

Annual Report 2004

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Bosch Rexroth (India) Limited

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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. V.K. Viswanathan Mr. H. Ott Mr. W. Wagner
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	Plot No. 96, Phase III Peenya Industrial Area, Bangalore 560 058

30th Annual General Meeting

Date : 19th May, 2005
 Day : Thursday
 Time : 2.30 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 30th 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 Thursday, the 19th May, 2005 at 2.30 P.M. to transact the following business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st December, 2004, 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, 2004.
3. To appoint a Director, in place of Mr. V. K. Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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 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 in partial modification of the resolution at Item no.6 passed by the members at the Annual General Meeting held on 25th May, 2004, 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 increase in remuneration of Mr. W. Wagner, Managing Director of the Company with effect from 1st April, 2005 till the end of his tenure of employment i.e. 31st December, 2006, (including the remuneration to be paid in the event of loss or inadequacy of profits in any accounting year during the aforesaid period) as under:

Salary:

Basic Salary per month shall stand increased from Rs.1,50,000/- to Rs.3,00,000/- with effect from 1st April, 2005 till the end of his tenure of employment i.e. 31st December, 2006.

“RESOLVED FURTHER THAT except for the modification in the salary payable to Mr. W. Wagner to the extent mentioned above, all other terms of his reappointment as Managing Director

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as approved by the members at the Annual General Meeting held on 25th May, 2004 shall remain unaltered.”

“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 Share Transfer Books and the Register of Members of the Company will remain closed from Thursday, the 12th May, 2005 to Thursday, the 19th May, 2005 (both days inclusive) in connection with the Annual General Meeting.

- c) 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.

- d) 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.

- e) 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.

- f) 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, 1995 has been transferred to this fund. Members who have not encashed their dividend warrants for the year 2003, are requested to send the same to the Company for payment. It may be noted that

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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.

g) 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.

h) 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.

i) 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: 22nd February, 2005

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

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Annexure to the Notice

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

Item No.5

Members of the Company at their Annual General Meeting, held on 25th May, 2004 had sanctioned and approved the reappointment and remuneration of Mr. W. Wagner, as the Managing Director from 1st October, 2004 to 31st December, 2006.

The Company during the year under review has achieved significant increase in the volume of business and profitability. The Company has been able to achieve a turnover of Rs.1,524.95 million compared to Rs.1,126.76 million in 2003. The operations for the year under review have resulted in Profit before Tax of Rs.270.62 million compared to Rs.205.92 million in the previous year. The Company has recorded an increase of Rs.398.19 million in turnover.

Taking into consideration his present salary, the significant increase in the volume of business and profitability of the Company during the year under review and the excellent performance of the Company under his management, the Board of Directors has approved the increase in the remuneration, i.e. Basic Salary from Rs.1,50,000/- per month to Rs.3,00,000/- per month payable to Mr. W. Wagner, Managing Director with effect from 1st April, 2005 till the end of his tenure of employment i.e. 31st December, 2006, subject to the approval of the members and the Central Government as required under the provisions of the Companies Act, 1956.

The increase in remuneration of Mr. W. Wagner 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.

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 under Section 302 of the Companies Act, 1956.

Place: Ahmedabad

Date: 22nd February, 2005

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

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Directors' Report

To the Members of Bosch Rexroth (India) Limited

Your Directors have pleasure in presenting the 30th Annual Report with the Audited Statement of Accounts for the year ended 31st December, 2004.

Financial Results	2004 Current Year Rupees	2003 Previous Year Rupees
Profit before Interest, Depreciation and Income-Tax	302,890,908	242,923,794
Less: Interest	12,807,236	18,903,950
Profit after interest but before depreciation and Income-Tax	290,083,672	224,019,844
Less: Depreciation	19,461,088	18,097,235
Profit before Income-Tax	270,622,584	205,922,609
Less: Provision for Income-Tax	105,500,000	79,081,000
Less: Deferred Tax	2,781,636	1,485,000
Profit after Income-Tax	162,340,948	125,356,609
Balance brought forward from the previous year	135,504,245	83,123,749
Available for appropriation	297,845,193	208,480,358
(1) Proposed dividend at Rs.20/- per equity share of Rs.10/- each	105,992,000	52,996,000
(2) Tax thereon including surcharge	13,851,830	6,790,113
(3) Transferred to General Reserve	16,300,000	13,190,000
Surplus in Profit & Loss Account carried to Balance Sheet	161,701,363	135,504,245

Dividend

Your Directors are pleased to recommend a dividend of Rs.20/- per equity share of Rs.10/- each for the Accounting Year ended 31st December, 2004.

Year in Retrospect

The Company has been able to achieve a turnover of Rs.1,524.95 million compared to Rs.1,126.76 million in 2003. The operations for the year under review have

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resulted in Profit before Tax of Rs.270.62 million compared to Rs.205.92 million in the previous year. The Company has recorded an increase of Rs.398.19 million in turnover. Better economic situation during the year under review helped the Company expand its volume of business.

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. V. K. Viswanathan retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Increase in the remuneration payable to Mr. W. Wagner, Managing Director

At the Company's Annual General Meeting held on 25th May, 2004, the members of the Company had approved the reappointment of and payment of remuneration and perquisites to Mr. W. Wagner, Managing Director for the period from 1st October, 2004 to 31st December, 2006.

The Central Government had also approved the reappointment of and payment of remuneration and perquisites to Mr. W. Wagner, Managing Director for the period from 1st October, 2004 to 31st December, 2006 vide its letter no. 1/256/2004-CL.VII dated 17th September, 2004.

Taking into consideration his present salary, the significant increase in the volume of business and profitability of the Company during the year under review and the excellent performance of the Company under his management, the Board of Directors has

approved the increase in the remuneration, i.e. Basic Salary from Rs.1,50,000/- per month to Rs.3,00,000/- per month payable to Mr. W. Wagner, Managing Director with effect from 1st April, 2005 till the end of his tenure of employment i.e. 31st December, 2006, subject to the approval of the members and the Central Government as required under the provisions of the Companies Act, 1956.

Necessary resolution seeking the approval of the members is included in the notice convening the Annual General Meeting.

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 of the Company has been reconstituted and it 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 reconstituted Audit Committee is as under:-

Mr. V. K. Viswanathan - Chairman
Mr. Heribert Ott
Mr. Wolfgang Wagner

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

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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 Report of Board of Directors) Rules, 1988, the required information is annexed hereto as Annexure-2 and forms a part of the 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, Bangalore, 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.

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For and on behalf of the Board of Directors

A. Weber
Chairman

Place: Lohr am Main, Germany
Date: 22nd February, 2005