

Electric Drives
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Hydraulics

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Assembly Technologies

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Rexroth
Bosch Group

Annual Report 2008

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Bosch Rexroth (India) Limited

Bosch Rexroth (India) Limited

Board of Directors	Mr. V. K. Viswanathan - Chairman Mr. H. Ott Mr. Martin Voglsanger - Managing Director (Sales & Admn.) Mr. Reinhard Liebe - Managing Director (Production & Mfg.) Mr. Rahul Desai - Executive Director
Company Secretary	Mr. Rahul Desai
Audit Committee	Mr. V. K. Viswanathan - Chairman Mr. H. Ott Mr. Martin Voglsanger Mr. Rahul Desai
Bankers	Deutsche Bank AG 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 Andhrahalli Yeshwanthpura Hobli Bangalore North Taluk

Bosch Rexroth (India) Limited

34th Annual General Meeting

Date : 17th June, 2009
 Day : Wednesday
 Time : 2.00 P.M.
 Place : **Bosch Rexroth (India) Limited**
 Near Vatva Railway Station,
 Vatva, Ahmedabad 382 445

Contents	Page No.
----------	----------

Bosch Rexroth (India) Limited

Board of Directors etc.	1
Notice with Annexure	3
Directors' Report	8
Auditors' Report	16
Balance Sheet	22
Profit and Loss Account	24
Cash Flow Statement	26
Schedules to Accounts	28
Statement relating to Subsidiary Company	53

MIVIN Engg. Technologies Private Limited

Directors' Report	54
Auditors' Report	58
Balance Sheet	62
Profit and Loss Account	64
Cash Flow Statement	66
Schedules to Accounts	68

Bosch Rexroth (India) Limited

Notice

NOTICE is hereby given that the 34th 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 17th June, 2009 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, 2008, and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director, in place of Mr. V. K. Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Special Business:

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

“RESOLVED THAT Mr. Reinhard Liebe, who was appointed by the Board of Directors as an Additional Director of the Company on 1st July, 2008 and who holds office under Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendments, modifications or re-enactments thereof) and subject to the approval of the Central Government and such other approvals/sanctions as may be necessary, the Company hereby accords its consent and approval to the appointment and the terms of remuneration

of Mr. Reinhard Liebe as Managing Director – Production of the Company, not liable to retire by rotation, for the period from 1st July, 2008 to 30th June, 2013, on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any accounting year during the aforesaid period) as set-out in the Agreement entered into between the Company and Mr. Reinhard Liebe, the particulars of which are enumerated in the Explanatory Statement annexed hereto, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Liebe or that may be approved by the Central Government.”

“RESOLVED FURTHER THAT any one of the Directors for the time being on the Board be and is hereby authorised to make the necessary applications with the Central Government and to do all such acts, things and deeds as may be required to give effect to the above Resolution.”

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 31st Annual General Meeting of the Company held on 31st May, 2006, 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.250 Crore. (Rupees Two Hundred Fifty Crore only)”

Notes:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD

Bosch Rexroth (India) Limited

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 10th June, 2009 to Wednesday, the 17th June, 2009 (both days inclusive) for the purpose of 34th Annual General Meeting to be held on 17th June, 2009.
- c) 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.
- d) 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.
- e) 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 to 2007 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.
- f) 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.
- g) As a measure of economy, the Company does not distribute copies of the Annual Report at the meeting. Members, therefore, are requested to bring their copies with them.
- h) 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.

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.

Place : Bangalore
Dated : 27th January, 2009

Registered Office:
 Near Vatva Railway Station,
 Vatva,
 Ahmedabad 382 445

By Order of the Board of Directors

Rahul Desai
 Executive Director & Company Secretary

Bosch Rexroth (India) Limited

Annexure to the Notice

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

Item No.4 & 5

Under Section 260 of the Companies Act, 1956, Mr. Liebe holds office as Additional Director upto the date of the Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the appointment of Mr. Liebe as Director of the Company. The said notice is accompanied by a deposit of Rs.500/- as required by law.

Mr. Liebe started his career at Niles Werkzeugmaschinen GmbH, Berlin, Germany in 1971 as a Projection Engineer. Following numerous positions in production management at Bosch Automation Technology, he has held management roles in production coordination of the Industrial Hydraulics division.

Considering the qualification and experience of Mr. Liebe, the Board of Directors of the Company at its meeting held on 18th June, 2008 appointed Mr. Liebe as an Additional Director with effect from 1st July, 2008 pursuant to Section 260 of the Companies Act, 1956 and designated as the Managing Director – Production of the Company with effect from 1st July, 2008 to 30th June, 2013 subject to such approvals as may be required on the following terms and conditions:

1. PERIOD OF APPOINTMENT:

From 01-07-2008 to 30-06-2013

2. REMUNERATION:

Basic Salary - Rs.9,29,694/- per month.

In addition, target related bonus up to 55% of the Annual Salary.

The annual increment will be merit based and take into account the Company's performance. The basic salary will not exceed Rs.19,00,000/- per month during the tenure of this agreement.

3. PERQUISITES:

i) HOUSING:

As the Managing Director of the Company, he will occupy the Company house in 35, Amrakadamb Bunglow, Ahmedabad 380015, India free of charge or he will be entitled for a Company rented house in Ahmedabad.

ii) Leave Travel Allowance, Medical Reimbursement and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors.

iii) MOTOR CAR:

Free use of a Car with driver for the Company's business purposes. All the expenditures in connection therewith will be borne by the Company.

iv) LEAVE:

Annual Leave will be 6 weeks.

Bosch Rexroth (India) Limited

v) **BUSINESS TRIPS:**

Travel costs for business trips will be reimbursed within the framework of the Company guidelines applicable for the time being.

- vi) Actual expenses incurred on travel and on packing, forwarding, loading, unloading as well as freight, insurance, local transportation and installation expenses in connection with the moving of personal effects for employee and family for joining duty and for returning to home country on leaving the employment will be paid by the Company.

vii) **SOCIAL SECURITY COSTS:**

Social security expenses for Statutory Pension insurance, unemployment insurance, entitlement to health and care insurance in the home country and the foreign health insurance for the employee and his family in India are borne by the Company.

viii) **SITTING FEES:**

He is not entitled to sitting fees for attending meetings of the Board of Directors or of a Committee thereof.

ix) **OTHER FACILITIES:**

He will be eligible for such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed by the Board of Directors.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at actual cost.

4. **MINIMUM REMUNERATION:**

In the event of loss, absence or inadequacy of profits in any accounting year during his tenure as Managing Director, the remuneration aforesaid shall be paid as the "Minimum Remuneration" for that accounting year.

5. **VARIATION OF REMUNERATION:**

The Board of Directors of the Company shall have the liberty to alter, vary the terms and conditions of his appointment (including the payment of remuneration) provided that such alteration or variation is in accordance with the provisions of the Companies Act, 1956 and within the limits sanctioned by the Central Government and are acceptable to Mr. Liebe.

6. **OTHER TERMS OF THE APPOINTMENT**

- i) The Managing Director shall be under the overall control, guidance and superintendence of the Board of Directors of the Company and he shall obey such orders and directions as may be given to him by the Board with such restrictions as the Board may in its absolute discretion determine and entrust to him.
- ii) If at any time the Managing Director ceased to be the Director of the Company for any cause whatsoever, he will cease to be the Managing Director and the appointment shall stand terminated forthwith.

Bosch Rexroth (India) Limited

iii) The Company will enter into separate agreement with Mr. Reinhard Liebe which will contain, inter-alia, the above terms and conditions.

7. The Agreement may be terminated by either party giving the other party six months' notice.

An abstract of the agreement between the Company and Mr. Liebe under Section 302 of the Companies Act, 1956, was sent to the Members for their information.

The resolution is accordingly recommended for the approval of the members.

MEMORANDUM OF INTEREST:

None of the Directors except Mr. Reinhard Liebe is concerned or interested in the said Resolution.

Item No. 6

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 31st Annual General Meeting of the Company held on 31st May, 2006, 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. 100 crore. 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.250 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.

By Order of the Board of Directors

Place : Bangalore
Dated : 27th January, 2009

Rahul Desai
Executive Director & Company Secretary

Registered Office:
Near Vatva Railway Station,
Vatva,
Ahmedabad 382 445

Bosch Rexroth (India) Limited

Directors' Report

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

Your Directors have pleasure in presenting the 34th Annual Report with the Audited Statement of Accounts for the year ended 31st December, 2008.

Financial Results

	2008 Current Year Rupees	2007 Previous Year Rupees
Profit before Interest, Depreciation and Income-Tax	404,649,611	468,501,585
Less: Interest	46,882,791	34,816,750
Profit after interest but before depreciation and Income-Tax	357,766,820	433,684,835
Less: Depreciation	54,917,902	42,333,007
Profit before Income-Tax	302,848,918	391,351,828
Less: Provision for Income-Tax	132,000,000	132,000,000
Less: Deferred Tax	(1,021,617)	5,061,896
Less: Fringe Benefit Tax	7,050,000	5,614,000
Profit after Taxation	164,820,535	248,675,932
Balance brought forward from the previous year	631,720,570	422,397,023
Available for appropriation	796,541,105	671,072,955
(1) Proposed dividend	-	13,249,000
(2) Tax thereon including surcharge	-	3,038,663
(3) Transferred to General Reserve	-	23,064,722
Surplus in Profit & Loss Account carried to Balance Sheet	796,541,105	631,720,570

Dividend

In view of the uncertain global and Indian economic situation and with a view to conserve financial resources, the Board of Directors does not recommend any dividend for the Accounting Year 2008.

Year in Retrospect

Turnover of the Company for the year 2008 was Rs.3,350.13 million compared to Rs.2,630.09 million in 2007. The increase of Rs.720.04 million in turnover has to be seen against the backdrop of difficult economic situation in India and abroad, negligible growth in the

capital goods sector and fierce competition from indigenous manufacturers and from importers. Profit before Tax for the year under review was Rs.302.85 million compared to Rs.391.35 million in the previous year after considering exceptional and non-recurring items.

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 31-12-2008 pursuant to section 212 of the Companies Act, 1956 are annexed to this Annual report.

Bosch Rexroth (India) Limited

In view of the losses incurred by MIVIN Engg. Technologies Private Ltd., severe economic recession in India and other world economies and uncertain future outlook of this subsidiary company, the Board of Directors has decided to make provision for full diminution in the value of investments.

Directorate

Dr. Albert Hieronimus resigned as a Director of the Company with effect from 31st January, 2008.

The Board wishes to place on record its gratitude to Dr. Albert Hieronimus for his valuable guidance to the Company and the Board of Directors during his association with the Company.

Mr. V. K. Viswanathan was appointed as Chairman of the Company with effect from 21st April, 2008.

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

Dr. Alfons Weber resigned as a Chairman and Director of the Company with effect from 21st April, 2008.

The Board wishes to place on record its gratitude to Dr. Alfons Weber for his valuable guidance to the Company and the Board of Directors during his association with the Company.

Mr. Reinhard Liebe was appointed as Managing Director – Production & Manufacturing of the Company with effect from 1st July, 2008.

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, 2008 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, 2008 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:-

Mr. V.K. Viswanathan	- Chairman
Mr. H. Ott	- Member
Mr. Martin Voglsanger	- Member
Mr. Rahul Desai	- Member

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