

Annual Report 2006

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Bosch Rexroth (India) Limited

Bosch Rexroth (India) Limited

Board of Directors
as on 25-01-2007

DR. A. WEBER (CHAIRMAN)
MR.H. OTT
DR. A HIERONIMUS

Company Secretary

Mr. Rahul Desai

Audit Committee

Dr. A. Hieronimus - Chairman
Dr. A. Weber
Mr. H. Ott

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

Bosch Rexroth (India) Limited

32nd Annual General Meeting

Date : 10th May, 2007
 Day : Thursday
 Time : 2.00 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 32nd 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 Thursday, the 10th May, 2007 at 2.00 P.M. to transact the following business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st December, 2006, 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, 2006.
3. To appoint a Director, in place of Dr. A. Weber, 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 pursuance of the resolution passed by the Board of Directors at the Board meeting dated 20-07-2006, the approval of the shareholders be and is hereby accorded to observe the ICC Rules of Conduct and Recommendations by the company to combat extortion and bribery in accordance with the said rules.”

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 Thursday, the 3rd May, 2007 to Thursday, the 10th May, 2007 (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 & 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, 2004 and 2005 are requested to send the same to the Company for payment. It may be noted that once the unclaimed dividend is transferred to the

Bosch Rexroth (India) Limited

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: Mumbai

Dated: 25th January, 2007

Registered Office:

Near Vatva Railway Station,
Vatva,
Ahmedabad 382 445

By Order of the Board of Directors

Rahul Desai

Head – Finance & Administration &
Company Secretary

Bosch Rexroth (India) Limited

Annexure to the Notice

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

Item No.5

The International Chamber of Commerce (ICC) has always been at the forefront of the drive for integrity in business life, because only a corruption-free system makes it possible to compete on a level playing field. Accordingly, Bosch Rexroth AG, Germany, has decided to comply with The International Chamber of Commerce (ICC) Rules of Conduct and Recommendations to combat extortion and bribery in accordance with the said rules. Since Bosch Rexroth AG, Germany holds an interest in the shares of the Company, it is necessary to pass a shareholders' resolution in the Annual General Meeting of the shareholders of the Company that the Company shall observe the ICC Rules of Conduct and Recommendations by the company to combat extortion and bribery in accordance with the said rules.

Your Directors recommend this resolution for your approval and admission of the anti-corruption guidelines as a basis of sound commercial business practice.

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

Place: Mumbai

Dated: 25th January, 2007

Registered Office:

Near Vatva Railway Station,
Vatva,
Ahmedabad 382 445

By Order of the Board of Directors

Rahul Desai

Head – Finance & Administration &
Company Secretary

Directors' Report

To the Members of **Bosch Rexroth (India) Limited**

Your Directors have pleasure in presenting the 32nd Annual Report with the Audited Statement of Accounts for the year ended 31st December, 2006.

Financial Results

	2006	2005
	Current Year	Previous Year
	Rupees	Rupees
Profit before Interest, Depreciation and Income-Tax	353,848,755	380,887,843
Less: Interest	25,876,811	20,401,443
Profit after interest but before depreciation and Income-Tax	327,971,944	360,486,400
Less: Depreciation	34,248,254	27,379,413
Profit before Income-Tax	293,723,690	333,106,987
Less: Provision for Income-Tax	105,000,000	113,200,000
Less: Deferred Tax	1,841,406	261,030
Less: Fringe Benefit Tax	4,911,000	4,265,000
Profit after Taxation	181,971,284	215,380,957
Balance brought forward from the previous year	290,640,083	161,701,363
Available for appropriation	472,611,367	377,082,320
(1) Proposed dividend at Rs.5/- per equity share of Rs.10/- each	26,498,000	52,996,000
(2) Tax thereon including surcharge	3,716,345	8,446,237
(3) Transferred to General Reserve	20,000,000	25,000,000
Surplus in Profit & Loss Account carried to Balance Sheet	422,397,022	290,640,083

Dividend

Your Directors are pleased to recommend a dividend of Rs. 5/- per equity share of Rs.10/- each for the Accounting Year ended 31st December, 2006.

Year in Retrospect

Turnover of the Company for the year 2006 was Rs.2,170.42' million compared to Rs.1,837.77 million in 2005. The Company has recorded an increase of Rs.332.65 million in turnover. Profit before Tax for the year under

review was Rs.293.72 million compared to Rs.333.11 million in the previous year. Better economic situation during the year under review helped the Company expand its volume of business. The operative margins were under pressure because of rising input costs which could not be fully passed on to the customers under competitive market conditions.

Investment

The Company has purchased 1,110,000 equity shares being 74% of the Equity Capital of MIVIN Engg.

Bosch Rexroth (India) Limited

Technologies Private Ltd., Bangalore. Accordingly, MIVIN Engg. Technologies Private Ltd., has become a subsidiary of our Company. MIVIN Engg. Technologies Private Ltd. manufactures hydraulic Gear Pumps for Tractors.

Subsidiary Company

As MIVIN Engg. Technologies Private Ltd., Bangalore is a subsidiary of our Company, the audited Financial Statements of MIVIN Engg. Technologies Private Ltd. for the financial year ended 31-12-2006 pursuant to section 212 of the Companies Act, 1956 are annexed to this Annual report.

Directorate

Dr. A. Weber retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. V. K. Viswanathan resigned as a Director of the Company with effect from 28th February, 2006.

The Board wishes to place on record its gratitude to Mr. V. K. Viswanathan for his valuable guidance to the Company and the Board of Directors during his association with the Company.

Dr. A. Hieronimus was appointed as a Director of the Company on 2nd May, 2006 to fill in the casual vacancy caused by the resignation of Mr. V. K. Viswanathan.

Mr. W. Wagner retired as Managing Director of the Company with effect from 31st December, 2006.

The Board wishes to place on record its appreciation to Mr. W. Wagner for his valuable guidance to the Company and the Board of Directors and for the good work done by him for the growth and progress of 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 judgements 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, 2006 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, 2006 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) Dr. A. Hieronimus – Chairman
- (ii) Dr. A. Weber
- (iii) Mr. Heribert Ott

Particulars of Employees

Information in accordance with section 217 (2A) of the

Bosch Rexroth (India) Limited

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 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.

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For and on behalf of the Board of Directors

Place : Mumbai

Dated: 25th January, 2007

A. Hieronimus
Director

H. Ott
Director

Annexure to the Directors' Report dated 25th January, 2007**Annexure - 1**

INFORMATION AS PER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2006.

A. Employed throughout the Accounting Year and in receipt of remuneration aggregating Rs.24,00,000/- or more.

Sr. No.	Name of the Employee & Age (Years)	Qualification	Experience (Years)	Date of Commencement of employment	Designation/ Nature of duties	Gross Remuneration (Rupees)	Previous employment (Employer's Name & period)
1	Desai Rahul S. (52)	B.Com., FCA, ACS	26	03.08.1989	Head - Finance & Administration & Company Secretary	2,589,904	Self employed.
2	Sen Gupta B. (60)	B.Tech.(Mech.), IIT	38	01.12.2000	BU Head - Hydraulic Systems & Engg.	3,288,397	OTECNOR, Dubai, 10 1/2 Months.
3	Wagner W.(65) *	Master of Business from the Uni.of Cologne, Germany; M.B.A. from the Uni.of Maine, U.S.A. & qualified as C.P.A. New York.	34	01.04.1997	Managing Director	4,454,699	W.Schlafhorst A.G. & Co., Germany, 3 Years.

Notes:

- 1 Annual Remuneration as above includes Salary, Bonus, Taxable value of Perquisites, Allowances and company's contribution to Provident and Superannuation Funds and Gratuity Payments, wherever applicable.
- 2 Appointment of all the employees are by Letter of Appointment except that of the Managing Director which is contractual.
- 3 None of the above employees is related to any Director of the Company.
- 4 * Since retired with effect from 31-12-2006.

For and on behalf of the Board of Directors

Place : Mumbai
Dated: 25th January, 2007

A. Hieronimus
Director

H. Ott
Director