

Annual Report 2002

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Bosch Rexroth (India) Limited

**BOARD OF DIRECTORS
AS ON 31-03-2003**

DR. A. WEBER (CHAIRMAN)
DR. K. TRAGL
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
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

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28th Annual General Meeting

Date : 14th May, 2003
Day : Wednesday
Time : 10.00 A. M.
Place : The Auditorium of The Ahmedabad Textile Mill's Association,
Ranchhodlal Marg, Ashram Road,
Ahmedabad-380 009.

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Bosch Rexroth (India) Limited

Notice

NOTICE is hereby given that the **TWENTYEIGHTH** 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 14th May, 2003 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, 2002 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 Mr. H. Ott, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Price Waterhouse, Chartered Accountants, Bangalore as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix the remuneration of the Auditors, as the retiring Auditors, M/s. C.C.Chokshi & Co., Chartered Accountants, Ahmedabad have informed the Company of their desire not to seek re-appointment.

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 Dr. K. Tragl who was appointed as an additional Director on 31st March, 2003 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) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends up to the accounting year ended 30th September.

1994 have been transferred to the General Revenue Account of the Central Government. Shareholders 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.

- c) Members are requested to note that as per Section 205A of the Companies Act, 1956, dividends not encashed or claimed within seven years from the date of transfer to the company's unpaid dividend account shall be transferred to the Investor Education & Protection Fund of the Central Government. In the month of May, 2003, unclaimed dividend for the accounting year ended on 31st December, 1995 will be transferred to this fund. Members who have so far not encashed their dividend warrants are requested to send the same for payment to the Registered Office of the Company. Kindly note that once unclaimed/unpaid dividend is transferred to the Investor Education & Protection Fund, members will not be entitled to claim such dividend.
- d) All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10 a.m. and 12 noon on

all days, except Saturdays, Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof.

- 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.
- f) 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.
- g) 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.
- 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 fifteen days before the date of the meeting, so that the information required by the members may be made available at the meeting.

Place: Ahmedabad

Dated: 31st March, 2003

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**

Bosch Rexroth (India) Limited

Annexure to the Notice

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to item No.4 mentioned in the accompanying Notice dated 31st March, 2003 and should be taken as forming part of the Notice.

Item No. 4.

Dr. K. Tragl was appointed as an additional Director of the Company on 31st March, 2003. In terms of Section 260 of the Companies Act, 1956 and Article 148 of the Articles of Association of the Company, Dr. K. Tragl ceases to hold office as Director at this Annual General Meeting. A Notice has been received by the Company from a member under section 257 of the Companies Act, 1956 proposing the appointment of Dr. K. Tragl as a Director of the Company at this meeting. Dr. K. Tragl offers himself for appointment as a Director at this meeting having filed his consent with the Company to act as a Director, if appointed.

Dr. K. Tragl is a Senior Executive of Bosch Rexroth AG, Germany (the holding Company of our Company) and has wide knowledge and experience in manufacturing and engineering.

Your Directors are of the view that it will be in the interest of the Company to appoint him as a Director of the Company liable to retire by rotation, and accordingly recommend his appointment.

None of the Directors of the Company is interested in the resolution except Dr. K. Tragl as the resolution pertains to his reappointment as Director.

Place: Ahmedabad

Dated: 31st March, 2003

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**

Directors' Report

To the Members of
BOSCH REXROTH (INDIA) LIMITED

Your Directors have pleasure in presenting the 28TH ANNUAL REPORT with the Audited Statement of Accounts for the year ended 31st December, 2002.

FINANCIAL RESULTS	2002 Current Year Rupees	2001 Previous Year Rupees
Profit before Interest, Depreciation and Income-Tax	120,706,688	118,627,121
Less: Interest	26,319,830	29,368,916
Profit after interest but before depreciation and Income-Tax	94,386,858	89,258,205
Less: Depreciation	18,487,935	17,777,500
Profit before Income-Tax	75,898,923	71,480,705
Less: Provision for Income-Tax	31,000,000	18,200,000
Less: Deferred Tax	(3,863,000)	8,798,000
Profit after Income-Tax	48,761,923	44,482,705
Balance brought forward from the previous year	34,361,827	(10,120,878)
Surplus in Profit & Loss Account carried to Balance Sheet	83,123,750	34,361,827

DIVIDEND

In view of the uncertain global economic situation and with a view to conserve financial resources, the Board of Directors does not recommend any dividend for the Accounting Year 2002.

YEAR IN RETROSPECT

The Company has been able to achieve a turnover of Rs.780.71 million compared to Rs.647.56 million in 2001. The operations for the year under review have resulted in Profit before

Bosch Rexroth (India) Limited

Tax of Rs.75.90 million compared to Rs.71.48 million in the previous year. The Company has recorded an increase of Rs.133.15 million in turnover in spite of difficult economic situation in India and abroad, negligible growth in the capital sector and fierce competition from indigenous manufacturers and from importers. The Company continues to benefit from its restructuring efforts of the past which is reflected in its profit margins.

AUDITORS' REPORT

Auditors have referred in their report to change in the accounting policy of amortising compensation paid under Voluntary Retirement Scheme. This matter has been explained in item no.8 of the Notes on Accounts in Schedule 19. Your Company proposes to change the accounting policy in respect of compensation paid under Voluntary Retirement Scheme by charging the same to Profit & Loss Account for the year in which the compensation is paid as against amortising the same over a period of five years. The effect of this change is stated in the note referred to hereinabove.

CHANGE OF NAME OF THE COLLABORATOR

Consequent upon the reorganization of the Bosch Rexroth group, the name of our Promoter and Collaborator M/s. Mannesmann Rexroth AG, Germany has been changed to "BOSCH REXROTH AG", with effect from 19th September, 2002.

100% EXPORT ORIENTED UNIT

The products manufactured by the Export Oriented Unit and exported to Bosch Rexroth AG, Germany and its subsidiaries in South East Asian

countries are well received as far as quality and deliveries are concerned. Along with shipments from the Export Oriented Unit, there is a good response to other exports from the main plant in Ahmedabad. Total exports in 2002 have gone up to Rs. 35 million from Rs. 31 million in 2001, registering a growth of 13%.

DESIGN CENTRE

The Design Centre continues to cater to the requirements of Bosch Rexroth AG by undertaking design projects using computer aided design (CAD) techniques.

DIRECTORATE

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

Dr. W. Philipp resigned as a Director of the Company with effect from 31st March, 2003. The Board wishes to place on record its gratitude to Dr. W. Philipp for his valuable guidance to the Company and the Board of Directors during his association with the Company.

Dr. K. Tragl was appointed as an additional Director of the Company with effect from 31st March, 2003. Pursuant to Section 260 of the Companies Act, 1956 and in terms of Article 148 of the Articles of Association of the Company, Dr. K. Tragl holds office as Director upto this Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member proposing the candidature of Dr. K. Tragl for the office of the Director. Necessary resolution seeking the approval of the shareholders is included in the

Notice convening the Annual General Meeting. Dr. K. Tragl, being eligible, offers himself for appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors' responsibility statement is enclosed at Annexure-1.

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 Companies Act, 1956 and such other matter 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) Mr. Heribert. Ott
- (ii) Dr. Alfons Weber
- (iii) Mr. Wolfgang Wagner

TENDER OFFER

Bosch Rexroth AG (Formerly known as Mannesmann Rexroth AG), Germany the holding company, held 75 % share capital of the Company. They had made an Open Offer as per the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for acquiring by tender 13,24,900 equity shares constituting 25 % of the shares of the Company held by public, at the price of Rs.56/- per share. As a result of the Open Offer, the total holding of Bosch

Rexroth AG as on 31st December, 2002 has increased from 39,74,700 shares to 49,92,058 shares or from 75 % to 94.20% of the Paid-up Equity Capital of the Company.

The Exit Option, presently available to the remaining shareholders at the rate of Rs.56/- per share, will be kept open till 11th December, 2003.

DELISTING OF SHARES OF THE COMPANY

As a result of the Open Offer, the shareholding of Bosch Rexroth AG, Germany, the Collaborator of the Company, increased above 90% of the Paid-up Capital of the Company. Accordingly, the Company applied for and received from Ahmedabad and Mumbai Stock Exchanges permission to delist the shares of the Company pursuant to clause 21(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The shares of the Company are delisted from the above Stock Exchanges and can no longer be traded thereon.

PARTICULARS OF EMPLOYEES

There is no employee employed throughout the year who is in receipt of remuneration aggregating Rs.24,00,000/- or more per annum (or Rs.2,00,000/- or more per month, if employed for a part of the year) for which information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is required to be given in the Directors' Report.

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 Companies (Disclosures of particulars in the