



Motor Industries Co. Ltd.

Annual Report 2005



BOSCH
Invented for life



The Bosch Vision

Creating value - sharing values

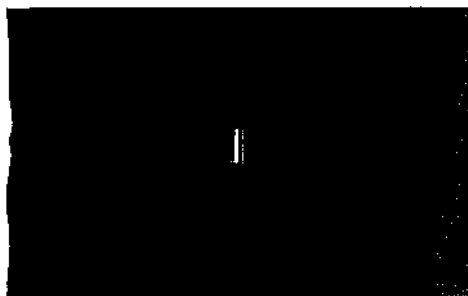
As a leading technology and services company, we take advantage of our global opportunities for a strong and meaningful development. Our ambition is to enhance the quality of life with solutions that are both innovative and beneficial. We focus on our core competencies in automotive and industrial technologies, as well as in products and services for professional and private use.

We strive for sustained economic success and a leading market position in all that we do. Entrepreneurial freedom and financial independence allow our actions to be guided by a long-term perspective. In the spirit of our founder, we particularly demonstrate social and environmental responsibility - wherever we do business.

Our customers choose us for our innovative strength and efficiency, for our reliability and quality of work. Our organisational structures, processes, and leadership tools are clear and effective, and support the requirements of our various businesses. We act according to common principles. We are strongly determined to jointly achieve the goals we agree upon.

As associates worldwide, we feel a special bond in our values that we live day by day. The diversity of our cultures is a source of additional strength. We experience our task as challenging, we are dedicated to our work, and we are proud to be part of Bosch.

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Cover page

Bosch is ready with Mico to roll out
Common Rail components from its
newly built production facilities in India

About Mico

A view of Mico corporate office in Bangalore



Motor Industries Co. Ltd. (Mico) is the flagship of the Bosch Group in India. Established in 1951, Mico has been a pioneer and leader in the Indian automotive segment for the past 55 years. In India, it is the largest auto component manufacturer and the largest Indo-German company. The Bosch Group holds a 60.55% stake in Mico. With access to state-of-the-art technologies from Bosch and a commitment to world-class quality, Mico is the country's largest manufacturer of Diesel Fuel Injection equipment. MICO and BOSCH recently received the 'Safety and Technology Award' for 2006 instituted by NDTV Profit and Car India.

Mico is headquartered in Bangalore with manufacturing facilities at Bangalore, Nashik, Naganathapura and Jaipur. All four plants are TS 16949 and ISO 14001 certified. With approximately 9,800 associates working in these facilities, Mico manufactures and trades products as diverse as Diesel Fuel Injection equipment, industrial equipment, auto-electrical equipment,

gear pumps for tractor applications, electric power tools, packaging machines, security technology products and Blaupunkt car multimedia systems.

Mico has, over the years, developed excellent R&D and manufacturing capabilities and cultivated a strong customer base. Its market leadership today is testimony to the high quality of its technology and products. The Mico service network spans over 1,000 towns and cities where over 4,000 authorised representatives work to ensure that Mico products and services are readily and widely available.

Mico is at present gearing up to conquer new horizons as Bosch focuses on India to develop it into a technology hub.

About Bosch

A view of Bosch
headquarter
in Germany



Robert Bosch GmbH is widely known the world over as a pioneer in automotive technology for 120 years. The name Bosch is synonymous with Innovations in automotive technology, industrial technology and consumer goods & building technology.

Founded in 1886 in Germany as a 'Workshop for precision mechanics and electrical engineering' by Robert Bosch, Bosch is today the largest automotive technology supplier in the world with a global group turnover of €42 Billion in the year 2005. Interestingly, every year, Bosch files on an average over 2,800 patent applications across the globe.

Bosch is now present in every continent with its 270 subsidiaries, associated companies and 12,000 service centres located in over 140 countries. Bosch operates 249 manufacturing locations worldwide. Of these, 185 are located outside Germany in Europe, North and South America, Africa, Asia and Australia. In fiscal 2005, Bosch employed more than 250,000 people worldwide.

The special ownership structure of the Bosch Group guarantees its financial independence and entrepreneurial freedom. The structure also enables the group to undertake significant up-front investments for the future and do justice to its social responsibilities in a manner reflecting the spirit and will of its founder. Ninety two percent of the shares in Robert Bosch GmbH are held by the charitable foundation Robert Bosch Stiftung. Likewise, there is a separate entity to carry out its entrepreneurial functions - Robert Bosch Industrietreuhand KG.



Bosch began the New Year with its glittering presence at the Auto Expo 2006, Pragati Maidan, New Delhi. This marked the formal launch of the Bosch brand in India showcasing all its subsidiary brands under one umbrella

Board of Directors, Committees, etc.

Directors

H. Zimmerer, *Chairman*
 Dr. J. J. Irani
 B. Steinruecke (from 15.06.05)
 Dr. B. Bohr
 D. S. Parekh
 Dr. A. Hieronimus, *Managing Director*
 M. Lakshminarayan, *Joint Managing Director*
 V. K. Viswanathan, *Joint Managing Director*,
 (upto 28.02.06)

Company Secretary

B. S. Iyer

Auditors

Price Waterhouse & Co.

Bankers

State Bank of India
 Canara Bank
 Citibank, N. A.
 Deutsche Bank A G

Registered Office

Hosur Road
 Adugodi
 Bangalore-560 030

Stock Exchanges

(Where the shares of the company are listed)

Bombay Stock Exchange Limited
 Phiroze Jeejeebhoy Towers
 Dalai Street
 Mumbai-400 001

National Stock Exchange of India Limited
 Exchange Plaza
 Bandra-Kurla complex
 Bandra (E)
 Mumbai-400 051

Audit Committee

D. S. Parekh, *Chairman*
 H. Zimmerer
 B. Steinruecke (from 09.08.05)
 Dr. J. J. Irani

Shareholders'/Investors'

Grievance Committee

H. Zimmerer, *Chairman*
 D. S. Parekh
 Dr. A. Hieronimus
 V. K. Viswanathan (upto 28.02.06)

Remuneration Committee

H. Zimmerer
 Dr. J. J. Irani
 B. Steinruecke (from 15.06.05)

Investment Committee

D. S. Parekh
 Dr. J. J. Irani
 Dr. A. Hieronimus
 V. K. Viswanathan (upto 28.02.06)

Property Committee

H. Zimmerer
 D. S. Parekh
 M. Lakshminarayan
 V. K. Viswanathan (upto 28.02.06)

Share Transfer Committee

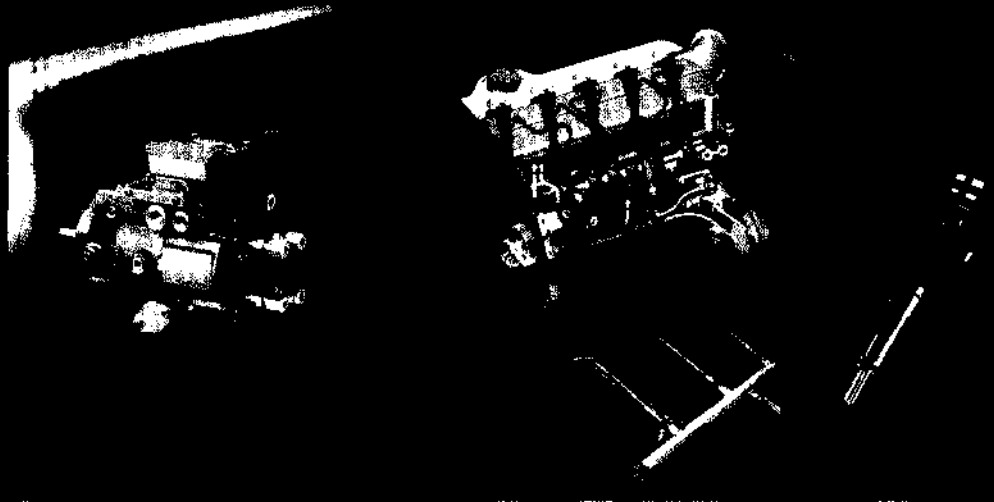
Dr. J. J. Irani
 B. Steinruecke (from 15.06.05)
 Dr. A. Hieronimus
 V. K. Viswanathan (upto 28.02.06)

Registrar & Transfer Agent

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

Automotive Technology - Pioneered by Mico & Bosch

Diesel Injection Technology from Bosch - After this technology premiered in 1927, it has, in subsequent years, led to fuel efficient, clean and powerful diesel engines



An overview of Common Rail System

Bosch has been a pioneer in automotive technology with its constant need to come up with innovative solutions the world over. The basic idea of the Common Rail System has been around for more than 50 years. Engine development engineers at Bosch, however, applied for the first patent to cover an accumulator-type injection system for diesel engines. The implementation of this technology was a challenge in itself, and it was Bosch that first introduced the Common Rail System into the passenger car segment. This indicates not just its importance in Bosch's global plans, but more importantly, the increasingly significant role this technology is playing worldwide.

Common Rail System technology is also powering the resurgence of diesel engines in today's world and Bosch has a major role here as well. For instance, it introduced the first Diesel Injection System in 1927. Over the years, this technology has transformed smoke-belching automobiles into cleaner, quieter, more fuel efficient and eco-friendly vehicles of today. Given that diesel is the fuel of choice for countries, Bosch sees tremendous opportunities for Mico in India in developing this technology further.

Cross-section of the Common Rail Injector

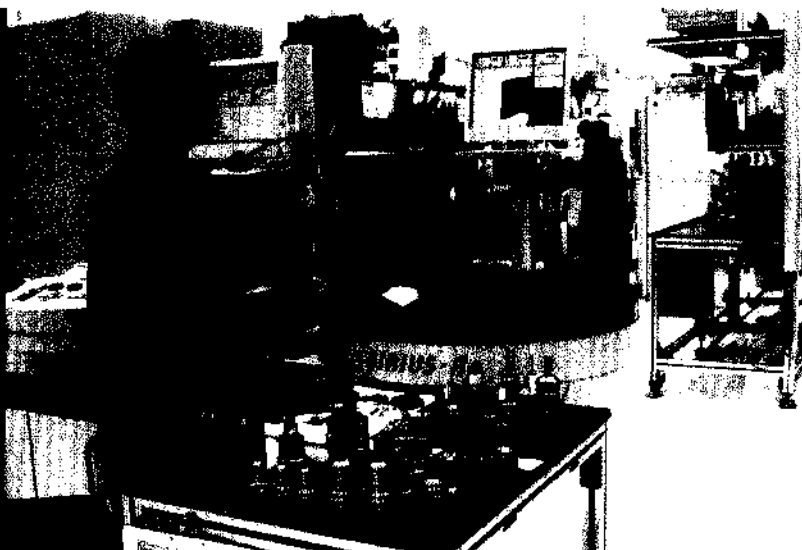
Opportunities in Diesel technology

There is an increasing trend towards diesel in auto markets across the world including countries with stringent environment norms. For instance, almost 50% of all newly registered cars in Europe today are diesel powered. A significant factor driving this growth is the Common Rail System.

For Bosch, the Common Rail System has been a success story worldwide with over 28 million systems sold. In fact, it has sold three times more passenger car Common Rail Systems than all its competitors put together. Given the boom in the Indian diesel market, it is set to be one of the factors that will accelerate growth in the automotive sector.

Common Rail technology is designed to increase not only injection pressure, but also the flexibility of the injection process and reduce the level of harmful emissions in a significant way. Diesel fuel is subjected to high pressures in the Rail. The Rail is connected to the injection valves, through which the fuel is injected into the combustion chamber at high pressures. A constant supply of fuel in the Rail facilitates advanced injection, allowing the engine to run more smoothly.

An associate checking the cutting tool geometry on Sirius



Common Rail System in India

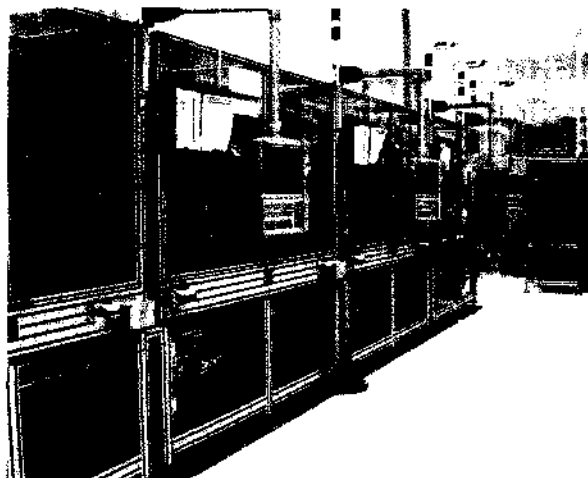
The Bosch Group has already announced an investment of about Rs. 1,800 crores in India between 2005 and 2008 as part of its strategy to focus on Asia and India, in particular to drive its global growth. A significant part of this investment, Rs. 550 crores, is being directed towards introducing the Common Rail System as also its application, testing and manufacturing. In fact, the first locally manufactured Common Rail Systems are scheduled to come off production lines from Mico by 2007.

Mico has already started producing injector parts, some of which have been exported to South Korea. It will also start the production of the Common Rail pumps from the middle of this year.

R&D at Mico

The Company believes that as the market for diesel expands and matures, Common Rail Systems will occupy 60% of all diesel applications in the next 8 to 10 years.

In line with these efforts and to meet the need for automotive testing and development, Mico and Bosch have established a futuristic research center in India. A state-of-the-art center called Technical Center India (TCI) (formerly *Mico Application Center*), based in Bangalore, provides eloquent testimony to the company's commitment towards total customer satisfaction. Dedicated to providing world-class technological solutions for the auto industry, TCI has full-fledged application facilities



A hydro erosion line