

Annual Report 2005

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Bosch Rexroth (India) Limited

Annual Report 2005

**Board of Directors
as on 24-01-2006**

Dr. A. Weber (Chairman)
Mr. H. Ott
Mr. V. K. Viswanathan
Mr. W. Wagner (Managing Director)

Company Secretary

Mr. Rahul Desai

Audit Committee

Mr. V.K. Viswanathan
Mr. H. Ott
Mr. W. Wagner

Bankers

Deutsche Bank
HDFC Bank Ltd.

Auditors

M/s. Price Waterhouse & Co.
Chartered Accountants

**Works, Registered &
Corporate Head Office**

Near Vatva Railway Station
Vatva
Ahmedabad 382 445

Works

Plot No. 96, Phase III
Peenya Industrial Area,
Bangalore 560 058

31st Annual General Meeting

Date : 31st May, 2006
Day : Wednesday
Time : 2.30 p. m.
Place : Bosch Rexroth (India) Limited
Near Vatva Railway Station,
Vatva, Ahmedabad 382 445

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Notice

NOTICE is hereby given that the 31st Annual General Meeting of the Members of Bosch Rexroth (India) Limited will be held at the Registered Office of the Company at Near Vatva Railway Station, Vatva, Ahmedabad 382 445 on Wednesday, the 31st May, 2006 at 2.30 P.M. to transact the following business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st December, 2005, and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st December, 2005.
3. To appoint a Director, in place of Mr. H. Ott, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Special Business:

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

“RESOLVED THAT in supersession of the resolution passed at the 19th Annual General Meeting of the Company held on 10th September, 1993, the consent of the Company be and is hereby accorded under the provisions of Section 293 (1) (d) of the Companies Act, 1956 and all other enabling provisions, if any, to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.100 crores (Rupees One Hundred Crores only).”

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

“RESOLVED THAT in supersession of the resolution passed at the 14th Annual General Meeting of the Company held on 27th April, 1988, the consent of the Company be and is hereby accorded under the provisions of Section 293 (1) (e) of the Companies Act, 1956 and all other enabling provisions, if any, to the Board of

Directors of the Company to contribute monies to Charitable and other funds not directly related to the business of the Company or the welfare of the employees PROVIDED HOWEVER the aggregate amount of such contributions shall not in any one financial year exceed Rs.25 Lacs or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher."

Notes:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.

A blank form of proxy is enclosed and, if intended to be used, should be returned to the Company not less than 48 hours before the Annual General Meeting, duly stamped and completed.

- b) The Share Transfer Books and the Register of Members of the Company will remain closed

from Wednesday, the 24th May, 2006 to Wednesday, the 31st May, 2006 (both days inclusive) in connection with the Annual General Meeting.

- c) Dividend, if declared at the Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members as on the date of the Annual General Meeting.
- d) Members are requested to notify immediately any change in their address/ bank mandate to their respective Depository Participants (DPs) for shares held in the electronic mode or to the Company at its Registered Office, if shares are held in physical form.
- e) The Company, as required under the provision of Section 205A of the Companies Act, 1956 has transferred unclaimed dividends up to the accounting year ended 30th September, 1994 to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period/s are requested to claim the same from the Central Government in the prescribed form.
- f) In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education &

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Protection Fund. Accordingly, unclaimed/unpaid dividend for the accounting year ended on 31st December, 1995 has been transferred to this fund. Members who have not encashed their dividend warrants for the year 2003 and 2004, are requested to send the same to the Company for payment. It may be noted that once the unclaimed dividend is transferred to the Investor Education & Protection Fund, no claim shall lie with the Company or with the Fund in respect of such amount.

- g) Members/Proxies should bring the attendance slip and hand over the same at the entrance of the meeting hall, failing which admission to the meeting may be refused.

- h) As a measure of economy, the Company does not distribute the copies of the Annual Report at the meeting. Members, therefore, are requested to bring their copies with them.

- i) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting, so that the information required by the members may be made available at the meeting.

Place: Ahmedabad

Date: 24th January, 2006

Registered Office:

Near Vatva Railway Station

Vatva

Ahmedabad 382 445

By Order of the Board of Directors

Rahul Desai

Head - Finance & Administration &
Company Secretary

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Annexure to the Notice

Explanatory statement as required under Section 173 of the Companies Act, 1956.

Item No.5

Under Section 293 of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow monies apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business in excess of the Paid-up Capital and free reserves, that is to say, reserves not set apart for any specific purpose.

At the 19th Annual General Meeting of the Company held on 10th September, 1993, the shareholders had authorized the Board of Directors to borrow monies for the purpose of the Company in excess of the Paid-up Capital and free reserves, subject to a maximum limit of Rs. 50 crores. In view of the increase in the turnover of the Company, the Company will require additional funds, which are to be mobilized from the available sources. It is, therefore, considered necessary to increase the borrowing limits to Rs.100 crores, as this will enable the Board of Directors to raise necessary finance as and when required. The Directors recommend to the Members passing of this resolution.

None of the Directors is concerned or interested in the said resolution.

Item No.6

At the 14th Annual General Meeting of the Company held on 27th April, 1988, the shareholders had authorized the Board of Directors to contribute monies to Charitable and other funds not directly related to the business of the Company or the welfare of the employees PROVIDED HOWEVER the aggregate amount of such contributions shall not in any one financial year exceed Rs.2 Lacs or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher. The Directors feel that authority of the Members should be obtained for making donations upto an increased limit of Rs.25 Lacs or 5% of the average net profits, whichever is higher. Accordingly, a resolution under Section 293 (1) (e) of the Act is being moved and the same is recommended for your adoption.

None of the Directors is concerned or interested in the said resolution.

Place: Ahmedabad

Date: 24th January, 2006

Registered Office:

Near Vatva Railway Station

Vatva

Ahmedabad 382 445

By Order of the Board of Directors

Rahul Desai

Head - Finance & Administration &
Company Secretary

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Directors' Report

To the Members of Bosch Rexroth (India) Limited

Your Directors have pleasure in presenting the 31st Annual Report with the Audited Statement of Accounts for the year ended 31st December, 2005.

Financial Results	2005 Current Year Rupees	2004 Previous Year Rupees
Profit before Interest, Depreciation and Income-Tax	380,887,843	302,890,907
Less: Interest	20,401,443	12,807,236
Profit after interest but before depreciation and Income-Tax	360,486,400	290,083,671
Less: Depreciation	27,379,413	19,461,087
Profit before Income-Tax	333,106,987	270,622,584
Less: Provision for Income-Tax	113,200,000	105,500,000
Less: Deferred Tax	261,030	2,781,636
Less: Fringe Benefit Tax	4,265,000	-
Profit after Taxation	215,380,957	162,340,948
Balance brought forward from the previous year	161,701,363	135,504,245
Available for appropriation	377,082,320	297,845,193
(1) Proposed dividend at Rs.10/- per equity share of Rs.10/- each	52,996,000	105,992,000
(2) Tax thereon including surcharge	8,446,237	13,851,830
(3) Transferred to General Reserve	25,000,000	16,300,000
Surplus in Profit & Loss Account carried to Balance Sheet	290,640,083	161,701,363

Dividend

Your Directors are pleased to recommend a dividend of Rs.10/- per equity of Rs.10/- each for the Accounting Year ended 31st December, 2005.

Year in Retrospect

Turnover of the Company for the year 2005 was Rs.1,837.77 million compared to Rs.1,524.95 million in 2004. The Company has recorded an increase of

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Rs.312.82 million in turnover. Profit before Tax for the year under review was Rs.333.11 million compared to Rs.270.62 million in the previous year. The economic situation in the country continues to be good and the same has helped the Company in recording good business growth.

Directorate

Mr. H. Ott retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. K. Tragl and Mr. H. Wagener resigned as a Director of the Company with effect from 19th October, 2005. The Board wishes to place on record its gratitude to Dr. K. Tragl and Mr. H. Wagener for their valuable guidance to the Company and the Board of Directors during their association with the Company.

Directors' Responsibility Statement

The Board of Directors of the Company confirms that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to any material departure;
- ii) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year ended 31st December, 2005 and of the profit of the Company for that period;
- iii) 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;

- iv) the annual accounts for the year ended 31st December, 2005 have been prepared on a going concern basis.

Audit Committee

The Audit Committee, constituted by the Company in accordance with the provisions of Section 292A of the Companies Act, 1956 performs the functions as required under the provisions of the Companies Act, 1956 and such other matters as are specified by the Board of Directors of the Company from time to time.

The composition of the Audit Committee is as under:-

- (i) Mr. V. K. Viswanathan – Chairman
- (ii) Mr. Heribert Ott
- (iii) Mr. Wolfgang Wagner

Particulars of Employees

Information in accordance with section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and is annexed hereto as Annexure – 1.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In compliance with the provisions of Section-217 (1) (e) of the Companies Act, 1956 read with The Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, the required

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information is annexed hereto as Annexure - 2 and forms part of this Report.

Insurance

The properties and insurable interest of the Company including building, plant and machinery and stocks are adequately insured.

Auditors

M/s. Price Waterhouse & Co., Chartered Accountants, Bangalore, retire as Auditors at the ensuing Annual General Meeting. They being eligible have given their consent to act as Auditors of the Company, if

reappointed. Members are requested to consider their reappointment as Auditors of the Company for the current year and fix their remuneration.

Appreciation

Your Directors take this opportunity to thank its foreign collaborator, Bosch Rexroth AG, Germany, the Company's bankers, Central Government, State Governments and local authorities for the valuable support and co-operation.

The Directors would also like to place on record their deep appreciation for the valuable service and support given by the employees during the year.



For and on behalf of the Board of Directors

Place: Ahmedabad
Date: 24th January, 2006

V. K. Viswanathan
Director

W. Wagner
Managing Director