

Bosch Limited

Annual Report 2009



BOSCH
Invented for life



Energy efficiency at Bosch

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.

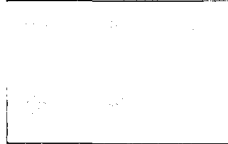
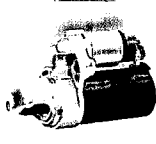
We are the flagship Company of Bosch in India. We take advantage of opportunities for an accelerated growth. We focus on our core competencies in automotive and industrial technologies as well as in products and services for professional and private use.

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 environment, society and all stakeholders. We live by Bosch Values that provide us a strong common bond and orientation. We are proud to be part of the Bosch family.

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Ecological globalization calls for the economical use of resources and the prevention of pollution on all continents. As we see it, anyone who thinks ecologically has to act technologically. Bosch has always been an advocate of efficient energy conversion – converting diesel or gasoline into mechanical energy in cars, or oil and gas into heat for the home. We were quick to see how our automotive technology in particular could be used to help protect the environment and conserve resources. In the wake of the first oil crisis in 1973, we developed our 3-S program to make driving safer, cleaner, and more economical. This program has culminated in our current slogan “Invented for life.” But our activities to protect the environment and the climate do not stop at automobiles. Our expertise in the area of metering, governing, and control means that we can help save energy and reduce emissions not only in automotive technology, but also in industrial technology and in consumer goods and building technology.

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About Bosch Group



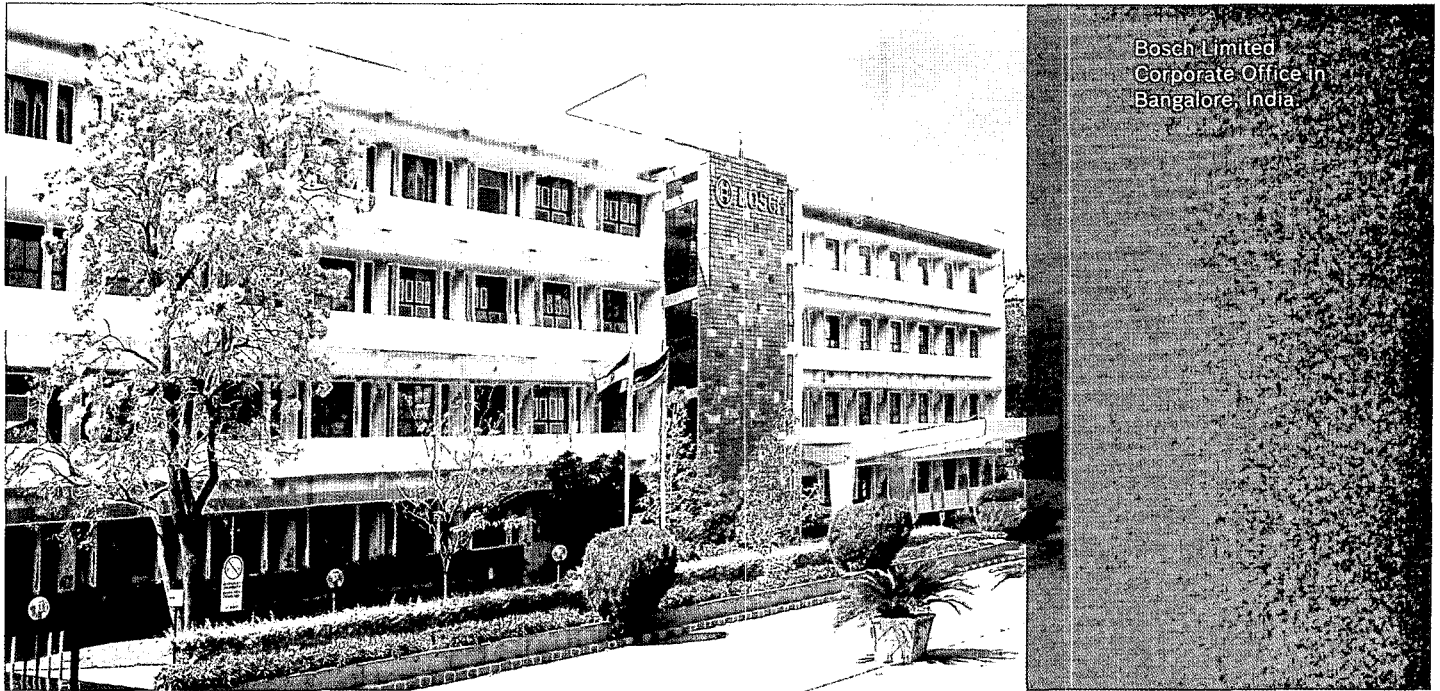
The Bosch Group is a leading global supplier of technology and services. In the areas of automotive and industrial technology, consumer goods, and building technology, some 275,000 associates generated sales of 38.2 billion euros in fiscal 2009. The Bosch Group comprises Robert Bosch GmbH and its more than 300 subsidiaries and regional companies in over 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 growth. Each year, Bosch spends more than 3.5 billion euros for research and development, and applies for some 3,800 patents worldwide. With all its products and services, Bosch enhances the quality of life by providing solutions which are both innovative and beneficial.

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.

The Bosch slogan ‘Invented for Life’ is part of its long tradition, through which it communicates the Group’s core competencies and vision, that include technological leadership, modernity, dynamics, quality and customer orientation.

About Bosch Limited



Bosch Limited
Corporate Office in
Bangalore, India

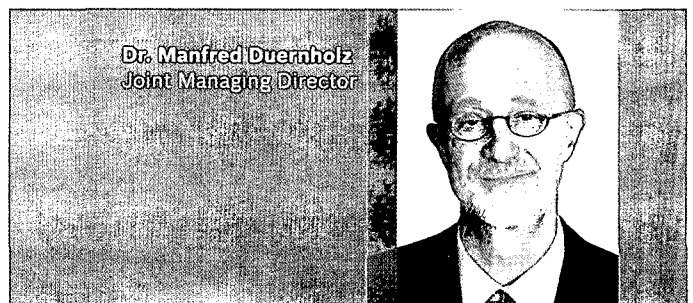
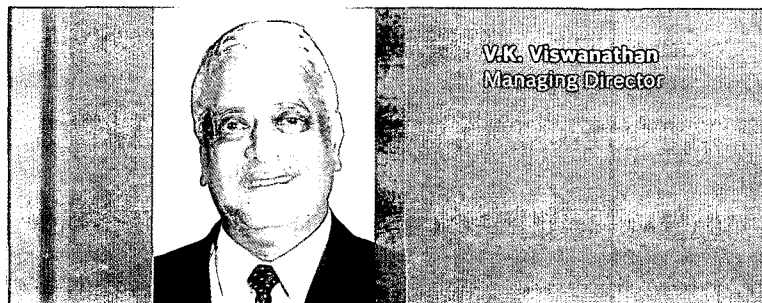
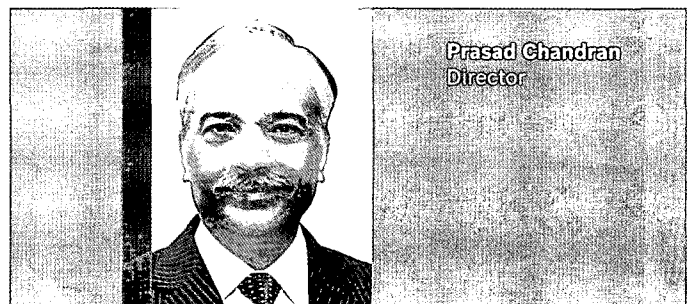
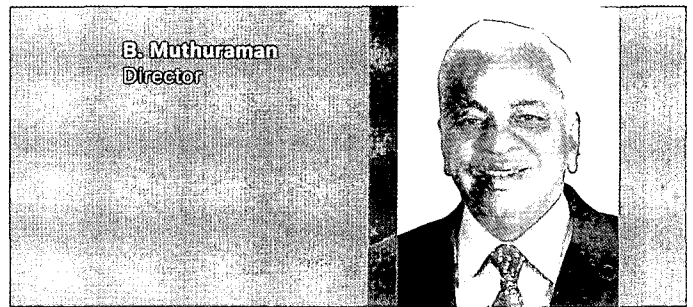
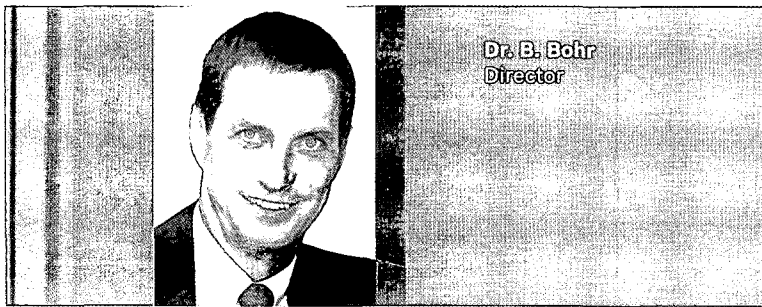
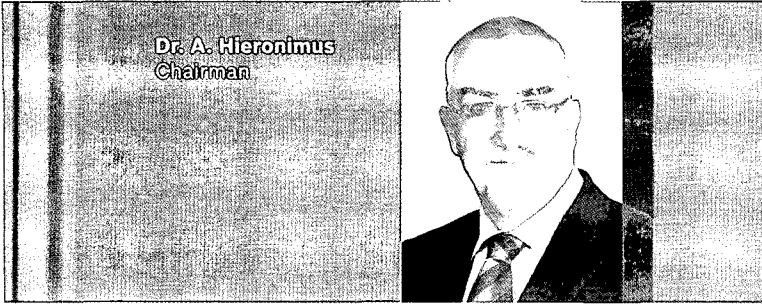
Bosch has been present in India for more than 80 years - first via a representative office in Calcutta since 1922, and then from 1951 via its subsidiary Bosch Limited (then Motor Industries Company Limited).

Robert Bosch GmbH holds 71.18% stake in Bosch Limited. The Company is headquartered in Bangalore having its manufacturing facilities at Bangalore, Nashik, Naganathapura, Jaipur and Goa. These Plants are TS 16949 and ISO 14001 certified. Bosch Limited has its presence across automotive technology, industrial technology and consumer goods and building technology, with a strength of over 10,300 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. The Company touched a turnover of Rs. 4750 crores in the year 2009.

The Company has developed excellent R&D and manufacturing capabilities and a strong customer base. Its market leadership is testimony to the high quality and technology of its products. It also has a strong presence in the Indian automotive services sector. Bosch's service network spans across 1,000 towns and cities with over 4,000 authorised representatives who ensure widespread availability of both products and services.

Bosch is also represented by five other group companies in India. Robert Bosch Engineering and Business Solutions Limited, a 100% subsidiary of Robert Bosch GmbH, which is present in India since 1998, has emerged as one of the largest Bosch development centers outside Germany. It provides end to end engineering and technology solutions for all the business sectors of automotive technology, industrial technology, consumer goods and building technology. Bosch Rexroth India Ltd., established in 1974 in India, serves customers through its manufacturing facilities and service centers in Ahmedabad and Bangalore. Bosch Chassis Systems India Ltd., established in 1982 as Kalyani Brakes Limited in India, is amongst the leading manufacturers of brakes in the country. It currently manufactures Hydraulic Brake Systems and Anti Lock Braking Systems meeting the stringent quality norms of many leading Indian and international vehicle manufacturers. Bosch Automotive Electronics India Private Limited, is a 100% subsidiary of Bosch Group and is engaged in the manufacture and sale of electronic devices and electronic control units. The Company is based at Naganathapura in Bangalore. Bosch Electrical Drives India Private Limited is a joint venture company. It is based near Chennai and manufactures and sells electrical drives for various automotive applications such as window lift drive, wiper system, engine cooling fans etc.

Board of Directors, Committees, etc.



Company Secretary

A. Vijay Shankar

Auditors

Price Waterhouse & Co.

Bankers

State Bank of India

Canara Bank

Citibank, N.A.

Deutsche Bank AG

Registered Office

Hosur Road

Adegodi

Bangalore - 560 030

Stock Exchanges

(where the shares of the Company are listed)

Bombay Stock Exchange 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

Alpha Systems Private Limited

No. 30, Ramana Residency

4th 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

Dr. A. Hieronimus

V.K. Viswanathan

Prasad Chandran

Remuneration Committee

Dr. A. Hieronimus

B. Muthuraman

B. Steinruecke

Prasad Chandran

Investment Committee

B. Muthuraman

Renu S. Karnad

Dr. Manfred Duernholz

V.K. Viswanathan

Property Committee

Dr. A. Hieronimus

Renu S. Karnad

V.K. Viswanathan

Dr. Manfred Duernholz

Share Transfer Committee

B. Muthuraman

B. Steinruecke

V. K. Viswanathan

Prasad Chandran

Energy efficiency at Bosch

The need for energy efficiency

Integrating and improving energy efficiency is seen as one of the most critical actions for businesses to achieve sustainable growth today. With cost effectiveness becoming a key factor, companies are globally focusing on innovative solutions to achieve resource efficiency and adopting green steps to control emission levels and reduce the impact on environment.

There are two major challenges for countries today - reducing Green House Gas (GHG) emissions and adopting sustainable solutions for environment protection. While the Government and Society play a key role here, the industry too has shown a proactive approach by adopting responsible actions. This has been through both innovative products as well as environment friendly ways of producing them.

We are already seeing tougher emission guidelines being implemented globally to achieve this objective. The Indian Government too has rolled out some ambitious climate change programmes over the last couple of years to proactively bring about a shift in the country's sustainability goals. Vision has been to create and sustain a prosperous economy but mindful of their responsibility towards our future generation. As part of its commitment to adopt sustainable solutions and reduce emission, one of the measures India has proposed is the introduction of BS III and BS IV norms in 2010.

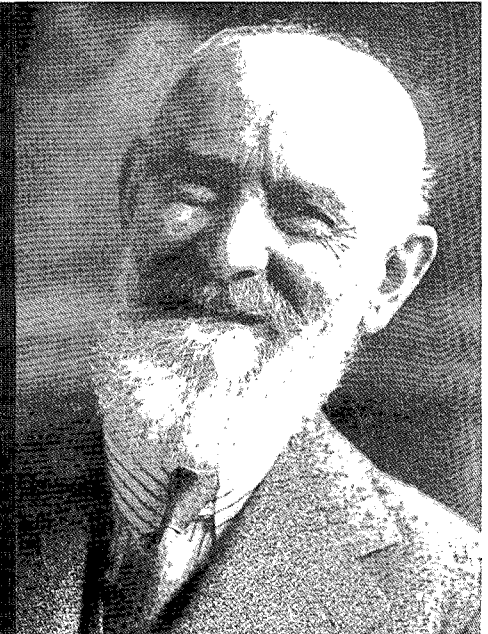
In short, achieving energy efficiency has become a key for reducing carbon footprint and conserving our scarce natural resources.

Your Company is committed to enhancing the quality of life through its products, services and initiatives taken at the manufacturing Plants towards achieving energy efficiency.

Energy efficiency philosophy in Bosch Group

The foundation for Bosch's strong commitment to environment sustainability was laid by its founder Robert Bosch.

The personality of the Company founder, Robert Bosch, with his principles and guidelines, continues to be a defining influence for the Company. Carrying forward the founder's vision and legacy, Bosch today applies for more than 15 patents each working day. Each year the Company spends more than seven percent of its sales revenue for research and development. Much of this investment goes toward protecting the environment and conserving resources.



His strong belief in entrepreneurial responsibility and shaping a meaningful social reality is today part of the Bosch legacy. This shared culture of values and beliefs has helped shape Bosch's commitment towards green technology even in challenging economic times.

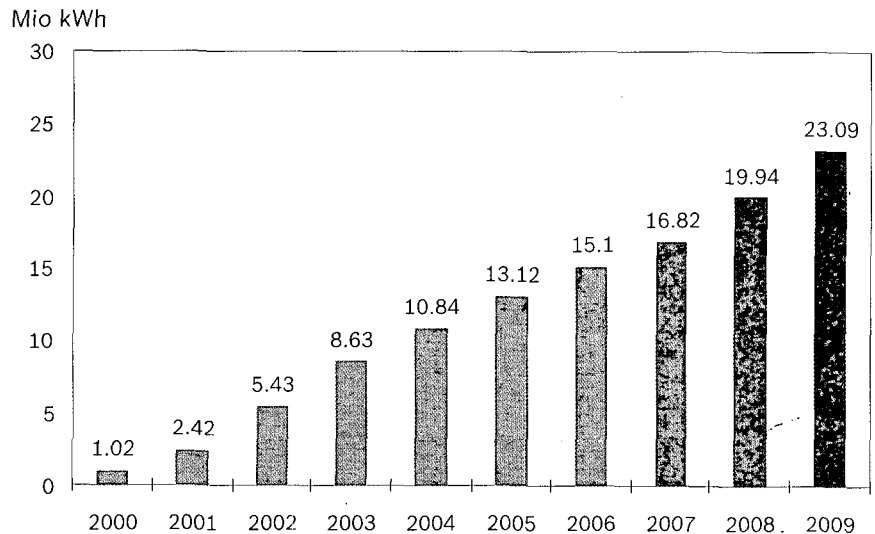
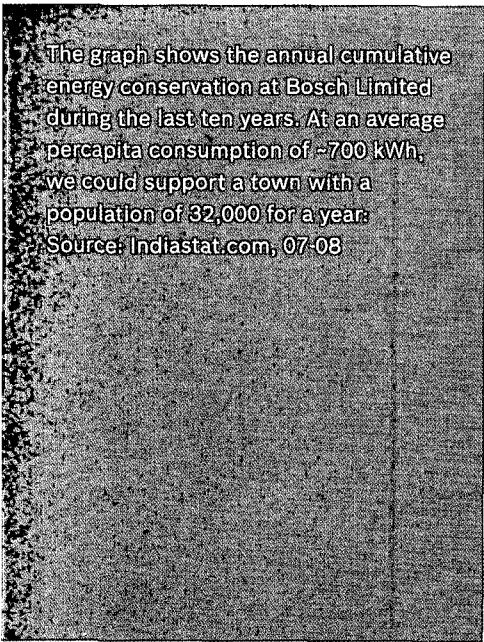
The very first example of this was the approach taken by Bosch when the first oil crisis hit the world in 1973. Bosch adopted the 3S (Sicher-safe, Sauber-clean, Sparsam-economical) initiative for driving a cleaner and more economical practice into the auto industry and this continues to be its overriding philosophy even today.

Today, Bosch worldwide is focused on creating products that conserve natural resources and protect the environment. Nearly one-third of sales for the Bosch Group are powered by technology based on clean energy. Bosch has a commitment towards climate protection and has set a goal of reducing relative CO₂ emissions by 15% by 2012 and by 25% by 2020.

As a leading technology player, Bosch is using its principle to promote technologies for harnessing renewable energies. The Bosch slogan 'Invented for life' serves as the common denominator for all Bosch Group activities and as an innovation program for all business sectors - Making life easier, safer and sustainable.

Products and services from Bosch with 'future in mind'

Bosch employs efficient manufacturing processes while designing products for the market. Currently, more than 40% of Bosch's research and development budget goes into products that conserve natural resources and protect the environment. In automotive technologies, Bosch is the leader in the fuel injection systems markets. Both technologies- diesel and gasoline, offer consumers substantially improved fuel economy as well as reduced CO₂ emissions. As part of our sustainability goals, we are designing and manufacturing engine management systems and injection components compatible with alternative fuels. Also conservation has been achieved by improvements done in manufacturing Plants i.e. heat treatment lines, energy efficient pumps, compressed air prussure optimization etc.



Diesel Systems:

Bosch in India is committed to develop diesel fuel injection products and provide services to meet the stringent emission norms of the future. For instance, Bosch's in-line fuel injection pumps could cater to the full spectrum of diesel engines till BS II. They are used in a range of engines starting from small fixed installations to large earth movers. By increasing pressure capability, improving timing control along with combustion optimization, the in-line pump is able to meet the next level of emission norms of BS III in major parts of the country, thereby reducing carbon monoxide (CO) emissions by 50%.

With the proposed introduction of BS IV in 13 cities across India, requirement of reduced emissions and quieter engines are making greater demands on the engine and the fuel-injection systems. These demands can be met by the Common Rail fuel injection system that delivers fuel at a high pressure, precise quantity, precise timing and split in to multiple injections. Moreover, electronic control in the Common Rail diesel fuel injection system increases flexibility making the vehicles less polluting, more fuel efficient and capable of meeting future emission norms.

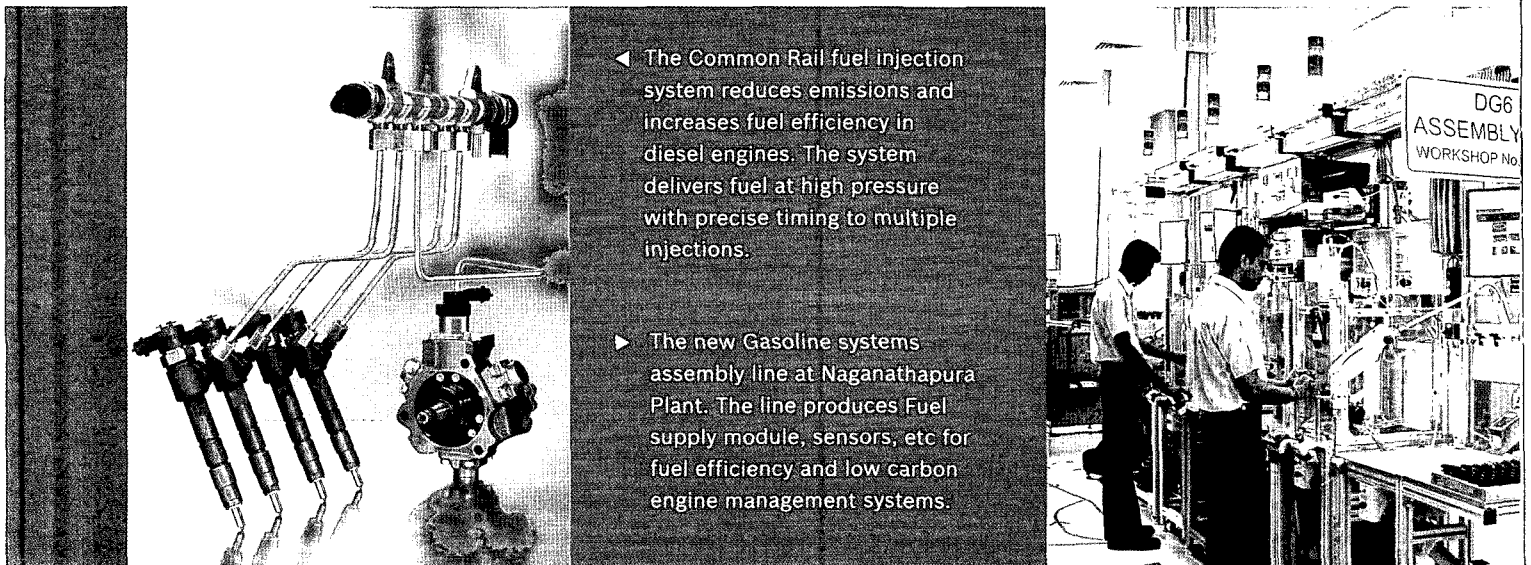
Gasoline Systems:

The Gasoline systems division of 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. Other products supporting the low carbon output of engine include Electronic and Mechanical Throttle bodies, Accelerated Pedal Modules, Canister Purge valves, Injectors etc.

Starter Generators Division:

The Starter Generator division developed the Start-stop system, which is a cost effective answer to the increasing fuel prices, ever stricter emission limits, and the need to reduce CO₂ emissions. The system switches the engine off when the vehicle is stationary. So, whether you are waiting for the traffic signal to turn green or stuck in a jam, you can save energy.

An excellent cost-benefit ratio apart, the starter's improved-performance electric motor, low-noise, stronger pinion-engaging mechanism makes it a choice that is reliable, quick and quiet. Despite the increased number



of functions, the starter is compact, and can be integrated into the vehicle just as easily and quickly as other starters. The system reduces fuel consumption and CO₂ emissions by as much as 8 %, depending on the vehicle. If the stops last longer, the actual saving of CO₂ emissions and fuel can be significantly higher. Field test results conducted by the Company and fuel saving tests in Mumbai, Bangalore, Delhi and Chennai showed an average fuel savings of around 10%.

Automotive Aftermarket:

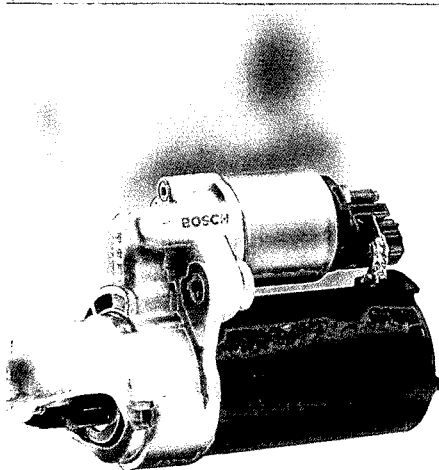
The Automotive Aftermarket division through its wide network of 900 Bosch Diesel Service centres, helps to mitigate CO₂ emissions by helping the vehicle owners to reduce the consumption of diesel and gasoline.

Bosch Diesel Service centres overhaul approx 500 thousand fuel injection pumps every year. Each diesel fuel pump is serviced with genuine Bosch spares, right tools, well maintained and validated test equipment and trained manpower. Due to these factors, each pump overhauled at a Bosch Diesel Service centre improves mileage of vehicles in range of 0.15 to 0.25 Kmpl. The improvement in the mileage translates to saving of 2.71 litres per day for a truck running 300 kms a day.

With 500 thousand pump repairs a year, Bosch Diesel Service centres contribute to approximate 330 million litres of fuel saving per year. The high fuel efficiency of diesel trucks ensures that the trucks have low carbon dioxide emissions, thereby providing the twin benefits of an affordable transportation solution with a low carbon footprint.

Power Tools:

Bosch Power Tool products are designed to save energy without letting up its high level of performance. These tools manufactured for diverse industry segments such as automotive, construction, manufacturing, electrical, electronics and interiors, are light weight tools running on Bosch Lithium Ion technology and offers a quick fix solution to screw driving, drilling, cutting, hammering, etc. These tools include Cordless Screw Drivers, Drill Drivers, Impact Wrenches, Multi Tool and Rotary Hammers and come with a 400% longer battery lifetime and quick charging capability that helps reduce the use of energy.



◀ The Start-Stop system reduces fuel consumption and CO₂ emissions by 8%. A Bosch innovation, the system is in use with Mahindra's Bolero and Scorpio models.

▶ The Isio Grass and Shrub shear from Bosch offers greater battery capacity with 30 percent longer runtime, and quick charging capability, thereby reducing the use of energy.



Security Systems:

Bosch Security Systems uses energy efficient design and environmentally sound production processes to produce its state of the art products. The Company's IP and Analogue based CCTV System, Integrated Security Management Systems for access control and building management system is a sound example of this process. The Video Recording Manager (VRM) for the IP CCTV system can manage feeds from 2,000 cameras with unlimited storage per server. By removing the need for multiple server rooms, the VRM brings down the need for air conditioning and unnecessary use of energy and space.

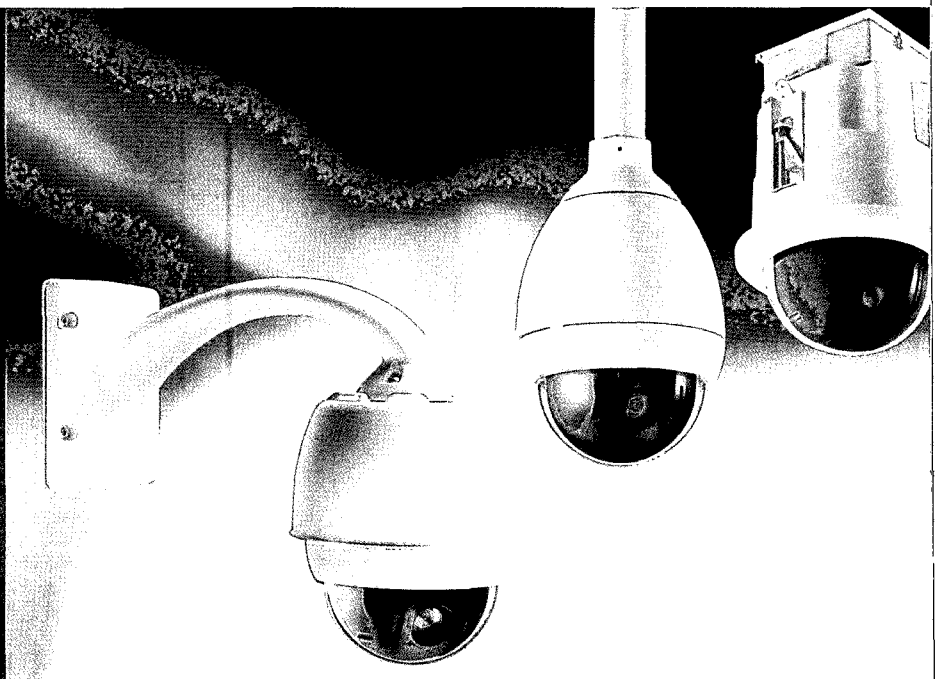
In line with our global call for the highest level of occupational safety, we also have in place a critical communication system and professional sound systems at our Plants. These are used for public address, sound management and emergency evacuation in buildings. Our popular high end digital public address system comes with in-built power amplifiers equipped with power save mode that helps save energy up to 70%.

Packaging Division:

Bosch Packaging Technology produces cost-effective, energy-efficient and environmentally sustainable packaging machines for the Indian market. The eco design of machines help cut waste, thereby reducing packaging material. Our film guide assembly design, guarantees a reduction in film usage through gentler handling of films and through more precise near 'end of reel' sensing and cutting/sealing that produces less film wastage.

Further, switching to stainless steel wherever feasible has eliminated the need for painting, bringing down environment pollution. It makes our machines easier to recycle. Our machines for the Pharma industry have the latest Profibus technology that reduces wiring and installation costs. It enables a new level of asset management effectiveness that can significantly reduce operating costs and help manufacturers achieve operational excellence.

Bosch IP and CCTV system and the Video Recording Manager is capable of managing feeds from 2000 cameras and has unlimited storage per server. This reduces the need for multiple server options, which in turn leads to conservation of energy and resources.



Energy efficient processes at manufacturing locations

Use of energy efficient machines:

With the rising concern over energy efficiency, the Company has made consistent the use of products that brings down the level of energy consumption at its Plants. This has been achieved through various means, but specifically through machines that help us save energy.

The use of energy efficient motors helped us in saving energy of around 5 % in our machines. Further, we have been using rare earth magnets in our magnetic drums of coolant systems of machines. Normally used in grinding machines, this effort has helped reduce the energy consumption of magnetic drum motors by 75%. Further, by using high efficiency coolant pumps, energy saving of about 10% is achieved in coolant systems of machines. Also, variable displacement hydraulic pumps are being used for cutting down the consumption of energy. Automatic switching of machines to power saving mode, when not in use, providing Variable Frequency Drives for blowers and compressors, better demand side management of compressed air are some of the additional measures taken up for conserving energy.

To reduce environmental impact, we have been designing and manufacturing special purpose cleaning machines with aqueous based media processes to eliminate Trichloroethylene & other petroleum-based media such as Mineral Turpentine Oil.

Introduction of renewable/alternate energy projects:

To eliminate the use of diesel fired steam generators for food preparation, a solar based steam generating system was commissioned at our Bangalore Plant. This was a conscious attempt to reduce greenhouse gases and set a benchmark for industries in and around Bangalore.

To achieve this, a Solar Concentrator Steam Generation System was installed for cooking at our Bangalore Plant canteen. Using renewable solar energy in place of diesel fired boilers, atop the Plant canteen roof, 18 Scheffler

Bosch's Bangalore Plant has installed the Solar Concentrators Steam Generation System. Using renewable solar energy, the reflectors of the system generate steam for cooking purposes at the canteen. The solar system has helped in CO₂ reduction of 50 tonnes per annum.

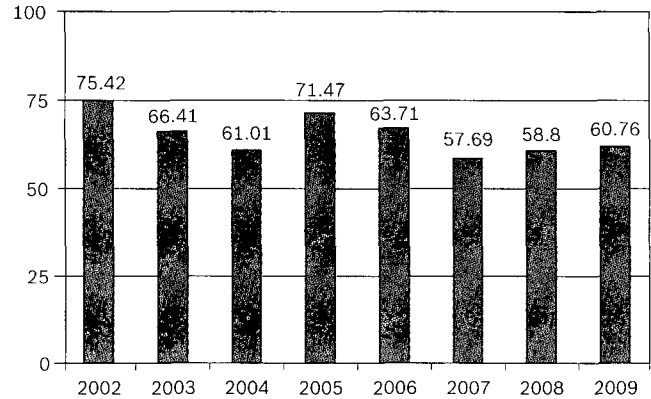


Parabolic Reflectors use seven hours of daily solar radiation, 200 days a year with a conversion efficiency of 65% for steam generation. The result has been CO₂ abatement of 50 tonnes/annum.

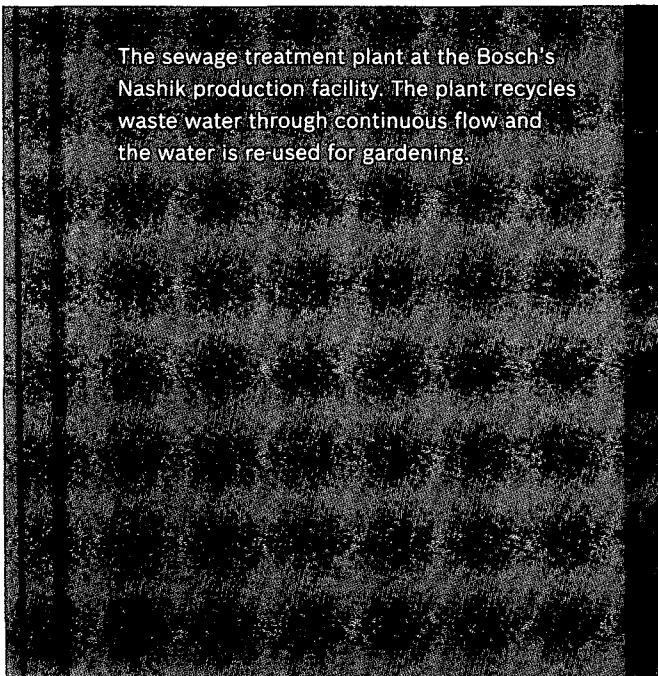
Water conservation:

With the increased focus on reducing environmental impact from our processes, water conservation is one of the key focus areas at our Plants. Water is used mainly in process and for domestic consumption. We have implemented technologies such as reverse osmosis and ion exchange processes for the treatment and reuse of process and domestic waste water.

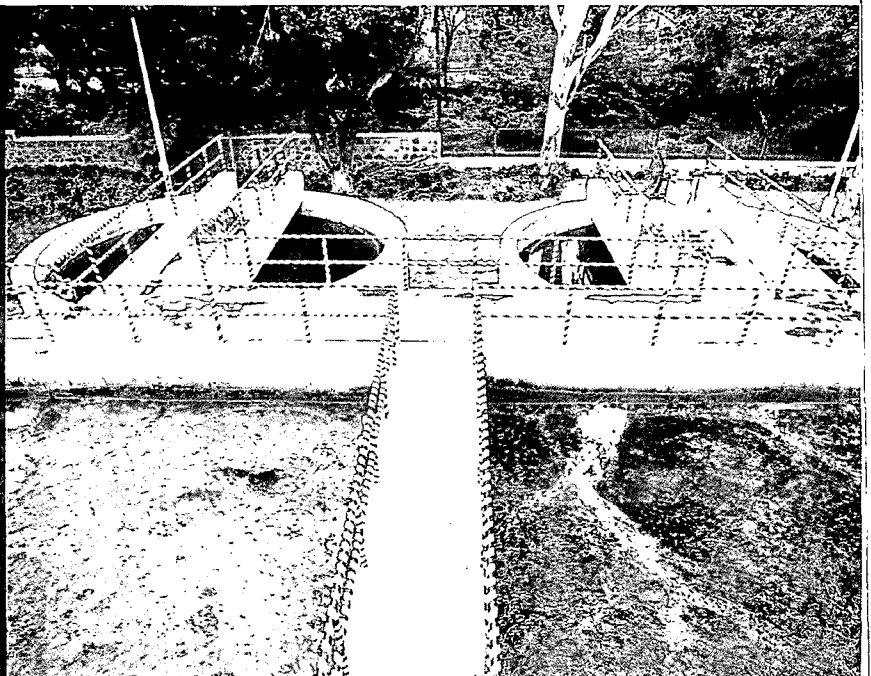
The consistent efforts put in have resulted in a 40% reduction in fresh water consumption during last 8 years. In all, around 1.4 million litres of treated effluent is reused for secondary purposes today. Rainwater harvesting efforts in Jaipur Plant, the city that receives just about 300 mm of rainfall annually, showcases this commitment. Harvesting of surface runoff from Jaipur Plant has helped yield 11.4 million litres over the last four years. This initiative is also taken up in Naganathapura Plant.



The graph shows the Water Figure in terms of the total water consumption in cubic meter / value added output (VAO) in Mio INR.



The sewage treatment plant at the Bosch's Nashik production facility. The plant recycles waste water through continuous flow and the water is re-used for gardening.



Lighting at Offices:

We have taken steps to replace the conventional fluorescent/ filament lamps with CFL/ LED machine lights and use of variable displacement hydraulic pumps for more efficient use of energy at our Plants. This has been further strengthened with the introduction of timers for exhaust fans, air conditioners, parking area lights and street lights as well as LED light fittings in offices and street lights.

Waste management initiatives:

When the Bangalore Plant commissioned the first effluent treatment plant in 1991, it sparked off a slow revolution in the industry. We now have Nashik and Jaipur Plants joining that list and improving efficiency by treating process water with state of the art technology. The waste water treated through continuous flow and batch treatment, is reused for the process as well as for gardening and toilet flushing.

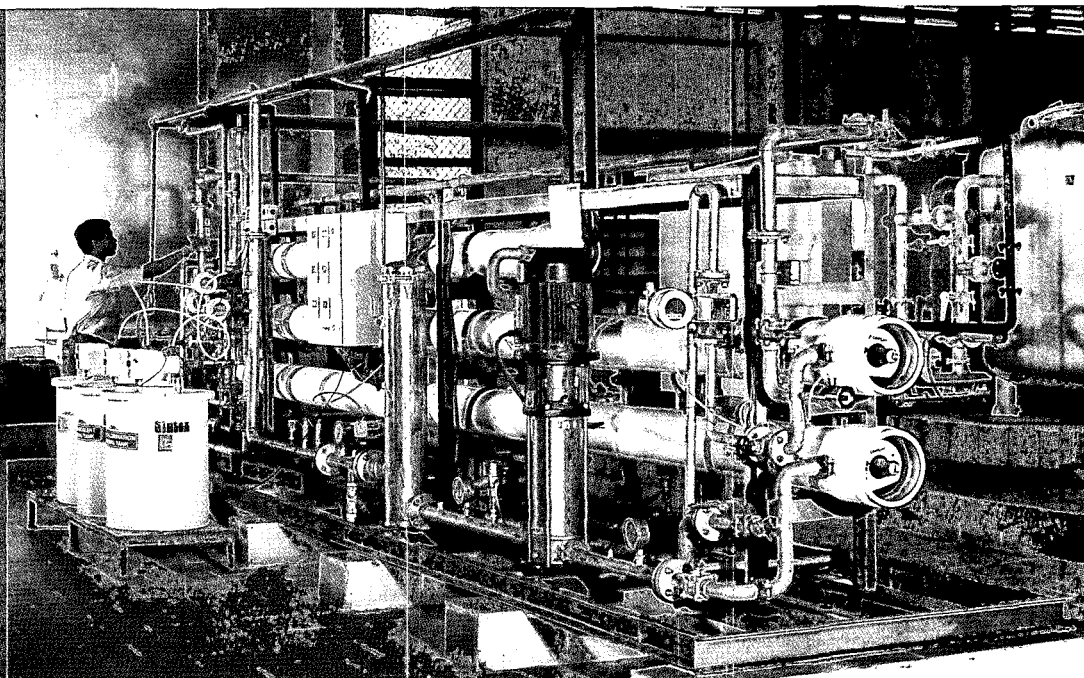
Scientific management of trees:

At Bosch, we understand that creating the right ambience is essential for cultivating a green culture. We are nurturing over 14,000 trees in our Plant premises. The Bangalore Plant has adopted the scientific management of trees to maximize biodiversity on its campus. As part of the five year project, endemic and endangered species of plants will replace dead or old trees. While a small nursery is being developed, treatment is also being prescribed to existing ones. Apart from this, there has been a conscious move to divide the entire premise into compartments and blocks. The Jaipur Plant, on the other hand, has been planting trees to create a greener environment.

Creation of awareness among stakeholders:

Recognizing the rising problem of pollution in the city of Bangalore and in the adjoining cities of Karnataka, the Company launched the Clean Air project in 2004 aligned to our Diesel business. Started as a project to spread awareness in Bangalore, the success of the project encouraged us to extend the campaign to other cities as well.

The Bangalore Plant of Bosch commissioned the automated effluent treatment plant in 1991. The plant treats water through chemical treatment and reverse osmosis processes and the treated water is reused at the shopfloors for surface treatment and cleaning of components.



We created awareness about the effects of vehicular pollution by reaching out to our audience in the society that included vehicle owners, students and other stakeholders. The importance of conserving the environment and how it would help improve their own life was communicated through multiple platforms. We also provided them with critical information on how to recognize genuine products and adopt best practices for the maintenance of their vehicles.

As part of the project, a large number of awareness campaigns like emission checking for cars, autos and taxis were organized. We used a mobile van with emission checking equipments extensively across Bangalore to spread awareness. Further, we collaborated with Bangalore Metropolitan Transport Corporation for a campaign on reducing free acceleration smoke on several identified city buses. We initiated a research project with students of Indian Institute of Technology Madras for the study of HCCI engine (Homogeneous Charge Compression Ignition) using Common Rail system to demonstrate high efficient, cleaner engine. The purpose behind our Clean Air project was further extended with our participation in seminars and campaigns.

The success of our Clean Air project led to the launch of another mobile van campaign in Karnataka for checking Petrol and Diesel emissions with the approval of the Transport department. Major awareness was also created through a "Bosch run" that helped create the green buzz with over 1000 people participating. The event saw a sizeable presence of employees, celebrities and the media.

Our awareness projects helped us strengthen the image of the Company and win new business. By integrating our sustainability message in both our brand messages as well as publicity campaigns, the Company emphasized its role of a responsible leader in the Industry.

Bosch launched the Clean Air for Bangalore project in 2004. As part of the project, a mobile van with emission checking equipments extensively travels across Bangalore city and checks emission standards of vehicles and creates awareness about vehicle maintenance. The campaign was conducted with the support of transport department of Government of Karnataka.



Recognition and Awards for the Company's efforts

Our consistent efforts at energy conservation have won us recognition and awards from the Government and other stakeholders. In the year 2009, our Nashik Plant won the Gold Award at the 10th Annual Greentech Awards for 'Environment Excellence' organized by Greentech Foundation for the Company's outstanding contribution towards environment protection. During the year 2009, our Jaipur Plant's initiatives in energy conservation won us the first prize in the Energy Conservation competition organized by the Govt. of Rajasthan.

As an acknowledgement of the resounding success of the product, our Company and Mahindra & Mahindra received the prestigious 'Innovation of the year 2009' award from UTVi Autocar and 'Environment Initiative of the year' award from Carwale.com. For us these awards reaffirm the fact that the Company lived upto the customers' expectations with the highest quality benchmarks set in developing the system.

In the past, our initiatives also won us the top prize in the Confederation of Indian Industry (CII) Western Region EHS Award in 2008. The brilliant efforts taken in water conservation by our Jaipur Plant won the CII - Water Efficient Unit award in 2007 and our Bangalore Plant won the CII - Excellent Water Efficient Unit award in 2004. The Company's effort in creating innovation and energy efficiency driven products and processes was recognized when it received the prestigious Golden Peacock Eco-Innovation award from the Institute of Directors in 2006 for the Bangalore Plant. The Company's Naganathapura Plant was awarded with the CII - Excellent Energy Efficient Unit in 2004.

A reaffirmation of Bosch's environment sustainability efforts, these awards are a recognition of Bosch's belief in mapping a green, healthy and eco friendly path towards sustainable economic development. Technology alone without a committed philosophy towards the future of our planet is barren. The Company has successfully combined technical expertise with environment concerns to produce the finest and indisputably green and energy efficient products in the world.



The Nashik Plant of Bosch Ltd. was conferred the "Greentech Environment Excellence Gold award" for the year 2009 by Greentech Foundation, New Delhi. The Plant won the award for best environment practices & projects done in the manufacturing & utility areas.



Bosch Diesel Systems, Bangalore was honored with the CII-EXIM Bank Award for Business Excellence for the year 2009. The award criteria was based on the EFQM (European Foundation for Quality Management) Excellence model.

Report of the Directors

The Directors present their FIFTY-EIGHTH Annual Report together with the Audited Statement of Accounts for the year ended 31st December 2009.

Financial Results

The following are the financial results:

	(Rs. Million)	
	2009	2008
Net Sales (excluding recovery of duties and taxes)	47,497.7	45,416.5
Of which Export Sales	5,854.6	6,844.5
Profit Before Tax	7,934.1	8,565.7
Less: Provision for tax	2,495.5	2,602.2
Add: Deferred tax and tax adjustments relating to earlier years	467.8	375.2
Profit After Tax	5,906.4	6,338.7
Appropriations:		
Capital Redemption Reserve	6.3	0.3
Dividend:		
Dividend recommended at Rs. 30 per share (previous year: Rs. 25 per share)	941.9	800.6
Tax on Dividend	160.1	136.1
General Reserve	4,500.0	5,000.0
Capital Reserve	35.4	-
Dividend write back relating to previous year	(14.7)	-
Balance carried forward	277.4	401.7
Total	5,906.4	6,338.7

Net sales for the year 2009 grew by 4.6%. The Profit Before Tax (PBT) in 2009 as percentage of net sales was at 16.7% as compared to 18.9% in 2008. The Profit After Tax (PAT) as percentage of net sales was 12.4% in 2009 as against 14% in 2008.

Material costs as percentage to sales declined to 52.9% in 2009 as compared to 53.2% in 2008. The staff cost was at 12.9% of sales as compared to 11.7% in 2008. Operating expenses (excluding staff

cost) increased to 22.5% from 21.4% of sales in 2008. The depreciation for the year decreased to 6.4% from 6.7% of sales in 2008 reflecting lower investments in 2009.

Overall, in terms of Profit Before Interest, Depreciation and Taxes, the result for the year shows a decline of 6.3% over the previous year.

Investments

Capital investment during the year was lower at Rs.1,446 mio. as against Rs. 4,336 mio. in 2008.

Dividend

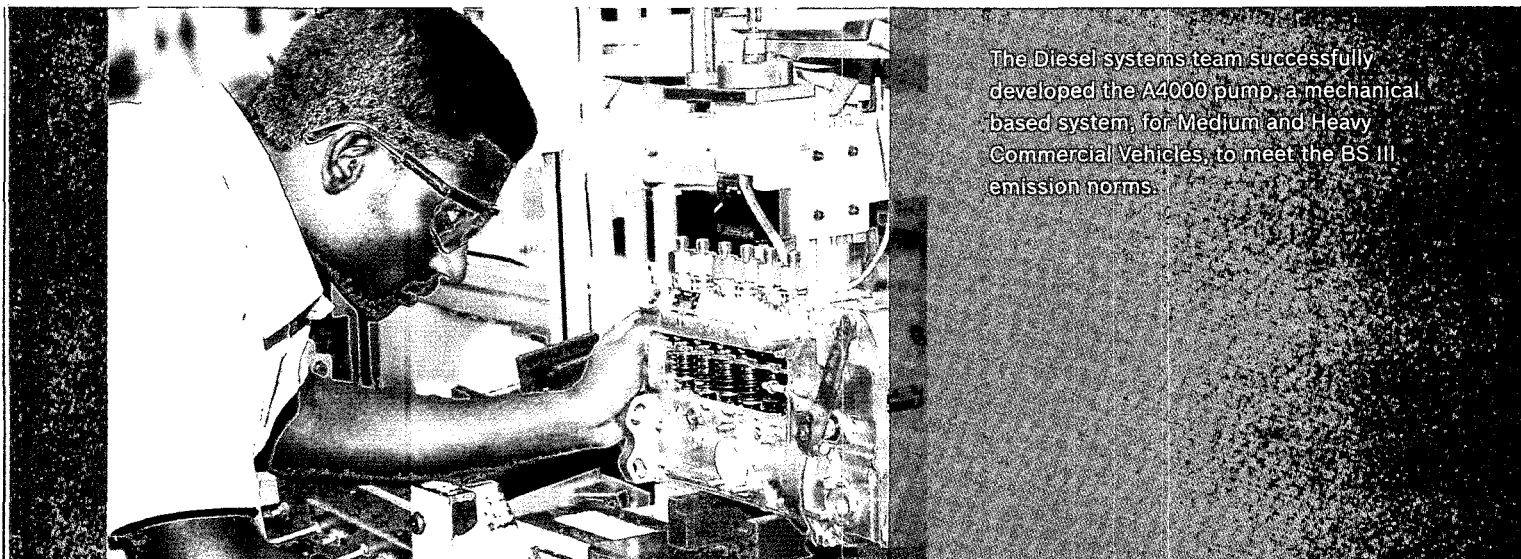
The Board of Directors recommend a dividend of Rs.30 per equity share for 2009 as against a dividend of Rs.25 per equity share in 2008.

Business Situation

The sharp decline witnessed in the fourth quarter of 2008 in the Indian automotive market continued in the first quarter of 2009 as well with Medium and Heavy Commercial Vehicle segment registering a drop as high as 60% over first quarter 2008. However, the timely stimulus package announced by the Government of India helped the industry to recover lost ground. The Passenger Car and Light Commercial Vehicle segments were the first to respond and stabilized by March / April 2009. The recovery in Medium and Heavy Commercial Vehicle segment was delayed until September 2009. Despite this recovery, this segment registered a decline of 20% for the year as a whole in 2009 compared to the vehicle production in 2008.

Effectively, our sales from the automotive segment grew by 4% in 2009. With this, the marginal decline in sales to OE customers / exports has been more than offset by the growth in the Automotive Aftermarket business.

Our non-automotive business grew by 4.9% in 2009 compared to 2008 mainly driven by growth in sales from the Power Tools and Packaging Machines divisions.



The Diesel systems team successfully developed the A4000 pump, a mechanical based system, for Medium and Heavy Commercial Vehicles, to meet the BS III emission norms.

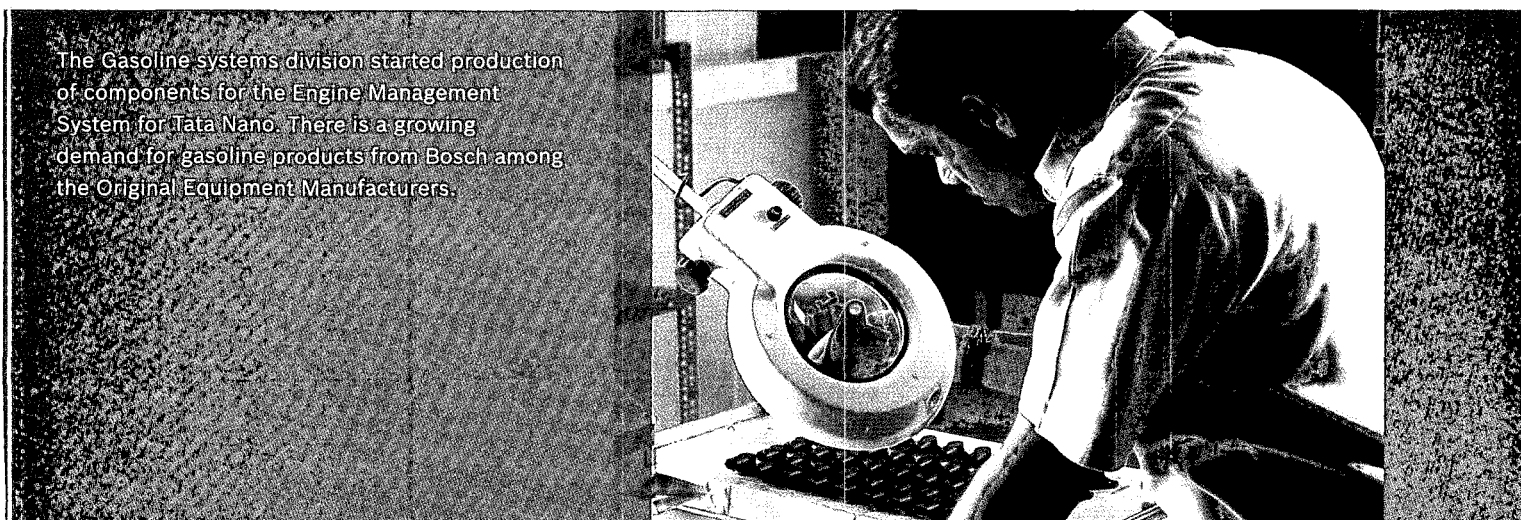
Automotive Technology

Diesel Systems business de-grew by 2.7% owing to a steep decline in demand in the Medium and Heavy Commercial Vehicle segment and significant decline in exports business.

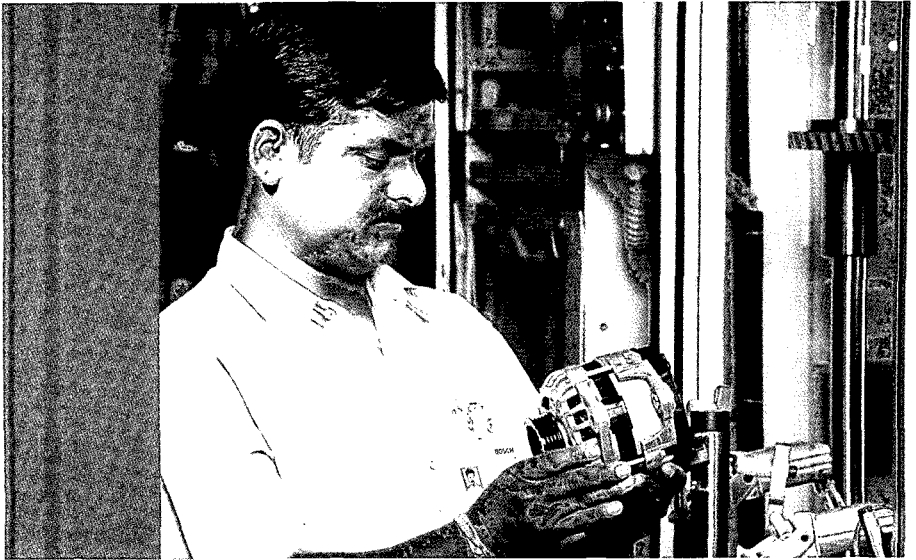
The Diesel Systems team was successful in developing a mechanical based system for Medium and Heavy Commercial Vehicles to meet Bharat Stage (BS) III emission norms. This in-house development is testimony to the Bosch culture that fosters

innovation and thereby defending our leadership position in the diesel business with a competitive edge. The first single cylinder based Common Rail system for the small goods carrier segment was well received in the market.

Strong demand from OE customers led to growth in Gasoline System business by 121% in 2009 albeit on a lower base of 2008. A significant milestone was reached with the start of production of Gasoline Engine Management systems for Tata Nano.



The Gasoline systems division started production of components for the Engine Management System for Tata Nano. There is a growing demand for gasoline products from Bosch among the Original Equipment Manufacturers.



The Starter and Generator business saw introduction and start of production of New Baseline Alternators, Compact Direct Starters and the Start-Stop system. The photo on the left shows an associate checking the New Baseline Alternator at the assembly line.

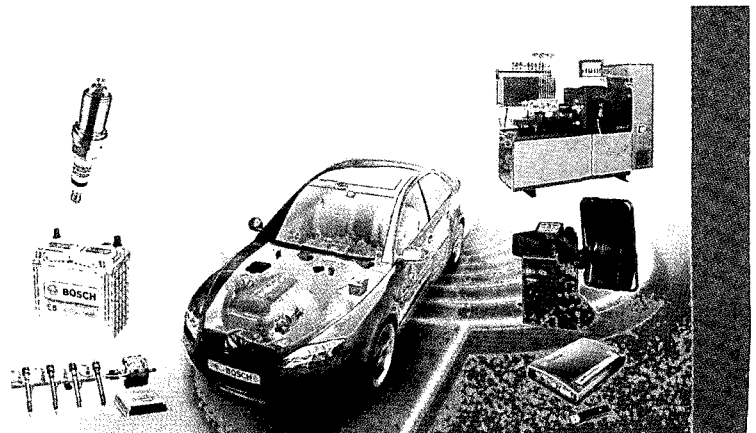
Starter and Generator business also witnessed a steep decline in sales in the first half of 2009 but considerably grew in the second half, more so during the last quarter of the year. With this, the division was able to limit the decline to 10.9% in the year 2009 over 2008. Introduction and start of production of the New Baseline Alternators, Compact Direct Starter Motor products and the launch of Start-Stop systems which were well received in the market were the major highlights of the division in 2009.

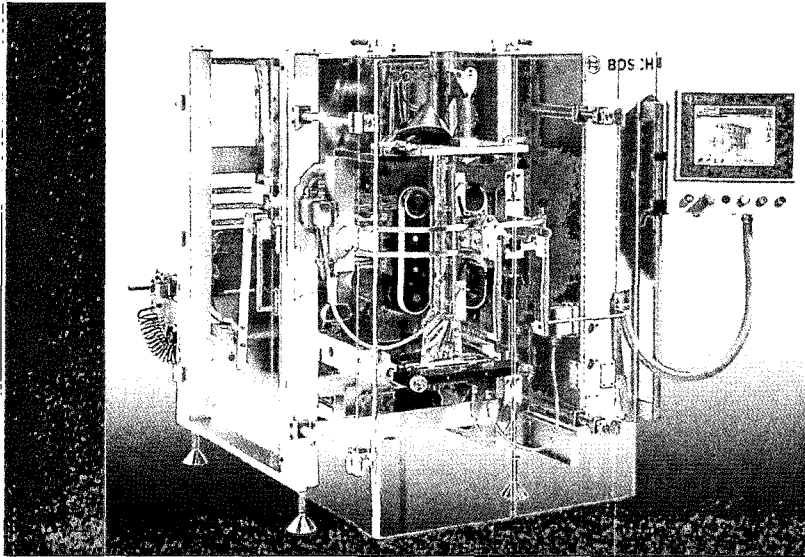
The Automotive Aftermarket grew by 17.3% in 2009 compared to the year 2008 clocking double digit growth for the fourth consecutive year despite fall in

exports business. This growth was a result of new product launches, major distribution initiatives, increase in network strength, end customer oriented campaigns with the latest service trends, and customer binding programs. To encourage the general public and traders to deal with only genuine automotive parts, the division organized several raids in 2009 with the support from law enforcement agencies to safeguard not only the brand Bosch but also to provide safe and reliable products to Indian customers.

Bosch Car Service, the largest multi-brand car service network in India added 103 stations across

The Automotive Aftermarket division of Bosch offers the entire range of spares and services for automobiles. The division also operates India's largest multi-brand car service network-Bosch Car Service.





The Packaging Technology division launched the SVI 2620 packaging machine for the confectionary industry. The SVI 2620 is the cost-effective and competitive solution for customers looking to increase their production efficiency. Attributes like the machine's low height and numerous retrofitting options make the new SVI 2620 vertical bagger ideal for a wide range of food and non-food products.

the country during the year 2009, ending up with 361 stations. A Manual outlining do's and don'ts of Bosch Car Service communication which include signages, interiors, displays, hoardings, product posters and promotional activities has been made available to all Bosch Car Service partners in order to ensure consistency in brand identity and uniformity in communication by strictly adhering to the specifications stated in the guidelines.

Industrial Technology

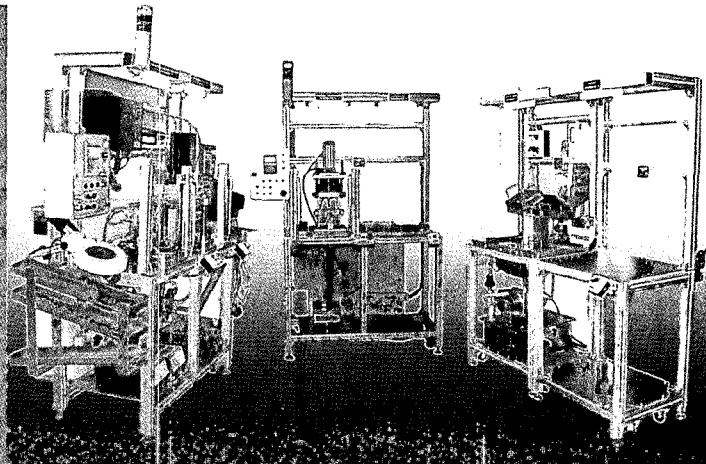
Packaging Technology (Verna Plant)

Our Packaging Technology business was stabilized

at our manufacturing location in Verna, Goa. Packaging Technology division went hand in hand with the changing market scenario and grew by 15.9%. All the three verticals viz. Food, Confectionary and Pharmaceuticals posted robust growth driven by the rapidly changing consumer preference and needs. The division has successfully added two machines SVI 2620 and BVK 1200 in the Packaging Machines and Confectionary / Chocolate business units respectively.

The successful implementation of Material Resource Planning has reduced the delivery time of

The machine for manufacturing PF 51 pumps was manufactured by the Company's Industrial Equipment division at Bangalore. The division also supplied machines for the Gasoline system assembly lines for the Low price vehicles' components.





The world's first Clean and Green Solutions Store was inaugurated at Chennai to showcase the entire range of Bosch Lawn & Garden Tools.

components. Bosch Production System (BPS) has been initiated in Food Packaging Machines which has improved the productivity and quality of Terra 25 and TW 100 NEL machines.

Industrial Equipment

In view of major Capital investments which were withheld within our Company as well as by our external customers in the year 2009, sales in the Industrial Equipment division de-grew by 18.8% in 2009 compared to the year 2008.

The division continued to strive towards providing innovative solutions and has developed machines for manufacturing Fuel Injection Pumps, Filters and Gasoline System parts especially for small car projects. This division also provided solutions for assembly lines of gearbox and transmission components for Heavy Commercial Vehicle manufacturers.

Consumer Goods and Building Technology Power tools

Power Tools business grew by 19.3% despite the construction business being impacted adversely by

the economic downturn. The division launched the Bosch Lithium Ion powered cordless tools with a range including drivers, impact drivers and impact wrenches.

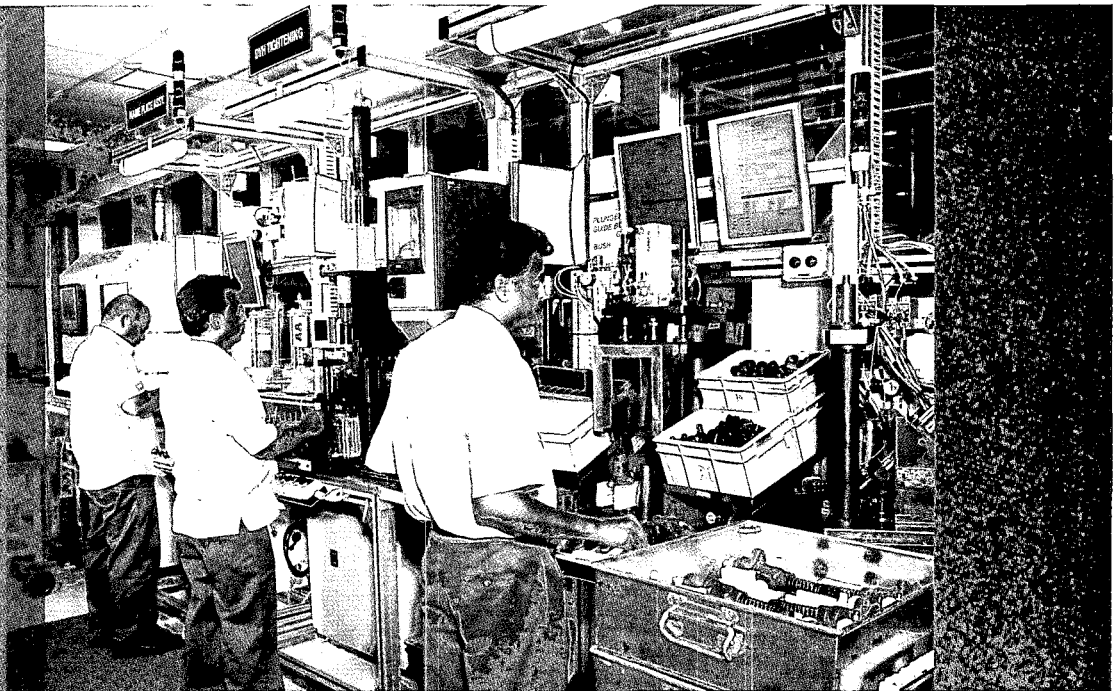
The other highlights of the division was the conceptualization and inauguration of the World's first "Clean and Green Solutions Store" at Chennai showcasing the entire range of Bosch Lawn and Garden and High Pressure Washers. Successful usage of the combination of Fischer, Accessories and Tools for projects like Common Wealth Games Stadia, New Delhi Airport, Delhi Metro Rail Corporation, Bosch Tightening Systems and Pneumatic Tools at the prestigious Volkswagen assembly line, Pune, were some of the initiatives taken in the year 2009.

Security technology

The security Technology business declined by 17.4% in the year 2009 compared to 2008. This decline was predominantly due to postponement of many infrastructure and corporate projects.

Key highlights of this business group was the successful completion of the National Gallery of

PF 51 pump assembly line at the Bangalore Plant. The Plant started series production of the Single Cylinder PF 51 pump for Common Rail systems for Low Price Vehicle segment in 2009.



Modern Arts project in New Delhi and the World's first electro-voice EVA stadium installation in Mumbai which is the largest EV installation in India.

Competition and challenges in our business sectors

The Company's businesses continue to face intense competition both from the local and global players. Despite the adverse conditions, the Company strengthened its position by expanding its product portfolio and deploying its resources in developing new and innovative technologies and products.

The year 2010 will be equally, if not more, challenging and demanding due to severe pressure on input costs and pricing as we pursue our return to the growth rates of 2007 and before.

Improving customer delight while judiciously managing the long term growth and structure of the Company will be of paramount importance and we are determined to meet this by our continued efforts to achieve cost competitiveness through productivity improvement and effective utilization of resources and capacities. Bharat Stage III and Bharat Stage IV emission norms are scheduled to be introduced this

year and our customers need to be supported efficiently with respect to product mix and call-off schedules.

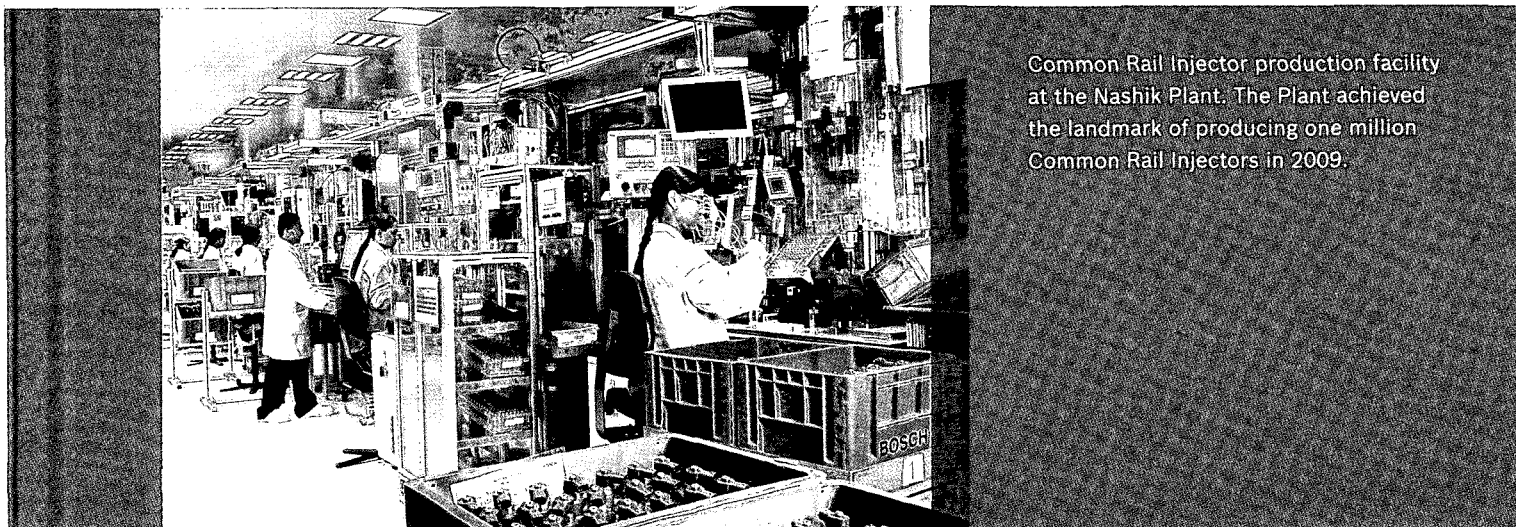
The market optimism seen in the beginning of 2010 has heralded clear signs of economic re-bounce. However, we must continue the austere measures adopted during the period of economic downturn and whilst doing so, must focus on improving flexibility, speed and technological superiority in order to sustain our competitive edge.

Plants

Bangalore

The Plant attained highest production of Inline Pumps, Elements, Delivery Valves and Glow Plugs. New generation Single Cylinder Pump (PF51) for Common Rail system was launched in Sept 2009.

The Plant received prestigious recognitions from our key OE customers viz. M/s Mahindra & Mahindra Ltd., Kirloskar Oil Engines Ltd., and John Deere India Pvt. Ltd., at respective supplier recognition events. The Plant also received Diesel Systems recognition for Energy Conservation and CO₂ reduction.



Common Rail Injector production facility at the Nashik Plant. The Plant achieved the landmark of producing one million Common Rail Injectors in 2009.

Nashik

Nashik Plant has completed 40 years of operations in the year 2009. The Plant achieved the production landmark of one million Common Rail Injectors and 90 million conventional Injectors. Production ramp-up of a new variety of conventional Injector commenced in the year 2009 for Commercial Vehicle applications. In conventional products, Nozzle Holder Assembly achieved highest turnover in the history of the Plant.

Nashik Plant received “Best-In-Class Manufacturing IT Award” for excellence in manufacturing in private and public sector. The Plant also bagged the Gold award in 10th Annual Greentech “Environment

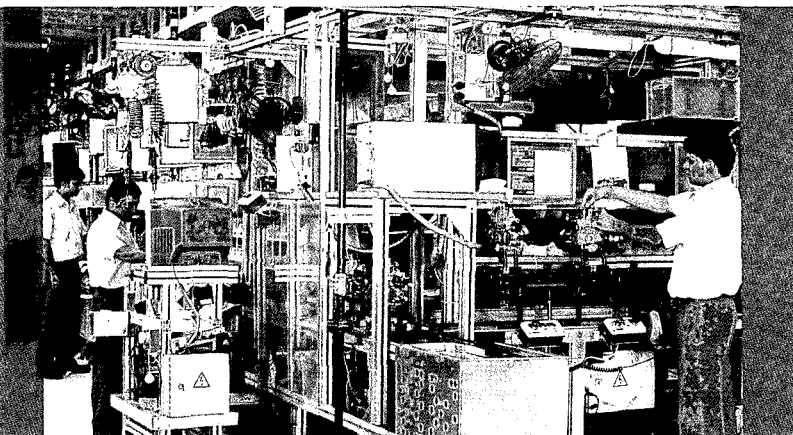
Excellence” and silver award in 8th Annual Greentech “Safety” organized by Greentech Foundation.

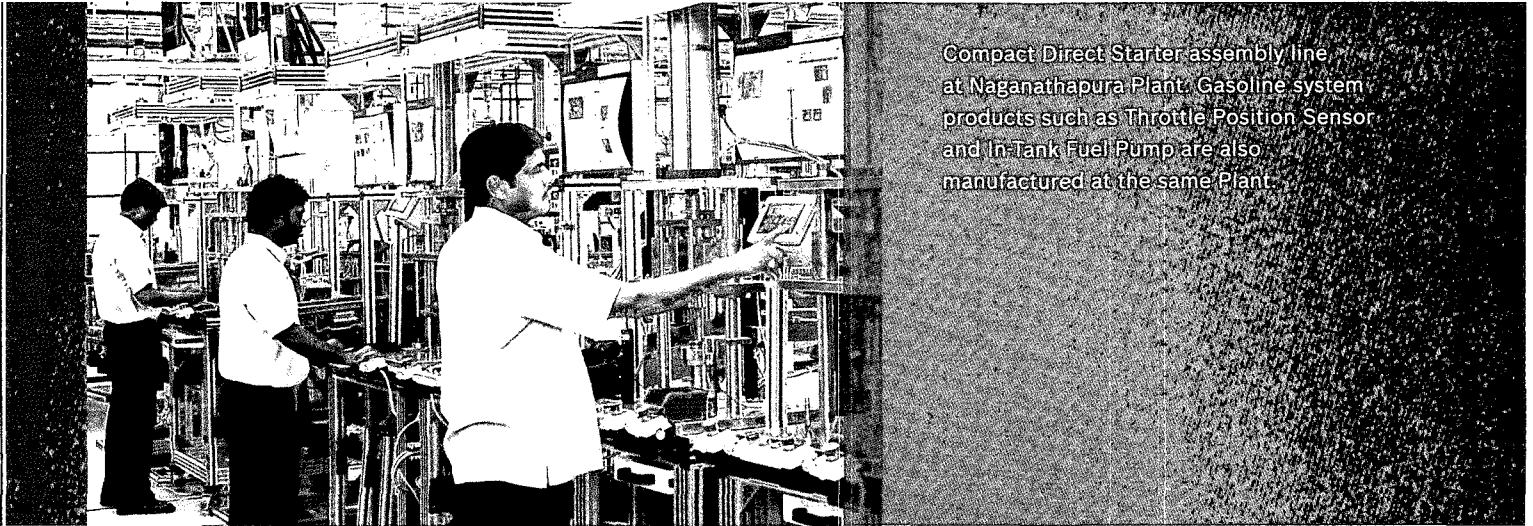
Jaipur

Jaipur Plant completed 10 years of operations in March 2009. The Plant also crossed the milestone of 3 millionth VE Pump manufactured in India during October 2009.

The Jaipur Plant quality circle won the Par Excellence Award in 23rd National Convention on Quality Circles-2009 in December 2009 at Bangalore organized by Quality Circle Forum of India.

VE Pump production facility at Jaipur Plant. The Plant crossed the milestone of manufacturing 3 million VE pumps in India in 2009.





Compact Direct Starter assembly line at Naganathapura Plant. Gasoline system products such as Throttle Position Sensor and In-Tank Fuel Pump are also manufactured at the same Plant.

Naganathapura

The Plant introduced two new products in 2009 viz., Throttle Position Sensor and In-Tank Fuel Pump Module.

Information Technology (IT)

In the year 2009, the Company's ERP system was upgraded to the mySAP ERP ECC 6.0 software to ensure good support and readiness for Bosch-wide IT initiatives.

The Company's IT systems and processes are periodically audited to ensure adequacy of internal controls and information security. Further improvements were made particularly related to bringing down the level of Critical Authorizations and putting in place more effective virus monitoring and prevention measures.

Change Initiatives

Continuous Improvement Program (CIP)

CIP continued to remain an area of focus in the year 2009. The Company's CIP was further bolstered by the introduction of LeaderCIP, an approach created to fortify leaders' involvement in continuous improvement activities. CIP workshops saw active involvement of people at all levels, both managerial and non managerial. The employee involvement in continuous improvement, under Lernstatt, Kaizen or classical CIP reached benchmark levels in 2009 with

a good momentum in the Voluntary Lernstatt Team (VLT) and shop floor CIP drives. The Company is also driving such workshops with its customers and business partners.

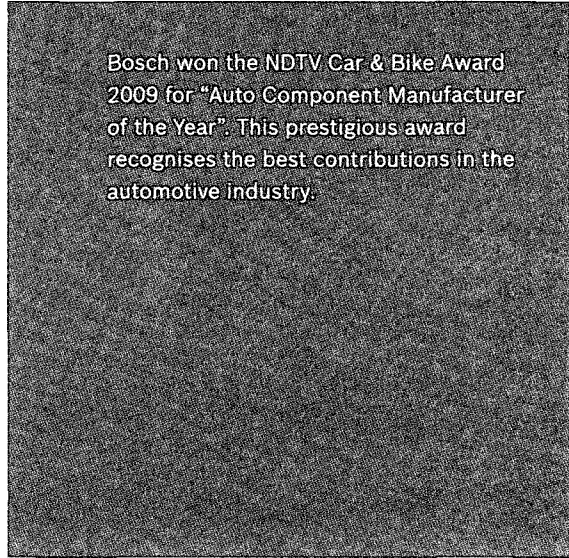
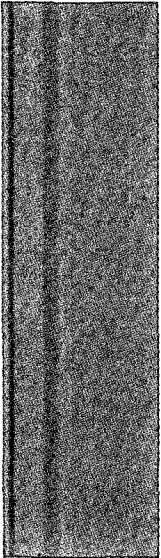
Bosch Production System (BPS)

The BPS implementation drive across all Plants benefited the Company. The BPS maturity, being representative of a lean manufacturing system, was measured again in 2009 using an extensive audit procedure covering eight important principles such as pull system, standardization, perfect quality etc.

This initiative also addresses improvements in the entire supply chain. Business Partners were also trained on BPS and projects were taken-up at their sites on topics such as Value Stream Mapping, Quick Change-Over and other lean practices.

Deployment of Business Excellence (DBE)

Deployment of Business Excellence in our Diesel Systems business has fostered improvement in leadership aspects, policy and strategy management, people focus, process orientation and resource management. DBE is facilitating the organization to align all its functions towards the Company's vision and mission. The management concept places a strong emphasis on meeting all stakeholders' expectations.



Bosch won the NDTV Car & Bike Award 2009 for “Auto Component Manufacturer of the Year”. This prestigious award recognises the best contributions in the automotive industry.

Bangalore Plant (Diesel Systems) in the course of its business excellence journey based on the European Foundation for Quality Management (EFQM) model was honored with the coveted CII-EXIM Bank Award for Business Excellence for the year 2009 at a function held in New Delhi on 19.12.2009.

The Nashik Plant was assessed for Business Excellence in 2009 and has made a significant improvement in overall maturity of excellence.

Bosch Vocational Centre

Bosch Vocational Centre (BVC) conducted and extended its support to various programs such as On Job Training, Skill Enhancement training, Quality and Safety, training program on Mechatronics, Advanced Measuring Techniques, Pneumatics, Hydraulics and CNC and need based programmes like OHSAS, TPM and knowledge sharing sessions for our executives. The year 2009 was devoted to intensify training of our associates (workmen and staff) and sustaining excellence in the field of training in the country. BVC continuously invested in upgrading facilities and infrastructure to maintain international standards.

BVC has won 17 Best Apprentices Awards (Gold Medals) announced in the year 2009 in three competitions viz., 80th, 81st and 82nd All India

Competition for Apprentices held during May 2008, November 2008 and May 2009 respectively. BVC being the “Best in Class” in the country also sustained excellence in the field of Vocational Training by increasing its tally of Gold medal winners to 170. The Company was declared the “Best Establishment” in the country for the 38th time.

Awards and Recognition

The Company received several awards and recognitions for its achievements:

- ▶ Third DHL-CNBC TV18 International Trade Award (ITA) for performance in exports business.
- ▶ Mahindra & Mahindra - Farm Equipment Sector, Sanjeevani Special Appreciation Award for outstanding performance in 2009.
- ▶ NDTV Car & Bike Award 2009 for the ‘Auto Component Manufacturer of the Year’.
- ▶ Bosch-Diesel Systems at Bangalore was honored with CII-EXIM Bank Award for Business Excellence for the year 2009.
- ▶ UTVi-Autocar Innovation Award jointly with Mahindra & Mahindra for the first Start-Stop system in India.
- ▶ Honda Motorcycles and Scooters India (HMSI) award for achieving quality and delivery targets (spark plug division).

- ▶ Adjudged as a runner-up in National Institute of Personnel Management's (NIPM) prestigious competition on "HR best practices-2008".

Buy-back of shares

Pursuant to the Public Announcement made by the Company on 08.12.2008 for buy-back of shares which commenced on 15.12.2008 and closed on 24.10.2009, the Company has bought back 652,560 equity shares from the open market for a total consideration of Rs.2003 mio. and extinguished all the shares that were bought back. Consequently, the percentage holding of Robert Bosch GmbH has increased from 69.73% to 71.18%.

Dematerialization of shares

Of the 28.82 % shares held by the public, 27.65% shares have been dematerialized as on 29.01.2010.

Members holding shares in physical form are once again advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates.

Bosch India Foundation

Bosch India Foundation in its effort to serve the underprivileged sections of the society, through vocational training and health program, embarked on several projects during the year 2009 like Basic Computer skills, Plumbing, Sericulture, Soft Skills, Hospitality and Guest care, Orthopedic club foot and Cleft & Palate surgery etc. The programs were conducted with active participation of Bosch Associates across three cities viz. Bangalore, Pune and Ahmedabad. About 600 underprivileged youths benefitted from the program.

Industrial Relations

Industrial relations at all Plants and other establishments continued to be cordial. The Directors place on record their deep appreciation of the sincere and dedicated teamwork by employees at all levels to meet the quality, cost and delivery expectations of our customers in a growing market.

Subsidiary Companies

As the aggregate assets and income of MICO Trading Pvt. Ltd., as on 31st December 2009 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 2009 of MICO Trading Pvt. Ltd.

Directors

Names of companies/firms in which Directors of the Company hold/held office as Director/Partner are given below:

Dr. A. Hieronimus

- Bosch Rexroth AG. (Chairman of the Management Board)
- MindTree Ltd.

Dr. B. Bohr

- Robert Bosch GmbH, Germany. (Member of the Board)

Mr. B. Steinruecke

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

Mr. B. Muthuraman

- Tata Steel Ltd. (Vice Chairman)
- Natsteel Asia Pte. Ltd, Singapore. (Chairman) (upto 02.02.10)
- Natsteel Holdings Pte. Ltd. Singapore. (Chairman) (upto 02.02.10)
- Tata Steel (Thailand) Public Co. Ltd., Bangkok. (Chairman) (upto 02.02.10)
- Tinsplate Company of India Ltd. (Chairman) (upto 14.01.10)
- Tata International Ltd. (Chairman)
- Tata Incorporated, New York.

- Tata Industries Ltd.
- Tata Steel Global Minerals Holdings Pte. Ltd.
- Tata Steel Europe Ltd.
- Tulip UK Holdings No. 2 Ltd.
- Tulip UK Holdings No. 3 Ltd.
- CEDEP (European Centre of Executive Development), France. (Director)
- National Institute of Technology, Jamshedpur. (Chairman)
- Xavier Labour Relations Institute, Jamshedpur. (Chairman, Board of Governors)
- Indian Institute of Technology, Kharagpur. (Chairman, Board of Governors)

Mrs. Renu S Karnad

- Housing Development Finance Corporation Ltd. (Managing Director)
- Credit Information Bureau (India) Ltd.
- GRUH Finance Ltd.
- HDFC Asset Management Co. Ltd.
- HDFC Bank Ltd.
- HDFC ERGO General Insurance Co. Ltd.
- HDFC Property Ventures Ltd. (Chairperson)
- HDFC Standard Life Insurance Co. Ltd.
- HDFC Venture Capital Ltd.
- ICI India Ltd.
- Indraprastha Medical Corporation Ltd.
- Sparsh BPO Services Ltd.
- HDFC Sales Pvt. Ltd. (Chairperson)
- Feedback Ventures Pvt Ltd.
- G4S Corporate Services (India) Pvt. Ltd.
- Transunion LLC, Chicago.
- HDFC PLC, Maldives.
- Value and Budget Housing Corporation (India) Pvt. Ltd. (from 14.02.10)

Mr. Prasad Chandran

- BASF India Ltd. (Chairman and Managing Director)
- BASF Polyurethanes India Ltd. (Chairman and Managing Director)
- Ciba India Ltd. (Chairman)
- BASF Styrenics Pvt. Ltd. (Chairman)
- BASF Construction Chemicals (India) Pvt. Ltd. (Chairman)
- BASF Coatings (India) Pvt. Ltd. (Chairman)
- BASF Asia Pacific (India) Pvt. Ltd. (Chairman)

- BASF Catalysts (India) Pvt. Ltd.
- BASF Finlay (Private) Limited, Sri Lanka.
- BASF Pakistan (Private) Ltd.
- BASF Bangladesh 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 (TERI). (Committee Member)

Mr. V. K. Viswanathan

- Robert Bosch Engineering and Business Solutions Ltd. (Chairman)
- Bosch Chassis Systems India Ltd.
- MICO Trading Pvt. Ltd.
- Bosch Rexroth (India) Ltd. (Chairman)
- Bosch Electrical Drives India Pvt. Ltd.
- Bosch Automotive Electronics India Pvt. Ltd. (Chairman)
- Indo German Chamber of Commerce. (Committee Member)

Dr. Manfred Duernholz

- MICO Trading Pvt. Ltd.

Dr. A. Hieronimus, Mr. V.K. Viswanathan and Dr. Manfred Duernholz are liable to retire by rotation and offer themselves for re-election.

Dr. A. Hieronimus, 62, holds a Diploma in Mathematics from the University of Cologne. He received a Doctorate in Business Administration also from the same University.

Dr. Hieronimus started his career as an Academic Assistant in the University of Cologne, Germany. He joined Mannesmann AG in 1979 and held senior positions responsible for materials management, sales and operation planning, head of department of sales and marketing, head of the department of corporate 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 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 appointed as 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 of the Company appointed Dr. A. Hieronimus as Chairman 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. V.K. Viswanathan joined the Board as Additional Director and Joint Managing Director on 01.01.2001, responsible for Finance, Administration and IT Co-ordination. Mr. Viswanathan joined the Company as Chief General Manager in August 1998. After a brief orientation in the Company, he took up an assignment in the Diesel Systems Division of Robert Bosch GmbH, Germany from September 1998. Upon completion of the assignment, he returned to the Company in November 2000. Upon assuming new responsibilities in Robert Bosch Corporation, Farmington Hills, USA (Robert Bosch North America), Mr. Viswanathan ceased to be a Director and Joint Managing Director of the Company from 28.02.2006.

Upon completion of his assignment with Robert Bosch Corporation, Farmington Hills, USA (Robert Bosch North America), he was appointed as Additional Director and Joint Managing Director with effect from 01.11.2007 responsible for Automotive Aftermarket, Starters and Generators, Packaging Machine, Power Tools and Security

Technology. He was appointed as Managing Director with effect from 01.02.2008.

Mr. Viswanathan, 59, is a Bachelor of Commerce from Madras University and a Chartered Accountant. Prior to joining the Company, he was the Group Treasurer & Head of Mergers and Acquisitions with Hindustan Unilever Limited with which group he was associated in various capacities for 17 years.

He does not hold any shares in the Company and is a member of Shareholders'/Investors' Grievance Committee of the Company and Chairman of the Audit Committee of Bosch Rexroth (India) Limited.

Dr. Manfred Duernholz joined the Executive Management of the Company on 01.02.2008 as Joint Managing Director responsible for the Powertrain business.

Dr. Manfred Duernholz, 54, holds a diploma in Engineering and a graduate degree in Machine building from the Technical University of Aachen, Germany. He is also a doctorate in Engineering.

He held varied technical position from 1974 to 1999 before joining the Bosch group in April 1999. In the Bosch group he held important positions including in Engine Laboratory at the Feuerbach Plant (1999-2001), as Senior Vice President-Development (2001-2007) and as Senior Vice President-Engineering (2007). 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 Auditors of the Company 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 & Regulations of Service Conduct for Managerial & Superintending Staff, Code of Business Conduct etc., effectively support the Corporate Governance processes.

A Management Discussion and Analysis Report also accompany this report.

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., 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
5th March 2010

Albert Hieronimus
Chairman

Financials at a glance

(Rs. Million)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Sales	47498	45416	42796	37837	29775	23277	18979	15507	14513	14927
<i>Of which export sales</i>	5855	6845	6730	6270	4231	3997	3256	2490	1928	1998
Profit before tax	7934	8566	8560	7983	5290	5635	3836	2005	1290	1434
Less: Provision for tax on income	2028	2227	2468	2503	1859	1887	1486	664	473	622
Add: Other adjustments (Net of Tax)	-	-	-	-	-	-	-	-	-	309
Profit after tax	5906	6339	6092	5480	3431	3748	2350	1341	817	812
Profit before appropriation	5906	6339	6092	5480	3431	3748	2350	1341	817	1121
Appropriations										
Capital redemption reserve	6	-	-	-	-	-	-	20	20	20
Capital reserve	35	-	-	-	-	-	-	-	3	-
Interim Dividend (%)	-	-	-	385 (120)	-	-	-	10 (3)	-	-
Dividend (%)	942 (300)	801 (250)	801 (250)	128 (40)	385 (120)	321 (100)	208 (65)	128 (40)	99 (31)	106 (31)
Tax on dividend	160	136	136	76	57	42	27	-	10	11
Tax on dividend written back	-	-	-	-	-	-	-	(10)	-	-
Tax on dividend for 2002	-	-	-	-	-	-	16	-	-	-
Dividend & tax on dividend written back relating to 2008	(15)	-	-	-	-	-	-	-	-	-
General Reserve	4500	5000	4800	4500	2500	2700	1700	900	685	984
Balance carried forward	278	402	355	391	489	685	399	293	-	-
Total	5906	6339	6092	5480	3431	3748	2350	1341	817	1121
Paid-up Capital	314	320	321	321	321	321	321	321	341	361
Reserves	33538	30634	25313	20099	15208	12218	8833	6734	6001	4863
Net Worth	33852	30955	25634	20420	15528	12539	9154	7055	6342	5224
Gross Block	28712	27286	23459	21027	18290	14894	14392	14263	13699	13179
Net Block	5133	6086	4871	4488	3838	1947	1927	2290	2463	2711
Additions to Gross Block	2121	4248	2943	3177	3881	1019	680	940	1133	1327
Earnings per share (EPS) (Rs.)	187*	198*	190	171	107	117	73	42*	24*	30*@

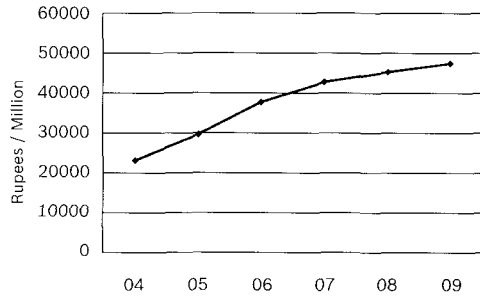
* Based on weighted average of the number of shares.

@ Adjusted EPS for change in inventory valuation: Rs. 18.

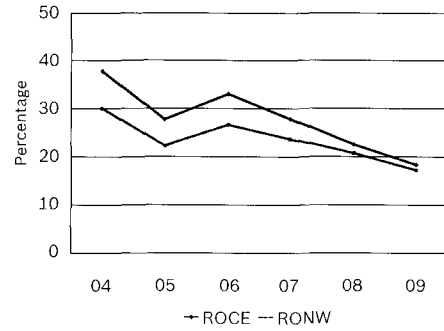
Previous years' figures have been recast/regrouped wherever necessary.

EPS for the years 2000, 2001, 2002 & 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).

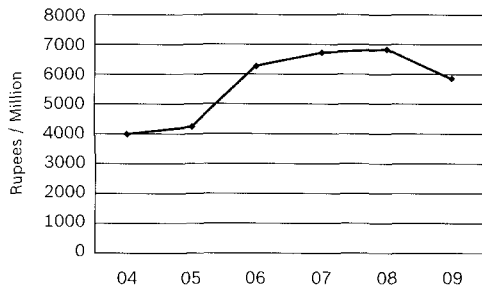
Net Sales



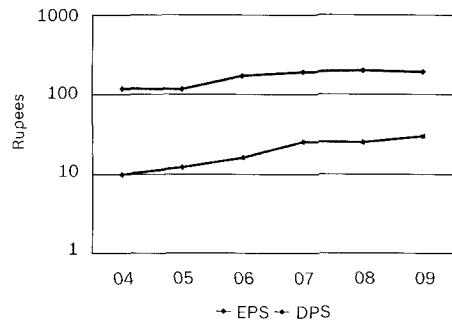
**Return on Capital Employed (ROCE)
Return on Net Worth (RONW)**



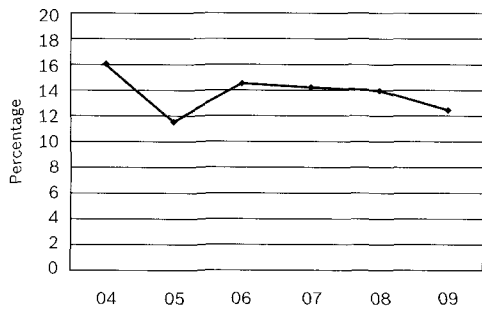
Exports



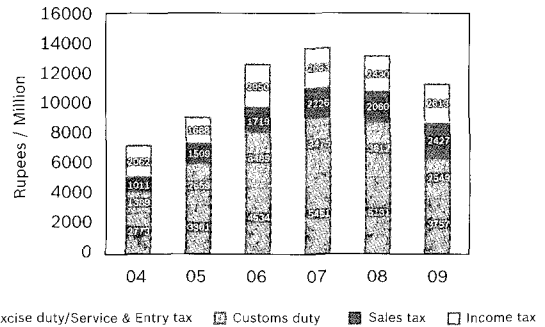
**Earnings per Share (EPS)
Dividend per Share (DPS)**



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

As part of Corporate Social Responsibility, the Company has been implementing various projects for conservation of resources like water, fuel etc. In view of the present need to reduce green house gas emissions there is an increased focus on energy conservation as well.

a) Measures taken during the year

- Operation and Process improvements in Heat Treatment Furnaces.
- Building management system for production hangar.
- Introduction of energy efficient pumps.
- Reduced usage of compressed air.
- Replacement of conventional drive compressor with Variable Frequency Drive (VFD) compressors.
- Introduction of timers for exhaust fans, air conditioners, parking area lights and street lights.
- Cooling of EMAG (spindle cooling), EFD, Schutte from central chilling plant.
- Reduction in compressed air generation pressure.
- Installation of VFD for blowers.
- Installation of automated power factor control panel.

b) Additional proposals being implemented

- Reduction in compressed air leakages.
- Introduction of VFD controls for ventilation systems.
- Low tension ring for hangar.
- PID valve for compressed air distribution.
- Energy conservation projects from production shop.
- Energy Audits of Heating Ventillation & Air conditioning (HVAC), lighting and compressed air.

c) Impact of the above measures

During the past year 2009, various energy conservation measures have been implemented

which has resulted in net electrical energy savings of 3.15 mio. kWh annually.

B. Technology absorption

(a) Research and Development

1. Specific areas in which R&D is pursued

Fuel Injection Equipment: Diesel

- Efforts are being made to upgrade in-line pumps (PE) for higher injection pressure capability, which will also help in meeting next level of emission norms.
- Indigenously developed a Common Rail system for Low Price Vehicles (small 3 and 4 wheeler), which are used as goods and passenger carrier in urban and rural parts of India.
- Introduction of electronics and flexible injections in the system will make these vehicles less polluting, more fuel efficient and capable of meeting future emission norms.
- Setup of Advanced Engineering department to develop and evaluate new concepts in Diesel Fuel Injection Equipment (FIE) and Diesel Powertrain.
- Looking beyond local emission norms, the Company has invested in additional emission and testing facilities to cater to BS IV customer projects also.

Gasoline Systems:

- Bosch Technical Center with latest Test and Measurement Equipment.
- Development of "Position Pressure & Temperature Sensor (PPTS)".
- Development of "Throttle Position Sensor".
- Functional test benches planned in 2010 for Cam / Crank Sensor.

Starters and Generators:

- Development of fully sealed starter to prevent water entry and to suit Indian conditions.
- Weight and performance optimized Gear reduction starters for Heavy Commercial Vehicles (HCV) & Light Commercial Vehicles (LCV) segment applications.

- Development of products specially for Ultra Low Cost Vehicle segment.
- Intelligent safety relay for protecting starter motors against abnormal operating conditions.

Spark Plugs:

- Long life spark plugs custom designed for CNG applications.
- Development of Compact M 12 spark plugs with extra long reach threads for new CNG projects.
- Development and manufacturing of high performance Platinum –Iridium spark plugs for 2 & 4 wheeler markets.
- Competitor spark plug analysis for BOSCH, Germany.

Glow Equipment:

- Developing glow plugs for BS III applications in time for the market.
- Manufacturing shifted from Naganathapura Plant to Bangalore Plant to consolidate all diesel products at Bangalore Plant in 2009.

2. Benefits derived

The initiatives have resulted in benefitting our customers and the end users by:

- Complying with the latest emission and legislative regulations.
- Providing OE manufacturers, products that suits Indian requirements.
- Providing OE manufacturers required support in entering into vehicle segments unique to the Indian market.
- Providing end user technology with a “value for money” proposition.
- First choice for CNG applications to Indian OEMs.

3. Future plan of action

- Design of spark plug with improved Electro Magnetic Interference (EMI) levels.
- High grade ceramics for the demands of future Ignition Systems.
- Extending the product portfolio relevant to the Low Price Vehicle segment.
- Increase the depth of localisation.

- Increase in competencies across business sectors to benefit from the potential available in the Indian market.

4. Expenditure on R&D

	Rs. Million
a) Capital	416
b) Revenue	473
c) Total	889
d) Total R & D expenditure as a percentage of total turnover	1.9%

(b) Technology absorption, adaptation and innovation

1. Efforts made

As in the past, the Company intensified its efforts for the 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 has, over the years built the requisite infrastructure and employed technically competent engineers to translate the latest technical know-how into products that meet the requirements of local and international customers and will continue to do so in future.

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, Car Multimedia, Compact Alternators etc., the Company has entered into technical collaborations for the following products:

Makat Cooling tunnel and moulds for deposited hard candy	2005
Common Rail Diesel Fuel Injection system	2006
Baseline Generators	2008
Throttle Position Sensor and Assembly Lines (ATMO)	2009

4. *Technology absorption*

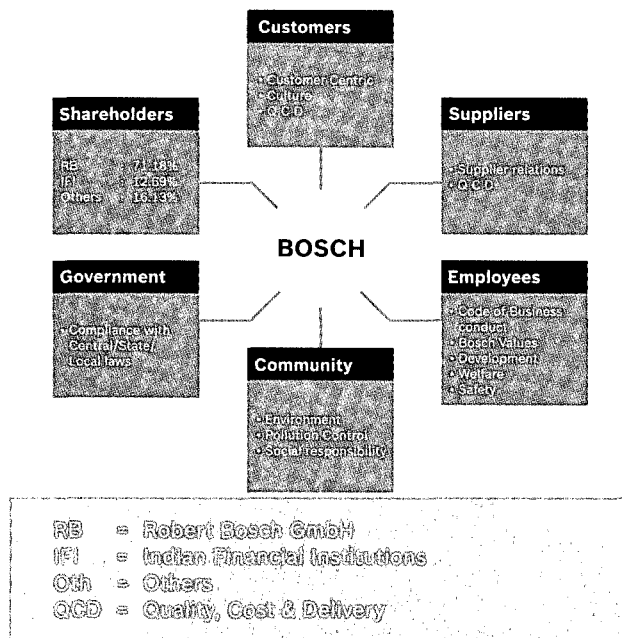
The Company's membership in the Bosch Group gives it access to the future technologies. The Company is, as a result, able to offer at any point of time state-of-the-art technology to meet the requirements of its national and international customers.

C. Foreign exchange earnings and outgo

	Rs. Million
a) Export activities	
Exports	5,855
b) Total foreign exchange used and earned:	
Foreign exchange used (including for capital assets)	15,552
Foreign exchange earned	6,587

Report on Corporate Governance

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



Shareholders

The equity shares of the Company were listed in the year 1969 in The Stock Exchange, Bombay, pursuant to public offer of 22,000 shares of the Company held by Central Bank of India. Since then there has been significant participation by small shareholders in the capital of the Company. 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 Dec-2008 to Oct-2009; sub-division of shares in July 2004 are steps in this direction.

Customers

Customers are the primary focus of our 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.

Initiatives under BeQIK

BeQIK
- Quality
- Innovation
- Keep customer satisfied

Do Things More Quickly

Be Better
We want continuous improvement

Be Bosch
We offer outstanding products and services worldwide
We keep our promises

BeQIK
Quality is our most valued asset

Profit Secures Our Growth

Quality

Robert Bosch’s statement that “quality is our most valued asset” has remained an unwavering guideline for our business policies. Our 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.

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.

Employees

The Company lays significant thrust on employee training and development. The Continuous Improvement Process (CIP) through workshops promotes employee participation, job enrichment and satisfaction.

Following the Bosch Performance Review and Employee Development (PRED) program, the appraisal system for managerial staff is based on three underlying principles viz., setting of individual objectives which closely align with corporate objectives, evaluation of performance and providing personal and professional growth opportunities to the employees, identifying the training and development needs necessary to further enhance

the performance of the employee. Employees in middle and senior management levels are appraised based on the Bosch Competency Model driven by 'Bosch values' and 'Bosch Guidelines for Leadership' that provide a common framework and give direction for the action of all associates.

In addition, the codified rules and regulations of service and conduct for the Managerial and Superintending Staff; the standing orders for Workmen, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Code of Business Conduct (Principles of Legal Compliance) etc., reflect value based employment related practices. A high level of global orientation and working experience is given to a large number of managers by deputing them to international assignments, participation in international workshops/seminars/forums, identifying and developing high potential managers through Management Development Programs conducted by Bosch.

Society

In keeping with Bosch philosophy, our priority is to combine the pursuit of economic objectives with consideration for social and environmental factors.

The Company contributes to the society at large, more particularly in areas proximate to its works and establishments through donations and infrastructural support to organizations who promote the cause of children, mentally and physically challenged, orphans, education, fine arts, health care, consumer research, sports, etc. The Company and the employees also contribute for relief measures in times of natural calamity affecting sections of the society.

Social Responsibility

The assumption of responsibility for society and future generations has a long tradition in the Company.

Combining the pursuit of economic objectives with consideration for social and environmental factors is our priority. We accept that our actions must 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.

Environment, Occupational Health and Safety



Responsibility for environment is firmly anchored in the Company's work safety and environmental protection policy. This policy extends to associates, services and suppliers aimed at continuous improvement of environmental performance allied to a concern for occupational safety and health.

The Company continuously strives for reducing and optimizing consumption of water, energy and chemicals. By conserving the use of natural resources, risk reduction by eliminating the use of hazardous substances, building concern for environmental protection and by educating the employees, the Company brings out effectiveness and efficiency in the Environment, Health and Safety Management System.



Over the years, the Company has demonstrated its responsibility as a socially responsible corporate. A natural and clean environment, economical use of natural resources and respect for people's health and safety are basic principles of the Company and Bosch's business policy.

The focus areas for reducing impacts on the environment are throughout the lifecycle of the product: Environmentally compatible product design (select materials such that the environmentally hazardous constituents are avoided or reduced to a minimum), eliminating not only the hazardous substances from our manufacturing processes but also conserving water, energy, raw materials, reducing waste generation, maximizing recycling of waste generated, rainwater harvesting, setting stringent

internal limits for effluents and emissions, eliminating soil and ground water contamination as also developing greenery. The four Plants (Bangalore, Nashik, Naganathapura, Jaipur) of the Company are ISO14001 (international environment management standard) accredited, Bangalore and Nashik are certified for OHSAS 18001 (Occupational Health Safety Assessment Series), Verna Plant is under implementation of the EHS management system. One of the key areas is to eliminate the use of hazardous substances from our manufacturing processes. This way the corporate responsibility defined under Bosch Values for minimizing impacts on the environment and ensuring safer work places is taken care by the Company. Before the introduction of any chemical into the manufacturing process, hazard assessment is carried out which helps in identifying potential hazards and appropriate steps are taken to reduce the impact on environment by using alternative substances and safety inspection is carried out before energizing any new machines or equipments. It helps in identifying all potential hazards and by introducing appropriate control measures, ensures the safety of our employees.

Water conservation

Conservation of natural resources is a continuous activity. Water conservation is one of the major thrust areas under Environmental Management System (EMS). Technologies like Reverse Osmosis and Ion Exchange processes are employed for treatment and recycle of process waste water. At the Company's Plants treated effluent is reused for various secondary purposes which along with other water conservation measures like rainwater harvesting have resulted in significant reduction in fresh water consumption.

Energy Conservation

In view of the present need to reduce carbon dioxide emissions there is an increased focus on energy conservation. Various energy conservation programmes are initiated resulting in saving of electrical energy.

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.13,785 million in 2007, ~ Rs.13,233 million in 2008 and ~ Rs.11,347 million in the year 2009, excluding tax deducted at source on salaries paid to employees, payments to contractors and to other service providers.

Risk Management

The Company has evolved a framework for systematic management of Business Risks. Towards this the Company has identified risk categories under strategic risks, operative risks, information technology risks, financial risks and global risks to which this framework is applied. This system of risk management is audited regularly by the internal audit team.

Values

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 values of the Company, who have internalized them and who live according to them gain confidence and orientation for their daily work. This helps the employees 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*

Understanding and living the corporate culture

The 'House of Orientation' sets out how we see our future development, the principles of our approach, and the capabilities that we have and want to exploit for our 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' will help all associates to understand and live our 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 co-operation. 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.

Bosch Business System (BBS)

BBS comprises following sub systems:

- ▶ **The Bosch Product Engineering System (BES)** focuses on product creation and related activities. Best-practice processes and qualified associates allow us to attain excellence in product creation and best-in-class products.
- ▶ **The Bosch Production System (BPS)** is a systematic approach to adjusting and restructuring value creating processes up to delivery to our customers. The focus of BPS is on the avoidance of waste in production and its contributory business processes.
- ▶ **The Bosch Sales and Marketing System (BSS)** starts from the requirements made of Sales and Marketing by the market. The defined goal of BSS is to achieve "sales excellence".
- ▶ **Bosch Human Resources System (BHS)**, a management and support system, is the global change initiative in Human Resources. It provides both a framework and direction for strategic and operational HR work. Its goal is to achieve systematic control and optimization of HR processes and organization worldwide.

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 is comprised of eight Directors, both executive and non-executive. Dr. A. Hieronimus is the non-executive Chairman. Mr. B. Steinruecke, Mr. B. Muthuraman, Mrs. Renu S Karnad and Mr. Prasad Chandran 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 meet as often as required but not less than four times a year and once in a calendar quarter. The Board of Directors of the Company receive a copy of Minutes of all committee meetings namely Audit Committee and Shareholders'/Investors' Grievance

Committee. During the year 2009 meetings of the Board of Directors were held on 4th March, 28th May, 2nd September, and 10th December.

Particulars of the directorship of Board, membership and office of the Chairman of Board Committees across all companies (as on 31.12.09) 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 2009
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	4	2	1	3
Mr. B. Muthuraman Independent Non-Executive Director	13@@@	1	-	1
Mrs. Renu S Karnad Independent Non-Executive Director	15@@@@	2	3	2
Mr. Prasad Chandran Independent Non-Executive Director	7@@@	5	-	2
Mr. V.K. Viswanathan Managing Director	4	1	1	4
Dr. Manfred Duernholz Joint Managing Director	1	-	-	4

* Excludes office of Alternate Director, directorship in private companies, membership of trusts etc.

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

@ Including Directorship in one Foreign Body Corporate

@@ Including Directorship in eight Foreign Body Corporates

@@@ Including Directorship in three Foreign Body Corporates.

@@@@ Including Directorship in two Foreign Body Corporates

The Non Whole-time Directors do not hold any shares in the Company. Dr. Hieronimus, Chairman, 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 2009, the Committee met on 4th March, 27th April, 24th July, 2nd September

and 26th October. 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	3
Mr. B. Steinruecke Independent Director	4
Mr. B. Muthuraman Independent Director	1
Mr. Prasad Chandran Independent Director	5
Dr. A. Hieronimus Non-Executive Director	2

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:

1. Chairman:
Chairman of the Audit Committee shall be an Independent Director.
2. 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.
3. Secretary:
The Company Secretary shall act as Secretary of the Audit Committee.
4. 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.
5. 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.

6. Powers:

The Audit Committee shall have powers which shall include the following:

- (a) to investigate any activity within its terms of reference.
- (b) to seek information from any employee.
- (c) to obtain outside legal and other professional advice.
- (d) to secure attendance of outsiders with relevant expertise, as the Committee considers necessary.

7. Role:

The role of the Audit Committee shall include the following:

- a. 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. Steinruecke, Mr. B. Muthuraman, Mr. V. K. Viswanathan and Mr. Prasad Chandran 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 2009, the Committee met on 4th March, 28th May, 2nd September, and 10th 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	2
Mr. Prasad Chandran Independent Director	2
Dr. A. Hieronimus Non-Executive Director	4
Mr. V. K. Viswanathan Managing Director	4
Dr. B. Bohr* Non-Executive Director	1

* Co-opted member for the meeting held on 28.05.09 only

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

Three 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 is held at Bangalore in May/June each year. During the years 2007, 2008 and 2009, Annual General Meeting was held on 7th June, 5th June and 28th May respectively.

Dr. A. Hieronimus, Dr. B. Bohr, Mr. V.K. Viswanathan and Dr. Manfred Duernholz attended the last Annual General Meeting held on 28th May 2009.

Insider Trading

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 and is notified to the stock exchanges.

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

We hereby 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 2009.

V.K.Viswanathan Manfred Duernholz
Managing Director Joint Managing Director

Place: Bangalore
Date: 18.02.2010

Mandatory/Non-mandatory requirements

The Company has complied with the requirements relating to Corporate Governance as mandated by the Listing Agreements with The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

In addition the Company has, as mandated under the Listing Agreement, complied with the following non-mandatory requirements:

Remuneration Committee/Remuneration of Directors

In September 1993, the Board of Directors set up a Remuneration Sub-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/d the Remuneration-Sub Committee. During the year the Committee met on 4th March. Dr. Hieronimus, Mr. Steinruecke and Mr. Prasad Chandran attended the meeting held on 04.03.2009.

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 determine the variable bonus from year to year. It can amount up to 180% of the base salary for Mr. V.K. Viswanathan and for Dr. Manfred Duernholz. 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 also receive reimbursement of medical expenses, personal accident insurance cover and contribution to provident fund, gratuity and superannuation etc. The term of Mr. Viswanathan is valid up to 31.12.10 and that of Dr. Duernholz is valid up to 31.12.11. The contract of employment of Executive Directors is terminable by observing a period of notice of twelve months to expire at the end of a calendar quarter.

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

Particulars	Mr. V.K.Viswanathan Managing Director	Dr. Manfred Duernholz Joint Managing Director
	Rs.	Rs.
Salary	9,000,000	16,169,160
Commission on profits	11,611,422	6,630,081
Contribution to Provident & other Funds	2,250,000	871,347
Other perquisites (incl. book depreciation on assets used by Directors)	1,351,886	1,061,378
Total	24,213,308	24,731,966

The Board of Directors decides the remuneration of the Non Whole-time Directors. The remuneration consists of a sitting fee of Rs.10,000 for Board/ Committee Meeting/s held on the same day and Rs.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 Rs.40,00,000 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 Whole-time Directors in 2009 is given below:

Particulars	Commission Rs.	Sitting Fee Rs.	Total Rs.
Dr. A. Hieronimus	440,000	40,000	480,000
Dr. B. Bohr	300,000	20,000	320,000
Mr. B. Steinruecke	440,000	40,000	480,000
Mr. B. Muthuraman	415,000	10,000	425,000
Mrs. Renu S Karnad	415,000	25,000	440,000
Mr. Prasad Chandran	415,000	35,000	450,000

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. 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.

Secretarial Audit

A secretarial audit was carried out 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.

This audit is carried out every quarter and the report thereon is submitted to the stock exchanges, NSDL and CDS and is also placed before the Board of Directors.

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) No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any statutory authority 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, profit & loss account, directors' report, auditors' report, cash flow statements, corporate governance report can be retrieved by the investors from the Electronic Data Information Filing and Retrieval System (EDIFAR) set up by the National Informatic Center in association with SEBI. The site can be accessed at <http://sebidifar.nic.in>.

The quarterly and half yearly financial statements, shareholding pattern, etc. can be retrieved by the investors from Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the URL www.corpfiling.co.in.

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

Notices relating to Annual General Meetings, Extraordinary General Meetings and Postal Ballot and disclosure of Directors' interest in respect of contracts appointing Managing/Joint Managing Director/s are sent 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 within a week of receipt.

Shareholder information

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

Bangalore
March 5, 2010

Auditor's Report on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of
Bosch limited
Hosur Road, Adugodi
Bangalore 560 030

We have examined the compliance of conditions of Corporate Governance by Bosch Limited ("the Company"), for the year ended on December 31, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse & Co
Chartered Accountants

Radhakrishnan B
Partner

Place: Bangalore
Date: March 5, 2010

Membership No: F 25516

Management Discussion and Analysis Report

Industry Structure and Development

The global economic crisis did impact the economic growth story in India, albeit temporarily. The economy slowed down considerably in 4th quarter of 2008 and 1st quarter of 2009. However, backed by the stimulus offered by the Government of India, the economy recovered quite quickly in 3rd and 4th quarter of 2009. The Index of Industrial Production (IIP) grew by over 12% in last quarter of 2009. The GDP for 2009-10 and 2010-11 is expected to expand by 7.5% and 8% respectively.

On the inflationary front, the higher base effect ensured that the wholesale price index (WPI) for 2009 was at benign 2.1% as against 9.1% for 2008. However the inflation has increased to worrying levels of 8.5% for January 2010 consequent to higher liquidity and increase in Non-food articles and fuel prices. At the consumer price index (CPI) level inflation rose at a higher 11.0% for year 2009 because of food inflation being over 15.0%. To tame this rising inflation the Government has given hints of removing the stimulus package in a phased manner in 2010 and very recently the Central Bank in order to reduce the excess liquidity and to anchor inflationary expectations has raised cash reserve ratio (CRR) by 75 basis points in 2 stages.

The inflow of \$ 25.5 billion from Foreign Direct Investment (FDI) and over \$ 17.46 billion from Foreign Institutional Investors (FIIs) in 2009 has helped in strengthening of Rupee against USD from 49.0 in January 2009 to 46.5 by end of the year. However, any further major appreciation in the Rupee is bound to have a negative impact on the exports which is already hit by global slow down in demand.

In Indian Automotive Industry scenario, though the first quarter of 2009 was bleak, from second quarter, the signs of recovery were good. The Car and UV's sector sustained growth of 18% due to stimulus provided by the Government in the form of excise duty cuts, Central Government employee pay hikes and lower interest rates. This was also supported by several new model introductions and UV's having additional demand on account of Parliamentary elections in the first and second quarter of 2009.

The HCV segment continued its downturn in the first half of 2009 due to reduced freight index movement and replacement demand. The second half saw signs of recovery. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme, a Government of India initiative aiming at encouraging reforms and fast track planned development of identified cities, boosted the confidence of the industry. This recovery was also supported by accelerated depreciation scheme. The rate of decline which was higher in the first half of the year, recovered during the second half and declined only by 20% during the entire year.

Tractor segment witnessed a robust growth of 10% supported by increase in farm mechanization and subsidised interest rate. LCV Segment recorded a 13% growth over previous year supported by increase in organised retail industry and election demand. The sub 1 ton continued to drive the growth in the segment.

Overall the year 2009 grew by 13% and saw modest growth in all the sectors and recovery of HCV's.

The table below shows the extent of growth across various sectors in the automotive segment.

Segments	2006 +%PY	2007 +%PY	2008 +%PY	2009 +%PY
HCV	30	4	(15)	(20)
LCV	26	20	(4)	13
Cars	18	16	9	18
UV's	8	17	(3)	18
Tractors	26	(1)	2	10
3 Wheelers	29	(1)	(6)	12
Total	22	10	1	13

While the impact of the roll back of stimulus measures and increase in interest rates has to be carefully assessed, the Auto industry is cautiously optimistic of achieving a growth of 16% in 2010.

Operations

The following are some of the highlights of the Company for the year 2009.

- ▶ The Company witnessed an overall growth of around 4.6% in sales during the year. This growth is mainly coming in the second half of the year 2009. Recovery of Automotive sector in the second half and good growth in Automotive Aftermarket division, Gasoline Systems, Power Tools division and Packaging division helped negate slowdown seen in the first half of the year.
- ▶ The total investment made in the last five years is around INR 16,750 Million. The capital investment was critically reviewed and the investment during the year 2009 is around INR 1,450 Million as against INR 4,335 Million during the previous year.
- ▶ Diesel system division received Diesel System Recognition for Energy Conservation and CO₂ reduction. Diesel Systems in the course of its business excellence journey based on the European Foundation Quality Model (EFQM) was honored with the coveted CII-EXIM Bank Award for Business Excellence for the year 2009. It also bagged the Gold award in 10th Annual Greentech “Environment Excellence” and silver award in 8th Annual Greentech “Safety” organized by Greentech Foundation.
- ▶ The Automotive Aftermarket division has registered a double digit growth for the fourth consecutive year. An all round improvement which includes new product launches, distribution and service network expansion, service efficiency and workshop quality improvement, high impact brand communication, improved logistics, brand protection activities ensured a robust growth of 17.3% during the year.
- ▶ In addition to strengthening existing Distribution and Service network for Automotive Aftermarket division there were new appointments of 1st and 2nd trade level partners especially Bosch Car services network.
- ▶ Gasoline system division won ‘Autocar Innovation’ award together with M/s Mahindra & Mahindra Ltd., for Start-Stop system (SSM) Solution.
- ▶ The Power Tools Division outperformed the market, growing by 19% over the previous year and won the prestigious “Platinum Award” for 7 consecutive years of double digit growth at the BOSCH Power Tools World Conference.

Human resource development

The Company has been providing opportunities for focused learning experiences to employees to stimulate support and develop their potential into work related competencies.

Competence management is the focus area for employee development. The focused programs formulated and introduced in 2009 were i) role related competence training like “Shop floor Leadership training Excellence program” (STeP-UP), Sales training (BSS-K), organizational target competence training ii) e-learning modules, Future Managers Development program (FMDP), Technical Induction program iii) Employer brand building & personnel marketing and iv) Improvement of Human Resource processes for better delivery.

Adjudged as a runner-up in NIPM prestigious competition on “HR best practices-2008” awarded in the year 2009. In an employer brand survey conducted in selected universities by an agency ‘Universum’ the Company received the highest ranking.

Internal control systems

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 within the Company is broad, and oriented towards mitigating risks in all areas of operations. 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.

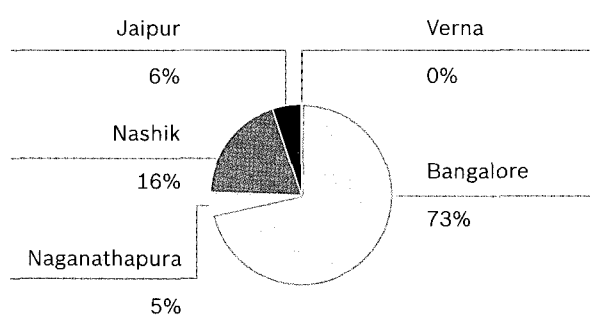
Financial performance

The Company’s performance was affected by major

decline in the Automotive sector during the first half and also due to lower global demand. The impact of the same can be seen from the marginal growth in sales for the year 2009 over 2008. The Company has reported a sales growth of 4.6% in 2009 over 2008. The Profit before tax is at 16.7% of Net Sales compared to 18.9 % of net sales during the year 2008. This decline in profit is attributed to unfavorable exchange rate impact, flat Automotive growth and one time expense. The reduction in operating profit is partially off-set by income from treasury operations.

With the slowdown witnessed in the Automotive sector during the first half of the year, the Company had focused on reducing working capital by controlling inventory and focusing on better customer realisation. This resulted in reduction in net working capital.

The Company has invested around INR 1,450 Million during the year 2009 in its facilities across India for strengthening its development capabilities, quality improvements and capacity expansions. Investments in various facilities are given in below chart.



Major investments in Bangalore and Nashik locations are mainly focused on expansion of Common Rail system and Common Rail injectors respectively.

Some of the key performance indicators under review are given below for the Current year and for the previous year.

Item	2009	2008
1 Profit before Tax / Sales in %	16.7%	18.9%
2 Net Worth in Million Rs.	33,852	30,955
3 Return on Net Worth (on year end balances)	17.4%	20.5%
4 Fixed Assets addition (net) in Million Rs.	1,426	3,827
5 Capital Expenditure / Sales in %	3.0%	9.5%
6 Net Working Capital in Million Rs.	14,376	15,478
7 Net Working Capital / Sales in %	30.3%	34.1%
8 No. of Employees (average)	10,378	10,108
9 Sales per Employee in Million Rs.	4.57	4.49

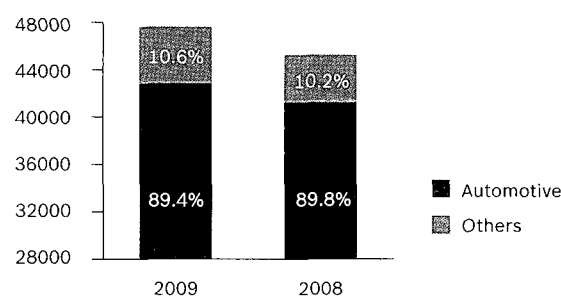
Sales Performance In Various Segments

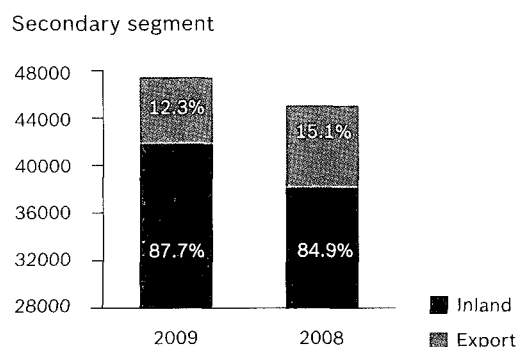
Share of automotive segment in sales has declined from 89.8% in 2008 to 89.4% in 2009 due to slowdown in automotive market during the first half of the year 2009. Consequently, proportion of the others segment namely Industrial Technology and Consumer Goods and Building Technology businesses increased from 10.2% in 2008 to 10.6% in 2009, with the Power Tools business growing by 19% and Packaging Machinery by over 16%. The growth is offset by under performance from Security Systems, which showed a negative growth of 17%.

In the Secondary segment, the share of exports has declined from 15.07% in 2008 to 12.33% in 2009 mainly due to continued global recession from previous year.

Sales composition for the year 2009 & 2008

Primary segment





Outlook

The outlook for 2010 looks positive in comparison to the world economies but for inflation which has reached worrisome proportions. This may force the Central Bank to introduce punitive measures to curb the rising trend and the Government may withdraw the stimulus packages introduced to counter the economic slowdown sooner rather than later. Liquidity may be curbed to control inflation in addition to the measures adopted by the Central Bank and the Government.

The automotive sector recovered strongly backed by the stimulus incentives offered by the Government, withdrawal of which may decelerate the growth momentum especially in the commercial vehicle and passenger car segment. BS III and BS IV emission norms are expected to be implemented across India and in 13 major cities respectively in 2010. Over the long term, the growth of the Indian automotive market looks positive.

The Government intends to maintain momentum through investments in roads, airports, ports, railways and metro rail. In the long run we will continue to see significant investments in the infrastructure segment to cover existing gaps and new ones that arise with growth in other sectors. The share of organized retail segment is also growing rapidly and will continue so in the long run.

Opportunities

The low price vehicle market will create an entirely new segment in the Indian automotive arena and

we shall be able to benefit from the growth in this segment with our unique product offerings. Conventional fuel injection systems will continue to do service on commercial vehicle engines capable of BS III emission norms further extending the product life cycle. Higher capacity engines will migrate to electronically controlled fuel injection systems to meet BS III and BS IV emission norms.

Robust growth in infrastructure projects, the recovery in the real estate sector and increased focus of the Government to enhance the security set-up in major cities is expected to drive growth prospects of our businesses in power tools and security systems.

Risks and Concerns

Though the overall outlook looks positive, we must tread cautiously and continue the austere measures adopted during the economic downturn in order to stabilize more comfortably and withstand tougher challenges in future.

The economic resurgence which took place beyond the expectation of experts in the Government and industry may force a policy revision with respect to withdrawal of economic stimulus packages and reversal of excise duty reduction offered in 2009.

The policy of the Government on the automotive sector needs to be watched carefully and our operations need to be adjusted suitably in accordance with the market demands.

Due to implementation of new emission norms, the Company will be operating in a highly competitive market in view of change in the product mix with introduction of new products like Common Rail Systems, Gasoline Engine Management Systems.

Apart from intense competition which exerts pressure on the sales prices, increasing input costs may also affect the profitability of our Company.

Retention of talent remains a big challenge especially in view of the growth momentum of the Indian economy and alternate avenues that may open up in the automotive sector.

A few of the management initiatives taken to mitigate the risks:

- 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.
- Intensify localization to mitigate the uncertainties of currency volatilities.
- Continuous improvement activities and implementing lean practices through the Bosch Production System (BPS).
- Retain and motivate talent by focused employee development programs.

Disclaimer

The information and opinion expressed in this section of the Annual Report consists of certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. We 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 persons without the express prior written permission of the Company.

Auditors' Report

To The Members of Bosch Limited

1. We have audited the attached Balance Sheet of Bosch Limited, as at December 31, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2009 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, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner

Place : Bangalore
Date : March 05, 2010

Membership Number: F25516

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 for the year ended December 31, 2009].

- (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 between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) of the company 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 and/or physically verified by the management during the year. 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 not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act, and accordingly sub clauses (b), (c) and (d) of clause (iii) of Paragraph 4 of the Order are not applicable.
- (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, and accordingly sub clauses (f) and (g) of clause (iii) of Paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (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.
- (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 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, cess 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, the particulars of dues of

income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at December 31, 2009 which have not been deposited on account of a dispute, are as follows -

Name of the statute (Nature of dues)	Amount (Rs.)*	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act (Excise duty and interest)	40,882,033	1985-86, 1987-88, 1998-01, 2003-06	Tribunal
	18,300,934	1992-95, 2002-04, 2008-09	Upto Commissioner's Level
	2,831,520	1994-95	Supreme Court
	6,466,479	2002-04	High Court
Sales Tax Acts (Sale tax, interest and penalty)	17,280,845	1989-93, 1996-97, 1998-99, 2002-05, 2008-09	Tribunal
	23,923,483	1993-94, 1995-02, 2006-07, 2008-09	Upto Commissioner's level
	11,543,292	1996-99, 2007-10	High Court
Customs Act (Customs duty)	3,060,656	1991-92	Upto Commissioner's level
Income Tax Act (Income tax and interest)	941,023	1979-80, 1983-84	Upto Commissioner's Level
	33,737,809	1992-97, 1999-01, 2002-03	High Court
Entry Tax Act (Entry tax and interest)	12,986,777	1991-93, 2008-09	Tribunal
	12,356,439	1993-02	Upto Commissioner's Level

* Net of payments made in the normal course of appeal proceedings.

- (x) The company has no accumulated losses as at December 31, 2009 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.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debenture and other investments.
- (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.
- (xvi) The company has not obtained any term loans.
- (xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which 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.
- (xix) 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 such case by the management.
- (xx) The other clauses, (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner

Place : Bangalore
Date : March 05, 2010

Membership Number: F25516

Balance Sheet

as at December 31, 2009

[Rs. in Thousands (TINR)]

	Schedule	2009	2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	313,989	320,249
Reserves and Surplus	2	33,538,292	30,634,308
		33,852,281	30,954,557
Loan Funds			
Secured Loans	3	284,130	99,232
Unsecured Loans	4	2,559,004	2,544,439
		2,843,134	2,643,671
Total		36,695,415	33,598,228
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	28,711,892	27,285,611
Less : Depreciation		23,579,229	21,199,423
Net Block		5,132,663	6,086,188
Capital Work-in-Progress and Advances		996,664	1,671,091
		6,129,327	7,757,279
Investments	6	14,176,119	8,665,268
Deferred Tax Asset [Refer Note 9 of Schedule 18]		2,014,000	1,697,404
Current Assets, Loans and Advances			
Inventories	7	5,511,801	5,480,726
Sundry Debtors	8	5,833,279	6,995,104
Cash and Bank Balances	9	10,677,700	10,708,124
Interest Accrued on Investments		80,491	5,933
Loans and Advances	10	5,475,642	4,217,313
		27,578,913	27,407,200
Less :			
Current Liabilities and Provisions			
Current Liabilities	11	8,545,324	7,576,712
Provisions	12	4,657,620	4,352,211
		13,202,944	11,928,923
Net Current Assets		14,375,969	15,478,277
Total		36,695,415	33,598,228
Notes on Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred to in our Report of even date

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

A. Vijay Shankar
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus V.K. Viswanathan
B. Steinruecke Dr. Manfred Duernholz
Prasad Chandran

Directors

Profit and Loss Account

for the year ended December 31, 2009

[Rs. in Thousands (TINR)]

Schedule	2009	2008
INCOME		
Gross Sales	50,253,977	50,327,697
Less : Excise duty	2,756,237	4,911,209
Net Sales	47,497,740	45,416,488
Income from Services	597,535	601,666
Interest	13 1,305,510	1,279,592
Other Income	14 3,355,098	3,177,566
	52,755,883	50,475,312
EXPENDITURE		
Materials Consumed	15 25,112,476	24,155,383
Operating Expenses	16 16,828,584	15,020,699
Depreciation	3,036,330	3,024,614
	44,977,390	42,200,696
Less : Expenses Capitalised	155,661	291,037
	44,821,729	41,909,659
	7,934,154	8,565,653
PROFIT BEFORE TAX		
Provision for Taxation		
Current tax		
- for the year	2,485,000	2,538,190
- relating to earlier years	(151,218)	(92,439)
Fringe benefit tax	10,500	64,000
Deferred tax (credit)/debit	(316,596)	(282,747)
	5,906,468	6,338,649
PROFIT AFTER TAX		
Profit brought forward	3,013,863	2,612,168
Profit available for Appropriation	8,920,331	8,950,817
APPROPRIATIONS		
Capital Redemption Reserve	6,260	266
Capital Reserve	35,372	-
Proposed Dividend	941,967	800,622
Tax on Proposed Dividend	160,087	136,066
Reversal of Proposed Dividend (including tax thereon)	(14,674)	-
[Refer Note 3 of Schedule 18]		
General Reserve	4,500,000	5,000,000
Profit carried forward	3,291,319	3,013,863
	8,920,331	8,950,817
Details of R & D Expenses/Income	17	
Notes on Accounts	18	
Earnings per share - Basic and Diluted (in Rs.)	187	198
of face value of Rs.10 each		
[Refer Note 8 of Schedule 18]		

The schedules referred to above form an integral part of the Profit and Loss Account
This is the Profit and Loss Account referred to in our Report of even date

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

A. Vijay Shankar
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus V.K. Viswanathan
B. Steinruecke Dr. Manfred Duernholz
Prasad Chandran

Directors

Cash Flow Statement

for the year ended December 31, 2009

[Rs. in Thousands (TINR)]

	2009	2008
A Cash flow from operating activities		
Profit before tax	7,934,154	8,565,653
Adjustments for :		
Depreciation	3,036,330	3,024,614
Unrealised Exchange difference	(15,927)	7,726
Premium paid on investments amortised	2,026	7,617
Provision for doubtful debts	262,920	21,611
Bad debts	42,567	2,507
(Profit) / Loss on sale of fixed assets	(7,958)	(25,316)
(Profit) / Loss on sale / redemption of investments	(925,538)	(1,133,261)
Buyback Expenses	31,626	9,274
Profit on sale of business	(35,372)	-
Dividend received	(180,141)	(179,545)
Provision/liabilities no longer required written back	(1,359,011)	(855,435)
Interest income	(1,317,379)	(1,366,917)
Interest expense	11,869	87,325
Operating profit before working capital changes	7,480,166	8,165,853
Adjusted for :		
(Increase) / decrease in inventories	(36,346)	(633,948)
(Increase) / decrease in sundry debtors	823,406	(1,157,189)
(Increase) / decrease in loans and advances	563,555	(258,778)
Increase / (decrease) in current liabilities and provisions	2,723,812	734,055
Cash generated from operations	11,554,593	6,849,993
Direct taxes paid (net of refunds)	(2,578,954)	(2,018,925)
Net cash from operating activities	8,975,639	4,831,068
B Cash flow from investing activities		
Additions to fixed assets	(1,446,178)	(4,335,567)
Sale of fixed assets	41,183	32,854
Considerations received from sale of business	69,638	-
Sale of investments	9,400,438	17,163,055
Inter corporate deposit repayment received	1,940,000	2,740,000
Inter corporate deposit given	(3,290,000)	(3,010,000)
Inter corporate loans (given) / repayment received	(300,000)	(130,000)
Purchase of investments	(13,833,250)	(13,970,000)
Dividend received	25,614	84,675
Interest received	1,070,937	1,398,412
Net cash from / (used in) investing activities	(6,321,618)	(26,571)
C Cash flow from financing activities		
Payment of Buyback Consideration	(1,921,364)	(81,471)
Payment of Buyback Expenses	(31,626)	(9,274)
Proceeds from borrowings	199,463	217,233
Repayment of borrowings (Net)		(91,690)
Dividends paid (including Dividend tax)	(922,014)	(937,466)
Interest paid	(7,656)	(53,508)
Net cash from / (used in) financing activities	(2,683,197)	(956,176)
Net cash flows during the year(A+B+C)	(29,176)	3,848,321
Unrealised exchange gain/loss on cash and cash equivalents	(1,248)	1,989
Cash and cash equivalents (Opening balance as per schedule 9)	10,708,124	6,857,814
Cash and cash equivalents (Closing balance as per schedule 9)	10,677,700	10,708,124

- Notes : 1. Above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standard 3 as notified under section 211(3C) of the Companies Act, 1956.
2. Conversion of Investments in mutual funds from one plan to another and dividend reinvested have not been considered above as there was no actual cash inflow /outflow.
3. Closing balance of cash and cash equivalents includes restricted cash in the form of unpaid dividend of TINR 7,801 (2008: TINR 6,380).

This is the Cash Flow Statement referred to in our Report of even date

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

A. Vijay Shankar
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus V.K. Viswanathan
B. Steinruecke Dr. Manfred Duernholz
Prasad Chandran

Directors

Schedules to Balance Sheet

SCHEDULE 1: SHARE CAPITAL	[Rs. in Thousands (TINR)]	
	2009	2008
<i>Authorised</i>		
38,051,460 Equity shares of Rs. 10 each (2008 : 38,051,460 Equity shares of Rs.10 each)	380,515	380,515
<i>Issued, Subscribed and fully Paid up</i>		
38,051,460 Equity shares of Rs. 10 each (2008 : 38,051,460 Equity shares of Rs.10 each)	380,515	380,515
<i>Less: Equity Shares bought back [Refer Note (3)and (5) below]</i>	66,526	60,266
<i>Net Issued, Subscribed and fully Paid up</i>	313,989	320,249
31,398,900 Equity shares of Rs. 10 each (2008 : 32,024,871 Equity shares of Rs. 10 each)		

Notes:

- 22,349,420 (2008 : 22,349,420) Equity shares are held by Robert Bosch GmbH,(Federal Republic of Germany), the holding company.
- 3,469,558 (2008 : 3,469,558) Equity shares of Rs.100 each allotted as bonus shares by capitalisation of reserves and 48,000 (2008 : 48,000) Equity shares of Rs.100 each allotted pursuant to a contract for consideration other than cash.
- 600,000 Equity shares of Rs.100 each were bought back in the years 2000, 2001 and 2002 under Section 77A of the Companies Act, 1956 and Securities Exchange Board of India (Buy Back of Securities) Regulations, 1998.
- The Company's Equity shares of Rs. 100 each were sub-divided into Equity shares of Rs. 10 each with effect from July 16, 2004.
- 652,560 (2008 : 26,589) Equity shares of Rs.10 each were bought back in the year 2008 and 2009 under Section 77A of the Companies Act, 1956 and Securities Exchange Board of India (Buy Back of Securities) Regulations, 1998. (Refer Note 2 of Schedule 18)

SCHEDULE 2: RESERVES AND SURPLUS	[Rs. in Thousands (TINR)]	
	2009	2008
Capital Reserve (Refer Note No.1)		
Opening Balance	6,620	6,620
Addition	35,372	-
Closing Balance	41,992	6,620
Share Premium	8,069	8,069
Capital Redemption Reserve		
Opening Balance	60,266	60,000
Addition (Refer Note No. 2)	6,260	266
Closing Balance	66,526	60,266
General Reserve		
Opening Balance	27,545,490	22,626,695
Addition	4,500,000	5,000,000
Deduction (Refer Note No.3)	1,915,104	81,205
Closing Balance	30,130,386	27,545,490
Profit and Loss Account	3,291,319	3,013,863
	33,538,292	30,634,308

Notes:

- Capital Reserve comprises of:
 - Profit on sale of Business to Bosch Rexroth (India) Limited TINR 2,600 (2008 : TINR 2,600)
 - GTZ Aid received TINR 4,001 (2008 : TINR 4,001)
 - Profit on sale of Business to Bosch Chassis Systems India Limited TINR 2,500 (2008 : Nil)
 - Profit on sale of Blaupunkt Business TINR 28,954 (2008 : Nil)
 - Profit on sale of Business to Bosch Electrical Drives India Pvt. Ltd. TINR 3,918 (2008 : Nil)
 - Others TINR 19 (2008 : TINR 19)
- Addition to Capital Redemption Reserve represents amount transferred from Profit and Loss account pursuant to the provisions of Section 77AA of the Companies Act, 1956 in respect of the Equity shares bought back. [Refer Note 2 of Schedule 18]
- Deduction from General Reserve represents premium paid on Equity shares bought back. [Refer Note 2 of Schedule 18]

Schedules to Balance Sheet

SCHEDULE 3: SECURED LOANS

[Rs. in Thousands (TINR)]

	2009	2008
Cash credit from Banks (Secured by hypothecation of present and future stocks of raw materials, finished goods, work-in-progress and book debts)	284,130	99,232
	<u>284,130</u>	<u>99,232</u>

SCHEDULE 4: UNSECURED LOANS

[Rs. in Thousands (TINR)]

	2009	2008
Sales Tax Deferral Loan from Government of Maharashtra and Rajasthan [Amount repayable within one year : TINR 8,983 (2008 : TINR 3,447)]	2,559,004	2,544,439
	<u>2,559,004</u>	<u>2,544,439</u>

SCHEDULE 5: FIXED ASSETS

[Rs. in Thousands (TINR)]

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	2009	Additions	Deductions/ Adjustments	2009	2008	For the year	Deductions/ Adjustments	2009	2008
Tangibles:									
Land - Freehold	66,710	-	-	66,710	-	-	-	66,710	66,710
Land - Leasehold	89,117	-	-	89,117	11,197	901	12,098	77,019	77,920
Buildings (Refer Note 1)	2,238,731	81,658	14,263	2,306,126	1,193,266	103,595	4,786	1,292,075	1,014,051
Buildings- R & D*	62,882	30,951	-	93,833	62,882	30,951	-	93,833	-
Plant and Machinery	22,543,480	1,545,879	568,941	23,520,418	17,984,303	2,372,988	543,368	19,813,923	3,706,495
Plant and Machinery- R & D*	739,430	382,396	14	1,121,812	739,430	382,396	14	1,121,812	-
Furniture and Equipment	1,096,315	46,754	12,040	1,131,029	853,800	92,136	11,531	934,405	196,624
Furniture and Equipment- R & D*	78,989	496	98	79,387	78,989	496	98	79,387	-
Motor Vehicles	294,323	29,952	32,016	292,259	199,922	50,348	29,775	220,495	71,764
Motor Vehicles- R & D*	10,223	2,519	1,541	11,201	10,223	2,519	1,541	11,201	-
Intangibles:									
Goodwill	57,841	-	57,841	-	57,841	-	57,841	-	-
Trademarks	7,570	-	7,570	-	7,570	-	7,570	-	-
	<u>27,285,611</u>	<u>2,120,605</u>	<u>694,324</u>	<u>28,711,892</u>	<u>21,199,423</u>	<u>3,036,330</u>	<u>656,524</u>	<u>23,579,229</u>	<u>5,132,663</u>
Previous year	23,458,942	4,247,670	421,001	27,285,611	18,588,272	3,024,614	413,463	21,199,423	-
Capital work-in-progress (Refer Note 2)									996,664
									<u>1,671,091</u>
									<u>6,129,327</u>
									<u>7,757,279</u>

Notes:

- Buildings include TINR 1 (2008: TINR 1) being the value of shares in co-operative housing societies.
- Includes capital advances TINR 215,221 (2008: TINR 74,263) and machinery in transit TINR 150,390 (2008: 772,728)

* Relating to DSIR approved R & D facilities, considered eligible for certain Income Tax benefit.

Schedules to Balance Sheet

SCHEDULE 6: INVESTMENTS

[Rs. in Thousands (TINR)]

INVESTMENTS (Long term, unquoted, unless otherwise stated)	Qty	Particulars	2009	2008
A INVESTMENTS IN SUBSIDIARY COMPANY AT COST: SHARES				
MICO Trading Private Ltd.,	10,000	(2008 : 10,000) Equity Shares of Rs.10/- each fully paid	100	100
TOTAL - A			100	100
B TRADE INVESTMENTS AT COST: SHARES				
Mivin Engg. Technologies Private Ltd.,	-	(2008 : 390,000) Equity Shares of Rs.10/- each fully paid (390,000 Shares Sold during the year)	-	3,900
MHB Filter India Private Ltd.,	16,075,000	(2008 : 8,250,000) Equity Shares of Rs.10/- each fully paid (7,825,000 shares purchased during the year)	160,750	82,500
TOTAL - B			160,750	86,400
C NON-TRADE INVESTMENTS AT COST: SHARES, DEBENTURES AND BONDS				
ICICI Bank Ltd.,	437,110	(2008 : 437,110) Equity Shares of Rs.10/- each fully paid (Quoted)	16,487	16,487
Housing Development Finance Corporation Ltd.,	680,960	(2008 : 680,960) Equity Shares of Rs.10/- each fully paid (Quoted)	13,619	13,619
HDFC Bank Ltd.,	37,700	(2008 : 37,700) Equity Shares of Rs.10/- each fully paid (Quoted)	364	364
Unit Trust of India	-	(2008 : 510,000) 6.60% US 64 Tax Free Bonds of Rs.100/- each (Quoted) (Matured during the year)	-	51,147
Rural Electrification Corporation Ltd.,	70	(2008 : 70) 8.25% Tax Free Unsecured Bonds of Rs.1,000,000/- each (Quoted)	70,272	72,151
	500	(2008 : 500) 5.25% Capital Gains Unsecured Redeemable Bonds of Rs.10,000/- each	5,000	5,000
	500	(2008 : Nil) 6.25% Capital Gains Unsecured Redeemable Bonds of Rs.10,000/- each (500 Bonds purchased during the year)	5,000	-
India Infrastructure Finance Corporation Limited	12,500	(2008 : Nil) 6.85% Tax Free Bonds of Rs.100,000/- each (Quoted) (12,500 Bonds purchased during the year)	1,250,000	-
TOTAL - C			1,360,742	158,768
D NON-TRADE INVESTMENTS AT COST: UNITS OF MUTUAL FUNDS				
Birla Mutual Fund	-	(2008 : 10,000,000) Units of Birla Fixed Term Plan - Institutional - Series AH - Growth Option of Rs.10/- each (10,000,000 units sold during the year)	-	100,000
	-	(2008 : 20,000,000) Units of Birla Fixed Term Plan - Institutional - Series AJ - Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
	-	(2008 : 20,000,000) Units of Birla Fixed Term Plan - Institutional - Series AN - Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000

Schedules to Balance Sheet

SCHEDULE 6: INVESTMENTS (Contd.)

[Rs. in Thousands (TINR)]

Investments (Long term, unquoted, unless otherwise stated)	Qty	Particulars	2009	2008
		- (2008 : 30,000,000) Units of Birla Fixed Term Plan - Institutional - Series AV - Growth Option of Rs.10/- each (30,000,000 units sold during the year)	-	300,000
		- (2008 : 20,000,000) Units of Birla Fixed Term Plan - Institutional - Series AW - Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
DSP Black Rock Mutual Fund		- (2008 : 20,000,000) Units of DSP Black Rock Mutual Fund FMP 13 M Series 1- Institutional Growth Option of Rs.1,000/- each (20,000,000 units sold during the year)	-	200,000
	253,636	(2008 : Nil) DSP Black Rock Money Manager Fund - IP - Daily dividend Units of Rs.1,000/- each of Liquid fund (253,636 units purchased during the year)	253,839	-
Deutsche Mutual Fund		- (2008 : 20,000,000) Units of Deutsche Fixed Term Plan - Series 46 Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
		- (2008 : 20,000,000) Units of Deutsche Fixed Term Plan - Series 53 Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
		- (2008 : 20,000,000) Units of Deutsche Fixed Term Plan - Series 55 Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
	257,159,024	(2008 : Nil) DWS Ultra short term - Institutional Treasury advantage fund Units of Rs.10/- each of Liquid fund (257,159,024 units purchased during the year)	2,576,193	-
HDFC Mutual Fund		- (2008 : 20,000,000) Units of HDFC Fixed Maturity Plan 18 Months - Oct'2007 (VI)-Wholesale Plan Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
		- (2008 : 20,000,000) Units of HDFC Fixed Maturity Plan 13 Months- Series (VII)-Wholesale Plan Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
		- (2008 : 20,000,000) Units of HDFC Fixed Maturity Plan series 370D - July'08 (VIII) (1)-Wholesale Plan Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
		- (2008 : 40,000,000) Units of HDFC Fixed Maturity Plan series 370D - May'08 (VIII) (2)-Wholesale Plan Growth Option of Rs.10/- each (40,000,000 units sold during the year)	-	400,000
		- (2008 : 20,000,000) Units of HDFC Fixed Maturity Plan series 370D - May'08 (VIII) (3)-Wholesale Plan Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000

Schedules to Balance Sheet

SCHEDULE 6: INVESTMENTS (Contd.)

[Rs. in Thousands (TINR)]

Investments (Long term, unquoted, unless otherwise stated)	Qty	Particulars	2009	2008
	282,568,984	(2008 : Nil) HDFC cash management - Treasury advantage WP(D) daily reinvestment Units of Rs.10/- each of Liquid fund (282,568,984 units purchased during the year)	2,834,591	-
ICICI Prudential Mutual Fund		- (2008 : 30,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 39 - 18 Months Plan B Institutional - Growth Option of Rs.10/- each. (30,000,000 units sold during the year)	-	300,000
		- (2008 : 20,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 41 - 16 Months Plan B Institutional - Growth Option of Rs.10/- each. (20,000,000 units sold during the year)	-	200,000
		- (2008 : 12,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 42 - 16 Months Plan B Institutional - Growth Option of Rs.10/- each. (12,000,000 units sold during the year)	-	120,000
		- (2008 : 20,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 43 - 13 Months Plan A Institutional - Growth Option of Rs.10/- each. (20,000,000 units sold during the year)	-	200,000
		- (2008 : 15,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 43 - 13 Months Plan B Institutional - Growth Option of Rs.10/- each. (15,000,000 units sold during the year)	-	150,000
		- (2008 : 10,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 43 - 13 Months Plan D Institutional - Growth Option of Rs.10/- each. (10,000,000 units sold during the year)	-	100,000
		- (2008 : 50,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 44 - 1 Year Plan A Institutional - Growth Option of Rs.10/- each. (50,000,000 units sold during the year)	-	500,000
		- (2008 : 20,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 44 - 1 Year Plan B Institutional - Growth Option of Rs.10/- each. (20,000,000 units sold during the year)	-	200,000
		- (2008 : 25,000,000) Units of ICICI Prudential Fixed Maturity Plan Series 46 - 1 Year Plan A Institutional - Growth Option of Rs.10/- each. (25,000,000 units sold during the year)	-	250,000
	26,793,764	(2008 : Nil) ICICI Flexible income plan premium Daily Dividend reinvestment Units of Rs.100/- each of Liquid fund (26,793,764 units purchased during the year)	2,833,039	-
IDFC Mutual Fund		- (2008 : 20,000,000) Units of IDFC Fixed Maturity Plan - Yearly Series 23 - Plan B - Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
		- (2008 : 30,000,000) Units of IDFC Fixed Maturity Plan - Yearly Series 19 - Growth Option of Rs.10/- each (30,000,000 units sold during the year)	-	300,000

Schedules to Balance Sheet

SCHEDULE 6: INVESTMENTS (Contd.)

[Rs. in Thousands (TINR)]

Investments (Long term, unquoted, unless otherwise stated)	Qty	Particulars	2009	2008
	76,026,099	(2008 : Nil) IDFC Money Manager Fund TP Super IP Plan C- Daily dividend Units of Rs.10/- each of Liquid fund (76,026,099 units purchased during the year)	760,375	-
Franklin Templeton Fund		- (2008 : 40,000,000) Units of Franklin Templeton Fixed Tenure Fund - Series IX - Plan B Growth Plan of Rs.10/- each. (40,000,000 units sold during the year)	-	400,000
		- (2008 : 40,000,000) Units of Franklin Templeton Fixed Tenure Fund - Series IX - Plan C Growth Plan of Rs.10/- each (40,000,000 units sold during the year)	-	400,000
		- (2008 : 30,000,000) Units of Franklin Templeton Fixed Tenure Fund - Series VII - Plan C Growth Plan of Rs.10/- each (30,000,000 units sold during the year)	-	300,000
		- (2008 : 45,000,000) Units of Franklin Templeton Fixed Tenure Fund - Series VIII - Plan C Growth Plan of Rs.10/- each (45,000,000 units sold during the year)	-	450,000
		- (2008 : 30,000,000) Units of Franklin Templeton Fixed Tenure Fund - Series XI - Plan B Growth Plan of Rs.10/- each (30,000,000 units sold during the year)	-	300,000
	313,756,600	(2008 : Nil) Templeton India Ultra short bond fund Super IP- Daily Dividend Units of Rs.10/- each of Liquid fund (313,756,600 units purchased during the year)	3,141,206	-
Tata Mutual Fund		- (2008 : 50,000,000) Units of Tata Fixed Horizon Fund - Series 18 - Scheme B - Growth - Plan of Rs.10/- each (50,000,000 units sold during the year)	-	500,000
Unit Trust of India		- (2008 : 32,287,227) Units of Unit Trust of India Fixed Income Interval Fund - Annual Interval Plan Series Growth Option of Rs.10/- each (32,287,227 units sold during the year)	-	350,000
	255,230	(2008 : Nil) UTI Treasury Advantage fund - Institutional Plan Units of Rs.1,000/- each of Liquid fund (255,230 units purchased during the year)	255,284	-
Reliance Mutual Fund		- (2008 : 20,000,000) Units of Reliance Fixed Horizon Fund VII - Series 1 Institutional Plan Growth Option of Rs.10/- each (20,000,000 units sold during the year)	-	200,000
TOTAL - D			12,654,527	8,420,000
Total - (A+B+C+D)			14,176,119	8,665,268
Notes:				
1. Aggregate of quoted Investments				
Cost			1,350,742	153,768
Market Value			3,627,845	1,367,947
2. Aggregate of unquoted Investments				
Cost			12,825,377	8,511,500

Schedules to Balance Sheet

SCHEDULE 7: INVENTORIES

[Rs. in Thousands (TINR)]

	2009	2008
Raw materials and components	1,530,799	1,773,300
Work-in-progress	832,124	939,580
Finished goods	1,197,597	907,366
Trade goods	1,786,476	1,635,893
Stores and spares	67,310	106,733
Loose tools	97,495	117,854
	<u>5,511,801</u>	<u>5,480,726</u>

Inventory includes Goods in Transit TINR 1,326,521 (2008: TINR 1,340,132)

SCHEDULE 8: SUNDRY DEBTORS

[Rs. in Thousands (TINR)]

	2009	2008
<i>Unsecured, considered good</i>		
Debts outstanding for a period exceeding six months	207,323	425,969
Other debts	5,625,956	6,569,135
	<u>5,833,279</u>	<u>6,995,104</u>
<i>Unsecured, considered doubtful</i>		
Debts outstanding for a period exceeding six months	278,870	47,088
Less : Provision for doubtful debts	(278,870)	(47,088)
	<u>5,833,279</u>	<u>6,995,104</u>

SCHEDULE 9: CASH AND BANK BALANCES

[Rs. in Thousands (TINR)]

	2009	2008
Cash on hand [including Cheques on hand and remittance in transit TINR 269,247 (2008: TINR 245,312)]	270,212	247,816
Balances with Scheduled Banks		
In current accounts	114,487	156,178
In dividend accounts	7,801	6,380
In deposit accounts	10,285,200	10,297,750
	<u>10,677,700</u>	<u>10,708,124</u>

Schedules to Balance Sheet

SCHEDULE 10: LOANS AND ADVANCES [Refer Note 12 of Schedule 18]
(Unsecured considered good, unless otherwise stated)

[Rs. in Thousands (TINR)]

	2009	2008
Advances recoverable in cash or in kind or for value to be received.		
Secured	132,188	124,174
Unsecured*	1,450,769	1,773,430
*[Includes due from a subsidiary, MICO Trading Private Limited TINR 132 (2008:TINR 129)]	1,582,957	1,897,604
Inter corporate deposit	2,500,000	1,150,000
Other deposits	224,360	215,178
Inter corporate loan	800,000	500,000
Balances with Customs, Port Trust and Excise Authorities etc.	368,325	454,531
	5,475,642	4,217,313

SCHEDULE 11: CURRENT LIABILITIES

[Rs. in Thousands (TINR)]

	2009	2008
Sundry creditors		
Dues of		
- Micro Enterprises and Small Enterprises [Refer Note 28 of Schedule 18]	51,967	166,809
- Others	6,099,231	5,945,213
	6,151,198	6,112,022
Advance from customers	350,298	254,557
Unclaimed dividend #	7,801	6,380
Other liabilities	2,036,027	1,203,753
	8,545,324	7,576,712

There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 12: PROVISIONS

[Rs. in Thousands (TINR)]

	2009	2008
Taxation, less advance payments (including Fringe Benefit Tax)	143,768	378,440
Proposed Final dividend (including dividend distribution tax)	1,102,054	936,688
Employee Benefits	1,357,084	1,159,985
Trade demand and Others	892,474	506,439
Warranty	1,162,240	1,370,659
	4,657,620	4,352,211

Schedules to Profit and Loss Account

SCHEDULE 13: INTEREST

[Rs. in Thousands (TINR)]

	2009	2008
Interest income :		
Non trade Investments (Gross) [Tax deducted at source NIL (2008 : NIL)]	83,779	28,656
Banks and other accounts (Gross) [Tax deducted at source TINR 178,854 (2008 : TINR 183,961)]	1,233,600	1,338,261
	1,317,379	1,366,917
Less : Interest expense :		
Banks and other accounts	11,869	87,325
	11,869	87,325
	1,305,510	1,279,592

SCHEDULE 14: OTHER INCOME

[Rs. in Thousands (TINR)]

	2009	2008
Sale of scrap	128,759	180,419
Dividend from non-trade investments		
- Current	-	-
- Long term	180,141	179,545
	180,141	179,545
Profit on sale/redemption of investments (Net)		
- Current	-	495
- Long term	923,512	1,125,149
	923,512	1,125,644
Rent	298,444	257,488
Custom duty rebate	95,170	203,502
Provisions/Liabilities no longer required written back	1,359,011	855,435
Miscellaneous income	279,952	128,883
Exchange Gain (Net)	82,151	221,334
Profit on sale of fixed assets (Net)	7,958	25,316
	3,355,098	3,177,566

SCHEDULE 15: MATERIALS CONSUMED

[Rs. in Thousands (TINR)]

	2009	2008
Raw materials and components		
Opening stock	1,773,300	1,467,750
Purchases	15,633,383	16,313,231
	17,406,683	17,780,981
Less : Closing stock	1,530,799	1,773,300
	15,875,884	16,007,681
Trade goods		
Opening stock	1,635,893	1,484,858
Purchases	9,569,950	8,482,270
	11,205,843	9,967,128
Less : Closing stock	1,786,476	1,635,893
	9,419,367	8,331,235
Change in work-in-progress and finished goods		
Opening stock		
Work-in-progress	939,580	705,526
Finished goods	907,366	957,887
	1,846,946	1,663,413
Closing stock		
Work-in-progress	832,124	939,580
Finished goods	1,197,597	907,366
	2,029,721	1,846,946
	(182,775)	(183,533)
	25,112,476	24,155,383

Schedules to Profit and Loss Account

SCHEDULE 16: OPERATING EXPENSES

[Rs. in Thousands (TINR)]

	2009	2008
Personnel costs		
Salaries, wages, bonus, separation costs etc.	5,149,381	4,360,010
Contributions to provident and other funds	481,845	419,831
Welfare	510,618	527,763
	<u>6,141,844</u>	<u>5,307,604</u>
Tools consumed	1,098,460	1,161,185
Stores consumed	515,752	625,174
Power	560,220	538,339
Repairs and maintenance		
Machinery	620,056	637,945
Buildings	506,987	510,671
Others	298,450	300,409
	<u>1,425,493</u>	<u>1,449,025</u>
Royalty and technical service fee	513,872	509,099
Rent	179,184	134,265
Rates, taxes and licences	238,246	166,565
Commission on sales	49,520	31,796
Insurance	38,275	37,279
Packing, freight and forwarding	1,005,278	924,598
Warranty and service expenses	846,890	681,061
Travelling and conveyance	495,113	748,087
Legal and other professional expenses	655,871	522,653
Advertisement and Sales Promotion expenses	1,145,076	838,380
Miscellaneous expenses	1,919,490	1,345,589
	<u>16,828,584</u>	<u>15,020,699</u>

SCHEDULE 17: R & D EXPENSES/INCOME*

[Rs. in Thousands (TINR)]

	2009	2008
R & D Expenses:		
Materials Consumed	15,011	56,709
Employee Cost	281,936	263,597
Other Expenses	175,616	516,423
	<u>472,563</u>	<u>836,729</u>
R & D Income:		
Income from services	(540,135)	(561,758)

* Relating to DSIR approved R & D facilities, considered eligible for certain Income Tax benefit.

Notes on accounts

SCHEDULE 18 : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009.

1. Significant accounting policies :

(a) Accounting basis and convention:

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

(b) Revenue Recognition:

Sale of goods is recognised on despatch of goods to customers and is recorded net of trade discounts, claims, etc., as considered appropriate. Interest on investments and deposits is recognised on a time proportion basis. Dividend income is accounted for when it is declared. Income from services is recognised on rendering of services based on agreements/arrangements with the concerned parties.

(c) Fixed assets:

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

(d) 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 government bonds is amortised over the residual period of such bonds.

(e) Depreciation:

(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 :

	Useful life (in years)
Buildings :	
Residential :	59
Factory/Office :	29
Plant and Machinery :	
General :	6
Data Processing Equipment :	3
Furniture and Equipment :	8
Motor Vehicles :	5

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

- (ii) In respect of assets which are not directly connected with the production activity such as Research and Development assets, pollution control and energy saving devices and low value assets not exceeding Rs. 15,000/- per unit, depreciation is provided 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 is amortized over the lease term.

Notes on accounts

(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 cost.

(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 benefits like 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 to defined contribution schemes such as Provident Fund, Superannuation Fund etc., are recognised as expenses in the period in which the employee renders the related service. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust 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. In respect of contributions made to government administered Provident Fund, the Company has no further obligations beyond its monthly contributions. The Company also provides for post employment defined benefit in the form of gratuity. The cost of providing 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 Profit and Loss Account.

(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, mainly 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 benefits and defined benefit plans is discounted to the present value, using the yield on government bonds as the discounting rate, as on the date of the balance sheet.

Actuarial gains and losses in respect of the same are charged to the Profit and Loss Account.

(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 of such monetary assets and liabilities are recognised in the Profit and Loss Account. In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract.

(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 profit and loss account on a straight line basis over the lease term.

(j) Income Tax :

(i) Current Taxation:

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

Notes on accounts

(ii) Deferred Taxation:

Deferred income tax is provided, on all timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. 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 asset 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) Fringe Benefit Tax:

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

(l) 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 recoverable amount an impairment loss is recognised in the profit and loss account to the extent the carrying amount exceeds recoverable amount.

(m) 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.

(n) 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.

2. Pursuant to the buyback announcement on December 08, 2008, the company has bought back 652,560 fully paid up equity shares (including 26,589 fully paid up equity shares bought back in the year 2008). The buyback offer closed on October 23, 2009.

Details of total shares bought back during the year 2009 are as follows :

	No. of Shares	Face Value per share	Amount in INR
Face value of shares bought back and extinguished (transferred to Capital Redemption Reserve by appropriation from Profit and Loss account)	625,971 (26,589)	10	6,260 (266)
Premium paid on the above adjusted to General Reserve			1,915,104 (81,205)
Total			1,921,364 (81,474)

* Figures in brackets related to previous year.

3. During the previous year, appropriation of profit towards dividend was made based on the number of shares outstanding as at December 31, 2008. Consequent to the buyback, the actual amount of dividend distributed, however, was based on the number of equity shares outstanding as at the record date, i.e. May 08, 2009. The excess appropriation made in the year 2008 towards dividend (and tax thereon) has been reversed in the current year.

Notes on accounts

4. Disclosure on Retirement Benefits as required in Accounting Standard (AS) 15 on "Employee Benefits" are given below:

(a) Post Retirement Benefit - Defined Contribution Plans

The Company has recognised an amount of TNR 316,669 (2008 : TNR 301,837) as expense under the defined contribution plans in the Profit and Loss account.

(b) Post Retirement Benefit - Defined Benefit Plans

The Company makes annual contributions to the Mico Employees' Gratuity Fund, a funded defined benefit plan for qualifying employees. The 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 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.

[Rs. in Thousands (TNR)]

	2009	2008
(i) Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation		
Obligations at the beginning of the year	1,787,694	1,622,800
Service Cost	137,846	104,252
Interest Cost	134,098	104,471
Benefits Settled	(87,800)	(97,000)
Actuarial (gain)/loss	17,056	51,676
Past Service Cost	1,367	1,495
Obligations at the end of the year	1,990,261	1,787,694
(ii) Change in Plan Assets		
Plan assets at fair value at the beginning of the year	1,671,163	1,611,100
Expected return on plan assets	129,611	117,600
Actuarial gain/(loss)	(4,420)	26,300
Asset distributed on settlements	-	-
Contributions	116,500	13,163
Benefit Settled	(87,800)	(97,000)
Plan assets at fair value at the end of the year	1,825,054	1,671,163
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets		
Present value of obligation at the end of the year	1,990,261	1,787,694
Fair value of plan asset at the end of the year	1,825,054	1,671,163
Amount recognised in the Balance Sheet	165,207	116,531
(iv) Expenses recognised in the Profit and Loss Account		
Service Cost	137,846	104,252
Interest Cost	134,098	104,471
Expected return on plan assets	(129,611)	(117,600)
Actuarial (gain)/loss	21,476	25,376
Past Service Cost	1,367	1,495
Net Cost	165,176	117,994

Notes on accounts

	2009	2008
(v) Investment Details	<i>% Invested</i>	
Government of India Securities	26.11	27.26
State Government Securities	23.26	17.62
Public Sector Securities	33.38	37.18
Private Sector Securities	1.15	0.76
Treasury Bill	0.39	-
Special Deposit Scheme	15.71	17.18
Total	100.00	100.00
(vi) Assumptions		
Discount factor (Note 1)	7.7%	6.4%
Estimated Rate of return on plan assets (Note 2)	7.7%	6.4%
Attrition rate	2%	2%
Rate of escalation in salary per annum (Note 3)	6.5%	6.5%
Retirement Age	58 / 60	58 / 60

(vii) Contribution expected to be paid to the Mico Employees' Gratuity Fund within next year is TINR 165,207 (2008: TINR 116,531).

(c) Long term compensated absences : Principal Actuarial Assumptions

	2009	2008
Discount factor (Note 1)	7.7%	6.4%
Attrition rate	2%	2%
Rate of escalation in salary per annum (Note 3)	6.5%	6.5%
Retirement Age	58 / 60	58 / 60

Notes:

1. The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
2. 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.
3. 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 on accounts

5. 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 revenue/ expenditure and assets/liabilities in individual segments. These are as set out in the note on significant accounting policies. The inter-segment sales are recorded at cost.

a) Details of Primary Segment

[Rs. in Thousands (TINR)]

	2009		2008		2009		2008	
	Revenue	Result	Assets	Liabilities	Revenue	Result	Assets	Liabilities
Revenue								
External Sales	42,470,579	40,766,919	5,027,161	4,649,569	-	-	47,497,740	45,416,488
Inter-Segment Sales	-	-	155,661	291,037	(155,661)	(291,037)	-	-
Total Revenue	42,470,579	40,766,919	5,182,822	4,940,606	(155,661)	(291,037)	47,497,740	45,416,488
Result								
Segment Result	5,626,692	6,067,569	339,280	603,763	-	-	5,965,972	6,671,332
Unallocated Corporate income (net of expense)							662,672	614,729
Operating Profit							6,628,644	7,286,061
Add: Interest Income							1,317,379	1,366,917
Less: Interest Expenses							11,869	87,325
Less: Income Taxes (Net)							2,027,686	2,227,004
Net Profit							5,906,468	6,338,649
Other Information								
Segment Assets	17,100,604	20,256,884	1,609,002	1,759,401	-	-	18,709,606	22,016,285
Unallocated Corporate Assets							31,188,753	23,510,866
Total Assets							49,898,359	45,527,151
Segment Liabilities	10,761,929	9,129,283	1,055,209	1,176,723	-	-	11,817,138	10,306,006
Unallocated Corporate Liabilities							4,228,940	4,266,588
Total Liabilities							16,046,078	14,572,594
Capital Expenditure	1,247,598	3,961,039	29,373	79,544				
Depreciation	2,878,116	2,857,868	32,754	37,626				
Non Cash Expenses other than Depreciation	-	-	-	-				

(b) Details of Secondary Segment

Revenue from geographical segment is based on location of its customers and total carrying amount of assets and total cost incurred during the period to acquire fixed assets is based on geographical locations of the assets.

[Rs. in Thousands (TINR)]

Geographical Segment	Sales		Carrying cost of assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
India	41,643,149	38,571,942	48,817,656	44,205,411	1,446,178	4,335,567
Outside India	5,854,591	6,844,546	1,080,703	1,321,740	-	-
Total	47,497,740	45,416,488	49,898,359	45,527,151	1,446,178	4,335,567

Notes on accounts

6. Related Party Transactions:

[Rs. in Thousands (TINR)]

Particulars	Holding Company		Fellow Subsidiary Companies		Total	
	2009	2008	2009	2008	2009	2008
Sales	2,895,545	5,300,413	2,403,946	994,826	5,299,491	6,295,239
Services rendered:						
- Rent Received	-	-	298,432	257,474	298,432	257,474
- Others (including reimbursements)	577,347	590,700	290,700	149,711	868,047	740,411
Purchases of :						
- Fixed Assets	192,253	1,279,826	74,651	510,873	266,904	1,790,699
- Goods	6,276,829	6,126,149	3,141,993	3,157,552	9,418,822	9,283,701
Dividend paid (Cash basis)	558,736	558,736	-	-	558,736	558,736
Services received:						
- Royalty and Technical Service fees	508,285	502,831	5,587	6,268	513,872	509,099
- Professional, consultancy and other charges	920,738	648,774	442,158	478,242	1,362,896	1,127,016
Interest Received	-	-	92,284	50,615	92,284	50,615
Sale of Business divisions	-	-	20,758	-	20,758	-
Sale of Investment	-	-	19,110	-	19,110	-
Loan given during the year	-	-	300,000	130,000	300,000	130,000
Inter Corporate Loan Receivable	-	-	800,000	500,000	800,000	500,000
Sundry Debtors	339,769	828,001	740,802	374,024	1,080,571	1,202,025
Sundry Creditors	2,067,816	1,891,498	997,517	1,011,735	3,065,333	2,903,233
Amount Written back	47	-	349	10,387	396	10,387

Holding Company : Robert Bosch GmbH, Germany**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 Pvt Ltd, India
 Bosch Automotive Products (Changsha) Co., Ltd., China
 Bosch Automotive Products (Suzhou) Co. Ltd., China
 Bosch Automotive Thailand Co. Ltd., Thailand
 Bosch Chassis Systems India Ltd, India
 Bosch Corporation, Japan
 Bosch Diesel, s.r.o., Czech Republic
 Bosch Electrical Drives Co., Ltd., South Korea
 Bosch Electrical Drives India Pvt Ltd, India
 Bosch Engineering GmbH, Germany
 Bosch Management Support GmbH, Germany
 Bosch Packaging Services AG, Switzerland
 Bosch Packaging Technology (Hangzhou) Co., Ltd., China
 Bosch Packaging Technology (Singapore) Pte. Ltd., Singapore
 Bosch Packaging Technology, Inc., United States
 Bosch Power Tools (China) Ltd., China
 Bosch Rexroth India Ltd., India
 Bosch Rexroth AG, Germany
 Bosch Rexroth Corporation, United States
 Bosch Rexroth Electric Drives and Controls (Shenzhen) Co., Ltd., China
 Bosch Rexroth Electric Drives and Controls GmbH, Germany
 Bosch Rexroth Fluidtech S.A.S., France
 Bosch Rexroth Ltda., Brazil
 Bosch Rexroth Otomasyon Sanayi ve Ticaret A.S., Turkey
 Moehwald GmbH, Germany
 Nanjing Huade Spark Plug Co., Ltd., China
 Nanjing Bovon Power Tools Co., China
 OOO Bosch Rexroth, Russian Federation
 Precision Seals Mfg Ltd, India
 Robert Bosch (Australia) Proprietary Limited, Australia
 Robert Bosch (France) S.A.S., France
 Robert Bosch (Malaysia) SDN. BHD., Malaysia
 Robert Bosch (Proprietary) Limited, South Africa
 Robert Bosch (South East Asia) Pte. Ltd., Singapore
 Robert Bosch AG, Austria
 Robert Bosch Argentina Industrial S.A., Argentina
 Robert Bosch Car Multimedia Holding GmbH, Germany
 Robert Bosch Company Limited, China
 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 Espana Fabrica Castellet S.A., Spain
 Robert Bosch Espana Fabrica Madrid, S.A., Spain
 Robert Bosch Espana Fabrica Treto, S.A., 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., South Korea
 Robert Bosch Korea Mechanics and Electronics Ltd., South Korea
 Robert Bosch Limitada, Brazil

Notes on accounts

Bosch Sanayi ve Ticaret A.S., Turkey	Robert Bosch Limited, Great Britain
Bosch Security Systems B.V., Netherlands	Robert Bosch Limited, Thailand
Bosch Security Systems Inc., United States	Robert Bosch LLC, United States
Bosch Sicherheitssysteme GmbH, Germany	Robert Bosch Middle East FZE, Dubai
Bosch Techniques d'Emballage S.A.S., France	Robert Bosch Packaging Technology B.V., Netherlands
Bosch Thermotechnik GmbH, Germany	Robert Bosch Power tools SDN BHD, Malaysia
Bosch Trading (Shanghai) Co., Ltd., China	Robert Bosch Sistemas de Frenos, S.A. de C.V., Mexico
Bosch Transmission Technology B.V., Netherlands	Robert Bosch Tecnologia de Embalagem Ltda., Brazil
BSH Bosch und Siemens Hausgeräte GmbH, Germany	Robert Bosch, S. de R.L. de C.V., Mexico
BT Magnet-Technologie GmbH, Germany	Robert Bosch, spol. s r.o., Czech Republic
Centro Studi Componenti Per Veicoli S.p.A., Italy	Scintilla AG, Switzerland
Erphi Electronic GmbH, Germany	SICAM S.r.l., Italy
ETAS Automotive India Private Ltd., India	Tecnologie Diesel e Sistemi Frenanti S.p.A., Italy
ETAS Entwicklungs- und Applik.elektronische Systeme GmbH, Germany	Telex EVI Audio (Hong Kong) Co. Ltd, China
MIVIN Engineering Technologies Private Limited, India	United Automotive Electronic Systems Co., Ltd., China
	Weifu High Technology Co., Ltd., China

Note : The information disclosed is based on the names of the parties as identified by the management.

Subsidiary of the company: MICO Trading Private Limited. Transaction details below. (Rs. in Thousands)
Reimbursement of expenses - 3 (2008:26) ; Receivable - 132 (2008:129)

Key Management Personnel: Mr. V.K. Viswanathan, Mr. M. Lakshminarayan (Upto 31.12.2008), Dr. F. Allerkamp (Upto 31.12.2008), Dr. A. Hieronimus (Upto 31.01.2008), Dr. Manfred Duernholz

	[Rs. in Thousands (TINR)]	
	2009	2008
Remuneration paid during the year:		
Dr. A. Hieronimus	-	6,116
Mr. V.K. Viswanathan	24,213	18,113
Mr. M. Lakshminarayan	-	19,590
Dr. F. Allerkamp	-	28,621
Dr. Manfred Duernholz	24,732	25,368
	<u>48,945</u>	<u>97,808</u>
Rent paid during the year		
Mr. V.K. Viswanathan	363	363
Mr. M. Lakshminarayan	-	349
Unpaid Commission as at year end	18,242	23,166
Loan and Advances transactions		
Loan/Advances given during the year	-	2,509
Recovery during the year	1,619	3,752
Amount outstanding at the year end	4,222	5,841

Joint Venture : MHB Filter India Private Ltd., Transaction details below. (Rs. in Thousands)

Sales - TINR 11,009 (2008: Nil), Purchases - TINR 331,868 (2008 : TINR 136,167), Services rendered - TINR 3,100 (2008 : TINR 3,011)
Receivables - TINR 3,636 (2008: TINR 251), Payables - TINR 32,731 (2008 : TINR 21,943)

Other entity under control of the Company: Bosch India Foundation, Transaction details below. (Rs. in Thousands)
Donation: TINR 14,500 (2008: TINR 31,575), Amount payable: TINR 14,875 (2008: TINR 16,175)

Names of fellow subsidiaries having transaction value in excess of 10% in line transactions

Sales - Robert Bosch Korea Diesel Ltd, South Korea TINR 1,021,757
Rent received - Robert Bosch Engineering and Business Solutions Limited, India TINR 254,375
- Bosch Automotive Electronics India Pvt Ltd, India TINR 44,057
Professional, consultancies and other services received - Robert Bosch Engineering and Business Solutions Ltd., India TINR 252,925
Interest received - Bosch Rexroth (India) Ltd, India TINR 80,098, MIVIN Engineering Technology Ltd., India TINR 12,186
Sale of business divisions - Bosch Chassis Systems India Ltd, India TINR 2,500, Bosch Electrical Drives India Pvt Ltd, India TINR 18,258
Sale of Investment - Bosch Rexroth (India) Ltd, India TINR 19,110
Loan given - Bosch Rexroth India Ltd, India TINR 300,000

Notes on accounts

7. 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 Profit and Loss Account for the year is TNR 179,184 (2008 : TNR 134,265).

Disclosure in respect of Non-Cancellable Lease is as given below:

	[Rs. in Thousands (TNR)]	
Future minimum lease payments	2009	2008
- Not later than 1 year	7,308	12,528
- Later than 1 year and not later than 5 years	-	7,308

(c) Operating Lease Income :

Rental income received during the year in respect of operating lease is TNR 298,444 (2008 : TNR 257,488).

Details of assets given on operating lease as of December 31, 2009 are as below:

	[Rs. in Thousands (TNR)]							
	Gross Book		Accumulated Depreciation		Written down value		Depreciation for the year	
	2009	2008	2009	2008	2009	2008	2009	2008
Buildings	707,708	707,708	362,128	323,728	345,580	383,980	38,398	42,168
Plant and Machinery	358,901	275,791	298,132	253,108	60,769	22,683	45,473	10,415
Furniture & Equipment	82,106	81,046	76,839	74,600	5,267	6,446	2,240	2,304
Total	1,148,715	1,064,545	737,099	651,436	411,616	413,109	86,111	54,887

8. Earnings Per Share :

	[Rs. in Thousands (TNR)]	
	2009	2008
Profit attributable to equity shareholders	5,906,468	6,338,649
Weighted average number of Equity Shares outstanding during the year	31,555,295	32,051,141
Nominal value of Equity Shares (Rs.)	10	10
Basic and Diluted Earnings per Share (Rs.)	187	198

9. Deferred tax asset (net) is in respect of :

	[Rs. in Thousands (TNR)]	
	2009	2008
(a) Difference between books and Income tax written down value of depreciable fixed asset.	1,494,799	1,179,462
(b) Expenses debited to the Profit and Loss Account 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.	519,201	517,942
	2,014,000	1,697,404

Notes on accounts

10. Details of Company's share in the joint venture Assets, Liabilities, Income 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%

	[Rs. in Thousands (TINR)]	
	2009	2008
ASSETS		
Fixed Assets	46,573	34,882
Capital Work in Progress	19,037	52
Investments	30,634	9,680
Deferred Tax Assets	17,514	7,663
<u>Current Assets, Loans & Advances</u>		
Inventories	11,619	12,974
Sundry Debtors	11,759	13,805
Cash and Bank Balances	6,810	3,147
Loans and Advances	7,224	4,634
LIABILITIES		
<u>Current Liabilities & Provisions</u>		
Current Liabilities	22,739	18,176
Provisions	302	199
INCOME		
Sales	71,377	27,965
Other Income	7,584	12,179
EXPENDITURE		
Materials Consumed	57,914	23,351
Operating Expenses	44,444	23,943
Depreciation	4,977	2,614
Other Matters		
Contingent Liabilities	-	379
Capital Commitment	15,040	490

11. Disclosures under Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets"

[Rs. in Thousands (TINR)]				
Description	As at 31.12.2008	Additions during the year	Utilised/Reversed during the year	As at 31.12.2009
Trade Demand and Others (Note 1)	506,439	587,805	201,770	892,474
Warranty (Note 2)	1,370,659	846,890	1,055,309	1,162,240

Notes:

1. 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.
2. 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 2 to 3 years.

Notes on accounts

12. Disclosure under Clause 32 of Listing Agreement :
Loans and Advances (Schedule 10) includes :

[Rs. in Thousands (TINR)]

	Outstanding		Maximum amount outstanding	
	2009	2008	2009	2008
Inter Corporate Loan				
- Bosch Rexroth (India) Ltd.,	700,000	400,000	700,000	400,000
- MIVIN Engg. Technologies Private Ltd.,	100,000	100,000	100,000	100,000
Non/Low interest bearing loans to employees/directors	291,694	362,190	362,190	435,906

[Rs. in Thousands (TINR)]

13. Contingent liabilities :

(a) Claims against the Company not acknowledged as debts:

(i) Excise / Customs	Net of tax	232	232
	Gross	352	352
(ii) Service Tax	Net of tax	-	3,151
	Gross	-	4,774
(iii) Octroi	Net of tax	-	1,312
	Gross	-	1,987

(b) Guarantees given by Banks on behalf of the Company

200,486 178,765

(c) Bills Discounted not matured

1,064,635 607,517

(d) Certain industrial disputes are pending before various judicial authorities - amounts not ascertainable.

14. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)

1,033,309 1,185,619

15. Advances include dues from directors and an officer of the Company

4,272 6,465

Maximum amount due from directors and an officer of the Company at any time during the year

6,465 10,340

Notes on accounts

		[Rs. in Thousands (TINR)]	
		2009	2008
16.	(a) Managerial remuneration :		
	(i) Remuneration to wholetime directors :		
	Salary	25,169	51,252
	Commission on profits	18,242	31,790
	Contribution to provident and other funds *	3,121	6,158
	Other perquisites	2,413	8,608
		<u>48,945</u>	<u>97,808</u>
	(ii) Directors' sitting fee	170	175
	(iii) Commission to non-wholetime directors	2,425	1,975
		<u>51,540</u>	<u>99,958</u>

* Provision for / contribution to group gratuity which is based on actuarial valuation done on an overall company basis is excluded.

		[Rs. in Thousands (TINR)]	
		2009	2008
	(b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.		
	Profit before taxation	7,934,154	8,565,653
Add:	Managerial remuneration	51,540	99,958
	Depreciation charged in the accounts	3,036,330	3,024,614
	Net profit/(loss) on fixed assets sold or discarded under Section 350	(49,558)	(4,539)
		<u>10,972,466</u>	<u>11,685,686</u>
Less:	Depreciation as per Section 350	2,475,845	2,285,039
	Profit on sale of fixed assets (Net)	7,958	25,316
	Profit/(loss) on sale of investments (Net)	923,512	1,125,644
		<u>3,407,315</u>	<u>3,435,999</u>
	Net profit	<u>7,565,151</u>	<u>8,249,687</u>
	Commission to Wholetime directors (% of Net profit)	18,242 0.24	31,790 0.39
	Commission to Wholetime directors restricted to 10% of Net Profit.		
	Commission to Non-wholetime directors (% of Net profit)	2,425 0.03	1,975 0.02
	Commission to Non-Wholetime directors restricted to 1% of Net profit or TINR 4,000 whichever is lower.		

Notes on accounts

17. Miscellaneous expenses include : [Rs. in Thousands (TINR)]

	2009	2008
(a) Remuneration to auditors :		
Audit fee	3,916	3,387
Taxation matters and Tax audit fees	1,252	1,193
Other services	1,661	1,606
Reimbursement of expenses	550	550
Note : Excludes Service tax.		
(b) Donations	18,667	37,495
(c) Bad debts written off	42,567	2,507
(d) Provision for doubtful debts	262,920	21,611
(e) Cash discount to customers	182,226	143,031

18. Particulars of Gross Sales : [Rs. in Thousands (TINR)]

Products	Unit	2009		2008	
		Quantity	Value	Quantity	Value
Fuel Injection Equipment	Pcs.('000)	2,674	15,687,264	2,892	18,248,976
Injectors, Nozzles and Nozzle holders	Pcs.('000)	16,298	11,285,859	16,186	10,721,858
Auto Electricals	Pcs.('000)	1,361	2,885,829	1,477	3,409,621
Portable Electric Power tools	Pcs.('000)	450	1,811,043	348	1,509,335
Filter and Filter Inserts	Pcs.('000)	28,281	2,270,100	25,790	2,079,165
Spark Plugs	Pcs.('000)	20,585	656,331	18,854	604,797
Security Systems	Pcs.('000)	301	834,869	343	1,011,092
Blaupunkt	Pcs.('000)	106	71,463	186	339,175
Lubricating oil	Kilo litres	10,518	938,933	8,067	694,005
Spares and Components :					
- Fuel Injection Equipment			8,371,054		7,565,720
- Portable Electric Power Tools			1,729,105		1,485,785
- Gasoline Systems			1,600,515		931,868
- Auto Electricals			847,109		749,858
Others			1,264,503		976,442
			<u>50,253,977</u>		<u>50,327,697</u>

Notes:

1. The quantitative information of sale of spares and components and others have not been given as these comprise of numerous items.
2. The above quantity is after adjusting for free issues etc.

Notes on accounts

19. Purchase of Trade goods :

[Rs. in Thousands (TINR)]

Products	Unit	2009		2008	
		Quantity	Value	Quantity	Value
Fuel Injection Equipment	Pcs ('000)	12	398,654	6	141,549
Portable Electric Power Tools	Pcs ('000)	159	941,113	180	1,264,068
Filter and Filter Inserts	Pcs ('000)	28,175	1,471,094	26,654	1,507,984
Security Systems	Pcs ('000)	307	521,868	335	680,298
Blaupunkt	Pcs ('000)	26	28,129	226	318,676
Lubricating oil	Kilo litres	10,357	699,473	7,901	615,867
Spares and Components					
- Fuel Injection Equipment			1,260,295		2,100,955
- Portable Electric Power Tools			1,018,868		543,614
- Gasoline Systems			1,594,050		888,653
Others			1,411,471		417,313
Goods in transit (Net)			224,935		3,293
			9,569,950		8,482,270

Note:

1. The quantitative information of stock of spares and components and others have not been given as these comprise of numerous items.

20. Installed Capacity and Production :

Products	Unit	Installed Capacity		Production	
		2009	2008	2009	2008
Fuel Injection Equipment	Pcs. ('000)	3,474	3,710	2,709	2,885
Injectors, Nozzles and Nozzle Holders	Pcs. ('000)	20,340	19,335	16,427	16,391
Auto Electricals	Pcs. ('000)	2,533	1,699	1,399	1,483
Portable Electric Power Tools	Pcs. ('000)	424	424	288	198
Spark Plugs	Pcs. ('000)	23,100	23,100	20,068	19,222
Special Purpose Machines	Nos.	96	96	77*	73*
Packaging Machines	Nos.	173	170	154	127
Spares and Components	Pcs. ('000)	21,639	20,583	19,943	20,163

Notes:

1. Installed capacity is as certified by the management and relied upon by the auditors' without verification as this is a technical matter.
2. A part of installed capacity of spares and components is used as OE fitment in Fuel Injection Equipments.

* Includes use for captive consumption.

Notes on accounts

21. Opening and Closing Stocks of Manufactured and Trade goods : [Rs. in Thousands (TINR)]

Products	Unit	2009		2008	
		Quantity	Value	Quantity	Value
Fuel Injection Equipment	Pcs ('000)	67 (20)	316,583 (86,030)	20 (21)	86,030 (91,845)
Injectors, Nozzles and Nozzle holders	Pcs ('000)	902 (773)	284,143 (177,639)	773 (568)	177,639 (162,769)
Auto Electricals	Pcs ('000)	60 (22)	97,061 (29,460)	22 (16)	29,460 (12,097)
Portable Electric Power Tools	Pcs ('000)	79 (82)	360,616 (405,975)	82 (52)	405,975 (244,095)
Filter and Filter Inserts	Pcs ('000)	2,156 (2,262)	108,561 (113,408)	2,262 (1,398)	113,408 (81,642)
Spark Plugs	Pcs ('000)	1,176 (1,693)	27,276 (31,017)	1,693 (1,325)	31,017 (23,436)
Security Systems	Pcs ('000)	32 (26)	31,671 (36,848)	26 (34)	36,848 (33,180)
Blaupunkt	Pcs ('000)	- (199)	- (42,945)	199 (159)	42,945 (52,211)
Lubricating oil	Kilo litres	1,295 (1,456)	70,267 (97,501)	1,456 (1,622)	97,501 (76,400)
Spares and Components			530,889 (533,144)		533,144 (599,483)
Others			194,274 (119,322)		119,322 (111,643)
Goods in transit			775,121 (648,551)		648,551 (694,362)
Excise Duty on above			187,611 (221,419)		221,419 (259,582)
			2,984,073 (2,543,259)		2,543,259 (2,442,745)

Notes:

1. The quantitative information of stock of spares and components and others have not been given as these comprise of numerous items.
2. Net of shortage/excess/adjustment etc.
3. Figures in brackets relate to the previous year.

Notes on accounts

22. Consumption of raw materials and components :

[Rs. in Thousands (TINR)]

	Unit	2009		2008	
		Quantity	Value	Quantity	Value
Components			13,980,277		13,710,620
Steel	Tonnes	1,691	97,366	2,119	128,157
Others			1,798,241		2,168,904
			15,875,884		16,007,681

Notes:

1. The quantitative information on consumption of components and others have not been given as these comprise of numerous items.
2. Net of shortage/excess/adjustment etc.

23. Value of imported and indigenous Raw Materials, Stores, Spares and Components consumed: [Rs. in Thousands (TINR)]

	2009		2008	
	Value	%	Value	%
Imported (including customs duty)	8,053,973	47	7,766,521	45
Indigenous	9,113,748	53	9,334,573	55
	17,167,721	100	17,101,094	100

[Rs. in Thousands (TINR)]

	2009	2008
24. C.I.F. Value of imports :		
Raw materials	6,111,857	6,919,750
Components, spare parts, etc.,	560,930	791,627
Capital goods	630,282	2,317,558
Trade goods	6,242,279	5,167,558
	13,545,348	15,196,493
25. Expenditure in foreign currency :		
Royalty and Technical service fee (net of tax)	462,484	458,193
Professional fees, Travelling, trainees' expenses, etc.	985,256	789,809
	1,447,740	1,248,002
26. Earnings in foreign exchange :		
F.O.B. value of exports	5,854,591	6,844,546
Royalty & Technical Fees	-	15,962
Others including professional fees etc.	732,326	648,406
	6,586,917	7,508,914

Notes on accounts

27. Remittances in foreign currency on account of dividends to non-resident shareholders :

[Rs. in Thousands (TINR)]

				2009	2008
No. of shareholders	No. of Shares	Face Value (Rs.)	Particulars		
1	22,349,420	10	Final 2007	-	558,736
	22,349,420	10	Final 2008	558,736	-
				558,736	558,736

28. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.

[Rs. in Thousands (TINR)]

		2009	2008
-	The amount, due and remaining unpaid, as at the balance sheet date		
-	- Principal	48,567	165,532
-	- Interest thereon	3,400	1,277
-	The amount of Interest paid on all delayed payments during the year	-	-
-	Interest due on Principal amounts paid beyond the due date during the year but without interest	-	-
-	Interest accrued but not due as at balance sheet date	2,123	917
-	Total interest due but not paid	-	-

Note: The above information has been furnished to the extent such parties have been identified by the Company.

29. Previous year's figures have been regrouped/recast, wherever necessary, to conform to current year's classifications.

Signature to Schedule 1 to 18

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

A. Vijay Shankar
Company Secretary

For and on behalf of the Board

Dr. A. Hieronimus V.K. Viswanathan
B. Steinruecke Dr. Manfred Duernholz
Prasad Chandran

Directors

Balance Sheet Abstract

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No.
 Balance Sheet Date State Code
 Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
 Total Assets

Source of Funds

Paid-up Capital
 Reserves & Surplus
 Secured Loans
 Unsecured Loans

Application of Funds

Net Fixed Assets
 Investments
 Net Current Assets
 Misc. Expenditure
 Accumulated Losses
 Deferred Tax Asset

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including Interest and other income)
 Total Expenditure
 Profit before tax
 Profit before appropriation
 Earnings per Share in Rs.
 Dividend rate %

V. Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No. &
 (ITC Code)
 Product Description

 Item Code No.
 (ITC Code)
 Product Description
 Item Code No.
 (ITC Code)
 Product Description

For and on behalf of the Board

Dr. A. Hieronimus
 B. Steinruecke
 Prasad Chandran

V.K. Viswanathan
 Dr. Manfred Duernholz

Place : Bangalore
 Date : March 05, 2010

A. Vijay Shankar
 Company Secretary

Directors

Subsidiary Company

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(1) AND (3) OF THE COMPANIES ACT, 1956.

MICO Trading Private Limited

[Rs. in Thousands (TINR)]

- | | |
|--|------|
| (a) Holding Company's interest:
10,000 Equity shares of Rs. 10 each fully paid up
(i.e., 100% of the paid up Equity Capital) | |
| (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 st December 2009 | (20) |
| (ii) For its previous financial years | (19) |
| (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 st December 2009 | Nil |
| (ii) For its previous financial years | Nil |

For and on behalf of the Board

Dr. A. Hieronimus
B. Steinruecke
Prasad Chandran

V.K. Viswanathan
Dr. Manfred Duernholz

Directors

Place : Bangalore
Date : March 05, 2010

A. Vijay Shankar
Company Secretary

MICO Trading Private Limited**Directors**

V.K. Viswanathan
Manfred Duernholz

Auditors

Price Waterhouse & Co.

Bankers

Canara Bank

Registrar Office

Hosur Road
Adugodi, Bangalore - 560 030

Report of the Directors

The Directors present their SEVENTEENTH Annual Report together with the Audited Statements of Accounts for the year ended 31st December 2009.

The Company has not commenced business.

Directors

Pursuant to Article 92 of the Articles of Association of the Company Dr. Manfred Duernholz retires by rotation at the Seventeenth Annual General Meeting. He is eligible for re-election.

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., 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 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.

For and on behalf of the Board of Directors

Bangalore
March 5, 2010

V.K. Viswanathan
Manfred Duernholz
Directors

Auditors' Report

To The Members of MICO Trading Private Limited

1. We have audited the attached Balance Sheet of MICO Trading Private Limited, as at December 31, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2009 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, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

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 for the year ended December 31, 2009].

- (i) (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, and accordingly sub clauses (b), (c) and (d) of clause (iii) of Paragraph 4 of the Order are not applicable.
- (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, and accordingly sub clauses (f) and (g) of clause (iii) of Paragraph 4 of the Order are not applicable.
- (ii) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
- (iii) 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.
- (iv) 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 (vii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the current year.
- (v) (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, cess 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, excise duty and cess which have not been deposited on account of any dispute.
- (vi) The company's accumulated losses is more than fifty percent of its net worth as at December 31, 2009. The company has also incurred cash losses in the financial year ended on the date and also in the immediately preceding previous year.
- (vii) 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.
- (viii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (ix) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- (x) In our opinion, the company is not a dealer or trader in shares, securities, debenture and other investments.
- (xi) 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.
- (xii) The company has not obtained any term loans.
- (xiii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xiv) 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.
- (xv) 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 fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xvi) The other clauses, (i), (ii), (iv), (viii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner

Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

Balance Sheet as at December 31, 2009

[Rs. in Thousands (TINR)]

	Schedule	2009	2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100	100
Total		100	100
APPLICATION OF FUNDS			
Current Assets, Loans and Advances			
Cash and Bank Balances	2	144	162
Loans and Advances	3	3	3
		147	165
Less: Current Liabilities and Provisions			
Current Liabilities	4	145	143
		145	143
Net Current Assets		2	22
Profit and Loss Account		98	78
Total		100	100
Notes on Accounts	5		

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet
This is the Balance Sheet referred to in our report of even date

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

For and on behalf of the Board

V.K.Viswanathan
Dr. Manfred Duernholz
Directors

Profit & Loss Account for the year ended December 31, 2009

[Rs. in Thousands (TINR)]

	Schedule	2009	2008
INCOME			
Interest Income		9	8
[Tax deducted at source : Rs. Nil; (2008 : Rs. Nil)]			
EXPENDITURE			
Professional Fees		25	27
Miscellaneous Expenses		4	-
		29	27
PROFIT/ (LOSS) BEFORE TAXATION		(20)	(19)
Provision for Taxation			
- Current		-	-
- Deferred		-	-
PROFIT/ (LOSS) AFTER TAXATION		(20)	(19)
Balance brought forward		(78)	(59)
Balance carried forward to Balance Sheet		(98)	(78)
Basic/Diluted Earnings per share (Rs.)			
Face value Rs.10 each (Refer Note 5 of Schedule 5)		(2.0)	(1.9)
Notes on Accounts	5		

The schedules referred to above and notes thereon form an integral part of the Profit and Loss Account
This is the Profit and Loss Account referred to in our report of even date

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

For and on behalf of the Board

V.K.Viswanathan
Dr. Manfred Duernholz
Directors

Cash flow Statement for the year ended December 31, 2009

[Rs. in Thousands (TINR)]

	2009	2008
A. Cash flow from operating activities		
Profit/(loss) before tax	(20)	(19)
Adjustments for :		
Interest Received	(9)	(8)
Operating profit before working capital changes	(29)	(27)
Adjusted for		
Increase / (decrease) in current liabilities	2	27
Cash generated from operations	(27)	-
Direct Taxes (paid)/refund received	-	1
Net cash from operating activities	(27)	1
B. Cash flow from investing activities		
Interest received	9	8
Net cash from/ (used in) investing activities	9	8
C. Cash flow from financing activities		
Net cash from/ (used in) financing activities	-	-
Net cash flows during the year (A+B+C)	(18)	9
Cash and Cash equivalents (Opening balance)	162	153
Cash and Cash equivalents (Closing balance)	144	162

Note : 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.

This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse & Co.
Chartered Accountants

Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

For and on behalf of the Board

V.K.Viswanathan
Dr. Manfred Duernholz
Directors

Schedules to Balance Sheet

SCHEDULE 1: SHARE CAPITAL

[Rs. in Thousands (TINR)]

	2009	2008
Authorised		
100,000 Equity shares of Rs. 10 each (2008 : 100,000 Equity shares of Rs. 10 each)	1,000	1,000
Issued, Subscribed and fully Paid up		
10,000 Equity shares of Rs. 10 each (2008 : 10,000 Equity shares of Rs. 10 each)	100	100
Note : The above shares are held by Bosch Ltd., The holding company	100	100

SCHEDULE 2: CASH AND BANK BALANCES

[Rs. in Thousands (TINR)]

	2009	2008
Cash on hand	-	-
Balances with Scheduled Banks		
- In current account	45	63
- In deposit accounts	99	99
	144	162

SCHEDULE 3: LOANS AND ADVANCES

[Rs. in Thousands (TINR)]

	2009	2008
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	1	1
Advance Tax	2	2
	3	3

SCHEDULE 4: CURRENT LIABILITIES

[Rs. in Thousands (TINR)]

	2009	2008
Sundry Creditors		
Dues of		
- Micro Enterprises and Small Enterprises (Refer Note 9 of Schedule 5)	-	-
- Others	145	143
	145	143

SCHEDULE 5: NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009

1. Significant Accounting Policies:

- (a) The Financial Statements are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956.
- (b) Interest on bank deposits is recognised on a time proportion basis.
- (c) Taxes On Income:
Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
Deferred tax assets are recognised and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

[Rs. in Thousands (TINR)]

	2009	2008
2. Contingent Liabilities	-	-
3. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	-	-
4. Remuneration to auditors: (excluding service tax)		
Audit Fees	12	12
Taxation matters	12	12
5. Earnings per Share		
Net Profit/(Loss) after taxation	(20)	(19)
Basic/Weighted Average number of Equity Shares of Rs.10 each	10,000	10,000
Basic and Diluted Earnings Per Share (Rs.)	(2.0)	(1.9)

6. The company has a net Deferred Tax Asset for the current year ending December 31, 2009 which however has not been recognised as it is unlikely to generate taxable income in the near future.
7. Segmental Reporting :
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.
8. Related Party Disclosure :
Holding Company: Bosch Limited
Transactions during the year :
Reimbursement of expenses - TINR 3 (2008 : TINR 26)
Amount payable : TINR 132 (2008 : TINR 129)
9. The Company does not have any transactions or dues in relation to any supplier registered under Micro, Small and Medium Enterprises Development Act, 2006.
10. The company's networth is substantially eroded due to losses. However, since the company is inoperative and is likely to remain so in the foreseeable future, the management is of the view that the cash balance is sufficient to meet its financial obligations in the next twelve months. In view of the above, financials have been prepared based on going concern assumption.
11. Previous year's figures have been regrouped/recast, wherever necessary, to conform to current year's classifications.

Signatures to Schedules 1 to 5.

For Price Waterhouse & Co.
Chartered Accountants
Radhakrishnan B
Partner
Membership Number: F25516

Place : Bangalore
Date : March 05, 2010

For and on behalf of the Board

V.K.Viswanathan
Dr. Manfred Duernholz
Directors

Balance Sheet Abstract

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI,
PART (IV) OF THE COMPANIES ACT, 1956**I. Registration Details**

Registration No.
 Balance Sheet Date State Code
 Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Right Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Source of Funds

Paid-up Capital Reserve & Surplus
 Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other income) Total Expenditure
 Profit(+)/Loss(-) before tax Profit(+)/Loss(-) after tax
 Earnings per Share in Rs. Dividend rate %

V. Generic Names of Principal Products / Services of Company (as per monetary terms)

- NOT APPLICABLE -

For and on behalf of the Board

Place : Bangalore
 Date : March 05, 2010

V.K.Viswanathan
 Dr. Manfred Duernholz
 Directors

Shareholder Information

Board Meetings

Board Meetings are usually held in March, June, September and December. Particulars of Board Meetings held in 2009 are given below.

Wednesday, March 04
Thursday, May 28
Wednesday, September 02
Thursday, December 10

Annual General Meeting (AGM)

The Annual General Meeting of the Company is usually held in June each year. Particulars of the AGM held during the last three years are given below:

2007 - 10.30 a.m. Thursday, June 07;
Taj Residency, Bangalore.
2008 - 10.30 a.m. Thursday, June 05;
Taj Residency, Bangalore.
2009 - 10.30 a.m. Thursday, May 28;
Taj Residency, Bangalore.

Particulars of Special Resolutions passed in the last three AGMs are given below:

07.06.07 - Nil.
05.06.08 - Nil.
28.05.09 - Nil.

There were/are no items requiring the passing of resolution by postal ballot at the AGM held on 28.05.09 and at the ensuing AGM to be held on 03.06.10.

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 st March	April
quarter/half-year ending 30 th June	July
quarter ending 30 th September	October
Year ending 31 st December	March

Book Closure

The Register of Members and Share Transfer books are usually closed in May each year for 15 days for ascertaining the names of the shareholders entitled to receive dividend.

Dematerialization of Shares

Subsequent to buy-back and extinguishment of 652,560 shares, 71.18 % of the paid-up capital is held by Robert Bosch GmbH. Of the balance

28.82% held by public, shares representing 27.65% 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
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023	500530
National Stock Exchange of India Limited, Exchange Plaza, 5 th 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 2009-2010 has been paid to these exchanges.

From 30th November 2007, the National Stock Exchange of India Limited (NSE) has included equity shares of the Company in the Futures and Options (F&O) segment.

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 custodial fee

for the year 2009 to NSDL and CDS on the basis of the number of beneficial accounts maintained by them as on 31st March 2009.

Procedure for claiming unpaid dividend

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 unpaid 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 (31.12.2009) (Rupees)	Due date for transfer to the Fund*
2002 (F)	08.05.03	09.06.03	325,240	09.06.10
2003	16.06.04	17.07.04	421,395	17.07.11
2004	15.06.05	18.07.05	739,460	17.07.12
2005	01.06.06	05.07.06	956,724	04.07.13
2006 (I)	12.03.07	11.04.07	904,392	11.04.14
2006 (F)	07.06.07	11.07.07	319,436	10.07.14
2007	05.06.08	10.07.08	1,971,400	10.07.15
2008	28.05.09	02.07.09	2,163,175	01.07.16

* [as per sub-section 5 of Section 205A of The Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999]

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) to Members at Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Kanpur, Mumbai, Nagpur, Pune, Bhubaneswar, Chandigarh, Guwahati, Patna, Baroda, Indore, Panaji, Surat, Coimbatore, Madurai, Lucknow and Trivandrum. 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. Members holding Shares in physical form who wish to avail of the ECS facility, are requested to give the ECS mandate in the prescribed form. The form can be obtained from the Company's website www.boschindia.com under the Section 'Shareholder information'.

Payment of Dividend

Dividend warrants are posted to Members at their registered address usually within 2 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 are given below:

Year	Dividend per share (Rs.)	Year	Dividend per share (Rs.)
1991	16	2001	31
1992	16	2002	3 (interim)
1993	18	2002	40 (final)
1994	20	2003	65
1995	22	2004	10
1996	24	2005	12
1997	26	2006	12 (interim)
1998	22	2006	4 (final)
1999	26	2007	25
2000	31	2008	25

(Note: upto 2003: on shares of face value Rs.100; from 2004: on shares of face value Rs.10)

Shares held in physical/dematerialised form

By a tripartite agreement dated 5th January 1999 in respect of shares held with NSDL and by a tripartite agreement dated 4th August 2000 in respect of shares held with CDS, Alpha Systems Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, were appointed as 'Registrar' in respect of shares held in dematerialized form.

With effect from 31st March 2003, the Company has appointed Alpha Systems Private Limited, as Registrar and Transfer Agent 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 has clarified that for securities market transactions and off-market / private transactions involving transfer of shares in physical form of listed companies, it shall be 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, has 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 under the section 'Shareholder information'.

Members holding shares in electronic form are requested to give the nomination request 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 Rs.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 one month from the date of lodgement.
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, 2009 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. The statement was approved by the Board of Directors at its Meeting held on 05.03.2010.

Shareholding Pattern (as on 29.01.2010)

Category	No. of Members	No. of Shares held	% to the Capital
Robert Bosch GmbH	2	2,23,49,420	71.18
Public Financial Institutions	11	39,76,179	12.66
Foreign Institutional Investors	50	15,68,512	4.99
Mutual Funds	33	7,81,778	2.49
Nationalized Banks	10	9,176	0.03
Bodies Corporate	756	3,11,149	0.99
Foreign Nationals/ NRIs/ OCBs	394	66,812	0.21
Public	20270	23,35,874	7.45
Total	21526	3,13,98,900	100.000

Distribution of Shareholding (as on 29.01.2010)

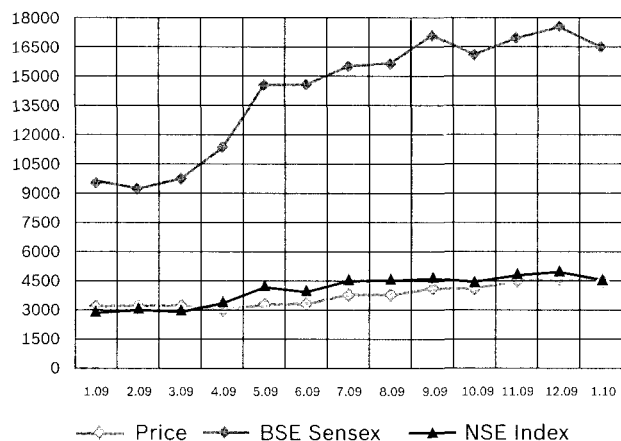
No. of Shares held	Members		Shares	
	No.	%	No.	%
1-500	20640	95.89	10,33,921	3.29
501-1000	442	2.05	3,15,524	1.00
1001-2000	241	1.12	3,29,051	1.05
2001-3000	56	0.26	1,41,544	0.45
3001-4000	26	0.12	90,074	0.29
4001-5000	23	0.11	1,04,090	0.33
5001-10000	31	0.14	2,11,347	0.67
>10000	67	0.31	2,91,73,349	92.92
Total	21526	100.00	3,13,98,900	100.00

Price and Volume of Shares Traded

Month/ Year	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Jan 2009	3188	3000	60,561	3200	3000	129,950
Feb 2009	3173	3000	24,942	3160	3020	97,489
Mar 2009	3240	2840	70,606	3245	2800	232,868
Apr 2009	3335	2949	48,984	3379	2975	110,371
May 2009	3475	2925	74,298	3469	2975	245,133
Jun 2009	3590	3070	51,600	3599	3100	71,014
Jul 2009	3925	3105	87,169	3935	3110	52,187
Aug 2009	4278	3652	10,796	4090	3747	36,485
Sep 2009	4400	3900	43,077	4399	3901	86,800
Oct 2009	4450	4053	46,817	4434	3970	88,052
Nov 2009	4499	4170	69,175	4499	4130	52,113
Dec 2009	4691	4451	36,557	4728	4449	107,316
Jan 2010	5164	4300	46,721	5170	4522	211,664

(Source: BSE, NSE)

Share Price and Index



Shareholders holding more than 1% of the share capital of the Company (as on 29.01.2010)

Sl. No.	Name of the Shareholder	No. of shares held	% to paid-up capital
1.	Robert Bosch GmbH	22,349,420	71.18
2.	General Insurance Corpn. of India	1,016,359	3.24
3.	The New India Assurance Co. Ltd.	997,750	3.18
4.	Aberdeen Asset Managers Ltd.	994,869	3.17
5.	Life Insurance Corpn. of India	796,018	2.54
6.	United India Insurance Co. Ltd.	486,170	1.55
7.	National Insurance Co. Ltd.	452,522	1.44

Website

The Company's website 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, Financial Results, Shareholding Pattern, Distribution of Shareholding, Dividend etc.

Registrar and Transfer Agent

(For shares held in physical & dematerialised form)

Alpha Systems Pvt. Ltd.
No. 30, Ramana Residency
4th Cross, Sampige Road
Malleswaram
Bangalore 560 003

Tel: (080) 23460815 to 818

Fax: (080) 23460819

Investor Service Centre

Secretarial Department
Bosch Limited
Hosur Road, Adugodu
Bangalore - 560 030

Tel: (080) 22992393 (Extn. 2314)

Fax: (080) 22992181

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

Compliance Officer

Mr. A. Vijay Shankar, Company Secretary

Inquiries, if any, may be addressed to the Compliance Officer.

National Network

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
N4, Phase IV,
Verna Industrial Estate
Verna, Salcate, Goa - 403 722
Phone: (0832) 6692 018
Fax: (0832) 6692 028

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

Chandigarh, Mohali & Panchkula

SCO 301
Sector - 09
Panchkula - 134 109

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, 38/232
N.H. Bye Pass Road
Padivattom
Ernakulam
Cochin - 682 024

Guwahati

Assam Investment &
Construction Co.
Near Car Ghar
G S Road, Dispur
Guwahati - 781 005

Indore

2nd Floor, MAN House
15th PU-3, Scheme No. 54
AB Road
Indore - 452 008

Jaipur

T 304
Sangam Towers
Church Road
Off MI Road
Jaipur - 302 001

Kolkata

P.B. No. 9044
91-A, Park Street
Kolkata - 700 019

Lucknow

2nd Floor, Madan Plaza
14, Station Road
Lucknow - 226 001

Mumbai

79, Dr. Annie Besant Road
Worli
Mumbai - 400 018

Patna

Plot No. 21/A-2,
Opp. UNICEF Office
Pataliputra Colony
Patna - 800 001

Ranchi


Bhagirathi Complex
Opp. Adivasi Hospital
Karam Toli Road
Ranchi - 834 008

Raipur

2nd Floor
Pithalia Complex
Opp. Telephone Exchange
Near Fafadih Chowk
Raipur - 492 001

Secunderabad

'Sweksha', Plot No. 117
Srinagar Colony
Trimulgherry
Secunderabad - 500 015



Regd. Office:
Bosch Limited
P. B. No. 3000, Hosur Road
Adugodi, Bangalore - 560 030.
Ph: (080) 2299 2393
www.boschindia.com

2Q Reproductions

