minimum lease payments	2012	2011
- Not later than 1 year	80	27
- Later than 1 year and not later than 5 years	72	34
- Later than 5 years	-	-

## (c) Operating Lease Income :

Rental income received during the year in respect of operating lease is Mio INR 370 (2011: Mio INR 342). Details of assets given on operating lease as on December 31, 2012 are as below:

[₹ in Millions (Mio INR)]

	Gross Block		Accumulated Depreciation		Written down value		Depreciation for the year	
	2012	2011	2012	2011	2012	2011	2012	2011
Land	3	3	-	-	3	3	-	-
Buildings	715	715	462	434	253	281	28	31
Plant and machinery	390	380	370	360	20	20	10	15
Furniture and fixtures	50	50	49	48	1	2	1	1
Office equipment	33	33	33	32	0	1	1	1
Total	1,191	1,181	914	874	277	307	40	48

## NOTE 38 : RESEARCH AND DEVELOPMENT EXPENSES

Total Research and Development expenditure recognised in the Statement of Profit and Loss (including amounts shown under Note 13 and Note 33 to the Financial Statements) amounts to Mio INR 1,377 (2011: Mio INR 1,258)

## Note 39 : Earnings Per Share

[₹ in Millions (Mio INR) except where otherwise stated]

	2012	2011
Profit attributable to Equity Shareholders	9,583	11,227
Weighted average number of Equity Shares outstanding during the year	31,398,900	31,398,900
Nominal value of Equity Shares (₹)	10	10
Basic and Diluted earnings per Share (₹)	305	358

## Note 40 : Contingent Liabilities

[₹ in Millions (Mio INR)]

	2012	2011
(a) Claims against the Company not acknowledged as debts:		
Excise / Customs		
Net of tax	0	0
Gross	0	0
(b) Bills discounted not matured	531	650

## Notes to the Financial Statements for the year ended December 31, 2012

Note 41 : Disclosure Under Clause 32 of Listing Agreement :

[₹ in Millions (Mio INR)]

	Outstanding		Maximum amount outstanding	
	2012	2011	2012	2011
Inter Corporate Loan				
- Bosch Rexroth (India) Ltd.,	2,750	2,750	2,750	2,750
- MIVIN Engg. Technologies Private Ltd.,	170	150	170	150
- Bosch Automotive Electronics India Pvt. Ltd.	-	240	240	240
- Robert Bosch Engineering and Business Solutions Ltd.	-	-	1,000	-
Non/Low interest bearing loans to employees/directors	770	670	799	714

Note 42 : Interest in Joint Venture

Details of Company's share in the joint venture assets, liabilities, revenue and expenses as required by Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" is as indicated below:

Name of the Joint Venture : MHB Filter India Private Limited.  
Country of Incorporation : India  
Percentage of ownership interest : 25%

[₹ in Millions (Mio INR)]

	2012	2011
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	59	64
Long-term loans and advances	1	0
Other non-current assets	2	2
<b>Current assets</b>		
Current investments	0	0
Inventories	39	21
Trade receivables	15	24
Cash and bank balances	4	5
Short-term loans and advances	6	5
Other current assets	0	0
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Other long-term liability	1	1
Long-term provisions	0	0
<b>Current liabilities and provisions</b>		
Trade payables	21	32
Other current liabilities	15	10
Short-term provisions	0	-

[₹ in Millions (Mio INR)]

	2012	2011
<b>Revenue</b>		
Sale of products	231	172
Other operating revenue	0	0
Other Income	4	2
<b>Expenses</b>		
Cost of materials consumed	154	133
Changes in inventory of finished goods, work-in-progress and stock-in-trade	(3)	(5)
Depreciation	8	8
Other expenses	66	55

## Notes to the Financial Statements for the year ended December 31, 2012

	[₹ in Millions (Mio INR)]	
	2012	2011
<b>Other matters</b>		
Capital commitment	2	2

Note 43 : Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	1,489	2,521
Note 44 : (a) Advances include dues from directors and an officer of the Company	6	9
(b) Maximum amount due from directors and an officer of the Company at any time during the year	10	10

	[₹ in Millions (Mio INR)]	
Products	2012	2011
Fuel Injection Equipment	42,960	44,183
Injectors, Nozzles and Nozzle holders	21,423	19,839
Auto Electricals	9,629	6,731
Portable Electric Power tools	6,356	5,660
Others	10,954	8,919
	91,322	85,332

	[₹ in Millions (Mio INR)]	
Products	2012	2011
Fuel Injection Equipment	7,932	8,732
Injectors, Nozzles and Nozzle holders	1,478	1,486
Portable Electric Power Tools	3,575	3,414
Filter and Filter Inserts	2,446	2,243
Others	3,646	3,231
	19,077	19,106

	[₹ in Millions (Mio INR)]	
Products	2012	2011
Fuel Injection Equipment	2,518	2,770
Injectors, Nozzles and Nozzle holders	886	1,044
Portable Electric Power Tools	1,092	1,204
Others	1,289	1,331
	5,785	6,349

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 48 : Closing Stock of Work-in-progress [₹ in Millions (Mio INR)]

Products	2012	2011
Fuel Injection Equipment	564	580
Injectors, Nozzles and Nozzle holders	334	374
Auto Electricals	74	77
Special Purpose Machinery	270	202
Packaging machines	143	155
Others	132	125
	1,517	1,513

## Note 49 : Cost of Materials Consumed [₹ in Millions (Mio INR)]

Description	2012	2011
Components	23,902	24,017
Steel	298	304
Others	3,697	2,623
	27,897	26,944

## Note 50 : Value of Imported and Indigenous Raw Materials, Spares and Components Consumed [₹ in Millions (Mio INR)]

	2012		2011	
	%	Value	%	Value
Imported	41	11,805	45	12,436
Indigenous	59	16,988	55	15,395
	100	28,793	100	27,831

## Note 51 : C.I.F Value of Imports [₹ in Millions (Mio INR)]

	2012	2011
Raw materials	11,495	12,326
Components, spare parts, etc.,	942	1,022
Capital goods	2,548	2,433
Trade goods	11,301	12,172
	26,286	27,953

## Note 52 : Expenditure in Foreign Currencies (net of tax deducted at source) [₹ in Millions (Mio INR)]

	2012	2011
Royalty and Technical service fee	1,328	1,162
Professional fees, travelling, trainees' expenses etc.	2,022	1,879
	3,350	3,041

## Note 53 : Earnings in Foreign Exchange [₹ in Millions (Mio INR)]

	2012	2011
F.O.B. value of exports	8,683	10,344
Sale of service and others	749	457
	9,432	10,801

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 54 : Remittances in Foreign Currency on Account of Dividends to Non-resident Shareholders

[₹ in Millions (Mio INR)]

No. of shareholders	No. of Shares	Face Value (₹)	Particulars	2012	2011
1	22,349,420	10	Final 2010	-	894
	22,349,420	10	interim 2011	-	1,900
	22,349,420	10	Final 2011	1,117	-
				1,117	2,794

## Note 55 : Derivative Instruments

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to highly probable forecast transactions.

The Company does not enter into derivative instruments for trading or speculative purposes.

## (a) The foreign exchange contracts outstanding as at year end are as follows:

[₹ in Millions (Mio INR)]

Import payments	2012	2011
Number of contracts	42	37
INR/USD	2,229	3,639

## (b) The net foreign currency receivable / (payable) unhedged as at the year end are as follows:

[₹ in Millions (Mio INR)]

Currency	2012	2011
AUD	1	(11)
CHF	(51)	(29)
CNY	(0)	-
EUR	(585)	(2,282)
GBP	0	(12)
HKD	(1)	(2)
JPY	(120)	(150)
NOK	(0)	-
SEK	(2)	(4)
USD	(3)	(81)
SGD	(242)	(68)
ZAR	(0)	(2)

## Note 56 : Previous Year Figures

The Financial Statements for the year ended December 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended December 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to current year's classification. The adoption of Revised Schedule VI for previous year's figures does not impact recognition and measurement principles followed for preparation of the Financial Statements.

## Note 57 : Rounding Off

Amounts mentioned as "0" in the financial statements denote amounts rounded off being less than Rupees one million.

## Notes to the financial statements 1 to 57

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner  
Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

A. Vijay Shankar  
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus  
V.K. Viswanathan  
B. Muthuraman  
Renu S Karnad  
Prasad Chandran  
B. Steinruecke  
Bhaskar Bhat

Directors

## Subsidiary Company

## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(1) AND (3) OF THE COMPANIES ACT, 1956.

**MICO Trading Private Limited**

[Amount in (TINR)]

(a) Holding Company's interest: 100,000 Equity shares of ₹ 10 each fully paid up (i.e., 100% of the paid up Equity Capital)	1,000
(b) Net aggregate amount of the Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts:	
(i) For the Subsidiary's financial year ended 31 <sup>st</sup> December 2012	50
(ii) For its previous financial years	(76)
(c) Net aggregate amount of the subsidiary's profits/(losses) dealt with in the Holding Company's accounts:	
(i) For the Subsidiary's financial year ended 31 <sup>st</sup> December 2012	Nil
(ii) For its previous financial years	Nil

For and on behalf of the Board

Dr. A. Hieronimus  
V.K. Viswanathan  
B. Muthuraman  
Renu S Karnad  
Prasad Chandran  
B. Steinruecke  
Bhaskar Bhat

Dr. Steffen Berns  
Soumitra Bhattacharya

Place : Bangalore  
Date : February 27, 2013

A. Vijay Shankar  
Company Secretary

Directors

**MICO Trading Private Limited****Directors**

V.K. Viswanathan (up to 31.12.2012)  
 Dr. Manfred Duernholz (up to 31.12.2012)  
 Dr. Steffen Berns (from 01.01.2013)  
 Soumitra Bhattacharya (from 01.01.2013)

**Auditors**

Price Waterhouse & Co., Bangalore

**Bankers**

Canara Bank

**Registrerd Office**

Hosur Road, Adugod, Bangalore - 560 030

**Report of the Directors**

The Directors present their TWENTIETH Annual Report together with the Audited Statements of Accounts for the year ended 31st December 2012.

The Company has not commenced business.

**Directors**

Mr. V. K. Viswanathan and Dr. Manfred Duernholz resigned from the Board with effect from 01.01.2013.

Dr. Steffen Berns and Mr. Soumitra Bhattacharya joined the Board as Additional Directors with effect from 01.01.2013. They will hold office up to the date of the next Annual General Meeting of the Company.

**Energy, Technology, Foreign Exchange etc.,**

As the Company has not commenced operations, the Directors have nothing to report in respect of the above.

**Auditors**

M/s. Price Waterhouse & Co., Bangalore, (Regn. No. 007567S) Chartered Accountants, the retiring auditors are eligible for re-appointment.

**Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of The Companies Act, 1956, we report that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- Accounting policies have been selected and applied consistently and the judgements and estimates made 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 financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken 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.
- The annual accounts have been prepared on a going concern basis.

**Certificate of Compliance under section 383A of the Companies Act, 1956**

A Secretarial Compliance Certificate issued by Mr. K. V. Venkata Rangan, the Company Secretary in Whole-time practice, is annexed to this report.

For and on behalf of the Board of Directors

Bangalore  
 February 27, 2013

Steffen Berns  
 Soumitra Bhattacharya  
 Directors

**Secretarial Compliance Certificate**

[Under proviso to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules 2001]

To

The Members of MICO Trading Pvt. Ltd.

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December 2012. In my opinion and to the best of my information and based on my examinations as well as records made available and explanations furnished to me by the Company, its Officers and agents, I certify that in respect of the aforesaid financial year:

1. The paid-up capital of the Company is ₹ 10,00,000 and thus, it has the minimum paid-up Capital prescribed under the Act for private companies. Its maximum number of members during the financial year was three (3). There are no employee shareholders. The Company during the year under scrutiny i) has not invited public to subscribe for its shares and ii) has not invited or accepted any deposits from public or its members, directors or their relatives.
2. The Company has kept and maintained statutory registers\* with entries duly updated therein, as required under the provisions of the Act and the Rules made thereunder (\* Register of Members

with Index, Register of Directors & Directors shareholdings, Minutes Book of Board and General Meetings, Annual Return, Books of Accounts, Register of Contracts and Register of share transfers).

3. The Company has duly filed requisite Forms, Returns and Documents\*\* with the Registrar of Companies and such other authorities, as may be applicable under the said act within the time limits stipulated under the Act and the Rules made thereunder (\*\* Form 23AC XBRL & 23ACA XBRL for Balance Sheet & Profit & Loss account for the financial year ended 31.12.11, Form 20B for Annual Return made upto AGM date 28.02.12 and Form 66 for Secretarial Compliance Report for financial year ended 31.12.11).
4. The Board of Directors duly met four (4) times during the year on 28th February 2012, 6th June 2012, 10th September 2012 and 7th December 2012. In respect of these meetings, proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended 31st December 2011 was held on 28th February, 2012 after giving requisite notice to members and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. There were no contracts requiring the sanction of the Board under Section 297 of the Act and as such, no entries were made in the register maintained under Section 301 of the Act.
10. None of the directors of the Company held any office or place of profit attracting the provisions of Section 314 of the Act.
11. The Company has not issued any duplicate share certificate/s during the financial year.
12. There was no allotment of shares during the financial year. Also there were no transfers of shares during the year.
13. The Company has not declared any dividend during the financial year.
14. The provisions of Section 217(2AA) of the Act relating to 'Directors Responsibility Statement' have been complied with. A Copy of the Compliance Certificate was attached to the Report of the Board of Directors for the financial year ended 31.12.2011 as required under proviso to Section 383A of the Act. The Company has duly complied with the other requirements of Section 217 of the Act.
15. The Board of Directors of the Company is duly constituted and the appointment of additional directors, alternate directors and directors to fill casual vacancies have been duly made.
16. The Company being a private company, provision to section 269 of the Act with regard to appointment of Managing Director or Whole-time Director is not applicable.
17. The Company has not appointed any sole selling agents attracting the provisions of Section 294 and 294A of the Act during the financial year.
18. The Company was not required to obtain any approvals under the various provisions of the Act from the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities during the financial year.
19. The Company has no Preference Shares/Debentures.
20. The Company has not bought back any shares during the financial year.
21. During the financial year, the Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act.
22. The Company has not made any borrowings during the financial year.
23. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
24. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
25. The Company has not altered any of the provisions of its Memorandum of Association and/or Articles of Association during the financial year.
26. As per records made available and information given, there were no prosecution proceedings initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, nor were any prosecution proceedings pending against the Company for offences under the Act.
27. The Company has not constituted a separate provident trust since there are no employees or class of employees as contemplated under Section 418 of the Act.

Bangalore  
 27.02.2013

(K.V. Venkata Rangan)  
 Practising Company Secretary  
 FCS:934; CP: 404

**Auditors' Report**

To The Members of MICO Trading Private Limited

1. We have audited the attached Balance Sheet of MICO Trading Private Limited (the "Company") as at December 31, 2012, and the related Statement of Profit and Loss 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) (Amendment) 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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2012 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 attached 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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.

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants  
Subramanian Vivek  
Partner  
Membership Number: 100332

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of MICO Trading Private Limited on the financial statements as of and for the year ended December 31, 2012.

- i. The Company does not hold any fixed assets during the year ended December 31, 2012. Therefore, the provisions of Clause 4(i) of the Order are not applicable to the Company.
- ii. The Company does not hold any inventory during the year ended December 31, 2012. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (b), (c) and (d) of the said Order are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. The Company does not have any transaction of purchase of inventory and fixed assets or sale of goods and services. Therefore, the provisions of Clause 4(iv) of the said Order are not applicable to the Company.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. As the Company is not listed on any stock exchange or the paid-up capital and reserves as at the commencement of the financial year did not exceed Rupees Fifty Lakhs or the average annual turnover for a period of three consecutive financial years immediately preceding the financial year did not exceed Rupees Five Crores, Clause 4 (vii) of the Order is not applicable.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The accumulated losses of the Company did not exceed fifty percent of its net worth as at December 31, 2012 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants  
Subramanian Vivek  
Partner  
Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

## Balance Sheet as at December 31, 2012

[Amount in TINR]

Particulars	Note No.	2012	2011
<b>Equity and Liabilities :</b>			
Shareholders' funds			
Share capital	3	1,000	1,000
Reserves and surplus	4	(26)	(76)
Current liabilities			
Other current liabilities	5	151	146
Short-term provisions	6	10	4
<b>Total</b>		<b>1,135</b>	<b>1,074</b>
<b>Assets :</b>			
Current assets			
Cash and bank balances	7	1,126	1,066
Other current assets	8	9	8
<b>Total</b>		<b>1,135</b>	<b>1,074</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner  
Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

For and on behalf of the Board

Dr. Steffen Berns  
Soumitra Bhattacharya  
Directors

## Statement of Profit and Loss for the year ended December 31, 2012

[Amount in TINR]

Particulars	Note No.	2012	2011
<b>Other income</b>	9	105	85
<b>Total Revenue</b>		<b>105</b>	<b>85</b>
<b>Expenses :</b>			
Others expenses	10	32	28
<b>Total Expenses</b>		<b>32</b>	<b>28</b>
<b>Profit before tax</b>		<b>73</b>	<b>57</b>
<b>Tax expense :</b>			
Current tax for the year		23	17
<b>Profit for the year</b>		<b>50</b>	<b>40</b>
Earnings per share - Basic and Diluted of face value of ₹ 10 each	12	0.50	0.40
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner  
Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

For and on behalf of the Board

Dr. Steffen Berns  
Soumitra Bhattacharya  
Directors

## Cash flow Statement for the year ended December 31, 2012

[Amount in TINR]

	2012	2011
<b>A. Cash flow from operating activities</b>		
Profit before tax	73	57
Adjustments for :		
Interest income	(98)	(85)
Operating profit before working capital changes	(25)	(28)
Adjusted for :		
Increase / (decrease) in liabilities and provisions	5	1
Cash generated from operations	(20)	(27)
Direct taxes paid (net of refunds)	(7)	-
Net cash from operating activities	(27)	(27)
<b>B. Cash flow from investing activities</b>		
Fixed deposit matured (having original maturity of more than three months)	-	99
Fixed deposit investment (having original maturity of more than three months)	-	(50)
Interest received	2	5
Net cash from / (used in) investing activities	2	54
Net cash flows during the year (A+B)	(25)	27
Cash and cash equivalents (Opening balance)	45	18
Cash and cash equivalents (Closing balance)	20	45
	2012	2011
Cash and cash equivalents comprises of :		
Cash on hand	0	0
Bank balances		
Current accounts	20	45

Notes : (a) Above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standard 3 as notified u/s 211(3C) of the Companies Act, 1956.

(b) Interest on bank deposit reinvested has not been considered above as there was no cash inflow/ outflow.

As per our report of even date

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner  
Membership Number: 100332

Place: Bangalore  
Date : February 27, 2013

For and on behalf of the Board

Dr. Steffen Berns  
Soumitra Bhattacharya  
Directors

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 1 : Company Information

MICO Trading Private Limited (the "Company") is wholly owned subsidiary of Bosch Limited. The company was incorporated in the year 1992 with the main object of carrying on business as traders, agents, distributors etc. of goods in India and abroad and to generally act as an import or export house and undertake all function and services connected therewith. The Company has not commenced business.

## Note 2 : Summary of Significant Accounting Policies

- (a) The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India and comply in all material respects with the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and relevant provisions thereof.

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

- (b) Interest on Bank deposits is recognised on a time proportion basis.

- (c) Taxes on Income

Provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions.

Deferred income tax is provided on all timing differences at the balance sheet date between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted as on the balance sheet date.

- (d) Cash and cash equivalents:

Cash and cash equivalents includes cash and cheques on hand, demand deposits with banks, fixed deposits and other short-term highly liquid investments with original maturities of three months or less.

## Note 3 : Share Capital

[Amount in TINR]

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
<i>Authorised</i> Equity shares of ₹ 10 each	100,000	1,000	100,000	1,000
<i>Issued, Subscribed and fully Paid up</i> Equity shares of ₹ 10 each	100,000	1,000	100,000	1,000

- (a) Reconciliation of the number of shares:

[Amount in TINR]

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	100,000	1,000	100,000	1,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	100,000	1,000	100,000	1,000

- (b) Rights, preferences and restrictions attached to shares:

The Ordinary Shares of the Company, having face value of ₹ 10/- per share, rank pari passu in all respects including voting rights and entitlement to dividend.

- (c) Equity shares held by the holding company:

[Amount in TINR]

	2012		2011	
	Number of shares	Amount	Number of shares	Amount
Bosch Limited, India, the holding company	100,000	1,000	100,000	1,000

- (d) Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:

	2012		2011	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Bosch Limited, India, the holding company	100,000	100.00%	100,000	100.00%

## Notes to the Financial Statements for the year ended December 31, 2012

Note 4 : Reserves and Surplus [Amount in TINR]

	2012	2011
Surplus/(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(76)	(116)
Add: Profit for the year	50	40
Balance at the end of the year	(26)	(76)

Note 5 : Other Current Liabilities [Amount in TINR]

	2012	2011
Payable to related party (*)	134	132
Audit fees payable	15	14
Others	2	-
	151	146

(\*) Represents payable to Bosch Limited, the holding company.

Note 6 : Short-term Provisions [Amount in TINR]

	2012	2011
Provision for taxation (net of advance tax)	10	4
	10	4

Note 7 : Cash and Bank Balances [Amount in TINR]

	2012	2011
Cash and cash equivalents		
Cash on hand	0	0
Bank balances		
Current accounts	20	45
Other bank balances		
Deposit accounts (original maturity of more than 3 months but less than or equal to 12 months)	1,106	1,021
	1,126	1,066

Note 8 : Other Current Assets (Unsecured, considered good) [Amount in TINR]

	2012	2011
Interest accrued on deposits	9	8
	9	8

Note 9 : Other Income [Amount in TINR]

	2012	2011
Interest income		
Bank deposits	98	85
Liability written back	7	-
	105	85

Note 10 : Other Expenses [Amount in TINR]

	2012	2011
Professional and other charges	32	28
Miscellaneous expenses	0	-
	32	28

## Notes to the Financial Statements for the year ended December 31, 2012

## Note 11 : Remuneration to Auditors

[Amount in TINR]

	2012	2011
Remuneration to Auditors (excluding service tax)		
Statutory Audit fees	15	13
Taxation matters	13	12
	<u>28</u>	<u>25</u>

## Note 12 : Earnings Per Share

[Amount in TINR]

	2012	2011
Profit attributable to Equity Shareholders	50	40
Weighted average number of Equity Shares outstanding during the year	100,000	100,000
Nominal Value of Equity Shares (₹)	10	10
Basic and Diluted Earnings per Share (₹)	0.50	0.40

## Note 13: Segmental Reporting

The Company has not commenced business. Segment information for reportable segments as envisaged under AS 17 on segment reporting as notified under section 211 (3C) of the Companies Act, 1956, have not been disclosed as there has been no operations during the year.

## Note 14: Related Party Transactions

Holding Company : Bosch Limited, India

Ultimate Holding Company : Robert Bosch GmbH, Germany

Transactions during the year :

Liability written back - TINR 7 (2011 : Nil)

Reimbursement of expenses payable - TINR 9 (2011 : Nil)

Amount payable : TINR 134 (2011 : TINR 132)

## Note 15: Disclosures Under Accounting Standards

Disclosures under Accounting Standards as notified under section 211(3C) of Companies Act, 1956 and Revised Schedule VI are restricted to those which are currently applicable to the Company.

## Note 16: Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006.

The Company does not have any transactions or dues in relation to any supplier registered under Micro, Small and Medium Enterprises Development Act, 2006.

## Note 17: Previous Year Figures

The Financial Statements for the year ended December 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended December 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to current year's classification. The adoption of Revised Schedule VI for previous year's figures does not impact recognition and measurement principles followed for preparation of the Financial Statements.

## Note 18: Rounding Off

Amounts mentioned as '0' in the financial statements denote amounts rounded-off being less than one thousand rupees.

## Notes to the financial statements 1 to 18

For Price Waterhouse & Co., Bangalore  
Firm Registration Number: 007567S  
Chartered Accountants

Subramanian Vivek  
Partner  
Membership Number: 100332

Place : Bangalore  
Date : February 27, 2013

For and on behalf of the Board

Dr. Steffen Berns  
Soumitra Bhattacharya  
Directors

# Shareholder Information

## Board Meetings

Board Meetings are usually held in February/March, June, September and December. Particulars of Board Meetings held in 2012 are given below.

Tuesday, February 28

Monday, June 4

Tuesday, September 4

Friday, December 7

## Annual General Meeting (AGM)

The Annual General Meeting (AGM) of the Company is usually held in June each year. Particulars of the AGM held during the last three years are given below:

2010 - 10.30 a.m. Thursday, June 03;  
Taj Residency, Bangalore

2011 - 10.30 a.m. Wednesday, June 01;  
'Vivanta' By Taj, Bangalore

2012 - 10.30 a.m. Monday, June 04;  
'Vivanta' By Taj, Bangalore

Particulars of Special Resolutions passed in the last three AGMs are given below.

03.06.10 - Payment of commission to Non-Wholetime Directors not exceeding in aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Sections 198, 349 and 350 of the Companies Act, 1956, for each of the 5 financial years of the Company commencing from 01.01.2010 to 31.12.2014.

01.06.11 - Commencement of business pursuant to section 149(2A) of the Companies Act, 1956, relating to carrying on the business of import, export, purchase, sale, trade and manufacture of products, systems and accessories including execution of projects, servicing and maintenance with relation to Solar Energy and Thermo Technology.

04.06.12 - Nil.

During the last financial year, no resolution was passed through postal ballot in accordance with section 192A of the Companies Act, 1956.

## Financial Year

The financial year of the Company is from January to December. The financial results for the quarter / half-year / year are published as under:

Quarter/half-year/year	In the month of
Quarter ending 31 <sup>st</sup> March	April/May
Quarter/half-year ending 30 <sup>th</sup> June	July/August
Quarter ending 30 <sup>th</sup> September	October/November
Year ending 31 <sup>st</sup> December	February/March

## Book Closure

The Register of Members and Share Transfer books are usually closed in May each year for about 13 days for ascertaining the names of the shareholders entitled to receive dividend.

## Dematerialization of Shares

71.18% of the paid-up capital is held by Robert Bosch GmbH. Of the balance 28.82% held by public, shares representing 27.86% of the paid-up capital have been dematerialized.

The Company entered into agreement with the following Depositories whereby the equity shares of the Company were admitted as 'eligible security' in the depository system:

1. National Securities Depository Limited (NSDL): January 05, 1999.
2. Central Depository Services (India) Limited (CDS): August 04, 2000.

Members still holding share certificates in physical form are requested to dematerialize their shares by approaching any of the Depository Participants registered with the Securities and Exchange Board of India (SEBI). From June 26, 2000 the shares of the Company are mandated by SEBI for trading in dematerialized form.

## Listing of Shares

The Company's equity shares are listed at the following Stock Exchanges in order to impart liquidity and convenience for trading:

Name and address of the Stock Exchange	Stock Code
BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001	500530
National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor, Bandra - Kurla Complex, Bandra, Mumbai 400 051	BOSCHLTD

The International Securities Identification Number (ISIN) for the Company's Shares in dematerialized form is INE 323 A01026.

Listing fee for the year 2012-2013 has been paid to these exchanges.

### Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005, Issuer Companies are required to pay custodial fees to the depositories with effect from 1st April, 2005. Accordingly, the Company has paid the annual custodial fee for the year 2012-13 to NSDL and CDS on the basis of the average number of beneficial accounts maintained by them for the year 2011-12.

### Particulars of dividend remaining Unclaimed

In terms of Section 205A(5) of The Companies Act, 1956, monies transferred to the Unpaid Dividend Account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

Brief particulars of dividend amount remaining unclaimed are given below.

Year to which the dividend pertains	Declared at the AGM/ (Board) Meeting held on	Date of transfer to Unpaid Dividend Account	Balance in the Unpaid Dividend Account (31.12.2012) (₹)	Due date for transfer to the Fund*
2005	01.06.06	05.07.06	841,164	04.07.13
2006(Interim)	(12.03.07)	11.04.07	791,268	11.04.14
2006 (Final)	07.06.07	11.07.07	285,616	10.07.14
2007	05.06.08	10.07.08	1,733,550	10.07.15
2008	28.05.09	02.07.09	1,844,975	01.07.16
2009	03.06.10	08.07.10	2,142,930	07.07.17
2010	01.06.11	06.07.11	2,907,080	05.07.18
2011(special)	(01.06.11)	06.07.11	6,047,070	05.07.18
2011(final)	04.06.12	10.07.12	3,850,200	09.07.19

\* [as per sub-section 5 of Section 205A of The Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999]

Break-up of the unclaimed dividend pertaining to the year 2005 to 2011(special) as on the date of last AGM (04.06.12) was posted in Company's website [www.boschindia.com](http://www.boschindia.com) under the section 'Shareholder Information'.

Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund. It may be noted that after the unpaid dividend is transferred to the said Fund, the same cannot be claimed.

### Bank particulars for Dividend Warrants

With a view to preventing fraudulent encashment of dividend warrants, members holding shares in physical form are advised to furnish to the Company particulars of their bank account with a request to incorporate the same in the dividend warrant.

### Electronic Clearing Service

The Company makes payment of dividend through Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS) to members at select centers. Under this system of payment of dividend, the shareholders get the credit of dividend directly in their designated bank account. This ensures direct and immediate credit with no chance of loss of warrant in transit or its fraudulent encashment. However, the Company may pay the dividend by issue of warrants where no ECS/NECS particulars made available to the Company. Members holding Shares in physical form, who wish to avail of the ECS/NECS facility, are requested to give the ECS/NECS mandate in the prescribed form. The form can be obtained from the Company's website [www.boschindia.com](http://www.boschindia.com) under the Section 'Shareholder information'.

### Payment of Dividend

Dividend warrants are posted to Members at their registered address usually within two days of the declaration of dividend at the Annual General Meeting.

Dividend warrants in respect of shares held in electronic/dematerialized form are posted to the beneficial owners to their address as per the information furnished by NSDL and CDS as on the record date. Warrants for high value amounts are sent through Registered Post.

Particulars of dividend declared in the previous years (from the year 2001) are given below.

Year	Dividend per share (₹)	Year	Dividend per share (₹)
2001	31.00	2006	4.00 (final)
2002	3.00 (interim)	2007	25.00
2002	40.00 (final)	2008	25.00
2003	65.00	2009	30.00
2004	10.00	2010	40.00
2005	12.00	2011	85.00 (special)
2006	12.00 (interim)	2011	50.00 (final)

(Note: upto 2003: on shares of face value ₹ 100; from 2004: on shares of face value ₹ 10)

### Shares held in physical/dematerialised form

M/s. Integrated Enterprises (India) limited, No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, is the Company's Registrar and Transfer Agent (R&T) both in respect of shares held in physical form and dematerialized form.

Inquiries may be addressed either to the Registrar and Transfer Agent or to the Secretarial Department of the Company.

### Requirement of PAN for certain transactions

The Securities and Exchange Board of India (SEBI) vide circular ref. no. MRD/DoP/Cir-05/2009 dated May 20, 2009, clarified that for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it is mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTAs for registration of such transfer of shares.

Further, SEBI vide circular ref.no. MRD/DoP/SE/RTA/ Cir-03/2010 dated January 07, 2010, clarified that for deletion of name of the deceased shareholder(s), transmission of shares to the legal heir(s) and for transposition of shares, it shall be mandatory to furnish a copy of PAN card to the Company/RTAs.

### Nomination

Pursuant to the provisions of Section 109A of The Companies Act, 1956, Members may file Nomination in respect of their shareholdings. Members holding shares in physical form willing to avail this facility may submit to the Company the prescribed Form 2B (in duplicate), if not already filed. Form 2B can be downloaded from the Company's website [www.boschindia.com](http://www.boschindia.com) under the section 'Shareholder Information'. Members holding shares in electronic form are requested to give the nomination to their respective Depository Participants directly.

### Rights of members

The following are some of the important rights of the members:

1. Receive notices of General Meetings, Annual Report, Balance sheet, Profit and Loss Account and Auditors Report.
2. Attend and vote at the General Meetings and appoint proxy in their stead.
3. Demand for a poll along with other members who collectively hold not less than 1/10th of the voting power or who collectively hold 5000 shares (i.e., shares on which aggregate sum of not less than ₹ 50,000 has been paid up).
4. Request an Extraordinary General Meeting along with other members who collectively hold not less than 1/10th of the total paid up capital of the Company.
5. Receive dividends and other corporate benefits like rights, bonus shares etc., when declared / announced.
6. Transfer the shares.
7. Receive the share certificates upon transfer within 15 days from the date of lodgment.
8. Inspect minutes book of General Meetings.
9. Inspect various registers such as Register of Members, Register of Directors, Register of Directors' Shareholding etc.
10. Nominate a person to whom his/her shares shall vest in the event of death.
11. Appoint or remove director(s) and auditor.
12. Seek relief in case of oppression and mismanagement.

### Audited Annual Financial Results

The statement of Audited Financial Results and the statement of segment-wise revenue, results and capital employed for the year ended 31st December, 2012 prepared pursuant to Clause 41 of the listing agreements entered into with the Stock Exchanges are available in the Company's web site [www.boschindia.com](http://www.boschindia.com). The statement was approved by the Board of Directors at their Meeting held on 27.02.2013.

### Shareholding Pattern (as on 31.01.2013)

Category	No. of Members	No. of Shares held	% to the Capital
Robert Bosch GmbH	1	2,23,49,420	71.18
Public Financial Institutions	10	28,83,233	9.18
Foreign Institutional Investors	100	20,39,119	6.49
Mutual Funds	68	8,61,827	2.75
Nationalized Banks	8	8,440	0.03
Bodies Corporate	805	8,67,685	2.76
Foreign Nationals/ NRIs/OCBs	653	89,914	0.29
Public	24,359	22,99,262	7.32
<b>Total</b>	<b>26,004</b>	<b>3,13,98,900</b>	<b>100.00</b>

### Distribution of Shareholding (as on 31.01.2013)

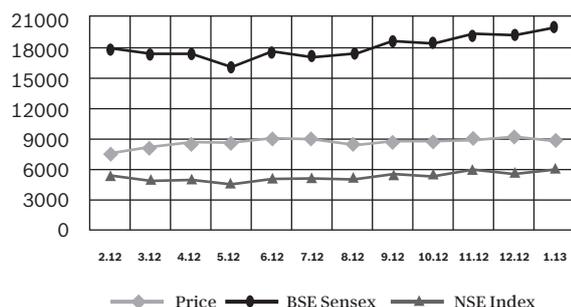
No. of Shares held	Members		Shares	
	No.	%	No.	%
1-500	25,055	96.35	11,19,485	3.57
501-1000	449	1.73	3,20,765	1.02
1001-2000	241	0.93	3,31,963	1.06
2001-3000	73	0.28	1,83,616	0.58
3001-4000	28	0.11	98,190	0.31
4001-5000	21	0.08	97,030	0.31
5001-10000	47	0.18	3,22,684	1.03
>10000	90	0.34	2,89,25,167	92.12
<b>Total</b>	<b>26,004</b>	<b>100.00</b>	<b>3,13,98,900</b>	<b>100.00</b>

### Price and Volume of Shares Traded

Month/ Year	BSE Ltd.			National Stock Exchange of India Ltd.		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
Feb 2012	8100	7145	48588	8099	7140	157008
Mar 2012	9000	7452	24768	9000	7510	121875
Apr 2012	8965	8075	29806	8974	8065	100303
May 2012	9265	8500	40315	9276	8500	128899
Jun 2012	9300	8490	15922	9399	8500	88603
Jul 2012	9189	8600	9403	9220	8605	78992
Aug 2012	9150	8510	32361	9149	8501	79105
Sep 2012	8899	8287	46876	8900	8270	127103
Oct 2012	8950	8488	29336	8960	8600	86068
Nov 2012	9400	8750	8386	9404	8612	97522
Dec 2012	9590	8905	19977	9589	8900	118289
Jan 2013	9575	8807	19154	9620	8820	91969

(Source: BSE, NSE)

### Share Price (BSE) and Index



### Shareholders holding more than 1% of the share capital of the Company (as on 31.01.2013)

Sl. No.	Name of the Shareholder	No. of shares held	% to paid-up capital
1.	Robert Bosch GmbH	2,23,49,420	71.18
2.	General Insurance Corpn. of India	10,05,731	3.21
3.	Aberdeen Global India Equity Fund Mauritius Ltd	9,40,000	2.99
4.	The New India Assurance Co. Ltd.	9,08,572	2.89
5.	Bajaj Allianz Life Insurance Co.Ltd	3,53,221	1.12
6.	United India Insurance Co. Ltd.	3,37,402	1.07

### Website

The Company's website [www.boschindia.com](http://www.boschindia.com) contains comprehensive information about the Company, Products, Services and Solutions, Press Releases and Shareholder Information. The 'Shareholder Information' section serves to inform the Shareholders by providing key information like Board of Directors and the Committees of the Board, Corporate Governance, Financial Results, Shareholding Pattern, Distribution of Shareholding, Dividend etc.

### Registrar and Transfer Agent

(For shares held in physical & dematerialised form)

Integrated Enterprises (India) Limited  
No. 30, Ramana Residency  
4<sup>th</sup> Cross, Sampige Road  
Malleswaram  
Bangalore 560 003

Tel: (080) 23460815 to 818;  
Fax: (080) 23460819

### Investor Service Centre

Secretarial Department (BCS)  
Bosch Limited  
Hosur Road, Adugodi  
Bangalore – 560 030

Tel: (080) 2299 2393 (Extn. 2314);  
Fax: (080) 2299 2181

Monday to Friday:  
9.00 a.m. to 12.00 noon except holidays.

**Designated e-mail ID for redressal of investor complaints**  
[investor@in.bosch.com](mailto:investor@in.bosch.com)

### Compliance Officer

Mr. A. Vijay Shankar, Company Secretary

Inquiries, if any, may be addressed to the Compliance Officer.

# National Network

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## Manufacturing Facilities

### Factories

#### Bangalore

Post Box No. 3000  
Hosur Road, Adugodi  
Bangalore - 560 030  
Phone: (080) 2299 2393  
Fax: (080) 2227 2728

#### Naganathapura

Post Box No. 6887  
Electronic City P.O.  
Bangalore - 560 100  
Phone: (080) 2852 1221  
Fax: (080) 2852 1239

#### Nashik

Post Box No. 64  
75, MIDC Estate  
Satpur, Trimbak Road  
Nashik - 422 007  
Phone: (0253) 235 0342 - 45  
Fax: (0253) 235 3143

#### Jaipur

SP-663  
RIICO Industrial Area  
Sitapura  
Jaipur - 302 022  
Phone: (0141) 277 1700  
Fax: (0141) 277 1787

#### Verna (Goa)

Packaging Technology Division  
N-4A, Phase IV,  
Verna Industrial Estate  
Verna, Salcate, Goa - 403 722  
Phone: (0832) 6692 018  
Fax: (0832) 6692 028

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## Sales Offices

#### Ahmedabad

31/32, JMC House, Level 3  
Opp. to Parimal Garden  
Ellis Bridge  
Ahmedabad - 380 006

#### Bangalore

21/1, Mission Road  
Bangalore - 560 027

#### Bhubaneswar

Plot No. N-6/454  
IRC Village  
Jayadev Vihar  
Nayapalli  
Bhubaneswar - 751 015

#### Chandigarh & Panchkula

SCO 17, Sector - 26  
Madhya Marg  
Chandigarh - 160 019

#### Chennai

'Blossom Centre'  
New No: 30 (Old No: 27)  
North Boag Road  
T. Nagar  
Chennai - 600 017

#### Delhi & Gaziabad

'Rishyamook'  
85-A, Panchkuian Road  
New Delhi - 110 001

#### Ernakulam

MCM Building,  
IN. SY. No. 145/12A, 32/232  
N.H. By-Pass Road  
Pativattom  
Ernakulam  
Cochin - 682 024

#### Guwahati

3rd Floor  
Mayur Garden Building  
Opp. Rajiv Bhavan  
Above Jaysree TVS  
Guwahati - 781 005

#### Indore

2nd Floor, MAN House  
15th PU-3, Scheme No. 54  
AB Road  
Indore - 452 008

#### Jaipur & Jodhpur

F 104  
Sangam Towers  
Church Road  
Off MI Road  
Jaipur - 302 001

#### Jharkhand

Bhagirathi Complex  
Opp. Adivasi Hostel  
Karam Toli Road  
Ranchi - 834 001

#### Kolkata

91-A, Park Street  
Kolkata - 700 016

#### Lucknow

2<sup>nd</sup> Floor, Madan Plaza  
14, Station Road  
Lucknow - 226 001

#### Madurai

GV Towers  
3/4, Melakkal Road  
Kochadai  
Madurai - 625 010

#### Mumbai

79, Dr. Annie Besant Road  
Worli  
Mumbai - 400 018

#### Patna

Premises No. 601 & 602  
6th Floor, Kashi Place  
New Dak Bungalow Road  
Patna - 800 001

#### Pune

3<sup>rd</sup> Floor  
Godrej Millennium  
9 Koregaon Park  
Pune - 411 001

#### Raipur

2<sup>nd</sup> Floor  
Pithalia Complex  
Opp. Telephone Exchange  
Near Fafadih Chowk  
Raipur - 492 001

#### Rajkot

Royal Square, 1st Floor  
Near Godown Road Corner  
Opp. Bavishi Plywood  
Tagore Road  
Rajkot - 360 002

#### Secunderabad

Plot No. 117  
Srinagar Colony  
Trimulgherry  
Secunderabad - 500 015

#### Vijayawada

'RUMR Plaza'  
1st Floor, Opp. Sri Chaitanya  
Olympiad School  
Pinanamaneni Polytechnic Road  
Mogalrajapuram  
Vijayawada - 520 010

# Bosch Limited

Regd. Office: Hosur Road, Adugodi, Bangalore - 560 030.

## ATTENDANCE SLIP

(to be surrendered at the time of entry)

### 61<sup>ST</sup> ANNUAL GENERAL MEETING

Date: 5<sup>th</sup> June 2013. Time: 10.30 a.m. Place: Trinity Hall, Vivanta By Taj, 41/3, Mahatma Gandhi Road, Bangalore - 560 001.

\* Signature of the members present: .....

\* Signature of the proxy present: .....

Folio/Client ID No: .....

Name of the member: .....

Address: .....

- Note: 1. Only members or their proxies will be allowed to attend the meeting.  
 2. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 187 of the Companies Act, 1956. A copy of authorisation should be deposited with the Company.  
 3. Please bring with you copy of AGM Notice to the meeting hall together with this Attendance Slip duly filled in.  
 4. In case of shares held in demat/electronic form, the signature of the Beneficial Owner is liable for verification with the record furnished to the Company by NSDL/CDS. Beneficial Owners are advised to bring relevant identity card issued by the Depository Participant.

\* Strike off whichever is not applicable.



# Bosch Limited

Regd. Office: Hosur Road, Adugodi, Bangalore - 560 030.

## PROXY

I/We.....

of .....

being a member/members of Bosch Limited, hereby appoint .....

.....of .....or failing

him/her.....of.....

as my/our proxy to vote for me/us on my/our behalf at the 61<sup>st</sup> Annual General Meeting of the Company to be held on Wednesday, 5<sup>th</sup> June 2013 at Trinity Hall, Vivanta By Taj, 41/3, Mahatma Gandhi Road, Bangalore - 560 001, at 10.30 a.m. and at any adjournment thereof.

Signed this .....day of.....2013

Affix  
Re. 1  
Revenue  
Stamp

This form is to be used <sup>\*\*</sup> in favour of the resolution. Unless otherwise instructed, the proxy will act as proxy thinks fit.  
<sub>\*\* against</sub>

\*\* Strike out whichever is not applicable.

- Note: 1. The Proxy and Power of Attorney (if any) under which it is signed or a notarised copy of that power must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.  
 2. In the case of joint shareholders, all must sign the proxy form.





Regd. Office:  
**Bosch Limited**  
P.B. No. 3000, Hosur Road  
Adugodi, Bangalore - 560 030  
Ph: (080) 2299 2393  
[www.boschindia.com](http://www.boschindia.com)

2creproductions.com

