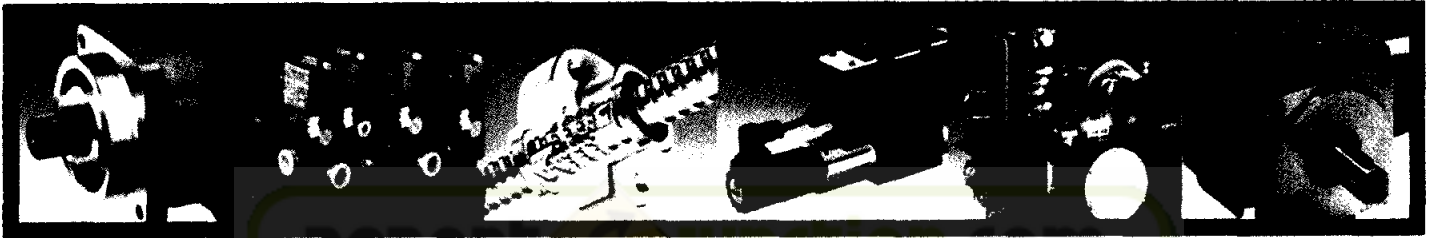


Rexroth
Bosch Group



Drive & Control
Company

Bosch Rexroth Limited



Leadership in :

Hydraulics
Pneumatics
AC Drives and Controls
Linear Motion Technology
Industrial Transmissions



TO OUR SHAREHOLDERS

Momentous events characterize the year 2001: terrorist attacks on an unprecedented scale rocked the world, a devastating earthquake shook our home state of Gujarat, and the merger of Bosch and Rexroth has significantly altered the competitive landscape of our industry. Through all of this, and in the midst of a lackluster Indian economy, we have enjoyed a 30% growth in sales during the year to a record Rs.647.6 million, 5% of which is attributable to the addition of the Bosch hydraulics business.

Domestic sales of hydraulic components (without Bosch) rose 25% on the strength of substantial demand for spares, as industry opted for maintenance in an investment-adverse business climate. Component exports rose only 11% in the wake of a global slowdown. We were especially encouraged by the 15% growth in hydraulic systems, coming in the face of virtually zero growth in capital spending by Indian industry in 2001. With an increase of 10% in the sales of our electric drives and controls we were unable to replicate last year's rapid advance, as opportunities for retrofit programs declined. Albeit on a relatively small basis, the star performer among our Drive and Control products was our linear motion product line, which comfortably doubled sales over prior year.

With our operating costs well under control, these sales levels yielded operating results, that is income before interest and taxes, of Rs.100.9 million, up 57% over prior year, while net profit rose to Rs.44.5 million, essentially doubling last year's record. Our return on capital employed averaged a very acceptable 29%, up from the 17% in 2000.

We could not have accomplished this achievement without the confidence of our customers and dealers, for which we are immensely grateful. Over the last few years, we have worked hard to earn their trust by proving our responsiveness, reliability and quality of product and service. We wish to go on record to all our constituents that we accept the franchise extended to us by our customers as our unconditional obligation to be the benchmark by which others will be measured.

To this end, we have made a number of changes. First and foremost, we have successfully and smoothly integrated the hydraulics business acquired from Motor Industries Company Ltd. (MICO), a Bosch Group company, on August 1, 2001. In the process, we have meticulously identified a number of opportunities to provide our customers with additional product applications, drive and control solutions, and better technical and commercial support, giving us confidence in our ambition to become and remain their preferred supplier. With the inclusion of our Company in the Bosch Group, we have also changed our name to Bosch Rexroth (India) Ltd.

Late last year, we established an autonomous business unit to combine and manage all our service resources and those of our dealers. Among the assets acquired from MICO is a hydraulic service center in Bangalore, which, along with our service center for electric drives and controls, will serve our south Indian customers well. Our Ahmedabad service center has already successfully demonstrated the benefit of such a facility to our customers of axial piston pumps and motors, processing an average of one unit per day in its first year of operation. Through our Service Division, we expect to set and achieve unparalleled levels of service to our Drive and Control customers and to some of their key end users, and especially in the fast growing area of electro-hydraulics.

Similarly, we will soon be setting up our training activities in an autonomous business unit, with training centers in Ahmedabad and Bangalore, and trainers rigorously trained in Germany.

Early this year, we have set up a separate Mobile Hydraulics Division to better focus our activities in this promising market.

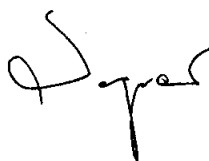
We are keenly aware that the prospect of declining import duty rates for our products will put significant competitive pressures on our manufacturing resources. To maintain our competitive edge, we have begun a process of Total Productive Management (TPM) under the guidance of the TPM Club of India and the Japanese TPM Society. We see this as indispensable not only for the future of our manufacturing activities, but also for the acceptance in the market of our position as the foremost provider of drive and control solutions in India.

Our German majority shareholder has announced its intention to acquire the outstanding shares of Bosch Rexroth (India) Ltd. which it does not already own through a tender offer at Rs.56 per share.

On a disappointing note, our plans to mark our 25th Anniversary were derailed, first through the earthquake in January 2001, and later through the attack on the World Trade Center in September. Instead, we have honored the contribution of our Ahmedabad employees to our results by hosting a Family Get-Together at our Vatva plant in February 2002. Our outstation employees will hopefully forgive us for not closing down the entire Company by inviting everyone to come to Ahmedabad!

We were also saddened by the retirement of our Executive Director, Mr. I.L. Chitkara, well deserved as it may have been after over 20 years of productive service to the Company. Mr. Chitkara leaves a legacy of superb manufacturing and management skills, a tireless and disciplined innovator who has repeatedly restructured our manufacturing operations to adapt to changing process concepts and ever increasing customer demands. Fortunately, Mr. Chitkara will continue to serve us for a year as TPM consultant and coordinator.

Finally, it is my privilege to thank our channel partners for their continuing coverage of our markets, and welcome the new dealers who have joined us from MICO. I also wish to express our appreciation to all our suppliers, bankers, municipal, state and central government officials, and to our shareholders for their support. As always, my particular gratitude goes out to all our dedicated employees for their contribution to our success.



Wolfgang Wagner
Managing Director

BOARD OF DIRECTORS

DR.A.WEBER (CHAIRMAN)
DR.W.PHILIPP
MR.H.OTT
MR.V.K.VISWANATHAN
MR.W.WAGNER (MANAGING DIRECTOR)

AUDIT COMMITTEE

MR.H.OTT
DR.A.WEBER
MR.W.WAGNER

BANKERS

DEUTSCHE BANK
CREDIT LYONNAIS
HDFC BANK LTD.

AUDITORS

M/S.C.C.CHOKSHI & 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



27th Annual General Meeting

Date	:	15th May, 2002
Day	:	Wednesday
Time	:	10.00 A.M.
Place	:	The Auditorium of The Ahmedabad Textile Mills' Association, Ranchhodlal Marg, Ashram Road, Ahmedabad 380 009.

CONTENTS	PAGE NO.
Board of Directors etc.	1
For Shareholders' Attention	4
Notice with Annexure	5
Directors' Report	8
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	18
Schedules and Notes forming part of Accounts	20
Balance Sheet Abstract and Company's General Business Profile	36
Cash Flow Statement	38
Years at a Glance	40

Bosch Rexroth (India) Limited

For Shareholders' Attention

1. Members are advised to hold shares jointly to simplify the procedure of transmission in the event of death of any holder.
2. As per the provisions of the amended Companies Act, 1956, facility for making Nominations is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office of the Company.
3. Members holding more than one share certificate in the same name under different folios are requested to apply for consolidation of such folios in one folio and send relevant share certificates to the Company to make necessary endorsements.
4. 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 fifteen days before the date of the meeting, so that the information required by the members may be made available at the meeting.
5. Members attending the meeting are requested to bring with them the attendance slip and hand over the same at the entrance of the meeting hall, failing which admission to the meeting may be refused.
6. Members may note that the Company's securities are listed on the following Stock Exchanges and the Company has paid the listing fees to these Stock Exchanges in time and has never made any default in the payment of Listing fees in past.

The Stock Exchange, Ahmedabad
Kamdhenu Complex,
Opp. Sahajanand College,
Nr. Panjra Pole,
Ahmedabad 380 015

The Stock Exchange, Mumbai
25th Floor, Sir P.J. Towers,
Dalal Street,
Mumbai 400 001
7. 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.

Place: Ahmedabad

Dated: 24th January, 2002

Registered Office:

Near Vatva Railway Station,
Vatva,
Ahmedabad 382 445

By Order of the Board of Directors

RAHUL DESAI
Executive Vice President (Finance) &
Company Secretary

Notice

NOTICE is hereby given that the TWENTYSEVENTH Annual General Meeting of the shareholders of Bosch Rexroth (India) Limited will be held at The Auditorium of The Ahmedabad Textile Mills' Association, Ranchhodlal Marg, Ashram Road, Ahmedabad 380 009 on Wednesday, the 15th May, 2002 at 10.00 a.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report and the Audited Profit & Loss Account for the year ended 31st December, 2001 and the Balance Sheet of the Company as on that date and the Report of the Auditors.
2. To appoint a Director, in place of Dr.W.Philipp, 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.V.K.Viswanathan who was appointed as an additional Director on 29th October, 2001 under Section 260 of the Companies Act,1956, and who under Article 148 of the Articles of Association of the Company retires at this Annual General Meeting, be and hereby is appointed as a Director of the company whose period of office shall be subject to retirement by rotation and for which the prescribed

notice has been received by the company in terms of Section 257 of the Companies Act,1956, the candidate having filed his consent to act as a Director, if appointed".

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 Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 6th May, 2002 to Wednesday, the 15th May, 2002 (both days inclusive), in terms of the provisions of Section 154 of the Companies Act,1956 for the purpose of convening 27th Annual General Meeting to be held on 15th May, 2002.

- c) The unpaid/unclaimed dividend for the accounting year ended on 31st December, 1995 will be due for transfer to Investor Education & Protection Fund in the month of May, 2003. Members who have not encashed their dividend warrants are

Bosch Rexroth (India) Limited

requested to send the same for payment to the Registered Office of the Company.

d) The following documents are available for inspection by the members at the Registered Office of the Company on any working day up to the date of Annual General Meeting between 10.30 a.m. and 12.30 p.m., except Saturdays and holidays.

i) Memorandum & Articles of Association of the Company.

ii) The Notice dated 8th January, 2002

received by the Company from a member proposing the candidature of Mr.V.K.Viswanathan for the office of Director and the consent letter dated 10th January, 2002 received from Mr.V.K.Viswanathan to act as a Director of the company.

e) Shareholders are requested to intimate to the Company about any change in their Registered Address to the Company's Share Department at Near Vatva Railway Station, Vatva, Ahmedabad 382 445.

By Order of the Board of Directors

Place: Ahmedabad

Dated: 24th January, 2002

RAHUL DESAI

Executive Vice President (Finance) &
Company Secretary

Registered Office:

Near Vatva Railway Station,

Vatva,

Ahmedabad 382 445