

Annual Report 2011

Bosch Rexroth (India) Limited

Board of Directors	Mr. V. K. Viswanathan - Chairman Dr. Karl Tragl Mr. H. Ott Mr. Martin Voglsanger - Managing Director (Sales & Admn.) Mr. Reinhard Liebe - Managing Director (Production & Mfg.)
Company Secretary	Mr. Rahul Desai
Audit Committee	Mr. V. K. Viswanathan - Chairman Mr. H. Ott Mr. Martin Voglsanger
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	Municipal no.31, Sy. No.37/1 Nadkerappa Industrial Estate, Andrahalli, Bangalore - 560 091

37th Annual General Meeting

Date : 18th June, 2012
Day : Monday
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 Thirty-Seventh 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 Monday, the 18th June, 2012 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, 2011, 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. H. Ott, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

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 Monday, the 11th June, 2012 to Monday, the 18th June, 2012 (both days inclusive) for the purpose of 37th Annual General Meeting to be held on 18th June, 2012.
- 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 Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company.
- 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, 2003 has been transferred to this fund. Members who have not encashed their dividend warrants for the year 2004 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.

By Order of the Board of Directors

Place : Bangalore

Date : 30th January, 2012

Rahul Desai

Vice President CFA & Company Secretary

Registered Office :

Near Vatva Railway Station,

Vatva,

Ahmedabad 382 445

Report of the Directors

To the Members of Bosch Rexroth (India) Limited

Your Directors have pleasure in presenting the Thirty-Seventh Annual Report together with the Audited Statement of Accounts for the year ended 31st December, 2011.

Financial Results

The following are the financial results :

	(Rs./Million)	
	2011	2010
Profit before Interest, Depreciation and Income-Tax	257.29	532.99
Less: Interest	160.80	121.83
Profit after interest but before depreciation and Income-Tax	96.49	411.16
Less: Depreciation	99.04	96.99
Profit / (Loss) before Income-Tax	(2.55)	314.17
Less: Provision for Income-Tax	38.42	142.00
Less: Deferred Tax	(31.72)	(22.60)
Profit / (Loss) after Taxation	(9.25)	194.77
Balance brought forward from the previous year	1,182.44	987.67
Available for appropriation	1,173.20	1,182.44
(1) Proposed dividend	-	-
(2) Tax thereon including surcharge	-	-
(3) Transferred to General Reserve	-	-
Surplus in Profit & Loss Account carried to Balance Sheet	1,173.20	1,182.44

Dividend

The Board of Directors do not recommend any dividend for the year ended 31st December 2011 in view of the loss for the year.

Year in Retrospect

Sales of the Company for the year 2011 were Rs.6,075.85

million compared to Rs. 4,831.31 million in 2010, an increase of 25.76%. Result before Tax for the year under review was a loss of Rs.2.55 million compared to a profit of Rs.314.17 million in the previous year, after considering exceptional and non-recurring items. Material costs as a percentage to sales increased by 3.67% to 76.69%. Profit before interest, depreciation and taxes were 51.73% lower compared to previous year.

Business Situation

The year 2011 was a difficult year in general and our Company was affected by many negative developments in India and elsewhere in the world viz. increase in crude prices, rupee depreciation, increase in interest rates etc. India adopted a tight monetary policy to control inflation, with RBI raising interest rates 7 times in 2011. This led to higher interest burden on the Company. Many economic sectors served by the Company viz. steel, power, bulk material handling and capital goods were adversely affected resulting into delayed off take of products by the customers, higher inventory and higher receivables. Sudden and steep depreciation of Indian Rupee in the second half of the year increased cost of production and further eroded operating margins as the Company is dependent on imported parts and components for many of its products.

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 31st December, 2011 pursuant to section 212 of the Companies Act, 1956 are annexed to this Annual Report.

Hägglands Drives (India) Pvt. Ltd.

Bosch Rexroth AG, Germany, has acquired the business of Hägglands worldwide. Consequently, Hägglands Drives (India) Private Limited incorporated in 1994 and having its registered office in Pune has become a Bosch Group company. Hägglands Drives (India) Private Limited is engaged in the business of Hydraulic Drives. Your Company will strive to derive benefits of synergies out of this.

The Scheme of Amalgamation of Hägglands Drives (India) Private Limited with Bosch Rexroth (India) Limited from

the appointed date of April 01, 2011, has been approved by the shareholders of both the companies and submitted to the Hon'ble High Courts of judicature at Gujarat and Mumbai for sanction under Section 391 and 394 of the Companies Act, 1956. The Scheme will be given effect to in the financial statements upon receipt of statutory approvals.

Sanand Greenfield Project

As already informed to you in the previous year, the Company purchased industrial land admeasuring 134,828 sq. metres at Sanand near Ahmedabad. Civil Construction for the building has started and we plan to fully commission the project in the last quarter of 2012. The Company has spent Rs.1,276.56 million till end of December, 2011 on land and building. The total project cost is estimated to be Rs.2,468.3 million.

Directorate

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

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, 2011 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, 2011 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

Remuneration Committee

The Remuneration Committee, constituted by the Company in accordance with the provisions of the Companies Act, 1956 performs the functions of reviewing the remuneration

payable to the Managing Directors, considers the revised guidelines of the Government of India and report thereon for consideration by the Board of Directors of the Company.

The composition of the Remuneration Committee is as under:-

- Mr. V. K. Viswanathan - Chairman
- Mr. H. Ott - 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.

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, 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 : Bangalore

Date : 30th January, 2012

V. K. Viswanathan

Chairman

Annexure to the Directors' Report dated 30th January, 2012**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, 2011.

A. Employed throughout the Accounting Year and in receipt of remuneration aggregating Rs.60,00,000/- or more.

Sr. No.	Name of the Employee & Age (Years)	Qualification	Experi-ence (Years)	Date of Commence-ment of employment	Designation/ Nature of duties	Gross Remune-ration (Rupees)	Previous employment (Employer's Name & period)
1	Desai Rahul S. (57)	B.Com., FCA, ACS	31	03.08.1989	Vice President - CFA & Company Secretary	6,016,858	Self employed.
2	Liebe Reinhard (63)	Mechanical Engineer	40	01.07.2008	Managing Director Production & Mfg.	20,229,209	Bosch Rexroth Otomasyon, Bursa, Turkey; 3.5 years.
3	Pfundstein Andreas (36)	Degree in Industrial Engineering	9	01.10.2009	Dy. General Manager	8,528,681	Bosch Rexroth AG, Germany; 2 years.
4	Schmiechen Nicole (35)	Degree in Business Administration	8	01.09.2009	Dy. General Manager	7,144,904	Robert Bosch GmbH, Germany; 2 years
5	Voglsanger Martin (44)	Mechanical Engineer	16	01.12.2007	Managing Director Sales & Admn.	18,635,815	Robert Bosch GmbH, Germany; 7 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 Directors which are contractual.
- 3 None of the above employees is related to any Director of the Company.

For and on behalf of the Board of Directors,

Place: Bangalore

Date: 30th January, 2012

V. K. Viswanathan

Chairman