

**NOTICE****TO THE MEMBERS**

Notice is hereby given that the Sixteenth Annual General Meeting of Timken India Limited will be held at Tata Steel Management Development Centre, Circuit House Area (East), XLRI Campus, Jamshedpur – 831 001 on Wednesday, April 30, 2003 at 12.00 Noon to transact the following business :

1. To receive and adopt the Profit and Loss Account for the nine-months period ended December 31, 2002 and the Balance Sheet as on that date and the reports of the Directors and the Auditors.
2. To declare dividend on 9% Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Mr. Gordon W. Robinson who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS****5. Appointment of Mr. Michael J. Hill as Director**

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

“RESOLVED THAT Mr. Michael J. Hill, in whose respect notice has been received from a member under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

**6. Remuneration payable to Dy. Managing Director**

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to Sections 309, 310 and other applicable provisions if any of the Companies Act, 1956 (‘the Act’) and subject to such approvals as may be necessary, the Company hereby accords its approval to the modification of the terms relating to remuneration payable to Mr. Shyamal Kumar Sinha as the Dy. Managing Director of the Company with effect from October 1, 2002 as per details contained in the abstract of terms and Memorandum of Interest dated October 22, 2002 circulated to all the members of the Company pursuant to Section 302 of the Act.”

7. To declare and announce the results of Postal Ballot of the Special Resolution in respect of change of Object Clause in the Memorandum of Association of the Company pursuant to Section 17 read with Section 192A of the Companies Act, 1956 and rules framed therefor :

“RESOLVED THAT pursuant to Section 17 of the Companies Act, 1956 (hereinafter called as the Act) read with Section 192A of the Act and other applicable provisions, if any, and subject to such consents and/or approvals as may be necessary, Clause III(A) of the Memorandum of Association of the Company be and is hereby substituted with the following new clause III(A) :

‘III(A) The main objects to be pursued by the Company on its incorporation are :

1. To research and develop, manufacture, purchase for resale, sell, import and export, trade in, assemble, distribute, service, overhaul, repair and undertake maintenance of, all kinds of anti-friction bearings and other goods and products, raw materials, components, tools, accessories, parts, semi-finished and complete units of any of the foregoing or any combination thereof and devices and consumables (including devices and consumables used for the reduction of friction), whether or not

related, and including, without limitation, those manufactured or used in any kind of plant, machinery (stationery or mobile and whether functioning alone or in conjunction with one or more other machines), equipment or process.

2. To import, purchase for resale, export, trade, assemble, distribute, service, overhaul, repair, undertake maintenance and/or act as a sales agent, for commission and/or any other form of remuneration, in connection with products manufactured by the Timken Company and/or any of its subsidiaries or divisions and/or any other person (individual, firm, trust, partnership or corporate entity, including combinations and variations thereof), including, without limitation, all kinds of equipment, machinery, anti-friction bearings and other goods and products, raw materials, components, tools, accessories, parts, semi-finished and complete units of any of the foregoing or any combination thereof and devices and consumables (including devices and consumables used for the reduction of friction), whether or not related, and including, without limitation, those manufactured or used in any kind of plant, machinery (stationery or mobile and whether functioning alone or in conjunction with one or more other machines), equipment or process.
3. To act as a sales agent earning commission or any other form of remuneration in relation to the business activities of the Company, to render any and all kinds of consultancy, advisory and technical services including, without limitation, in the areas of information technology, mechanical and electrical engineering, electronics, purchase and procurement, sales and marketing, human resources, finance and accounting.
4. To carry on any other trade or business that can be conveniently or advantageously combined with the business activities of the Company and to do any and all acts or things that may be necessary or desirable to give effect to or in connection with any of the foregoing.’ ”

**NOTES :**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies, in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under items no. 5 to 7 is annexed hereto. Relevant details relating to reappointment/appointment of Directors, pursuant to clause 49 of the Listing Agreement are also annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from April 17, 2003 to April 30, 2003, both days inclusive.
4. In terms of the provisions of Section 192A of the Companies Act, 1956 the business mentioned under item no. 7 above requires to be dealt with through Postal Ballot. A written communication in this regard along with Postal Ballot paper and a self-addressed prepaid envelope have already been dispatched to all the members.

Registered Office :  
Bara, P. O. Agrico  
Jamshedpur - 831 009  
March 20, 2003

By Order of the Board

**Soumitra Hazra**  
Finance Controller &  
Company Secretary

**ANNEXURE TO THE NOTICE – EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

Mr. Michael J. Hill, Director of the Company, was appointed by the Board of Directors of the Company ('the Board') with effect from February 3, 2003 in the casual vacancy caused by death of Mr. Mantosh Sondhi as per the provisions of Section 262 of the Companies Act, 1956. Mr. Hill holds office upto the forthcoming Annual General Meeting when Mr. Sondhi would have retired by rotation in the normal course.

The Company has received a notice from a member under the provisions of Section 257 of the Companies Act, 1956 proposing Mr. Hill as a candidate for the office of Director.

The proposal for the appointment of Mr. Hill as Director on the Board, is therefore, placed before the members for approval as set out under item no. 5 of the accompanying Notice. The Board recommends the Resolution set out under item no. 5 for approval of members.

**Memorandum of Interest**

Except Mr. Michael J. Hill, no other Director is concerned or interested in the resolution.

**Item No. 6**

Mr. Shyamal Kumar Sinha ('Mr.Sinha') was appointed as the Dy. Managing Director of the Company with effect from the close of business on June 8, 2001 as per terms and conditions set out in the draft of an Agreement placed before the Annual General Meeting held on July 20, 2001. The Board of Directors, subject to the requisite approval of the Members of the Company and such other approvals as may be necessary, has approved modification of the terms relating to remuneration payable to Mr. Sinha as the Dy. Managing Director of the Company with effect from October 1, 2002 as per the Abstract of Terms and Memorandum of Interest dated October 22, 2002 circulated to all the Members of the Company pursuant to the provisions of Section 302 of the Companies Act, 1956 and as appearing below:

Salary including other allowances	Rs. 65,000/- per month
Performance Incentive	As per rules of the Company
Perquisites	<ul style="list-style-type: none"> <li>i) Company leased accommodation along with free furnishing. However the Company will recover 10% of Basic Salary of Mr. Sinha or actual rent, whichever is lower.</li> <li>ii) Free electricity, water at house limited to 10% of Basic salary.</li> <li>iii) Free use of telephone facility at his residence which shall not be considered as perquisite/benefit but personal long distance calls on telephone shall be billed by the Company to Mr. Sinha.</li> <li>iv) Free use of Company car with driver for the purpose of Company business which shall not be considered as perquisite/benefit. But the use of car for private purpose shall be billed by the Company to Mr. Sinha.</li> <li>v) Medical facilities as per rules of the Company.</li> <li>vi) Club Subscription as per rules of the Company.</li> <li>vii) Leave – accrual and encashment – as per rules of the Company.</li> <li>viii) Leave Travel Concession as per rules of the Company.</li> <li>ix) Company's contribution to Provident Fund/Pension Fund/Employee Deposit Linked Insurance/Group Insurance/Superannuation Fund etc.</li> <li>x) Gratuity as per rules of the Company.</li> </ul>
Minimum Remuneration	The remuneration including the benefits and amenities aforesaid shall nevertheless be paid and allowed as the minimum remuneration for any year in the event of absence or inadequacy of profits for such year.

Duties and Conditions	<p>i) Mr. Sinha will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company.</p> <p>ii) The appointment may be terminated by either party by giving three months' notice in writing to that effect unless termination at a shorter notice is mutually agreed by both Mr. Sinha and the Board of Directors.</p> <p>iii) Mr. Sinha shall not be entitled to any Sitting Fees for attending any meeting of the Board or any Committee thereof.</p> <p>iv) Mr. Sinha shall be entitled to be reimbursed of all expenses incurred by him for the purpose of business of the Company.</p>
-----------------------	---

The Board of Directors recommends the proposed resolution set out under item no. 6 of the Notice for approval of the Members.

#### Memorandum of Interest

No Director of the Company except Mr. Sinha is concerned or interested in the said resolution.

#### Item no. 7

In order to expand the scope of business of the Company so as to take up activities like research and development, consultancy, advisory and technical services and to expand the scope of operation beyond antifriction bearings, its related parts/products, the Object Clause as contained in the Memorandum of Association of the Company is proposed to be altered. In terms of Section 17 of the Companies Act, 1956 ('the Act') read with Section 192A of the Act, such alteration requires approval of members by a Special Resolution to be passed through Postal Ballot.

The Ballot papers in this regard have been sent to the shareholders with a request to send their assent or dissent in writing to the scrutinizer at the Registered Office of the Company.

The Board recommends the resolution for the approval of the members.

Directors, who are also shareholders, may be deemed to be concerned or interested in respect of the said resolution. Other Directors do not have any concern or interest in the said resolution.

Registered Office :  
Bara, P. O. Agrico  
Jamshedpur - 831 009  
March 20, 2003

By Order of the Board

**Soumitra Hazra**  
Finance Controller & Company Secretary

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT / APPOINTMENT AT THE FORTHCOMING SIXTEENTH ANNUAL GENERAL MEETING		
Name of Director	Mr. Gordon W. Robinson	Mr. Michael J. Hill
Date of Birth	August 5, 1948	October 9, 1950
Date of Appointment	July 26, 1999	February 3, 2003
Expertise in specific functional areas	<ul style="list-style-type: none"> <li>1 Sales &amp; Marketing</li> <li>1 Marketing Communication</li> <li>1 General Management</li> </ul>	<ul style="list-style-type: none"> <li>1 Global Manufacturing</li> <li>1 Supply Chain Management</li> </ul>
Qualifications	<ul style="list-style-type: none"> <li>1 Higher National Diploma in Mechanical Engineering</li> <li>1 Certificate of Apprenticeship in General Mechanical Engineering with Henry Simon Ltd.</li> <li>1 Advanced Management Programme – INSEAD</li> </ul>	<ul style="list-style-type: none"> <li>1 BSCE</li> <li>1 MSCE</li> <li>1 Licensed Professional Engineer</li> </ul>
List of public companies in which outside Directorship held as on December 31, 2002	<ul style="list-style-type: none"> <li>1 Yantai Timken Company Ltd.</li> <li>1 Timken NSK (Suzhou) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>1 Timken Romania</li> <li>1 Stark State College of Technology</li> </ul>
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on December 31, 2002	—	—

## CHAIRMAN'S STATEMENT

**Dear Shareholders,**

Since our last annual report in June 2002, we changed the accounting period as announced to you earlier. In order to align with the practices followed in The Timken Company, USA, TIL adopted Calendar Year as its new Accounting Year and closed its books of accounts for the nine-months ended December 31, 2002.

In my last message to you in June 2002, I requested you to keep watching our financial reports. Today, I am happy to announce that we have been able to significantly improve our performance during the nine months ended December 31, 2002 compared to the corresponding period last year. Some of the highlights are given below :

- 1 Over all Sales – up 57%
- 1 Domestic Sales – up 28%
- 1 Exports Sales – up 229%
- 1 PBT – up 4.6 times

The structural changes introduced by us in 2002 and referred in my message last year, have started giving results.

As a “Focused Factory”, TIL :

- 1 concentrated on fewer product lines
- 1 produced to cater to the global demands and
- 1 used highly advanced Timken technology to retain global competitiveness.

Together with a positive development on the domestic market, those structural changes were responsible for our improved results in 2002.

For 2003, we see a modestly growing domestic market and a relatively flat international market. Despite significant price increases in raw materials, the bearing industry will find difficulty in recovering input cost increases through higher price. Therefore,

TIL will continue on its path of improving results via the 3 main strategies :

- 1 further increasing our output to increase export sales;
- 1 further improving efficiency through the recently introduced Six Sigma initiatives ;
- 1 broadening the product offerings, particularly in the industrial and automotive aftermarket segments.

These should give us an appreciable growth not only in Net Sales but also in ‘Gross Income’.


Cutting of costs will continue to receive the same importance as it has received last year.

On the international front, The Timken Company recently completed the acquisition of The Torrington Company; a powerful move by a very strong Company. This acquisition offers a strong strategic fit and will bring a broader line of engineered products and services to our customers in India.

In an increasingly global economy, India's bearing industry will also face increasing pressure to consolidate ... and Timken India will emerge larger and stronger after this process.

Thank you,

Yours sincerely,



**Gordon William Robinson**  
*Chairman*

Jamshedpur  
March 17, 2003

## DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Sixteenth Annual Report on the business and operations of the Company together with the Financial Results for the nine-months ended December 31, 2002.

### ACCOUNTING YEAR

As reported last year, the Company has adopted Calendar Year as its new Accounting Year. Accordingly, accounts have been closed on December 31, 2002 covering a period of nine months.

### FINANCIAL RESULTS

	<b>Nine-months period ended December 31, 2002 (Rs/Lakhs)</b>	Year ended (12 months) March 31, 2002 (Rs/Lakhs)
a) Gross Profit	<b>2706.68</b>	1475.81
b) Less : Depreciation	<b>666.40</b>	1319.21
c) Earnings before Interest & Tax (EBIT)	<b>2040.28</b>	156.60
d) Less: Interest (Net)	<b>114.35</b>	63.71
e) Profit before Tax (PBT)	<b>1925.93</b>	92.89
f) Less : Taxes	<b>683.40</b>	12.32
g) Profit after Tax (PAT)	<b>1242.53</b>	80.57
h) Add : Profit/(Loss) brought forward from previous year	<b>844.34</b>	1852.77
i) Add : Transfer from Investment Allowance Reserve	<b>0.46</b>	-
j) Less : Depletion of reserve due to deferred tax accounting	<b>-</b>	621.00
k) Profit available for appropriation	<b>2087.33</b>	1312.34
l) Less : Proposed Dividend on Preference Shares	<b>410.30</b>	468.00
m) Balance carried forward	<b>1677.03</b>	844.34

The performance of the Company during the nine-months period ended December 31, 2002 reflects the outcome of some of the structural changes initiated to re-establish profitability. During the period under review, net sales have grown from Rs. 130 Crores in 12 months to Rs. 151 Crores in 9 months, i.e. an increase of 55% on an annualized basis. Volume gains in both Standard and Rail segments and also a growth in Trading have resulted in increased sales.

As a result of TIL's integration with the global network, exports (mainly to U.S.) during the period under review, registered an increase of 229% over the corresponding period last year. This is recognized by the fact that some of the Part Numbers, hitherto manufactured at other Timken locations worldwide, have now

moved to TIL. This has helped the Company in not only utilizing the capacity but also thinking in terms of expanding it so as to meet global demand.

The increase in sales volume coupled with improved efficiency and reduced operating and administrative cost have contributed in overall improvement of profitability.

The production at the plant, during the period under review, has increased by around 36% over the corresponding period last year without any major investment. This has been made possible by better capacity utilization of Plant through high performance drives in the organization.

### DIVIDENDS

The Directors recommend payment of dividend on the paid-up 26,00,000 9% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating to Rs.26 crores for the year 2001-2002 and also for the nine-months period ended December 31, 2002 @ Rs.9/- per share aggregating Rs. 4.10 Crores, subject to income-tax at the applicable rates.

Payment of no other dividend is recommended.

### FINANCE

No fresh long-term loan was arranged during the year under review. With periodical repayment of existing long term borrowings together with judicious utilization of the Working Capital Finance, the interest charges have come down, enabling the Company, to achieve a reduction by about 35%.

### DIRECTORS

Mr. Mantosh Sondhi who was acting as a Director of the Company since inception passed away in Bangalore on October 29, 2002. Dr. J J Irani who was associated with the Company since 1991 – as the Chairman of the Board of Directors ('the Board') and then as a member thereof resigned from the position of a Director of the Company effective December 6, 2002. The Board wishes to place on record its deep appreciation of the valuable support and guidance received from both Mr. Sondhi and Dr. Irani during their long association as Directors of the Company.

Mr. Gordon W. Robinson, Chairman of the Board retires by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offers himself for reappointment.

Mr. Michael J. Hill has been appointed as a Director of the Company by the Board in the casual vacancy created by the death of Mr. Mantosh Sondhi.

The term of Mr. Michael J. Hill as a Director of the Company will expire at the forthcoming AGM. Notice has been received from a member under the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose the name of Mr. Hill for appointment as a Director of the Company at the forthcoming Sixteenth AGM and the same has been included in the Notice to the members convening the AGM.

### AUDITORS

Messrs. S R Batliboi and Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Sixteenth Annual General Meeting and offer themselves for reappointment. They have furnished to the Company a Certificate, regarding their eligibility for the reappointment.

Pursuant to the directions received from the Central Government, Mr. Prakash Kumar Varma has been appointed as the Cost Auditor to audit the Cost Accounts of the Company for the nine-months period ended December 31, 2002 with Central Government's approval.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of corporate governance are made a part of the Annual Report.

#### **INDUSTRIAL RELATIONS**

The Company continued to maintain cordial relations with its Associates. The performance of the Company during the nine-months period ended December 31, 2002 could be made possible only with the positive response from all the Associates. The Directors express their appreciation for the very good co-operation received from all sections of the Associates of the Company.

#### **SOCIAL RESPONSIBILITY**

The Company has been actively participating in the promotion of social welfare activities of the community in the industrial town of Jamshedpur.

#### **STOCK EXCHANGE REQUIREMENTS**

The Equity Shares of the Company are listed on Mumbai, Calcutta and Magadh Stock Exchanges. The listing fees for the year 2002-2003 have been paid to the Stock Exchanges.

#### **PARTICULARS OF EMPLOYEES**

No employee of the company was in receipt of remuneration in excess of the limits referred to in Section 217(2A) of the Companies Act, 1956, and the Rules framed thereunder.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE**

All the new machineries installed during the year are energy efficient. Significant cost saving on cutting fluids has also been achieved by machine modifications and use of longer lasting coolant. Regarding absorption of foreign technology, the process is ongoing in the areas of machining, heat treatment and finishing.

The Company has now achieved full indigenisation of all components for Standard Bearings and substantial indigenisation for AP Bearings. It is the intention of the Company to proceed with the process of indigenisation further.

Other details are given in the Annexure, which also forms part of this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provision of Section 217(2AA) of the Companies Act, 1956, the Directors give hereunder the Directors' Responsibility Statement relating to the Accounts of the Company:

- (1) The applicable Accounting Standards have been followed in the preparation of the accompanying Accounts;
- (2) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the nine-months ended December 31, 2002 and of the profit of the Company for the said period;
- (3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (4) The Directors have prepared the accompanying Accounts on a going concern basis.

For and on behalf of the Board of Directors

Jamshedpur  
February 3, 2003

**Gordon William Robinson**  
*Chairman*

**ANNEXURE TO THE DIRECTORS' REPORT – INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS RULES), 1988 AND FORMING PART OF DIRECTORS' REPORT**

**(A) CONSERVATION OF ENERGY**

- a) Energy conservation measures taken
- b) Additional Investments/proposal, if any
- c) Impact of the measures at (a) and (b) above
- d) Total energy consumption and energy consumption per unit of production
- New equipments / machines added during the year are energy efficient like earlier installations. (Also please see Directors' Report)
- As per details given below under Form A.

**(B) TECHNOLOGY ABSORPTION**

- e) As per details given below under Form B.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- f) Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans
- g) Total foreign exchange used and earned (Rs./Lacs)
- During the period under review, exports mainly to U.S. registered an increase of 229% compared to the corresponding period of the previous year. Some of the Part Numbers hitherto manufactured at other Timken locations worldwide have now moved to Company's Plant in Jamshedpur. The Company expects good export performance to continue in 2003.

	<b>For the nine months period ended December 31, 2002</b>	2001-2002
i) Foreign Exchange Earnings	<b>3658.52</b>	2509.69
ii) Foreign Exchange Outgo	<b>2525.13</b>	2506.44

**FORM A**

**Form for Disclosure of Particulars with respect to Conservation of Energy**

**(A) Power and Fuel Consumption**

	<b>For the nine-months period ended December 31, 2002</b>	2001-2002
1. Electricity		
(a) Purchased Units (KWH)	<b>1,36,69,637</b>	1,68,09,845
Total amount (Rs.)	<b>5,67,28,743</b>	7,95,77,170
Rate per Unit (Rs.) (all inclusive)	<b>4.15</b>	4.73
(b) Own generation		
(i) Through diesel generator		
Unit		
Units per Ltr. of diesel oil		
Cost/Unit		
(ii) Through steam turbine/generator		
Units		
Units per Ltr. of fuel oil/gas		
Cost/unit		
2. Coal (Specify quality and where used)	-	Not Used
Quantity (tonnes)		
Total Cost		
Average rate		

Not used for operations. Only for emergency lighting and water requirements

There is no Steam Turbine/Generator

3. Furnace Oil	–	Not Used
Quantity (k.ltrs.)		
Total amount		
Average rate		
4. Others/internal generation (please give details)	–	Not Used
Quantity		
Total Cost		
Rate/Unit		

**(B) Consumption per unit of production**

Products (with details) Unit	Standard (if any)	For the nine months period ended December 31, 2002	2001-2002
Standard Bearings	Not set (Standard varies with product mix)		
Electricity		<b>4.70</b>	6.39
Furnace oil		<b>Not Used</b>	Not Used
Coal (specify quality)		<b>Not Used</b>	Not Used
Others (specify)		<b>Nil</b>	Nil

**FORM B**

**Form for Disclosure of particulars with respect to absorption**

**TECHNOLOGY ABSORPTION**

**(A) Research and Development (R&D)**

1. Specific areas in which R&D carried out by the Company
2. Benefits derived as a result of the above R&D
3. Future plan of action
4. Expenditure on R&D:
  - a. Capital
  - b. Recurring
  - c. Total
  - d. Total R&D expenditure as a percentage of total turnover

The benefits of Research facilities available with The Timken Company are extended to Timken India Limited on a continuing basis.

**(B) Technology absorption, adaptation and innovation**

1. Efforts in brief, made towards technology absorption, adaptation and innovation
2. Benefits derived as a result of the above efforts, e.g. , product improvement, cost reduction, product development, import substitution, etc.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished :
  - a) Technology imported
  - b) Year of import
  - c) Has technology been fully absorbed ?
  - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action

Under the Collaboration Agreement, technology update is released from The Timken Company, which is transferred to the shop floor instructions. Any improvement in the technology/process is part of this continuous update and this is being regularly monitored by The Timken Company personnel.

Manufacture of Tapered Roller Bearings.

1991-92 onwards.

It is being gradually absorbed.

Ongoing in the areas of Machining, heat treatment and finishing. To make further improvements in the manufacturing process, product quality and production output.

For and on behalf of the Board of Directors

Jamshedpur  
February 3, 2003

**Gordon William Robinson**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Development

Bearing Industry in India can be divided into two segments – the organized sector and the unorganized sector. The unorganized sector is mainly represented by the small-scale manufacturing units.

The industry covers both Ball Bearings and Roller Bearings. Roller Bearings can further be divided into Tapered Roller, Cylindrical Roller, Needle Roller and thrust bearings and other special application bearings. While some of the manufacturers cater to specialized applications, the rest are involved in manufacture of both Ball Bearings and Roller Bearings. Timken India Limited specializes in the manufacture of Tapered Roller Bearings (TRBs).

The growth in bearing industry is directly related to the growth of industries having bearing applications like automotive, electrical applications, pumps, fans and agricultural machinery. These high volume segments are catered primarily by domestic manufacturers. Heavy duty industrial applications in rolling stock, rolling mills, heavy earth moving equipments and other heavy machinery are met from imports. Timken India Limited is essentially catering to heavy automobiles and rail segment – both in domestic and export markets in TRB applications. It meets the requirements of industrial applications – steel, heavy machinery from imports from other Timken units.

Production of TRBs constitutes about 30% by value of the total bearings produced in India and at present Timken India enjoys around 21% of the market share in the TRB segment.

### Opportunities and Threats

As mentioned above, the growth of bearing industry is linked to the growth of the major bearing applications industry, i.e. the Automobiles/ Engineering/ Railways. Demand growth in bearings will largely depend on the growth of demand of the original equipment manufacturers (OEM) in the automobile industry, engineering segment and opportunities in the international markets. Since Timken India specializes in TRBs only, the demand for growth of TRBs will heavily depend on the growth in the demand of trucks, tractors, railways, etc. both in domestic and international markets.

New Bearings are also used for replacement of old, worn out bearings. The size of this market is dependent on equipment population, frequency of maintenance, etc.

TRBs as used in the engineering industry are large in size and are mostly catered through imports. The growth in demand for large industrial bearings will depend on the growth of industrial and infrastructural activities. Liberalization of industrial policy, entry of multinationals and increasing demand for industrial products may result in an increase in demand for large bearings.

The presence of the unorganized sector in the bearing industry poses a real threat. They mainly cater to the replacement market which is price elastic. They are competitive compared to the manufacturers in the organized sector but offer poor quality. Though they have got a strict regional presence, their activities in the bearing industry cannot be ignored.

### Segmentwise Performance

#### Reporting by Segments

As per the relative reporting requirements, the Management of the Company feels that the primary segment for the Company would be as follows:

#### 1 Bearings and Components 1 Services

The Bearings and Components Segment is a diverse supplier of bearings, components and other allied products catering to the needs of the automobiles, industrial and rail-road enterprises. The Services Segment

provides services in relation to sourcing, repairing and maintenance management of bearings and allied products. Currently, 98% of the revenue of the Company comes from the Bearings Segment while around 2% of the revenue accounts for activities in the Services Segment.

The Geographical Segments have been identified on the basis of location of the major customers of the Company and the secondary (geographical) segment would be :

#### 1 India 1 Outside India

For the year under review, around 70% of net sales was generated from domestic source whereas the remaining 30% came from sales outside India.

### Outlook – Risks and Concern

The advantage of availability of the Timken technology together with the availability of Timken network worldwide for exports has helped the Company to survive recessionary phases in the past but has also helped the Company to further consolidate its global presence through the Timken network worldwide.

Bearings are also imported by the Company for the purpose of resale in the Indian market. These bearings are not manufactured in India because of the specialized nature of the product. Incidence of high Customs Duty on these imports makes such imports less remunerative. Besides, a section of the bearing industry is facing the problem of free entry of certain types of bearings at an abnormally low rate from countries like China, Russia and Eastern Europe.

### Internal Control Systems

The various internal control systems operating in the Company are working satisfactorily. The strength of these systems is continuously being monitored by the Internal Audit team and the findings of these audits are reported to the Audit Committee of the Board and also to the Board of Directors. The adequacy of the internal control system has also been examined by the Statutory Auditors and the Audit Department of The Timken Company, USA and the Company has not received any major adverse comments from them on the adequacy of the internal control systems.

### Financial Performance vis-à-vis Operational Performance

During the period under review, net sales grew from Rs. 130 Crores in 12 months ended March 31, 2002 to Rs. 151 Crores in nine-months ended December 31, 2002, mainly because of volume increases in both Standard and Railway Bearings. The volumes of exports have also significantly increased by about 229% during the said period compared to corresponding period last year. The exports of the Company mainly constitute shipments to USA. Such volume gains coupled with improved utilization of existing capacity and reduction in operating costs have resulted in improvement of profits of the Company as reflected in the accompanying accounts.

During the period under review, production has increased by about 36% compared to the corresponding period last year, mainly due to better utilization of capacity. An aggregate of 41908 Railway Bearings were produced during the period compared to 26419 bearings of last year. In Standard, the production during the period was at 1261223 nos. compared to 1695952 nos. bearings last year. Production of components however, during the period has increased to 3985587 nos. from 2708590 nos. recorded last year.

### HR Front

During the year under review, the Company did not witness any adverse development on the HR/IR front. The relationship between the Associates of the Company and the Management remained congenial all through out the year. The Company employed around 588 Associates (including 175 Officers) as on December 31, 2002.

## TIMKEN INDIA LIMITED BOARD OF DIRECTORS

(As on February 3, 2003)

<b>MR G W ROBINSON</b>	– Chairman
<b>MR S K SINHA</b>	– Dy. Managing Director
<b>DR T MUKHERJEE</b>	
<b>MR J T ELSASSER</b>	
<b>MR S A SCHERFF</b>	
<b>MR V K DASARI</b>	
<b>MR M J HILL</b>	
<b>MR J S PATHAK</b>	– Alternate to Mr S A Scherff
<b>MR P S DASGUPTA</b>	– Alternate to Mr J T Elsasser

### COMMITTEES OF THE BOARD

(As on February 3, 2003)

#### AUDIT COMMITTEE

<b>MR V K DASARI</b>	– Chairman
<b>DR T MUKHERJEE</b>	
<b>MR J S PATHAK</b>	

#### INVESTORS' RELATION & GRIEVANCE COMMITTEE

<b>DR T MUKHERJEE</b>	– Chairman
<b>MR S K SINHA</b>	
<b>MR J S PATHAK</b>	

#### REMUNERATION COMMITTEE

<b>DR T MUKHERJEE</b>	– Chairman
<b>MR P S DASGUPTA</b>	
<b>MR J S PATHAK</b>	

#### MANAGEMENT TEAM

<b>MR S K SINHA</b>	– Dy. Managing Director
<b>MR A K SINHA</b>	– Director (HR & Purchase)
<b>MR K STHANPATI</b>	– Director (Technology & Supply Chain Management)
<b>MR A K DAS</b>	– Director (Manufacturing)
<b>MR J P SINHA</b>	– Director (Sales & Marketing)
<b>MR S HAZRA</b>	– Finance Controller & Company Secretary

#### Auditors

Messrs. S R Batliboi & Co.  
Chartered Accountants  
22, Camac Street  
Block- C, 3rd Floor,  
Kolkata-700 016

#### Registered Office

Bara, P. O. Agrico  
Jamshedpur – 831 009  
Ph. No. (0657) 2210 293  
Fax No. (0657) 2210 117

### CONTENTS

	Page
Notice	1
Chairman's Statement	4
Directors' Report	5
Annexures to Directors' Report	7
Management Discussion and Analysis	9
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules 1 to 17	14
Balance Sheet Abstract	30
Cash Flow Statement	31
Corporate Governance Report	32
Auditors' Certificate	38
Five years at a Glance	39
Graphs	40

*Members are requested to please note that with effect from January 1, 2003, Ami Computers (I) Limited has been appointed as the new Registrars & Share Transfer Agents of the Company. Any query relating to your shareholding may also be forwarded to : Ami Computers (I) Limited, 60A & 60B, Chowringhee Road, Kolkata - 700 020*

*As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the meeting.*

## **AUDITORS' REPORT TO THE MEMBERS OF TIMKEN INDIA LIMITED**

We have audited the attached Balance Sheet of Timken India Limited, as at 31st December 2002 and also the Profit and Loss Account for the 9 months period ended on that date, annexed thereto as well as the cash flow statement for the 9 months period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st December, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2002;
  - ii. in the case of the Profit and Loss Account, of the profit for the 9 months period ended on that date; and
  - iii. in the case of cash flow statement, of the cash flows for the 9 months period ended on that date.

**S. R. BATLIBOI & CO.**  
**CHARTERED ACCOUNTANTS**  
Per **RAHUL ROY**  
*a Partner*

Place : Kolkata

Dated : 11th February, 2003

---

## **ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF TIMKEN INDIA LIMITED**

- (i) the Company has maintained proper records of Fixed Assets showing full particulars including quantitative details and situations thereof. All the assets have been physically verified by the management once during the year which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on verification.
- (ii) the Fixed Assets of the Company have not been revalued during the year.
- (iii) the Stocks of Finished Goods (including trading goods), Stores, Spare Parts and Raw Materials have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (iv) the procedures followed by the Management for physical verification of stocks are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
- (v) the discrepancies noticed upon such verification between the physical stock and the book balances were not material and have been properly dealt with in the books of account.
- (vi) on the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the generally accepted accounting principles, and is on the same basis as in the preceding year.

**ANNEXURE TO THE AUDITORS' REPORT** *(Continued)*

- (vii) the company has not taken any loan, secured or unsecured, from companies, firms, or other parties listed in the register maintained under Sections 301 and from companies under the same management as defined under sub-section (1B), of Section 370 of the Companies Act, 1956.
- (viii) the company has not granted any loan, secured or unsecured, to companies, firms, or other parties listed in the register maintained under Sections 301 and to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- (ix) in respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated.
- (x) in our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant & machinery, equipment and other assets and with regard to the sale of goods.
- (xi) the Company undertakes transactions of purchase and sale of Goods and Materials, with associate and group companies, in pursuance of contracts/arrangements entered in the register maintained under Section 301 of the Companies Act, 1956. As, such transactions relate to propriety items manufactured by the Timken Group and Raw Materials in connection thereto, comparative rates are not available, however, selling price of such goods, in the market, prima facie indicate that the transactions are at reasonable prices. Transactions for sale of services in pursuance of contracts/arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices for such services rendered to other parties.
- (xii) as informed, the Company has a regular procedure for the determination of unserviceable or damaged Stores, Raw Materials and Finished Goods (including trading goods) and adequate provision for loss thereof, has been made in the accounts.
- (xiii) the Company has not accepted any deposit from public within the meaning of Section 58A of the Companies Act, 1956.
- (xiv) in our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any by-products.
- (xv) the Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (xvi) we have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central government for the maintenance of cost records under Section 209(l)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (xvii) according to the records of the company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities. As informed to us, the ESI Act is not applicable to the Company.
- (xviii) according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31st December 2002, for a period of more than six months from the date they became payable.
- (xix) the Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to Revenue Account, which in our opinion and judgment and to the best of our knowledge and belief, could be regarded as personal expenses.
- (xx) the company is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

In respect to the service activities of the company:

- (xxi) the company has a reasonable system of 'recording receipts, issues and consumption of material and stores and allocating material consumed to the relative jobs, commensurate with its size and nature of its business.
- (xxii) the company has a reasonable system of allocating manhours utilised to the relative jobs, commensurate with its size and nature of its business.
- (xxiii) the company is having a reasonable system of authorisation at proper levels, and an adequate system of internal control commensurate with the size of the company and the nature of its business, on issue of stores and labour to jobs.

In respect to the trading activities undertaken by the company:

- (xxiv) in respect of trading activity, damaged goods have been determined and provision has been made for the loss.

**S. R. BATLIBOI & CO.**  
**CHARTERED ACCOUNTANTS**  
 Per **RAHUL ROY**  
*a Partner*

Place : Kolkata

Dated : 11th February , 2003

**BALANCE SHEET AS AT 31ST DECEMBER, 2002**

	Schedule	Rupees	As at 31.12.2002 Rupees	As at 31.03.2002 Rupees
<b>SOURCES OF FUNDS</b>				
a) <b>SHAREHOLDERS' FUNDS</b>				
(i) Share Capital	1	<b>89,72,04,000</b>		89,72,04,000
(ii) Reserves & Surplus	2	<b>16,77,02,947</b>		8,44,80,033
			<b>106,49,06,947</b>	98,16,84,033
b) <b>LOAN FUNDS</b>				
(i) Secured Loans	3	<b>14,14,40,880</b>		15,09,36,163
(ii) Unsecured Loans	4	<b>6,33,74,277</b>		14,64,411
			<b>20,48,15,157</b>	15,24,00,574
c) <b>DEFERRED TAX LIABILITIES (NET)</b>				
[Refer note (n) (ii), Schedule 17]			<b>4,09,94,376</b>	4,68,89,913
			<b>131,07,16,480</b>	118,09,74,520
<b>APPLICATION OF FUNDS</b>				
d) <b>FIXED ASSETS :</b>				
(i) Gross Block	5	<b>145,37,31,461</b>		142,96,60,581
(ii) Less : Depreciation		<b>96,52,13,285</b>		91,32,90,341
(iii) Net Block		<b>48,85,18,176</b>		51,63,70,240
(iv) Capital Work-in-progress		<b>2,27,99,570</b>		33,20,910
– including advances Rs.15,40,074 (31.03.2002 - Rs.12,87,039)			<b>51,13,17,746</b>	51,96,91,150
e) <b>INVESTMENTS</b>	6		<b>11,78,73,431</b>	11,77,37,687
f) <b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
(i) Inventories	7	<b>41,54,43,410</b>		36,26,83,303
(ii) Sundry Debtors	8	<b>67,23,94,720</b>		39,45,76,506
(iii) Cash and Bank Balances	9	<b>6,47,71,625</b>		7,23,02,392
(iv) Loans and Advances	10	<b>10,80,12,000</b>		9,48,90,137
		<b>126,06,21,755</b>		92,44,52,338
g) <b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>				
(i) Current Liabilities	11	<b>50,43,22,113</b>		33,61,62,829
(ii) Provisions	12	<b>8,22,42,762</b>		5,41,89,184
		<b>58,65,64,875</b>		39,03,52,013
h) <b>NET CURRENT ASSETS</b>			<b>67,40,56,880</b>	53,41,00,325
i) <b>MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF</b>	13		<b>74,68,423</b>	94,45,358
			<b>131,07,16,480</b>	118,09,74,520
j) <b>ACCOUNTING POLICIES AND NOTES</b>	17			

Schedules 1 to 17 form an integral part of these accounts.

As per our report of even date attached

**For S. R. BATLIBOI & CO.**

Chartered Accountants

**Per Rahul Roy**

a Partner

Kolkata, 11 Feb, 2003

**Soumitra Hazra**

Finance Controller &amp; Company Secretary

Jamshedpur, February 3, 2003

For and on behalf of the Board

**G.W. Robinson**

Chairman

**Shyamal K Sinha**

Dy. Managing Director

**PROFIT AND LOSS ACCOUNT FOR NINE MONTHS ENDED 31ST DECEMBER, 2002**

	Schedule	Nine months ended December 31, 2002 Rupees	Previous Year ended March 31, 2002 Rupees
<b>INCOME</b>			
a) Sale of Products (Gross)		167,80,69,637	148,23,11,262
Less : Trade Discounts		3,15,15,619	3,46,90,225
Less : Excise Duty Recovered		13,70,41,848	15,13,57,640
Sale of Products (Net)		150,95,12,170	129,62,63,397
b) Other Income	14	5,44,03,906	8,31,85,745
		<u>156,39,16,076</u>	<u>137,94,49,142</u>
<b>EXPENDITURE</b>			
c) Manufacturing and other expenses	15	129,32,47,649	123,18,67,378
d) Interest (net)	16	1,14,35,378	63,71,467
e) Depreciation		6,66,40,399	13,19,21,309
		<u>137,13,23,426</u>	<u>137,01,60,154</u>
<b>PROFIT BEFORE TAX</b>		<b>19,25,92,650</b>	<b>92,88,988</b>
f) Provision for Taxation			
– Current		7,42,35,136	1,64,42,190
– Deferred		(58,95,537)	(1,52,09,700)
		<u>6,83,39,599</u>	<u>12,32,490</u>
<b>PROFIT AFTER TAX</b>		<b>12,42,53,051</b>	<b>80,56,498</b>
g) <b>PROFIT/(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<b>8,44,34,033</b>	<b>18,52,77,148</b>
<b>TRANSFERRED FROM INVESTMENT ALLOWANCE RESERVE</b>		<b>46,000</b>	<b>—</b>
<b>DEPLETION OF RESERVES &amp; SURPLUS DUE TO DEFERRED TAX ACCOUNTING</b>		<b>—</b>	<b>(6,20,99,613)</b>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>20,87,33,084</b>	<b>13,12,34,033</b>
h) <b>APPROPRIATIONS :-</b>			
– <b>DIVIDEND ON PREFERENCE SHARES</b>		<b>4,10,30,137</b>	<b>4,68,00,000</b>
<b>PROFIT/LOSS CARRIED TO BALANCE SHEET</b>		<b>16,77,02,947</b>	<b>8,44,34,033</b>
i) <b>ACCOUNTING POLICIES AND NOTES</b>	17		
j) <b>EARNINGS PER SHARE</b>			
– Basic		1.67	(0.24)
– Diluted		1.67	(0.24)
<b>[Refer note (z) of Schedule 17]</b>			

Schedules 1 to 17 form an integral part of these accounts.

As per our report of even date attached

**For S. R. BATLIBOI & CO.**

Chartered Accountants

**Per Rahul Roy**

a Partner

Kolkata, 11 Feb, 2003

For and on behalf of the Board

**G.W. Robinson**

Chairman

**Shyamal K Sinha**

Dy. Managing Director

**Soumitra Hazra**

Finance Controller & Company Secretary

Jamshedpur, February 3, 2003

## SCHEDULES 1 TO 17 FORMING PART OF THE ACCOUNTS AS AT AND FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2002

## SCHEDULE 1 : SHARE CAPITAL

	Rupees	As at 31.12.2002 Rupees	As at 31.03.2002 Rupees
<b>Authorised :</b>			
7,50,00,000 Equity Shares of Rs. 10/- each	75,00,00,000		75,00,00,000
26,00,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each	26,00,00,000		26,00,00,000
		<u>101,00,00,000</u>	<u>101,00,00,000</u>
<b>Issued :</b>			
6,37,50,000 Equity Shares of Rs. 10/- each	63,75,00,000		63,75,00,000
26,00,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each	26,00,00,000		26,00,00,000
		<u>89,75,00,000</u>	<u>89,75,00,000</u>
<b>Subscribed:</b>			
[Refer note (s), Schedule 17]			
6,37,34,850 Equity Shares of Rs. 10/- each fully paid-up	63,73,48,500		63,73,48,500
Less: Calls in Arrears-others	1,44,500		1,44,500
		<u>63,72,04,000</u>	<u>63,72,04,000</u>
26,00,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each (Redeemable at the expiry of 10 years from 14th March, 1995, the date of allotment, with an option to the Company to redeem the same earlier after giving one month's notice )		<u>26,00,00,000</u>	<u>26,00,00,000</u>
		<u>89,72,04,000</u>	<u>89,72,04,000</u>

## SCHEDULE 2 : RESERVES AND SURPLUS

a) Profit & Loss Account		16,77,02,947	8,44,34,033
b) Investment Allowance Reserve			
Balance as per last account	46,000		
Less : Transferred to Profit & Loss Account	(46,000)		46,000
		<u>16,77,02,947</u>	<u>8,44,80,033</u>

## SCHEDULE 3 : SECURED LOANS

a) i) Term Loan from State Bank of India	—		93,75,000
ii) Interest accrued and due on the above	—		3,47,661
			<u>97,22,661</u>
b) Term Loans from Bank of Baroda		5,18,00,175	7,41,89,200
c) Cash Credit Accounts with Scheduled Banks			
i) State Bank of India	7,95,68,955		5,00,23,031
ii) Bank of Baroda	1,00,71,750		1,70,01,271
		<u>8,96,40,705</u>	<u>6,70,24,302</u>
		<u>14,14,40,880</u>	<u>15,09,36,163</u>

## Notes :

- (a) Cash Credit accounts with State Bank of India includes Rs. 7,19,43,750 (As on 31.03.2002 - Rs. Nil) being short term Foreign Currency Loan repayable in equivalent rupee value.
- (b) (i) The term Loan from Bank of Baroda is secured by hypothecation of all fixed assets and movables, both present and future (save and except book debts).
- (ii) ~~The charges on fixed assets and movables stated above rank pari passu, inter se~~ and are subject to prior charges created in favour of Company's Bankers under item (c) below.
- (c) Cash Credit from State Bank of India and Bank of Baroda are secured by joint hypothecation of stocks of raw materials, semi-finished and finished goods, consumable stores and spares and all book debts both present and future.

**SCHEDULE 4 : UNSECURED LOANS**

[Refer note (t), Schedule 17]

	As at 31.12.2002 Rupees	As at 31-03-2002 Rupees
<b>Short Term Loan from Scheduled Bank</b>	<b>6,33,74,277</b>	14,64,411
	<b>6,33,74,277</b>	14,64,411

**SCHEDULE 5 : FIXED ASSETS**

ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2002	ADDITIONS	DEDUCTIONS	AS AT 31.12.2002	AS AT 31.03.2002	FOR THE YEAR	DEDUCTIONS	TOTAL upto 31.12.2002	AS AT 31.12.2002	AS AT 31.03.2002
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Buildings	13,27,59,864	1,06,100	1,62,714	13,27,03,250	2,99,68,469	26,56,373	8,847	3,26,15,995	10,00,87,255	10,27,91,395
Plant & Machinery (including office equipment & tools)	127,28,95,633#	3,98,64,199	184,45,998	129,43,13,834	87,10,88,869#	6,27,88,434	1,26,72,054	92,12,05,249	37,31,08,585	40,18,06,764
Furniture & Fixtures	1,26,24,711	2,39,820	13,18,160	1,15,46,371	81,07,611	3,79,185	12,59,274	72,27,522	43,18,849	45,17,100
Vehicles	1,13,80,373	51,16,404	13,28,771	1,51,68,006	41,25,392	8,16,407	7,77,280	41,64,519	1,10,03,487	72,54,981
<b>Total</b>	<b>142,96,60,581</b>	<b>4,53,26,523*</b>	<b>2,12,55,643</b>	<b>145,37,31,461</b>	<b>91,32,90,341</b>	<b>6,66,40,399</b>	<b>147,17,455</b>	<b>96,52,13,285</b>	<b>48,85,18,176</b>	<b>51,63,70,240</b>
Previous Year	134,70,28,078	4,81,48,960	67,30,469	138,84,46,569	77,17,93,839	12,24,75,063	37,41,181	89,05,27,721	49,79,18,848	57,52,34,239

# Refer note (o) of Schedule 17

\* Includes exchange differences of Rs. 2,04,082 (31.03.2002 : Rs.1,10,041)

**SCHEDULE 6 : INVESTMENTS**

	Face Value	Holdings as at 01.04.2002	Purchased /Dividend Reinvested	Sale/ Conversion	Holdings as at 31.12.2002			Holdings as at 31.03.2002
					Nos.	Rs.	Rs.	
	Rs.	Nos.	Nos.	Nos.	Nos.	Rs.	Rs.	Rs.

**Long Term Investments (At Cost)****Trade (Unquoted) Equity Shares fully paid**

Nicco Jubilee Park Limited	10	30,000	—	—	30,000	3,00,000	3,00,000	3,00,000
----------------------------	----	--------	---	---	--------	----------	----------	----------

**Current Investments**

(At Lower of Cost or Market Value)

**Other Investments (Unquoted)**

Kotak Mahindra Liquid Scheme - Growth	10	36,70,046	8,66,761	—	45,36,808	5,15,30,979		4,15,30,979
HDFC Liquid Fund - Dividend	10	7,328	93	—	7,421	76,924		73,297
HDFC FIP - Growth	10	10,00,000	—	—	10,00,000	1,00,00,000		1,00,00,000
HDFC Liquid Fund - Growth	10	9,05,471	—	—	9,05,471	1,02,02,214		1,02,02,214
Prudential ICICI FMP - Growth	10	20,62,421	—	—	20,62,421	2,06,78,043		2,06,78,043
Zurich India Liquidity Fund - Growth	10	17,13,614	—	—	17,13,614	2,00,70,535		2,00,70,535
Birla Cash Plus - Dividend	10	9,78,374	—	9,78,374	—	—		98,67,883
Birla Cash Plus - Growth	10	3,28,814	—	—	3,28,814	50,14,736		50,14,736
							11,75,73,431	11,74,37,687
							11,78,73,431	11,77,37,687

Notes : Aggregate amount of unquoted investments – Rs. 11,78,73,431



**SCHEDULE 7 : INVENTORIES***( At lower of Cost or Net Realisable Value)*

	<u>Rupees</u>	<u>As at 31.12.2002 Rupees</u>	<u>As at 31.03.2002 Rupees</u>
a) Stores and Spares (including in transit)		4,57,18,715	4,48,26,834
b) Raw materials and Components (including in transit)		13,39,83,855	8,33,52,773
c) Work-in-progress		6,15,67,369	5,74,86,401
d) Finished stocks (including in transit)	15,48,05,010		15,97,72,408
Add : Excise Duty on finished stock not assessed to duty	<u>1,93,68,461</u>		<u>1,72,44,887</u>
		<u>17,41,73,471</u>	<u>17,70,17,295</u>
		<u>41,54,43,410</u>	<u>36,26,83,303</u>

**SCHEDULE 8 : SUNDRY DEBTORS**

[Refer note (v), Schedule 17]

a) Over six months		3,76,11,071	3,85,82,830
b) Others		65,24,05,119	37,48,87,395
		<u>69,00,16,190</u>	<u>41,34,70,225</u>
Less : Provision for Bad and Doubtful debts		<u>1,76,21,470</u>	<u>1,88,93,719</u>
		<u>67,23,94,720</u>	<u>39,45,76,506</u>
Debts unsecured and considered good		66,58,75,492	38,91,90,091
Debts secured and considered good		65,19,228	53,86,415
Debts considered doubtful		<u>1,76,21,470</u>	<u>1,88,93,719</u>
		<u>69,00,16,190</u>	<u>41,34,70,225</u>

**SCHEDULE 9 : CASH AND BANK BALANCES**

a) Cash and Cheques in Hand (including Remittances in Transit)		4,17,59,900	4,43,43,978
b) With Scheduled Banks			
i) In Current Accounts		2,30,06,725	2,50,57,160
ii) Towards Share/Debenture application monies refund account		—	28,96,254
iii) Towards margin money		5,000	5,000
		<u>6,47,71,625</u>	<u>7,23,02,392</u>

**SCHEDULE 10 : LOANS AND ADVANCES**

[Refer note (w), Schedule 17]

	As at 31.12.2002 Rupees	As at 31.03.2002 Rupees
a) Prepaid expenses	32,74,483	35,87,984
b) Advance payment of Taxes - net of provision (31.03.2002 Rs. 6,47,70,818)	—	1,54,91,076
c) Advances recoverable in cash or kind or for value to be received	4,90,72,584	3,00,85,961
d) Balances with Customs and Excise [Refer note (m), Schedule 17]	4,97,28,645	3,61,96,849
e) Deposits	63,89,483	96,44,069
	<b>10,84,65,195</b>	<b>9,50,05,939</b>
Less : Provision for Doubtful Advances	4,53,195	1,15,802
	<b>10,80,12,000</b>	<b>9,48,90,137</b>
Loans and Advances, unsecured and considered good	10,80,12,000	9,24,50,387
Loans and Advances, secured and considered good	—	24,39,750
Loans and Advances, considered doubtful	4,53,195	1,15,802
	<b>10,84,65,195</b>	<b>9,50,05,939</b>

Notes : Amount due by Directors and by Secretary Rs. 1,000 (31.03.2002 : Rs. 1,100). Maximum during the year Rs. 2,45,169 (2001-2002 : Rs. 3,38,775).

**SCHEDULE 11 : CURRENT LIABILITIES**

	Rupees	As at 31.12.2002 Rupees	As at 31.03.2002 Rupees
a) Sundry Creditors :			
i) Small Scale Industrial undertakings [Refer note (u), Schedule 17]	38,96,458		36,97,666
ii) Others	45,06,21,687		28,83,27,371
		<b>45,45,18,145</b>	<b>29,20,25,037</b>
b) Advance payments from Customers		41,28,815	3,68,631
c) Investor Education and Protection Fund shall be credited by the following amounts, namely			
i) Unpaid application money received for allotment of securities and due for refund	—		28,96,254
ii) Unpaid Matured Debentures	75,93,464		77,32,547
iii) Unpaid Interest on Debentures [Refer note (aa), Schedule 17]	86,82,813	1,62,76,277	1,21,94,492
d) Other Liabilities		2,93,98,876	2,09,45,868
		<b>50,43,22,113</b>	<b>33,61,62,829</b>

Note : Sundry Creditors - others include Rs. Nil due to Directors (31.03.2002 : Rs. 18,915)

**SCHEDULE 12 : PROVISIONS**

	As at 31.12.2002 Rupees	As at 31.03.2002 Rupees
a) Proposed Preference Dividends	4,10,30,137	4,68,00,000
b) Provision for Leave Encashment	99,44,991	73,89,184
c) Provision for Taxes - net of Advance Rs. 10,77,83,320 [Refer note (ab), Schedule 17]	3,12,67,634	—
	<u>8,22,42,762</u>	<u>5,41,89,184</u>

**SCHEDULE 13 : MISCELLANEOUS EXPENDITURE***( TO THE EXTENT NOT WRITTEN OFF)*

[Refer note (q), Schedule 17]

Technical Know-how Expenses paid	94,45,358	1,20,81,272
Less : Amortised for the year	19,76,935	26,35,914
	<u>74,68,423</u>	<u>94,45,358</u>

Nine months ended December 31, 2002 Rupees	Previous year ended March 31, 2002 Rupees
--	---

**SCHEDULE 14 : OTHER INCOME**

i) Agency Commission - including TDS Rs. 37,428 (2001-2002 Rs. Nil)	1,21,58,014	1,34,56,726
ii) Income from Services - including TDS Rs. 2,37,221 (2001-2002: Rs. 3,84,929)	1,24,01,955	1,62,21,037
iii) Foreign Exchange Differences (net)	(7,94,692)	18,32,718
iv) Provisions no longer required	43,63,937	48,35,939
v) Export incentives under DEPB Scheme (net)	2,19,96,327	2,81,34,475
vi) Income from Investments - others	3,627	41,47,367
vii) Profit on Sale of Investments	1,48,569	—
vii) Miscellaneous Income - including TDS Rs. Nil (2001-2002: Rs. 1,671)	41,26,169	1,45,57,483
	<u>5,44,03,906</u>	<u>8,31,85,745</u>

**SCHEDULE 15 : MANUFACTURING AND  
OTHER EXPENSES**

	Rupees	Nine months ended December 31, 2002 Rupees	Previous year ended March 31, 2002 Rupees
1) Purchase of Products for resale [Refer note (c), Schedule 17]		20,92,78,507	22,29,23,268
2) Raw Materials and Components consumed [Refer note (d), Schedule 17]		57,67,82,558	45,40,19,369
3) Payments to and Provision for employees			
a) Salaries, Wages and Bonus	11,36,61,121		11,29,64,751
b) Company's contribution to Provident and other Funds	88,23,712		1,17,73,904
c) Staff Welfare expenses	1,44,39,374		1,84,68,399
		<b>13,69,24,207</b>	14,32,07,054
4) Operation & Other Expenses			
a) Stores and spare parts consumed [Refer note (e), Schedule 17]	9,91,08,564		10,09,41,765
b) Purchase of Power	5,67,28,743		7,95,77,170
c) Repairs to Buildings	38,45,665		76,70,993
d) Repairs to Machinery	1,04,19,144		1,49,71,107
e) Royalty	3,60,84,267		3,18,62,313
f) Rent	81,64,066		98,55,483
g) Rates and Taxes	17,92,670		43,67,257
h) Insurance	29,03,254		37,58,732
i) Commission & Discount	94,49,584		1,10,17,710
j) Travelling	1,80,83,407		2,33,13,006
k) Selling Expenses	1,60,35,831		2,20,88,182
l) Conversion Charges	1,77,67,334		75,90,113
m) Other Expenses [Refer note (r), Schedule 17]	6,72,18,644		7,24,06,782
		<b>34,76,01,173</b>	38,94,20,613
5) Carriage and Handling		1,83,02,146	1,97,92,855
6) Provision for doubtful debts & advances		29,60,450	71,61,441
7) Excise Duty Paid- (Net of recovery)		5,12,178	44,04,968
8) (Increase) / Decrease in stock of finished goods and semi-finished goods-excluding excise duty on plant stock			
Opening Stock	21,72,58,809		20,81,96,619
Less : Closing Stock	21,63,72,379		21,72,58,809
		<b>8,86,430</b>	(90,62,190)
		<b>1,29,32,47,649</b>	1,23,18,67,378

**SCHEDULE 16 : INTEREST - NET****Interest Expense**

i) Term Loans	62,37,015	1,43,46,753
ii) Others	51,98,408	31,71,904
	<b>1,14,35,423</b>	1,75,18,657

**Less :**

Interest Income	45	1,11,47,190
– Tax deducted at source Rs. Nil (2001-2002 : Rs. 19,64,114)		
	<b>1,14,35,378</b>	63,71,467

**SCHEDULE 17 : NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

a) **SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of Accounting**

The Company prepares its accounts on accrual basis under the historical cost convention and in accordance with applicable Accounting Standards in India.

**(ii) Revenue Recognition**

Revenue from sale of goods including manufactured products are recognised upon passage of title to the customers, which generally coincides with delivery.

Revenue from agency commission and other service charges are recognised upon accrual of such income as per the respective contracts.

**(iii) Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning expenses and financial charges upto the date the asset is ready for intended use.

**(iv) Depreciation**

Depreciation is provided under straight line method at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956 except for certain toolings, not consumable in nature, where depreciation has been considered at a rate higher than that as per Schedule XIV as aforesaid, based on the expected useful life of five years for such tools. Additions/deletions during the year are depreciated pro-rata from the date of such addition/deletion except assets costing below Rs. 5000 which are fully depreciated in the year they are put to use. Extra shift depreciation is calculated on actual shift basis in respect of each operating department.

Depreciation on the amount capitalised during the year on account of Foreign Exchange fluctuation is provided prospectively over the residual life of the respective assets.

**(v) Foreign Currency Transactions**

Foreign currency transactions are recorded on the basis of average of the exchange rates in force during the relevant month.

Foreign currency assets and liabilities (other than those covered by forward contracts) as on the Balance Sheet date are revalued in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising therefrom, is adjusted to the cost of fixed assets or charged to Profit & Loss Account, as the case may be.

In the case of transactions covered by forward contracts, the difference between the contract rate and the exchange rate prevailing on the date of transaction, is adjusted to the cost of fixed assets or charged to Profit & Loss Account, as the case may be, proportionately over the contract period.

**(vi) Inventories**

Inventories are valued at lower of cost or net realisable value. For the purpose of valuation of inventories, cost is determined on weighted average basis.

**(vii) Retirement Benefits**

Gratuity is administered through an approved fund, contributions to which, made in accordance with year end actuarial valuation, are charged to the Profit & Loss Account of the relevant period.

The liability on account of unutilised leave due to the employees is charged to the Profit & Loss Account, on the basis of year end actuarial valuation.

**(viii) Excise Duty**

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date.

**SCHEDULE 17 : (Contd.)****(ix) Deferred Revenue Expenditure**

Technical Know-how fees are deferred over the period during which the benefits are expected to be derived.

**(x) Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Profit & Loss Account.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

**(xi) Income Taxes**

Tax expense comprises both current and deferred taxes. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets (including unrecognised deferred tax assets of earlier years) are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**(xii) Segment Reporting Policies***Identification of segments :*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products or services having different risks and returns. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

*Inter-segment Transfers :*

Inter-segment sales and transfers, if any, are accounted for as if the sales or transfers were to third parties at current market prices.

*Unallocated items :*

General income and expense items, which are not allocable to any specific business segment, are classified as unallocated revenue and expenditure respectively.

**(xiii) Contingent Liabilities**

No provision is made for liabilities which are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the Balance Sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

**SCHEDULE 17 : (Contd.)****b) LICENCED AND INSTALLED CAPACITY AND PRODUCTION**

(as certified by the Management and accepted by the Auditors)

	<u>Installed capacity</u>		<u>Production</u>	
i) AP Cartridge Tapered Roller Bearings, unit including components and accessories	1,05,000	Nos.	41,908	Nos.
	(1,05,000)	Nos.	(26,419)	Nos.
ii) Tapered Roller Bearings, unit including components	40,00,000	Nos.	12,61,223	Nos.
	(40,00,000)	Nos.	(16,95,952)	Nos.
iii) Components (manufactured for sale)	—		39,85,587	Nos.
	—		(27,08,590)	Nos.

- Licensed Capacity is not furnished as it is not applicable in terms of Government of India's Notification No.S.O.477(E) dated 25th July, 1991.
- Above installed capacity represents existing manufacturing facilities for respective products.
- Considering the flexibility and interchangeability in production facilities among the lines, the overall capacity of the plant is 35,00,000 equivalent bearings.

Note : Figures in brackets are for the previous year

**c) TURNOVER, CLOSING AND OPENING STOCK OF GOODS**

	<u>TURNOVER</u>		<u>CLOSING STOCK</u>		<u>OPENING STOCK</u>		<u>PURCHASE #</u>	
	<u>Quantity *</u>	<u>Rupees**</u>	<u>Quantity</u>	<u>Rupees</u>	<u>Quantity</u>	<u>Rupees</u>	<u>Quantity</u>	<u>Rupees</u>
i) Tapered Roller Bearings (including purchased for resale)	14,28,202 Nos.	92,98,93,530	3,55,973 Nos.	12,07,00,330	3,98,804 Nos.	13,87,25,227	86,572 Nos.	5,46,23,028
	(17,91,303) Nos.	(99,84,55,712)	(3,98,804) Nos.	(13,87,25,227)	(4,10,546) Nos.	(16,59,21,631)	(59,731) Nos.	(8,48,65,364)
ii) Components (including purchased for resale)	40,18,934 Nos.	49,09,32,357	2,79,708 Nos.	3,78,00,701	1,31,832 Nos.	2,60,17,049	1,85,100 Nos.	6,59,24,098
	(28,75,083) Nos.	(23,07,02,133)	(1,31,832) Nos.	(2,60,17,049)	(9,336) Nos.	(33,00,146)	(2,17,500) Nos.	(6,90,21,533)
iii) Grease	11,57,541 Kgs.	8,51,69,433	1,46,822 Kgs.	99,20,787	1,27,732 Kgs.	84,86,339	11,76,641 Kgs.	8,44,04,039
	(8,79,897) Kgs.	(6,37,05,145)	(1,27,732) Kgs.	(84,86,339)	(42,979) Kgs.	(24,20,314)	(9,64,681) Kgs.	(6,49,67,141)
iv) Oil Seals	1,05,032 Nos.	33,66,666	1,95,714 Nos.	40,17,454	86,955 Nos.	19,46,499	2,24,415 Nos.	43,27,342
	(56,809) Nos.	(15,34,821)	(86,955) Nos.	(19,46,499)	(43,930) Nos.	(10,50,934)	(3,51,607) Nos.	(20,32,570)
v) Dental Handpiece Cartridge (including Components)	2,330 Nos.	1,50,184	4,273 Nos.	17,34,199	6,603 Nos.	18,42,181	—	—
	(10,564) Nos.	(18,65,586)	(6,603) Nos.	(18,42,181)	(6,670) Nos.	(12,57,156)	(10,302) Nos.	(20,36,660)
		<u>150,95,12,170</u>		<u>17,41,73,471</u>		<u>17,70,17,295</u>		<u>20,92,78,507</u>
		<u>(129,62,63,397)</u>		<u>(17,70,17,295)</u>		<u>(17,39,50,181)</u>		<u>(22,29,23,268)</u>

\* Excludes free samples to customers.

# Purchases are for resale.

\*\* Sale of Products is stated net of excise duty and trade discount.

**Note : Figures in brackets are for the previous year.**

## SCHEDULE 17 : (Contd.)

## d) CONSUMPTION OF RAW MATERIALS AND COMPONENTS

Details of Raw Materials/Components	Nine months period ended December 31, 2002		2001-2002	
	Quantity	Rupees	Quantity	Rupees
Cup	17,36,870 Nos.	20,11,01,425	19,88,234 Nos.	15,18,82,050
Cone	20,04,072 Nos.	12,92,18,189	20,46,633 Nos.	11,42,54,798
Rollers	76,80,826 Nos.	5,42,10,755	32,36,824 Nos.	1,42,12,018
Roller Wire	9,66,202 Kgs.	5,42,64,256	9,98,640 Kgs.	6,26,08,608
Components & Accessories		13,79,87,933		11,10,61,895
		<u>57,67,82,558</u>		<u>45,40,19,369</u>

## e) CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS

Value of consumption of imported and indigenously obtained raw materials, components, stores and spare parts and percentage of each to the total consumption :

	Nine months period ended December 31, 2002		2001-2002	
	%	Rupees	%	Rupees
<b>i) Raw Materials and components</b>				
Imported	25.14	14,50,21,080	23.15	10,50,91,656
Indigenous	74.86	43,17,61,478	76.85	34,89,27,713
	<u>100.00</u>	<u>57,67,82,558</u>	<u>100.00</u>	<u>45,40,19,369</u>
<b>ii) Stores and spare parts</b>				
Imported	17.17	1,70,17,565	9.60	96,94,202
Indigenous	82.83	8,20,90,999	90.40	9,12,47,563
	<u>100.00</u>	<u>9,91,08,564</u>	<u>100.00</u>	<u>10,09,41,765</u>

## f) C.I.F. VALUE OF IMPORTS

(including in transit)

	Nine months period ended December 31, 2002 Rupees	2001-2002 Rupees
i) Raw Materials, components, stores and spare parts	17,41,75,430	9,00,06,279
ii) Finished Products for re-sale	6,01,52,646	9,34,71,861
iii) Capital Goods	1,24,75,783	70,20,431



## SCHEDULE 17 : (Contd.)

	Nine months period ended December 31, 2002 Rupees	2001-2002 Rupees
<b>g) EXPENDITURE IN FOREIGN CURRENCY (on cash basis)</b>		
i) Foreign Travel	29,19,718	44,94,011
ii) Bank Charges	4,46,023	3,43,928
iii) Royalty (net of withholding tax)	1,48,60,207	2,70,43,710
iv) Others	60,07,130	8,88,141
<b>h) DIVIDEND REMITTANCE IN FOREIGN CURRENCY (Preference Shares)</b>	<b>3,97,80,000</b>	1,22,44,932
(26,00,000 9% Cumulative Redeemable Preference Shares held by The Timken Company, USA as at 31st December, 2002. Dividend remitted for the year 1999-2000 & 2000-2001)		
<b>i) EARNINGS IN FOREIGN EXCHANGE (on realisation basis)</b>		
i) F.O.B. value of exports	35,40,42,797	23,80,79,484
ii) Agency commission	1,18,09,470	1,28,89,866
<b>j) CONTINGENT LIABILITIES NOT PROVIDED FOR</b>		
— Guarantees given to banks	6,38,71,299	1,98,43,805
— Income tax demands	14,75,105	14,75,105
— Other claims	8,59,326	7,31,443
— Excise duty and Sales Tax matters	5,72,84,195	5,80,51,410
— Arrears of cumulative preference dividends	—	2,34,00,000
<b>k) ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (net of advances paid)</b>	<b>1,72,34,996</b>	1,19,77,077
<b>l) MANAGERIAL REMUNERATION</b>		
i) Salary	7,08,965	7,72,910
ii) Contribution to Provident & Other Funds	1,14,273	1,10,444
iii) Estimated Value of Perquisites	71,342	1,11,170
<b>Total</b>	<b>8,94,580</b>	9,94,524

Note : Managerial Remuneration does not include gratuity and leave pay provided on the basis of actuarial valuation in the accounts which is to be included for this purpose at the time of actual payment.

m) Deposits include Rs. 260.92 lacs (as on 31.03.2002 : Rs. 244.07 lacs) with Customs Authorities, pending final assessment against which a liability of Rs. 173.49 lacs (as on 31.03.2002 : Rs. 156.64 lacs), considered adequate, is held in the accounts.

n) i) Provision for current income tax for the nine months period ended 31st December, 2002, has been computed applying the effective rate on the profit for such nine months period. 'Effective Rate' for the purpose has been arrived at taking into consideration actual profit for such nine months period and estimated profit for the quarter ended 31st March, 2003. The ultimate tax liability, however would be determined on the basis of the results for the fiscal year ending 31st March, 2003 corresponding to the Assessment Year 2003-04.

**SCHEDULE 17 : (Contd.)**

- ii) Deferred Tax Accounting – The deferred tax credit for the year has been recognised in the Profit & Loss Account for the year. Details of Deferred Tax Assets/ (Liabilities) are as follows :

	<b>As on 31.12.2002</b>	As on 31.03.2002
	<b>Rupees</b>	Rupees
— Items under Section 43B of IT Act	<b>57,98,020</b>	41,96,028
— Provision for Bad Debts	<b>83,02,810</b>	83,02,942
— Royalty	<b>56,50,813</b>	33,30,060
— Preliminary Expenses u/s 35D of IT Act	<b>1,48,277</b>	1,44,041
— Capital Loss	—	6,99,599
— Technical Know-how Fees	<b>(27,44,645 )</b>	(33,71,993)
— Depreciation	<b>(5,81,49,651 )</b>	(6,01,90,590)
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(4,09,94,376)</b>	(4,68,89,913)

- o) With effect from 1st April, 2002 certain toolings, not consumable in nature, which had hitherto been included under inventories and shown at the Net Realisable Value determined on the basis of technical assessment of their impairment, have been regrouped under fixed assets and being depreciated at a rate higher than that as per Schedule XIV of the Companies Act, 1956 based on the expected useful life of five years for such tools. Accordingly, Rs. 412.14 lacs, Rs. 227.63 lacs being the gross value of such unamortised tools and their related accumulated depreciation respectively as on 1st April, 2002 have been grossed up with the respective opening balance of Plant & Machineries as at that date. There has been no impact in the Profit & Loss Account for the period because of this re-grouping.
- p) Previous Wage Agreement with Associates' Union has expired in April 2002 and the management is in the final stage of negotiation for a new wage agreement, pending finalisation of which the liability for differential wages, as per management's estimate has been provided and included in 'Salaries, Wages and Bonus' under item 3 (a) of Schedule 15 without any separate allocation of such provision towards Company's contribution to Provident and other funds. Adjustment on such liability provided, required if any, consequent on finalisation of such negotiation will be provided in the year of conclusion thereof.
- q) As per Accounting Policy of deferred revenue expenditure, the Technical Know-how fees payable to the collaborator for providing technical assistance is deferred and amortised over a period of 72 equal monthly installments.

	<b>Nine months period ended</b>	2001-2002
	<b>December 31, 2002</b>	Rupees
	<b>Rupees</b>	Rupees
<b>r) OTHER EXPENSES</b>		
Item 4 (m) of Schedule 15 includes :		
i) Auditors' Remuneration *		
— For services as Auditors	<b>7,87,500</b>	6,30,000
— For Company Law matters	—	13,650
— For Limited Review	<b>3,67,500</b>	2,10,000
— For Tax Audit	<b>2,75,625</b>	2,10,000
— For US GAAP Certification	<b>2,36,250</b>	3,15,000
— For Other Services	<b>3,72,750</b>	1,24,950
— For travelling and out of pocket expenses	<b>54,000</b>	94,100
* Inclusive of service tax, where applicable		
ii) Directors' fees	<b>42,000</b>	57,000
iii) Loss on disposal/discarding of assets	<b>10,99,819</b>	20,60,146
iv) Provision for wealth tax	<b>45,000</b>	60,000
s) i) No Equity shares have been allotted during April 2002 to December 2002, out of 15,150 shares of Rs. 10/- each kept in abeyance as at 31st March, 1998.		
ii) Out of the total shares issued, 5,09,99,988 fully paid-up Equity Shares of Rs. 10/- each and 26,00,000 9% Cumulative Redeemable Preference Shares of Rs. 100/- each are held by The Timken Company, USA as at 31st December, 2002.		
iii) Calls in arrears in respect of the Shares Rs. 1,44,500 have been computed on the basis of information certified by the Registrars of the Company.		
t) Unsecured loans include loan repayable within one year amounting to Rs. 6,33,74,277 (As on 31.03.2002 : Rs. 14,64,411).		

**SCHEDULE 17 : (Contd.)**

u) Name of small scale industrial undertakings to whom the Company owes any sum which is outstanding for more than 30 days as at 31st December, 2002 :

	<b>As on 31.12.2002 Rupees</b>	As on 31.03.2002 Rupees
i) Bhuller Engineering Works	58,815	47,100
ii) Bihar Packaging Industries	86,102	86,102
iii) Crown Packaging	17,289	68,743
iv) Devendra Packaging	26,563	12,234
v) Diamond Enterprises	9,211	10,111
vi) Eastern Machinery Works	57,219	64,544
vii) Industrial Enterprises	32,727	31,084
viii) Kashmir Timber Traders	63,515	45,089
ix) Omni Auto Limited	2,60,896	23,895
x) Pawan Enterprises	1,07,320	2,19,617
xi) Ritu Engg. Works	30,303	85,405
xii) Santi Plastic Enterprises	12,250	12,231
xiii) Shivalik Industries	1,56,956	95,786
xiv) Sudha Enterprises	22,790	24,406
xv) Sumit Techmart	406	—
xvi) Viks Gears	53,883	17,434
xvii) JMT Auto Limited	1,620	—
xviii) Shyam Enterprises	1,16,743	—
xix) Perfect Turners	2,14,987	—

v) Sundry Debtors include dues from companies under the same Management :

	<b>As on 31.12.2002 Rupees</b>	As on 31.03.2002 Rupees
Timken Europa GmbH	<b>6,87,196</b>	11,91,635
British Timken Limited	<b>97,80,119</b>	9,64,044
Australian Timken Proprietary Limited	<b>83,91,258</b>	50,17,152
Timken Do Brasil Com.E.Ind.Ltda.	<b>1,63,30,208</b>	1,90,51,402
Timken Singapore PTE Ltd.	<b>43,41,750</b>	18,74,767
Timken Italia S.R.L.	<b>2,55,318</b>	2,18,185
Yantai Timken Company Limited	<b>1,04,480</b>	19,41,656
Timken South Africa (PTY) Limited	<b>87,20,543</b>	59,29,271
Timken Romania S. A.	<b>7,532</b>	1,46,409
Timken Engg. and Research	—	28,425

w) Loans and Advances include dues from companies under the same Management :

	<b>As on 31.12.2002 Rupees</b>	Maximum Amount due during Apr. '02-Dec. '02 Rupees	As on 31.03.2002 Rupees
Yantai Timken Company Limited	<b>15,112</b>	5,01,731	4,92,762
Timken Singapore PTE Limited	<b>2,33,130</b>	2,33,130	70,748
Timken Engg. and Research	<b>29,960</b>	1,11,838	1,11,838
Timken France	<b>1,36,001</b>	1,36,001	—
Timken Italia S.R.L.	—	34,05,449	—
Timken Rail Service, Russia	<b>3,02,822</b>	3,02,822	3,02,822

**SCHEDULE 17 : (Contd.)****x) Segment Information***Business Segment :*

The business segments have been identified on the basis of the products and services of the Company. The Bearings & Components segment is a diverse supplier of Bearings, components and other allied products. It sells products to the Automobiles, Industrial and Rail-Road enterprises. The Services segment provides service in relation to Procurement and Repairs & Maintenance of the Bearings & Components.

*Geographical segments :*

The Geographical segments have been identified on the basis of the location of the major customers of the Company.

<b>Primary Segment</b>	<b>Nine months Period ended December 31, 2002 Rupees</b>	<b>Year ended March 31, 2002 Rupees</b>
<b>1. Segment Revenue</b>		
(A) Bearings & Components	<b>1,53,51,11,223</b>	1,33,76,54,540
(B) Services	<b>2,59,47,874</b>	3,00,16,355
Total Segment Revenue	<b>1,56,10,59,097</b>	1,36,76,70,895
Less : Inter-segment Revenue	—	—
Unallocated Revenue	<b>28,56,979</b>	1,17,78,247
Net Sales/Income from operations	<b>1,56,39,16,076</b>	137,94,49,142
<b>2. Segment profit/(loss) before tax and interest</b>		
(A) Bearings & Components	<b>26,62,47,977</b>	8,13,54,993
(B) Services	<b>1,53,59,763</b>	1,32,57,336
Total	<b>28,16,07,740</b>	9,46,12,329
Less :		
i) Interest (Net)	<b>1,14,35,378</b>	63,71,467
ii) Unallocable expenditure	<b>7,75,79,712</b>	7,89,51,874
Profit Before Tax	<b>19,25,92,650</b>	92,88,988
<b>3. Capital Employed</b> (Segment assets - Segment liabilities)		
(A) Bearings & Components - Assets	<b>1,65,56,53,142</b>	1,30,78,55,785
(B) Services-Assets	<b>90,91,640</b>	1,29,64,329
Unallocable Assets	<b>23,25,36,572</b>	25,05,06,419
a) Total Assets	<b>1,89,72,81,354</b>	1,57,13,26,533
Bearings & Components-Liabilities	<b>40,91,32,550</b>	27,04,19,958
Services-liabilities	<b>13,99,982</b>	10,99,418
Unallocable Liabilities	<b>17,60,32,342</b>	11,88,32,638
b) Total Liabilities	<b>58,65,64,874</b>	39,03,52,014
Capital Employed (a) - (b)	<b>1,31,07,16,480</b>	1,18,09,74,519
<b>4. Fixed Asset Addition</b>		
Bearings & Components	<b>6,00,55,806</b>	2,71,72,328
Services	<b>3,34,656</b>	—
Unallocable	<b>44,14,719</b>	30,12,469
	<b>6,48,05,181</b>	3,01,84,797
<b>5. Depreciation</b>		
(A) Bearings & Components	<b>6,35,04,353</b>	11,70,64,471
(B) Services	<b>2,56,623</b>	2,94,845
Unallocable	<b>28,79,423</b>	51,15,746
	<b>6,66,40,399</b>	12,24,75,062
<b>6. Amortisation of Technical Know-how fees</b>		
Bearings & Components	<b>19,76,935</b>	26,35,914

## SCHEDULE 17 : (Contd.)

Secondary Segment - Geographical	Nine months Period ended December 31, 2002 Rupees	Year ended March 31, 2002 Rupees
<b>Sales Revenue by Geographical Market</b>		
India	1,08,66,68,634	1,16,65,21,866
Outside India	47,72,47,442	21,29,27,276
Total	1,56,39,16,076	1,37,94,49,142
<b>Carrying Amount of Segment Assets</b>		
India	1,65,01,08,745	1,47,50,99,050
Outside India	24,71,72,610	9,62,27,483
Total	1,89,72,81,355	157,13,26,533
<b>Purchase of Fixed and Intangible Assets</b>		
India	6,48,05,181	3,01,84,797
Outside India	—	—
Total	6,48,05,181	3,01,84,797

## y) Related Party Disclosure

During the year, the Company entered into transactions with related parties. Those transactions along with related balances at 31st December, 2002 and for the year then ended are presented in the following table.

(in Rupees)

	Holding Company		Fellow Subsidiaries		Key Management Personnel	Total	
	Transaction Value	Balance Outstanding as on 31.12.2002	Transaction Value	Balance Outstanding as on 31.12.2002		Transaction Value	Balance Outstanding as on 31.12.2002
Purchases of goods	10,98,74,752 (7,07,94,394)	6,30,39,915 (3,12,47,029)	1,42,93,235 (1,84,75,095)	78,63,725 (5,02,039)		12,41,67,987 (8,92,69,469)	7,09,03,640 (3,67,49,068)
Sale of goods	25,38,68,352 (12,51,25,737)	13,61,88,361 (5,69,02,690)	19,46,25,345 (8,42,40,119)	8,29,00,054 (3,40,68,001)		44,84,93,697 (20,93,65,856)	21,90,88,415 (9,09,70,691)
Purchase of Fixed Assets	12,90,807 (5,79,189)		1,04,16,901 (3,58,180)	65,00,340 (4,99,688)		1,17,07,708 (41,37,369)	65,00,340 (4,99,688)
Sale of Fixed Assets			34,05,449 (—)			34,05,449 (—)	
Expense Receivable	85,51,831 (72,22,088)	1,08,66,758 (35,75,415)	4,43,994 (23,95,020)	4,14,203 (6,75,348)		89,95,825 (96,17,108)	1,12,80,961 (42,50,763)
Expense Payable	1,32,00,577 (1,64,01,051)	3,53,86,051 (2,51,00,003)	65,69,081 (9,50,601)	77,38,997 (10,21,237)		1,97,69,668 (1,73,51,662)	4,31,25,048 (2,61,21,240)
Agency Commission (Expense)	12,72,315 (—)	12,72,315 (—)	3,26,988 (—)	3,26,988 (—)		15,99,303 (—)	15,99,303 (—)
Agency Commission (Income)	1,08,94,033 (1,13,23,853)	17,38,619 (15,89,832)	12,63,981 (15,68,003)	13,63,601 (23,21,253)		1,21,58,014 (1,28,91,856)	31,02,220 (39,11,085)
Freight Recovery	4,46,25,730 (1,08,52,894)		1,68,87,770 (35,49,910)			6,15,13,500 (1,44,02,804)	— (—)
Royalty	3,60,84,267 (3,03,45,060)	3,60,67,778 (1,74,66,893)				3,60,84,267 (3,03,45,060)	3,60,67,778 (1,74,66,893)
Technical Assistance Expenses	6,25,666 (6,44,292)	6,25,666 (6,44,292)				6,25,666 (6,44,292)	6,25,666 (6,44,292)
Remuneration*					8,94,580 (9,94,524)	8,94,580 (9,94,524)	

**SCHEDULE 17 : (Contd.)**

1. Holding Company                      The Timken Company, USA
  2. Fellow subsidiaries                      Timken Europa-GmbH, Timken UK Limited, Australian Timken Proprietary Limited, Timken South Africa Limited, Yantai Timken Company Limited, Timken Romania, Timken Engg. & Research, Timken Italia-S.R.L., Timken Singapore PTE Limited, Timken Do Brasil COM. E. IND. LTDA, Timken Polska, Handpiece Headquarters, The Timken Company-France.
  3. Key Management Personnel              Mr. Shyamal K Sinha, Deputy Managing Director
  4. During the nine months (Apr' 02 to Dec' 02) an amount of Rs. 1,12,288 has been written off against Receivable from Fellow Subsidiary.
- \* For payments being Managerial Remuneration to Key Management Personnel Mr. Shyamal K Sinha - Refer note (I) of Schedule 17.

**z) Earning Per Share (Basic & Diluted) :**

	<b>Nine months ended December 31, 2002 Rupees</b>	Previous year ended March 31, 2002 Rupees
Profit After Tax	12,42,53,051	80,56,498
Less : Preference Dividend for the period	1,76,30,137	2,34,00,000
Earning available to Equity Shareholders	10,66,22,914	(1,53,43,502)
Weighted Average No. of Equity Share @ Rs. 10 each	6,37,20,400	6,37,20,400
Earning per share	1.67	(0.24)

- aa) Matured Debentures and interest thereon have been separately funded in the respective bank accounts and remains unpaid in absence of claim.
- ab) Refunds of Rs. 1,08,61,838 (Previous year Rs. NIL) received from the Income Tax Authorities till date against assessment under section 143(1)(a) of the Income Tax Act, 1961 have been credited to 'Advance Tax' account.  
  
Advance tax for the current period has been duly adjusted for the carry forward credits arising out of the above assessments made under section 143(1)(a) of the Income Tax Act, 1961.
- ac) The Current accounting period is for nine months from 1st April, 2002 to 31st December, 2002 and accordingly the current period's figures are not comparable with those of the previous years.
- ad) Previous year's figures have been regrouped/rearranged, wherever necessary.

Signature to Schedules 1 to 17

For and on behalf of the Board

**For S. R. Batliboi & Co.**

Chartered Accountants

**Per Rahul Roy**

a Partner

Kolkata, 11 Feb, 2003

**Soumitra Hazra**

Finance Controller &amp; Company Secretary

**G.W. Robinson**

Chairman

**Shyamal K Sinha**

Dy. Managing Director

Jamshedpur, February 3, 2003

**ABSTRACT OF THE BALANCE SHEET AS AT 31-12-2002 AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF SCHEDULE VI (AMENDED) TO THE COMPANIES ACT, 1956**

I. Registration Details

Registration No. 

0	7	6	0	1
---	---	---	---	---

 State Code 

0	3
---	---

  
 Balance Sheet Date 

3	1
---	---

1	2
---	---

2	0	0	2
---	---	---	---

  
Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					

III. Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>1</td><td>0</td><td>7</td><td>1</td><td>6</td></tr></table>	1	3	1	0	7	1	6	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>1</td><td>0</td><td>7</td><td>1</td><td>6</td></tr></table>	1	3	1	0	7	1	6
1	3	1	0	7	1	6									
1	3	1	0	7	1	6									
Sources of Funds	Reserves and Surplus														
Paid-Up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>9</td><td>7</td><td>2</td><td>0</td><td>4</td></tr></table>	8	9	7	2	0	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>6</td><td>7</td><td>7</td><td>0</td><td>3</td></tr></table>	1	6	7	7	0	3		
8	9	7	2	0	4										
1	6	7	7	0	3										
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>1</td><td>4</td><td>4</td><td>1</td></tr></table>	1	4	1	4	4	1	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>3</td><td>3</td><td>7</td><td>4</td></tr></table>	6	3	3	7	4			
1	4	1	4	4	1										
6	3	3	7	4											
Deferred Tax Liabilities (Net) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>0</td><td>9</td><td>9</td><td>4</td></tr></table>	4	0	9	9	4										
4	0	9	9	4											
Application of Funds	Investment														
Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>5</td><td>1</td><td>1</td><td>3</td><td>1</td><td>8</td></tr></table>	5	1	1	3	1	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>7</td><td>8</td><td>7</td><td>3</td></tr></table>	1	1	7	8	7	3		
5	1	1	3	1	8										
1	1	7	8	7	3										
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>7</td><td>4</td><td>0</td><td>5</td><td>7</td></tr></table>	6	7	4	0	5	7	Misc. Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>4</td><td>6</td><td>8</td></tr></table>	7	4	6	8				
6	7	4	0	5	7										
7	4	6	8												
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L												
N	I	L													

IV. Performance of Company (Amount in Rs. Thousands)

Turnover <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>5</td><td>6</td><td>3</td><td>9</td><td>1</td><td>6</td></tr></table>	1	5	6	3	9	1	6	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>7</td><td>1</td><td>3</td><td>2</td><td>3</td></tr></table>	1	3	7	1	3	2	3
1	5	6	3	9	1	6									
1	3	7	1	3	2	3									
+ - Profit/Loss Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>1</td><td>9</td><td>2</td><td>5</td><td>9</td><td>3</td></tr></table>	+	1	9	2	5	9	3	+ - Profit/Loss After Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>1</td><td>2</td><td>4</td><td>2</td><td>5</td><td>3</td></tr></table>	+	1	2	4	2	5	3
+	1	9	2	5	9	3									
+	1	2	4	2	5	3									
+ - Earnings per Share in Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>+</td><td>1</td><td>.</td><td>6</td><td>7</td></tr></table>	+	1	.	6	7	Dividend % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L						
+	1	.	6	7											
N	I	L													

\*Dividend of 2600000 9% Cumulative Redeemable Preference Shares of Rs.100 each @ 9% has been recommended for the periods 1st April, 2001 to 31st March, 2002 and also from 1st April, 2002 to 31st December, 2002.

V. Generic Names of the Principal Products of the Company (in monetary terms)

Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>8</td><td>2</td><td>2</td><td>0</td><td>0</td><td>1</td></tr></table> & <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>8</td><td>2</td><td>2</td><td>0</td><td>0</td><td>2</td></tr></table> (ITC Code)	8	4	8	2	2	0	0	1	8	4	8	2	2	0	0	2	
8	4	8	2	2	0	0	1										
8	4	8	2	2	0	0	2										
Product Description	T A P E R E D R O L L E R B E A R I N G S																
Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>8</td><td>2</td><td>2</td><td>0</td><td>0</td><td>3</td></tr></table> (ITC Code)	8	4	8	2	2	0	0	3									
8	4	8	2	2	0	0	3										
Product Description	A P C A R T R I D G E T A P E R E D R O L L E R B E A R I N G S																
Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>8</td><td>2</td><td>8</td><td>0</td><td>0</td><td>0</td></tr></table> (ITC Code)	8	4	8	2	8	0	0	0									
8	4	8	2	8	0	0	0										
Product Description	O T H E R I N C L U D I N G C O M B I N E D B A L L / R O L L E R B E A R I N G S																

On behalf of the Board of Directors

Jamshedpur  
February 3, 2003

**Soumitra Hazra**  
*Finance Controller & Company Secretary*

**Shyamal K Sinha**  
*Dy. Managing Director*

**G.W. Robinson**  
*Chairman*

## CASH FLOW STATEMENT FOR NINE MONTHS ENDED 31ST DECEMBER, 2002

	Nine months ended 31.12.2002 Rs. '000	Year ended 31.03.2002 Rs. '000
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit/(Loss) before Tax and Extraordinary items</b>	<b>192,593</b>	9,289
Adjustments for :		
Depreciation	66,640	122,475
Interest income	—	(10,194)
Interest expense	11,435	17,519
Income from Mutual Fund (Net)	(152)	(2,438)
(Profit)/Loss on sale of assets	1,100	2,060
Miscellaneous expenditure amortised	1,977	2,636
Miscellaneous expenditure paid	—	—
Provision for Wealth Tax	45	60
	<b>81,045</b>	132,118
<b>Operating Profit before Working Capital Changes</b>	<b>273,638</b>	141,407
Adjustments for :		
Trade and Other Receivables	(295,569)	(23,866)
Inventories	(52,760)	(38,086)
Trade Payables and Other Liabilities	170,715	71,517
	<b>(177,614)</b>	9,565
<b>Cash Generated from Operations</b>	<b>96,024</b>	150,972
Direct Tax paid	(38,383)	(28,402)
	<b>(38,383)</b>	(28,402)
<b>Net Cash from Operating Activities</b>	<b>57,641</b>	122,570
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(64,805)	(30,185)
Sale of Fixed Assets	5,438	929
Investment	(136)	(117,438)
Income from Mutual Fund (Net)	152	2,438
Interest received	—	10,194
Inter-corporate deposits	—	140,000
<b>Net Cash from Investing Activities</b>	<b>(59,351)</b>	5,938
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Preference Dividend paid	(46,800)	(25,787)
Interest paid	(11,783)	(17,186)
Proceeds from issue of Share Capital	—	—
Proceeds from Term/Short Term Borrowings	133,854	—
Repayment of Term Borrowings	(31,764)	(78,070)
Cash Credit (Net)	(49,327)	8,472
<b>Net Cash from Financing Activities</b>	<b>(5,820)</b>	(112,571)
<b>Net increase/(decrease) in Cash and Cash equivalents</b>	<b>(7,530)</b>	15,937
<b>Cash and Cash equivalents as at 1st April (Opening Balance)</b>	<b>72,302</b>	56,364
<b>Cash and Cash equivalents as at 31st December/March (Closing Balance)</b>	<b>64,772</b>	72,301

- Note : (1) Figures in brackets represent outflows.  
(2) Cash and Cash equivalent as on 31st December, 2002 includes Rs. Nil (2001-02 : Rs. 28,96,254) being amount towards share application money refund account.  
(3) Cash and Cash equivalents as on 31st December, 2002 includes Rs. 1,62,76,277 (2001-02 Rs. 1,99,26,869) being amount towards unclaimed Debenture Interest, that are not available for use by the enterprise.  
(4) Previous year's figures have been regrouped/rearranged, wherever necessary.

As per our certificate attached

**For S. R. Batliboi & Co.**

Chartered Accountants

**Per Rahul Roy**

a Partner

Kolkata, 11 February, 2003

**Soumitra Hazra**

Finance Controller & Company Secretary

**Shyamal K Sinha**

Dy. Managing Director

**G.W. Robinson**

Chairman

Jamshedpur, February 3, 2003

## AUDITORS' CERTIFICATE

To,  
The Board of Directors,  
Timken India Limited  
Bara, P. O. Agrico  
Jamshedpur - 831009

We have examined the attached Cash Flow Statement of Timken India Limited for the nine months period ended 31st December, 2002. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of February 2003 to the Members of the Company.

Place : Kolkata

Dated : 11 February, 2003

**S. R. Batliboi & Co.**

Chartered Accountants

**Per RAHUL ROY**

a Partner





## FIVE YEARS AT A GLANCE

	9 months ended	Year ended			
	31.12.2002	31.03.2002	31.03.2001	31.03.2000	31.03.1999
<b>Production</b>					
(i) Standard Brgs. (Equiv. Nos.)	1,917,371	1,958,130	1,998,153	2,078,514	1,916,322
(ii) AP Cartridge Brgs. (Sets)	41,908	26,419	53,553	47,324	40,247
<b>Rs./Lakhs</b>					
<b>Profit &amp; Loss Account</b>					
(i) Gross Sales	17,325	15,655	17,114	16,288	14,281
(ii) Net Sales					
(a) Domestic	10,867	11,665	11,836	12,275	10,559
(b) Export	4,772	2,129	3,612	2,181	2,209
Total (a+b)	<u>15,639</u>	<u>13,794</u>	<u>15,448</u>	<u>14,456</u>	<u>12,768</u>
(iii) EBIT	2,040	157	2,381	2,068	1,194
(iv) Profit Before Tax	1,926	93	2,153	1,763	814
(v) Profit After Tax	1,243	81	2,001	1,520	728
(vi) Surplus/(Accumulated Loss)	1,677	844	1,853	110	(1,269)
<b>Balance Sheet</b>					
(i) Gross Block	14,765	14,330	13,683	12,372	11,960
(ii) Net Block	5,113	5,197	5,965	5,842	6,526
(iii) Net Current Asset	6,333	4,475	5,208	3,639	3,023
(iv) Capital Employed	11,521	9,582	11,294	9,628	9,549
(v) Beginning Invested Capital (BIC)	9,513	11,273	10,214	10,249	11,370
(vi) Total Debt	2,048	1,524	2,217	2,691	4,609
(vii) Equity	10,574	9,722	10,704	8,935	8,353
(viii) Total Capital	12,623	11,246	12,921	11,626	12,962
<b>Other Comparative Data</b>					
(i) PAT to Net Sales (%)	8	1	13	11	6
(ii) EBIT / BIC (%)	21	1	23	20	11
(iii) Return on Net Worth (%)	12	1	19	17	9
(iv) E.P.S. (Rs.)	1.67	(0.24)	2.73	1.98	0.74
(v) Capital Expenditure/Depreciation for the year (times)	0.65	0.23	1.03	0.39	1.12
(vi) Total Debt to Equity (%)	19	16	21	30	55
(vii) Total Debt to Total Capital (%)	16	14	17	23	36
(viii) Fixed Asset Turnover (times)	3.06	2.65	2.59	2.47	1.96
(ix) Working Capital Turnover (times)	2.47	3.08	2.97	3.97	4.22
(x) Current Ratio (times)	1.57	1.76	1.99	1.58	1.49
(xi) Interest Cover (times)	17.84	0.89	7.12	4.89	2.42
(xii) Net Sales/Employee (Rs./Lakhs)	27	23	26	26	24

- Notes : (i) EBIT/BIC i.e. Beginning Invested Capital, a type of return on asset ratio, is used internally to measure the Company's performance. In broad terms, invested capital is total assets minus non interest-bearing current liabilities.
- (ii) Return on Net Worth is profit after tax divided by net worth as at the end of the year.
- (iii) Equity includes Preference Share Capital net off accumulated losses and miscellaneous expenditure to the extent not written off.
- (iv) Fixed Asset Turnover is net sales divided by net fixed assets as at the end of the year.
- (v) Net Current Asset is current assets minus current liabilities including current portion of long term loans repayable within one year.
- (vi) Working Capital Turnover is net sales divided by net current asset as at the end of the year.
- (vii) Current ratio is current assets divided by current liabilities including current portion of long term loans repayable within one year.
- (viii) Interest Cover is profit before interest and taxation divided by interest expenses (gross).
- (ix) Certain tools have been regrouped with Fixed Assets as on 31st December 2002 and 31st March 2002, gross value being Rs. 457 lacs and Rs. 412 lacs. (Refer Note (O) of Schedule XVII of the Annual Report).
- (x) Figures have been regrouped/rearranged to make it comparable.

# TIMKEN INDIA LIMITED

Regd. Office : Bara, P.O. Agrico, Jamshedpur - 831 009

## ATTENDANCE SLIP

Name .....
Folio No. ....
No. of Shares held .....

I hereby record my presence at the Sixteenth Annual General Meeting of the Company at Tata Steel Management Development Centre, Circuit House Area (East), XLRI Campus, Jamshedpur-831 001 on Wednesday, April 30, 2003 at 12.00 Noon.

SIGNATURE OF THE MEMBER/PROXY .....
-------------------------------------

- Notes :**
- 1 Members/Proxyholders wishing to attend the meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed.
  - 2 Members/Proxyholders desiring to attend the meeting are requested to bring their copy of the Annual Report for reference at the Meeting.

# TIMKEN INDIA LIMITED

Regd. Office : Bara, P.O. Agrico, Jamshedpur - 831 009

## PROXY

I/We, .....  
of ..... in the District of .....  
a Member/Members of the above named Company, hereby appoint .....  
of ..... in the District of .....or failing him  
..... of .....in the District of .....  
..... as my/our Proxy to attend and vote for me/us and on  
my/our behalf at the Sixteenth Annual General Meeting of the Company, to be held on Wednesday, April 30, 2003  
and at any adjournment thereof.

Signed this ..... day of ..... 2003.

Reference Folio : .....

No. of Shares : ..... Signature .....

Affix 30 Paise Revenue Stamp
---------------------------------------

Note : The Proxy must be returned so as to reach the Registered Office of the Company at Bara, P.O. Agrico, Jamshedpur - 831 009 not less than 48 hours before the time for holding the aforesaid Meeting.

## Corporate Governance Report

### Company's philosophy on code of governance

Timken India Limited, being a subsidiary of The Timken Company, USA follows the standards of Business Ethics Policy. In accordance with the said policy, the business of the Company is to be conducted according to highest standards of integrity and ethics with due regard for all applicable laws. All associates are expected to be familiar and comply with all applicable laws and regulations.

Towards achieving this, the Company had put in place a number of systems to ensure transparency in decision making, empowerment at different levels, accountability and integrity. With the introduction of the code of corporate governance through an amendment of the Listing Agreement with the Stock Exchanges, the Company has fine tuned its corporate practices so as to bring them in line with the requirements of the said amendments of the Listing Agreement.

### Board of Directors

Composition:

The Company has a Non-Executive Chairman and the number of Independent Directors is not less than one-third of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors, with the Dy. Managing Director being the only Executive Director on the Board of Directors of the Company.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

The names and category of Directors on the Board, their attendance at the Board Meetings held during the year and also at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in other companies are given below :

Name	Category	No. of Board Meetings attended during the nine months ended December 31, 2002	Whether attended AGM held on July 19, 2002	No. of Directorships in other companies	No. of Committee positions held in other companies	
					Chairman	Only Member
Mr. Gordon W. Robinson	Promoter Director, Non-Executive, Not Independent	3	Yes	2**	–	–
Mr. Shyamal K. Sinha	Executive, Not Independent	3	Yes	–	–	–
Dr. J. J. Irani*	SINCE RESIGNED	1	No	13**	1	8
Mr. Mantosh Sondhi*	SINCE DECEASED	2	Yes	8	4	5
Dr. T. Mukherjee	Non-Executive, Independent	2	Yes	10**	1	6
Mr. Jon T. Elsasser	Promoter Director, Non-Executive, Not Independent	–	No	3**	–	–
Mr. Scott A Scherff	Promoter Director, Non-Executive, Not Independent	–	No	8**	–	–
Mr. Vinod K. Dasari	Non-Executive, Independent	2	Yes	3	–	–
Mr. Jai S. Pathak Alternate Director to Mr. Scott A. Scherff	Non-Executive, Independent	2	No	3	1	6
Mr. P S Dasgupta Alternate Director to Mr. Jon T. Elsasser	Non-Executive, Independent	–	No	21**	1	8

\* Dr. J J Irani, a Director of the Company has resigned as a director of the Company effective December 6, 2002. Mr. Mantosh Sondhi, who was the Chairman of the Audit Committee and a Director of the Company passed away in Bangalore on October 29, 2002.

\*\* including directorships in Private Limited/Foreign companies.

Three Board Meetings were held during the nine-months period ended December 31, 2002 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

- 1) May 14, 2002
- 2) July 19, 2002
- 3) October 22, 2002

Information as required under Annexure I to Clause 49 is being made available to the Board. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the period under review.

#### Audit Committee

The Audit Committee of the Board enjoys all the powers as mentioned in para II(C) of Clause 49 of the Listing Agreement. The scope of the Audit Committee includes all the work stated in para II(D) of Clause 49.

The Company has complied with all the requirements of Clause 49 (II)(A) of the Listing Agreement relating to composition of the Audit Committee. Mr. Mantosh Sondhi, an independent Director was the Chairman of the Audit Committee till his death on October 29, 2002. In his absence, Mr. Vinod Kumar Dasari, an independent Director chaired a meeting of the Audit Committee on October 22, 2002. Mr. Mantosh Sondhi as the Chairman of the Audit Committee was present at the Fifteenth Annual General Meeting of the Company held on July 19, 2002.

The composition of the Audit Committee and the details of meetings attended by the members thereof are as follows:

Name of the Members	Category	No. of Meetings attended
Mr. Mantosh Sondhi, Chairman*	Non-Executive Independent	1
Dr. T. Mukherjee, Member	Non-Executive Independent	1
Mr. Jai S. Pathak, Member	Non-Executive Independent	2
Mr. Vinod K. Dasari, Member	Non-Executive Independent	1

\* Mr. Mantosh Sondhi acted as the Chairman of the Audit Committee till his death on October 29, 2002.

Audit Committee Meetings are attended by DM - Finance, Manager – Internal Audit and Dy. Managing Director as invitees. A representative of the statutory auditors also attends these meetings normally. Finance Controller & Company Secretary acts as the Secretary of the Audit Committee.

Two Audit Committee Meetings were held during the nine-months period ended December 31, 2002. The dates on which the said meetings were held are as follows:

- 1) May 14, 2002
- 2) October 22, 2002

Necessary quorum was present at all these meetings.

#### Remuneration Committee

A Remuneration Committee of the Board has been constituted by the Company. The broad terms of reference of the Remuneration Committee includes determination on behalf of the Board of Directors of the Company and on behalf of the shareholders, the Company's policy on specific remuneration packages for Executive Directors of the Company. The Company has one Executive Director under the designation 'Dy. Managing Director'.

In terms of the provisions of Clause 49 of the Listing Agreement read with the recently amended provisions of Schedule XIII to the Companies Act, 1956, all the three members of the Remuneration Committee are Non-Executive, Independent.

The composition of the Remuneration Committee is as follows:

Name of the Members	Category
Dr. T. Mukherjee, Chairman	Non-Executive Independent
Mr. P. S. Dasgupta, Member	Non-Executive Independent
Mr. Jai S. Pathak, Member	Non-Executive Independent

The resident Non-Executive Directors of the Company are paid remuneration by way of Sitting Fees only. At present, a sum of Rs. 3000/- is paid to each resident Non-Executive Director for attending a meeting of the Board or a Committee of the Board. Non-resident, Non-Executive Directors are not paid any Sitting Fees. The Dy. Managing Director is also not entitled to receive any Sitting Fees for attending meetings of the Board of Directors or Committees thereof.

The Company pays remuneration by way of salary, perquisites and allowances (fixed components) and Performance Incentive (variable component) to the Dy. Managing Director being the only Executive Director on the Board of Directors of the Company, after obtaining the requisite approvals from the Remuneration Committee, Board of Directors of the Company and the shareholders and complying with the requisite formalities as prescribed under the Companies Act, 1956. Performance Incentives (variable component) is based on the performance criteria laid down at the beginning of the year which broadly takes into account the profit targets set for the year under review.

#### Details of Remuneration of Directors for nine-months ended on December 31, 2002

##### Non-Executive Directors

Name of the Directors	Sitting Fees (Rs.)
Mr. Gordon W. Robinson	Nil
Dr. J. J. Irani	3,000
Mr. Mantosh Sondhi	9,000
Dr. T. Mukherjee	9,000
Mr. Jon T. Elsasser	Nil
Mr. Scott A. Scherff	Nil
Mr. Vinod K. Dasari	9,000
Mr. Jai S. Pathak	12,000
Mr. P. S. Dasgupta	Nil

*Executive Directors*

Name of the Director	Salary & Allowances	Perquisites	Performance Incentive	Stock Options
Mr. Shyamal K. Sinha	Rs. 7,10,738	Rs. 71,342	Rs. 1,12,500	Nil

The terms of appointment of the Dy. Managing Director is governed by the provisions of the Companies Act, 1956 and such appointment is subject to termination by either party by giving three months notice unless termination at a shorter notice is mutually agreed by the Dy. Managing Director and the Board of Directors of the Company. As per terms of his appointment, the Dy. Managing Director is not entitled to receive any severance fees.

**Investors Relation and Grievance Committee**

The Investors Relation and Grievance Committee is entrusted by the Board to look into redressal of investor complaints, e.g. transfer of shares, non-receipt of Balance Sheet, etc. and also to authorize registration of transfer of shares, issue of duplicate / new certificates, etc.

The composition of the Investors Relation and Grievance Committee is given below:

Name of the Members	Category
Dr. T. Mukherjee Chairman	Non-Executive Independent
Mr. Shyamal K. Sinha, Member	Executive Not Independent
Mr. Jai S. Pathak, Member	Non-Executive Independent

Dr. T. Mukherjee, an Independent, Non-Executive Director is the Chairman of the Investors Relation and Grievance Committee.

Mr. Soumitra Hazra, Finance Controller & Company Secretary acts as the Compliance Officer.

No formal meeting of the Investors Relation and Grievance Committee was held in the nine-months period ended December 31, 2002. Approvals of the members of Investors Relation and Grievance Committee are however, obtained through Circular Resolutions for effecting registration of transfer of shares, issue of duplicate/new certificates and other issues effecting investor services, e.g. appointment of new registrars and transfer agents. During the above period, an aggregate of 35 resolutions have been approved by the said Committee.

In addition, a status report on Investor Services is also circulated to the members of the Investors Relation and Grievance Committee every month.

The status of investors' queries handled by the Company and also by the Registrars during the period April 2002 to December 2002 are given below:

Particulars	Total Received	Total Replied	Total Pending as on 31.12.02
Non-receipt of interest /redemption	229	229	-
Change of Address / POA	329	329	-
Others	221	221	-
Non-receipt of Certificates	182	182	-
Revalidation	139	139	-
Duplicate /New Certificates	46	46	-
Transmission	20	20	-
Endorsement	14	14	-
Bills	27	27	-
Dematerialisation	20	20	-
<b>TOTAL</b>	<b>1227</b>	<b>1227</b>	<b>-</b>
<b>Stock Exchanges</b>			
Mumbai Stock Exchange	12	12	-
Calcutta Stock Exchange	3	3	-
National Stock Exchange	3	3	-
<b>Regulatory Bodies</b>			
SEBI	4	4	-
Registrar of Companies, Bihar & Jharkhand	2	2	-
Dept. of Company Affairs	1	1	-

As on December 31, 2002, 61 requests for registration of transfer of Equity Shares of the Company remained outstanding in the books of the Company being requests received subsequent to December 21, 2002.

**General Body Meetings**

Details on General Meetings :

Location, date and time of General Meetings held during the last three years :

Year	Location	AGM/EGM	Date	Day	Time	No. of Special Resolutions
1999-2000	Tata Steel Management Development Centre, XLRI Campus, C. H. Area (E), Jamshedpur – 831 001	AGM	July 21, 2000	Friday	12.00 Noon	1
2000-2001	As above	AGM	July 20, 2001	Friday	4.00 pm	1
2001-2002	As above	AGM	July 19, 2002	Friday	12.00 Noon	Nil

None of the resolutions passed at the above General Body Meetings was required to be put through Postal Ballot.

#### Disclosures

There was no materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large during the nine-months period ended December 31, 2002.

Representation from key management personnel has been received relating to financial and commercial transactions where he or his relatives may have personal interest.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange / SEBI or any statutory authority on any matters related to capital markets during the last three years - NIL.

#### Means of Communication

The quarterly results are published in the leading English Dailies (Business Standard / Times of India / Economic Times) and Hindi newspapers (Uditvani / Chamakta Aina / Prabhat Khabar).

The financial results are also displayed on the Company's website at [www.timken.com/india](http://www.timken.com/india).

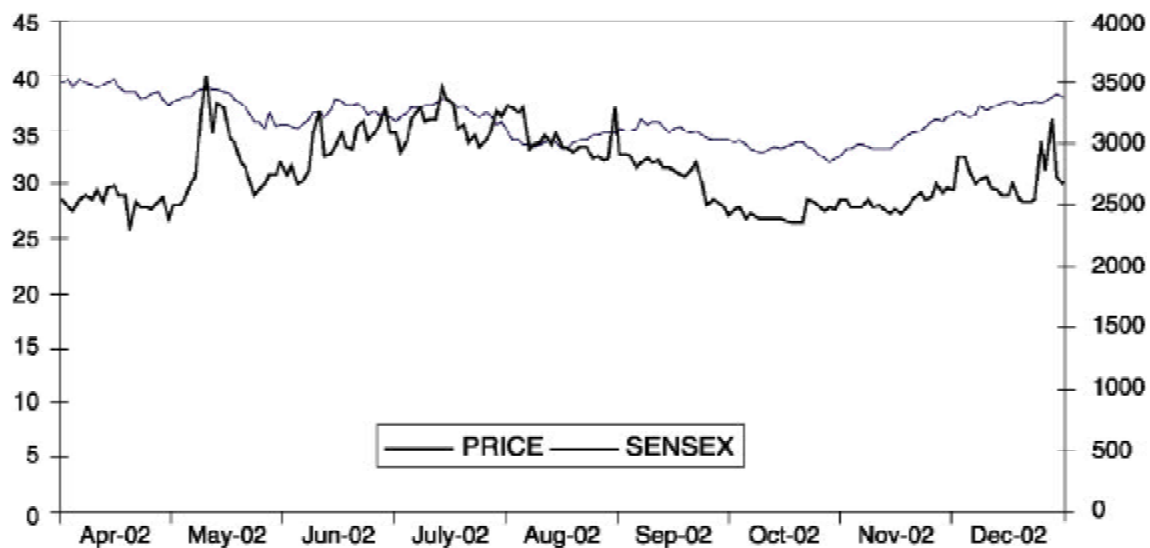
Management Discussion and Analysis is a part of the Annual Report.

The Chairman of the Board of Directors being a Non-Executive Director enjoys all the infrastructural support during his visits to the offices of the Company in performance of his duties. The half-yearly results of the Company are communicated through newspaper insertions and intimation to the Stock Exchanges are also displayed on the Company's website. Regarding postal ballots, the Company is governed by the provisions of the Companies Act, 1956 and rules framed thereunder relating to passing of resolutions by postal ballots.

#### General Shareholders Information

1. AGM	Wednesday, April 30, 2003 at 12.00 Noon at Tata Steel Management Development Centre, XLRI Campus, Circuit House Area (East), Jamshedpur – 831 001. As required under clause 49VI(A) of the Listing Agreement, particulars of Directors seeking appointment/reappointment are given in the Explanatory Statement to the Notice of the Sixteenth Annual General Meeting .		
2. Financial Calendar	Nine-months period ended December 31, 2002.		
3. Date of Book Closure	April 17, 2003 to April 30, 2003 (both days inclusive).		
4. Dividend Payment Date	Payment of dividend on Preference Shares to be made after declaration thereof at the Sixteenth Annual General Meeting.		
5. Listing on Stock Exchanges	<p>Equity Shares of the Company are listed on the following Stock Exchanges:</p> <p>The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001</p> <p>The Calcutta Stock Exchange Association Limited 7, Lyons Range Kolkata – 700 001</p> <p>Magadh Stock Exchange Association 9<sup>th</sup> Floor, Ashiana Plaza Budh Marg Patna – 800 001</p> <p>The Company has paid annual Listing Fees to all these three Stock Exchanges for the year 2002-2003.</p>		
6. Stock Code	522113 (Equity) (Mumbai)		
7. Market Price Data	Monthly High/Low of Market Prices of the Company's Equity Shares, traded on the Stock Exchange, Mumbai during the nine-months period ended December 31, 2002:		
	<b>Month</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>
	April 2002	29.85	27.10
	May 2002	39.90	28.15
	June 2002	36.95	30.10
	July 2002	39.00	33.50
	August 2002	37.00	31.60
	September 2002	32.35	27.15
	October 2002	28.50	26.40
	November 2002	30.00	27.30
	December 2002	36.00	28.40

8. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.	Performance of the Company's Share Prices in comparison of the BSE Sensex is given below:
---	---



9. Registrar & Transfer Agents	Effective January 1, 2003, Ami Computers (I) Ltd. has been appointed as the new Registrars and Share Transfer Agents. The address for correspondence is given below:  Ami Computers (I) Ltd. 60A & 60B, Chowringhee Road Kolkata – 700 020																																																		
10. Share Transfer System	Requests for registration of transfer of Shares held in physical form may be lodged with Ami Computers (I) Ltd. at Kolkata or may also be sent to Finance Controller & Company Secretary at the Registered Office of the Company at Jamshedpur.  All valid requests for registration of transfer are normally processed within 10 - 12 days from the date of receipt of the documents, if the same are complete in all respect.  A Committee of the Board under the title "Investors Relation and Grievance Committee" has been entrusted with the authority, <i>inter alia</i> , to approve registration of transfer of shares.																																																		
11. Distribution of Share holding	The distribution of shareholding as on December 31, 2002 is given below : <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>From</th> <th>To</th> <th>Accounts</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>500</td> <td>84248</td> <td>10457204</td> <td>16.41</td> </tr> <tr> <td>501</td> <td>1000</td> <td>936</td> <td>729025</td> <td>1.14</td> </tr> <tr> <td>1001</td> <td>2000</td> <td>353</td> <td>503788</td> <td>0.79</td> </tr> <tr> <td>2001</td> <td>3000</td> <td>78</td> <td>193512</td> <td>0.30</td> </tr> <tr> <td>3001</td> <td>4000</td> <td>39</td> <td>135667</td> <td>0.21</td> </tr> <tr> <td>4001</td> <td>5000</td> <td>30</td> <td>138718</td> <td>0.22</td> </tr> <tr> <td>5001</td> <td>10000</td> <td>34</td> <td>233898</td> <td>0.37</td> </tr> <tr> <td>10001</td> <td>Above</td> <td>18</td> <td>51343038</td> <td>80.56</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>Total</b></td> <td><b>85736</b></td> <td><b>63734850</b></td> <td><b>100.00</b></td> </tr> </tbody> </table>	From	To	Accounts	Shares	%	0	500	84248	10457204	16.41	501	1000	936	729025	1.14	1001	2000	353	503788	0.79	2001	3000	78	193512	0.30	3001	4000	39	135667	0.21	4001	5000	30	138718	0.22	5001	10000	34	233898	0.37	10001	Above	18	51343038	80.56	<b>Total</b>		<b>85736</b>	<b>63734850</b>	<b>100.00</b>
From	To	Accounts	Shares	%																																															
0	500	84248	10457204	16.41																																															
501	1000	936	729025	1.14																																															
1001	2000	353	503788	0.79																																															
2001	3000	78	193512	0.30																																															
3001	4000	39	135667	0.21																																															
4001	5000	30	138718	0.22																																															
5001	10000	34	233898	0.37																																															
10001	Above	18	51343038	80.56																																															
<b>Total</b>		<b>85736</b>	<b>63734850</b>	<b>100.00</b>																																															
12. Dematerialisation of Shares and liquidity	The Company has arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for Demat facility. At present around 48% of the Company's Equity Share Capital is dematerialised. The Shares of the Company are listed on Mumbai, Calcutta and Magadh Stock Exchanges and are regularly traded.																																																		



13. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments,conversion date and likely impact on equity	Nil	
14. Plant location	The Company's manufacturing facility is located at Bara, P.O. Agrico, Jamshedpur – 831 009.	
15. Address for correspondence	Investor related queries may be addressed to the following addresses :	
	The Finance Controller & Company Secretary Timken India Limited Bara, P.O. Agrico Jamshedpur – 831 009 Tel. No. 0657 – 2210293 Fax No. 0657 – 2210117	Ami Computers (I) Ltd. 60A & 60B, Chowringhee Road Kolkata – 700 020 Tel.No. 033–28009002/28008122 /22812435 Fax No. 033–22406585/22812609 E-mail – amicomputers@vsnl.com

## **AUDITOR'S CERTIFICATE**

**TO**

**THE MEMBERS OF TIMKEN INDIA LIMITED**

We have examined the compliance of conditions of corporate governance by Timken India Limited, for the nine months ended on 31st December, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata

Dated : 11 February, 2003

**S. R. BATLIBOI & CO.**  
Chartered Accountants

**Per RAHUL ROY**  
a Partner