

Annual Report 2003



Bosch Rexroth (India) Limited

Annual Report 2003

Board of Directors	Dr. A. Weber (Chairman) Dr. K. Tragl Mr. H. Wagener Mr. H. Ott Mr. V. K. Viswanathan Mr. W. Wagner (Managing Director)
Company Secretary	Mr. Rahul Desai
Audit Committee	Mr. H. Ott Dr. A. Weber Mr. W. Wagner
Bankers	Deutsche Bank HDFC Bank Ltd.
Auditors	M/s. Price Waterhouse 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

Annual Report 2003

29th Annual General Meeting

Date : 25th May, 2004

Day : Tuesday

Time : 2.00 p. m.

Place : The Auditorium of The Ahmedabad Textile Mill's Association
Ranchhodlal Marg, Ashram Road
Ahmedabad-380 009.

Contents	Page No.
Board of Directors etc.	1
Notice with Annexure	3
Directors' Report	9
Auditors' Report	15
Balance Sheet	18
Profit and Loss Account	20
Cash Flow Statement	22
Schedules to Accounts	24

Notice

NOTICE is hereby given that the 29th Annual General Meeting of the Members 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 Tuesday, the 25th May, 2004 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, 2003, and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st December, 2003.
3. To appoint a Director, in place of Dr. A. Weber, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Price Waterhouse & Co., 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. Price Waterhouse, Chartered Accountants, Bangalore have informed the Company of their desire not to seek re-appointment.

Special Business:

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

"RESOLVED THAT Mr. H. Wagener who was appointed as an additional Director on 14th May, 2004 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 is hereby

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".

6. 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 and 311 read with 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 reappointment and the terms of remuneration of Mr. W. Wagner as the Managing Director of the Company, not liable to retire by rotation, for the period from 1st October, 2004 to 31st December, 2006, 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 draft of the agreement to be entered into between the Company and Mr. W. Wagner (the particulars of which are enumerated in the Explanatory Statement annexed hereto) which is placed before this meeting and initialed by a Director for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/ or agreement within such limits that the Central Government may make having regard to the policies or laws, guidelines, rules and regulations from time to time in force and that the Board of Directors of the Company, be and is hereby

authorised to enter into an Agreement with Mr. W. Wagner, in terms of the said draft of the Agreement with such modifications as may be suggested by the Central Government or any other prescribed authority and agreed to and acceptable to the Board of Directors and to Mr. W. Wagner ".

"RESOLVED FURTHER THAT any of the directors and/or Mr. Rahul Desai, the Company Secretary, of the Company be and are hereby authorised to make the necessary applications with the Central Government and to do such acts, things and deeds as may be required to give effect to the above resolution."

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 relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
- c) The Share Transfer Books and the Register of Members of the Company will remain closed from Monday, 17th May, 2004 to Tuesday, 25th May, 2004 (both days inclusive) in connection with the Annual General Meeting.

- d) Dividend, if declared at the Annual General Meeting, will be payable to those members whose names appear on the Company's Register of Members as on the date of the Annual General Meeting.

- e) 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.

- f) 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. 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.

- g) Consequent to the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividends for the financial year ended December 1995 and thereafter which remain unclaimed for a period of seven years shall 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.

- h) 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.

- i) 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.

Annual Report 2003

- j) 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.
- k) 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.

Place: Ahmedabad
Date: 21st January, 2004

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



Annexure to the Notice

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

Item No.5

Mr. H. Wagener was appointed as an additional Director of the Company on 14th May, 2004. In terms of Section 260 of the Companies Act, 1956 and Article 148 of the Articles of Association of the Company, Mr. H. Wagener holds office as Director up to the date of this Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the appointment of Mr. H. Wagener as a Director of the Company. A deposit of Rs. 500/- as required by law has accompanied the said notice.

Mr. H. Wagener is a Senior Executive of Bosch Rexroth AG, Germany (the holding 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 except Mr. H. Wagener is concerned or interested in the said Resolution.

Item No. 6

Members of the Company at their Annual General Meeting, held on 20th June, 2001 had sanctioned and approved the reappointment and remuneration of Mr. W. Wagner, as the Managing Director from 01.10.2001 and his term expires on 30th September, 2004.

Mr. W. Wagner holds a Master of Business Degree from the University of Cologne, Germany and a Master of Business Administration Degree from the University of Maine, U.S.A. He is also qualified as a Certified Public Accountant in the state of New York, U.S.A. He has over 31 years of experience in senior management postings in large industrial corporations in the USA, Europe and Asia. Prior to joining Bosch Rexroth (India) Limited he was Vice President, Affiliate Operations of W. Schlafhorst AG & Co. of Germany, one of the world's largest Textile Machinery Manufacturers and in that capacity, he was a Director and Chairman of the Management Committee of Schlafhorst (India) Limited. Mr. W. Wagner has an in-depth knowledge about Indian business conditions.

Mr. W. Wagner lead the Company to success when it was in a very difficult phase marked by the presence of recession faced by the Industrial Sector and stiff competition for its products from the indigenous manufacturers as well as importers. Mr. W. Wagner introduced structural and strategic changes in the organization, as a result of which the Company's performance has remarkably improved.

Considering the efforts put in by Mr. W. Wagner to improve the working of the Company, the Board of Directors of the Company are of the view that the services of Mr. W. Wagner as a Managing Director of the Company will be very valuable for the future growth and prospects of the Company and therefore his term of appointment as a Managing Director be renewed for a further period from 1st October, 2004 to 31st December, 2006 on the following terms and conditions.

The re-appointment of Mr. W. Wagner as a Managing Director would be subject to the approval of the Central Government pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 as the remuneration payable to Mr. W. Wagner would be in excess of the limits laid down in Part II of Schedule XIII based on the effective capital of the Company.

1. Period of Reappointment:

For the period from 1st October, 2004 to 31st December, 2006.

2. Remuneration:**A. Salary:**

Basic Salary - Rs.1, 50, 000/-per month (w. e. f. 1st October, 2004)

B. Perquisites:**i) Housing:**

As the Managing Director of the Company, the Company will provide him, with unfurnished housing accommodation (including all common charges and maintenance expenses.)

ii) Gas, Electricity, Water and Telephone/Fax Charges:

The actual expenditure for gas, electricity, water and telephone/fax shall be borne by the Company and be valued as per the Income-tax Rules, 1962, as amended from time to time.

iii) Medical Reimbursement:

Expenses incurred for Mr. W. Wagner and his spouse shall be reimbursed at actuals by the Company unless these are reimbursed by medical insurance.

iv) Leave Travel Concession:

Leave travel concession for self and spouse once a year to and from Germany or the United States, by Business Class Air travel, subject to the condition that only the actual fare shall be reimbursed by the Company.

v) Club Fees:

Fees in respect of one Club will be borne by the Company.

vi) Gratuity:

As may be granted annually at the discretion of the Board of Directors of the Company.

Contribution to gratuity will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income-tax Act, 1961.

vii) Motor Car:

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

viii) Earned Leave:

Thirty (30) working days leave per annum with full pay and allowances. Leave accumulated and not availed of during his tenure as Managing Director may be allowed to be encashed at the end of the tenure as per the rules of the Company. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisites.

ix) Reimbursement of Expenses:

Reimbursement of traveling, entertainment and other expenses incurred by him during the course of business of the Company.

x) Sitting Fees:

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

xi) Relocation Charges:

All costs and expenses in respect of home furnishings, packing, transportation, insurance, customs duties and other charges associated with the relocation of furniture and personal effects from India to Germany or the United States on completion of the tenure as the Managing Director shall be paid by the Company, at actuals.

xii) Passage Benefits when Leaving Service:

Business class air passage for self and spouse while leaving India after completing the assignment.

xiii) Other Facilities:

He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.

C) Minimum Remuneration:

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

3. Not Liable to Retire by Rotation:

(a) As long as Mr. W. Wagner holds the office as the "Managing Director", he will not be liable to retire by rotation.

(b) Variation of the remuneration:

The Board of Directors of the Company shall have the liberty to alter or vary the terms and conditions of his re-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. W. Wagner.

(c) If at any time the Managing Director ceases 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.

Considering the contribution of Mr. W. Wagner, and his continued association and long-term involvement in the Company, the Board of Directors recommends the resolution for the approval of the members.

Memorandum of Interest:

None of the Directors except Mr. W. Wagner is concerned or interested in the said Resolution.

The Explanatory statement together with the accompanying notice should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

Place: Ahmedabad

Date: 21st January, 2004

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

Annual Report 2003

Directors' Report

To the Members of Bosch Rexroth (India) Limited

Your Directors have pleasure in presenting the 29th Annual Report with the Audited Statement of Accounts for the year ended 31st December, 2003.

Financial Results	2003 Current Year Rupees	2002 Previous Year Rupees
Profit before Interest, Depreciation and Income-Tax	242,923,794	120,706,688
Less: Interest	18,903,950	26,319,830
Profit after interest but before depreciation and Income-Tax	224,019,844	94,386,858
Less: Depreciation	18,097,235	18,487,935
Profit before Income-Tax	205,922,609	75,898,923
Less: Provision for Income-Tax	79,081,000	31,000,000
Less: Deferred Tax	1,485,000	(3,863,000)
Profit after Income-Tax	125,356,609	48,761,923
Balance brought forward from the previous year	83,123,749	34,361,826
Available for appropriation	208,480,358	83,123,749
(1) Proposed dividend at Rs.10/- per equity share of Rs.10/- each	52,996,000	-
(2) Tax thereon including surcharge	6,790,113	-
(3) Transferred to General Reserve	13,190,000	-
Surplus in Profit & Loss Account carried to Balance Sheet	135,504,245	83,123,749

Dividend

Your Directors are pleased to recommend a dividend of Rs.10/- per equity of Rs.10/- each for the Accounting Year ended 31st December, 2003.

Year in Retrospect

The Company has been able to achieve a turnover of Rs. 1126.76 million compared to Rs. 780.71 million in 2002. The operations for the year under review have resulted in Profit before Tax of Rs. 205.92 million compared to Rs.75.90 million in