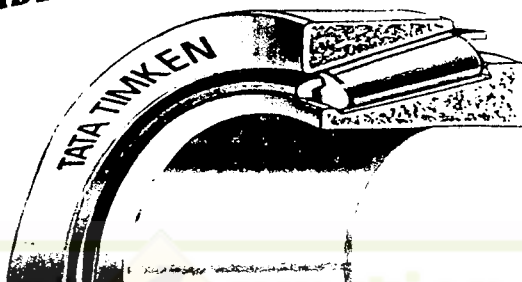




**TATA TIMKEN TAPERED ROLLER BEARINGS.
MADE FROM CASE HARDENED STEEL.**



Case hardened steel is hard outside. The inner core absorbs shocks. In case a crack appears on the outside due to bumpy roads, the inner core does not allow the crack to spread throughout. Result : no breakdowns.

**Look for genuine
TATA TIMKEN
hologram
inside.**

Cut here to open

TATA TIMKEN LIMITED
REPORT & ACCOUNTS 1996-97



Mr R N Tata, Chairman, Tata Steel and Director, TTL addressing the gathering on the occasion of the visit of Mr W R Timken, Jr., Chairman of The Timken Company to the TTL Works in Jamshedpur recently.



Mr J F Toot, Jr., President and Chief Executive Officer of The Timken Company and Director, TTL at the ground breaking ceremony in Jamshedpur Works for the One Million Expansion Project.

BOARD OF DIRECTORS

(As on 24th June, 1997)

DR J J IRANI	- Chairman
MR G W ROBINSON	- Managing Director
MR R N TATA	
MR M SONDH	
DR T MUKHERJEE	
MR J F TOOT (JR)	
MR R L LEIBENSBERGER	
MR J T ELSASSER	
DR DHARMENDRA BHANDARI	- IDBI Nominee
MR J B DADACHANJI	- Alternate To Mr J F Toot, Jr
MR P S DASGUPTA	- Alternate To Mr R L Leibensberger
MR V K DASARI	- Alternate To Mr J T Elsasser

MD	✓	BFC	✓
CS	✓	DPY	✓
RO	✓	DIY	✓
TRA	✓	AC	✓
AGM	✓	SKI	✓
YS	✓		

Registered Office

Bara, P.O. Agrico
Jamshedpur - 831 009
Ph. No. (0657) 431119
Fax No. (0657) 431290

Company Secretary

V RAMAMURTHY

Auditors

S B Billimoria & Co.
8B, C H Area North East
Jamshedpur - 831 001

Registrars and Transfer Agents

ABC Computers Private Limited
National Council of Education Building
Jadavpur University Campus
Jadavpur
Calcutta - 700 032
Ph. No. 473-1163/473-1292/473-5363
Fax : (033) 474 6548

Bankers

State Bank of India
Bank of Baroda

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Members are requested to please note that with effect from 2nd December, 1996, the Registered Office of the Company has been shifted from Tata Centre, 43, Chowringhee Road, Calcutta-700071 to Bara, P.O. Agrico, Jamshedpur-831009. All correspondence meant for the Registered Office of the Company may therefore please be sent to the new address for prompt attention.

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.

Cover : Holographic Pouch for Tata Timken Tapered Roller Bearings

FIVE YEARS AT A GLANCE

Year ended 31st March

	1997	1996	1995	1994	1993
--	------	------	------	------	------

Revenue Accounts (Rupees in lakhs)

Sale of Products & Other Income	14991	10118	5666	4971	6471
Manufacturing & Other Expenses	12266	7902	5288	5822	6842
Interest	590	700	759	808	674
Gross profit/(Loss) after interest but before depreciation and taxation	2135	1516	(381)	(1659)	(1045)
Depreciation	810	773	756	721	524
Provision for Taxation	Nil	Nil	Nil	Nil	Nil
Net Profit / (Loss)	1325	743	(1137)	(2380)	(1569)

Capital Accounts (Rupees in lakhs)

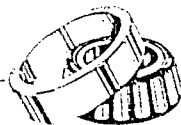
Share Capital	8972	8972	8971	6343	4241
Reserves & Surplus	650	358	100	100	100
Loans	4344	3649	4345	4454	5111
Accumulated Losses	3340	4373	4858	3721	1342
Fixed Assets (Net)	5714	5884	6302	7032	7322
Net Working Capital	4905	2709	2201	71	677

Production

A P Cartridge Tapered Roller Bearings (Sets)	47120	15229	337	18887	48108
Tapered Roller Bearings (Nos.)	1836602	1586906	1213779	577607	170174

Turnover

A P Cartridge Tapered Roller Bearings(Sets)	46508	15329	1261	19975	48277
Tapered Roller Bearings (Nos.)	1672267	1595709	1120504	545148	136962



NOTICE

The Tenth Annual General Meeting of Tata Timken Limited will be held on Friday, the 22nd August, 1997, at 3.00 p.m. at Shavak Nanavati Technical Institute, N - Road, Bistupur, Jamshedpur - 831 001 to transact the following business :

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr Mantosh Sondhi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS**4. APPOINTMENT OF MR R L LEIBENSBERGER AS DIRECTOR**

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

"RESOLVED THAT Mr R L Leibensperger, 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."

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.
2. The Register of Members and the Transfer Books of the Company will remain closed from 7th August, 1997 to 22nd August, 1997, both days inclusive.
3. Members are requested to intimate the change of address, if any, to the Registrars & Transfer Agents viz., ABC Computers Pvt. Ltd., National Council of Education Building, Jadavpur University Campus, Jadavpur, Calcutta - 700 032 or to the Registered Office of the Company at Bara, P.O. Agrico, Jamshedpur - 831 009.

Registered Office :

Bara, P.O. Agrico

Jamshedpur - 831 009

14th July, 1997

By Order of the Board

V Ramamurthy

Company Secretary

ANNEXURE TO THE NOTICE — EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Mr R L Leibensperger, Director of the Company, was appointed on the Board with effect from 27.06.95 in the casual vacancy caused by the resignation of Mr Peter J Ashton as per the provisions of Section 262 of The Companies Act, 1956. Mr Leibensperger holds office up to the forthcoming Annual General Meeting when Mr Peter J Ashton will 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 the candidature of Mr R L Leibensperger for the office of Director.

The proposal for the appointment of Mr Leibensperger as Director on the Board is, therefore, placed before the Members for approval as set out in the Resolution.

MEMORANDUM OF INTEREST

Except Mr R L Leibensperger, no other Director is concerned or interested in the Resolution.

Registered Office :

Bara, P.O. Agrico

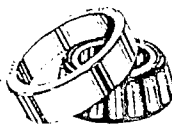
Jamshedpur - 831 009

14th July, 1997

By Order of the Board

V Ramamurthy

Company Secretary



CHAIRMAN'S STATEMENT



Dear Shareholders,

Last July I presented what was definitely a turnaround year for Tata Timken Limited. Today I am equally pleased to review with you a further year of rapid progress in both sales growth and financial performance.

The Indian Economy has changed dramatically in the 12 months under review. The optimism which heralded the start of this past financial year was progressively undermined by political and economic uncertainty. This unstable situation coupled with continuing high interest rates led to a slow-down in the second half of the year 1996-97. While companies involved in the primary metal industry and major infrastructure projects were the first to be hit, this eventually translated through into the transport sector, and hence TTL's key markets by the last quarter 1996-97.

The progressive liberalisation of the Indian Economy from 1991 onwards has sparked significant changes, particularly in technology-driven industries such as bearings. An essential outcome of liberalisation has been intensified competition. This is spurring a rapid change in the quality and service level of goods and products towards international standards. As a producer of highly engineered products and services,

this is a scenario which favours quality conscious companies such as Tata Timken Limited.

In this new and intensely competitive environment, the survival of an organisation hinges on its ability to anticipate and understand market behaviour and take appropriate timely action. Time has become a major competitive tool.

On our front cover, we feature one such important example of rapid and timely action to protect shareholder value. The menace of spurious bearings in the Indian Automotive spares market has long been present but Tata Timken has only recently been exposed to this evil. Our response was an immediate and emphatic commitment to overcome the problem, resulting in the birth of the Tata Timken non-duplicable holographic pouch. This is an industrial "first" but nothing more than you would expect from an offspring of the House of Tata and the House of Timken.

During the last 12 months, we have been working hard on a 50 percent expansion project which will be commissioned over the next 10 weeks. This project will position the company for further growth through extra capacity and extension of our product range to help meet the expanding needs of our key customers.

Our people remain our key competitive weapon and we have further developed our concept of a "Learning Organisation". Employee training doubled in the year under consideration and is a major investment for the Company's future.

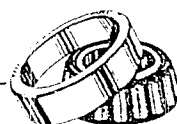
While the current economic outlook remains difficult, we remain confident in building further shareholder value during the current financial year, be it perhaps at a lower rate of growth.

Thank you.

Yours sincerely,

Jamshedpur, July 21, 1997

Jamshed J. Irani



DIRECTORS' REPORT**TO THE MEMBERS**

The Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the Financial Results for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. in Lakhs)	Previous year (Rs. in Lakhs)
a) Operating Profit	2725	2216
b) Less : Interest	590	700
c) Cash Profit	2135	1516
d) Less : Depreciation	810	773
e) Profit before Tax	1325	743
f) Less : Provision for tax	—	—
	1325	743
g) Less : Transfer to Debenture Redemption Reserve	292	258
h) Profit after Tax and appropriation to Debenture Redemption Reserve	1033	485
i) Add : Balance Profit/ (Loss) brought forward	(4373)	(4858)
j) Balance Profit/(Loss) carried forward	(3340)	(4373)

FINANCIAL HIGHLIGHTS

The year under review recorded significant growth in terms of revenue and net earnings. The Gross income during the year increased by almost 48 per cent to Rs. 14991 lakhs over the previous year's income of Rs. 10118 lakhs. Profit before tax went up by about 78 per cent to Rs. 1325 lakhs as compared to Rs. 743 lakhs for the previous year. The improved performance all round and savings in interest in spite of increased level of operations contributed largely towards a significant increase in net earnings. Cash profit rose to Rs. 2135 lakhs before providing Rs. 810 lakhs for depreciation as against Rs. 1516 lakhs in the previous financial year.

The Letter of Offer (LOO) for the Rights Issue had projected a gross profit of Rs. 3400 lakhs for 1996-97 as against actual gross profit of Rs. 2725 lakhs. However, the net profit during the year under review went up to Rs. 1325 lakhs as against the projected after tax profit of Rs. 1337 lakhs. There was also a higher operating profit of Rs. 2725 lakhs as against Rs. 1337 lakhs projected earlier. The expenditure on interest at Rs. 590 lakhs was also lower

than the projected sum of Rs. 823 lakhs due to better management of available resources.

The Annual Report also carries a Cash Flow Statement as required by the Listing Agreement duly certified by the Auditors of the Company for information of the Members.

OPERATIONS

During the year, 1836602 Nos. Tapered Roller Bearings were produced as compared to 1586906 Bearings in the previous year showing an increase of 16%. There was a significant increase in production of Railway Bearings from 15229 sets to 47120 sets (assembled) during the year 1996-97 — an improvement of 209% compared to the production in the previous financial year. The sale of Standard Bearings also registered an increase from 1595709 Bearings to 1672267 Bearings. But the growth in sale of Railway Bearings was more marked—by about 203% from 15329 sets in 1995-96 to 46508 in the year under review.

In fact the performance during the year was an all time record in all areas viz., Production, Sales, Revenue and Net Earnings.

ONE MILLION EXPANSION PROJECT

The expansion project referred to in our 9th Annual Report is making satisfactory progress. Construction of building has been completed and orders for all the equipment have been placed on the parties. The project will be completed on schedule and within the estimated cost of Rs. 32 crores.

DIRECTORS

Mr S W J Hamilton who was Director of Marketing and also Alternate to Mr Jon T Elsasser, has returned to England at the end of his tenure. The Directors wish to place on record the valuable contribution made by him during his term.

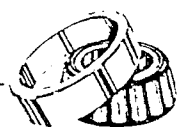
The Board have appointed Mr Vinod K Dasari, Director (Manufacturing & Technology) in the Company as Alternate Director to Mr. Jon T Elsasser effective from 24.06.1997.

Mr Mantosh Sondhi retires by rotation and being eligible offers himself for reappointment.

The term of Mr R L Leibensperger who was earlier appointed by the Board in the casual vacancy caused by the resignation of Mr Peter J Ashton, will expire at the forthcoming Annual General Meeting. Notice has been received from a member under the provisions of Section 257 of The Companies Act, 1956, signifying his intention to propose Mr R L Leibensperger for the office of Director, and it has been included in the Notice to members.

SHIFTING OF REGISTERED OFFICE

The Registered Office of the Company was shifted from Calcutta to the Company's Works at Bara, Agrico.



Jamshedpur, with effect from 2nd December, 1996 after obtaining necessary approval from the Company Law Board. It may be recalled that the proposal had earlier been approved by the members at the 8th Annual General Meeting.

AUDITORS

M/s S B Billimoria & Co., Chartered Accountants, Auditors of the Company, retire and offer themselves for reappointment. They have furnished a Certificate of their eligibility for reappointment.

FINANCIAL ASSISTANCE

During the year, State Bank of India and Bank of Baroda who constitute the Consortium of Bankers for Cash Credit facilities of the Company had agreed to enhance the Cash Credit limit from Rs. 1560 lakhs to Rs. 2235 lakhs due to increased activity level.

The Directors wish to place on record the co-operation received from the Banks / Financial Institutions.

INDUSTRIAL RELATIONS

The Company continued to maintain cordial relations which enabled it to achieve record performance during the year. Also during the year, the Second Memorandum of Settlement was signed with Tata Timken Ltd Workers' Union for revision of wages for a period of three years effective from 01.05.96. A separate Green Incentive Scheme for Associates of Green Cell had also been signed with the Union. The record performance of the Company during the year could be made possible only with the positive response from all the Associates. The Directors expressed their appreciation for the very good co-operation received from all sections of the Associates/Officers of the Company.

SOCIAL RESPONSIBILITY

The Company has been actively participating in the promotion of educational and social welfare activities of

the community in the industrial town of Jamshedpur. Besides, your Company has also contributed to the improvement of infrastructural facilities in the Steel City resulting in the smooth flow of raw material and finished products.

Conscious of its responsibility to maintain a clean environment in the Steel City, the Company, in a pioneering effort has installed a Pilot Membrane System for treatment of oily waste fluids, thus upgrading the earlier Chemical Treatment Process.

PARTICULARS OF EMPLOYEES

A statement pursuant to Section 217(2A) of the Companies Act, 1956, and the Rules framed thereunder is given in Annexure to the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

All the new machineries installed during the year are energy efficient. The Company has installed three new Endo Gas Generators which have reduced the consumption of heat treatment process fluids. 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. In the roller finishing cell, two new roughers were installed which doubled the output of the cell. The Company has now achieved 100% indigenisation of all components for Standard Bearings and 80% for Railway Bearings.

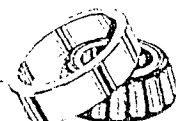
Other details are given in the Annexure which also forms part of this Report.

For and on behalf of the Board of Directors

Dr Jamshed J Irani
Chairman

Gordon William Robinson
Managing Director

Mumbai, June 24, 1997



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.

CONSERVATION OF ENERGY

- a) Energy conservation measures taken
- b) Additional Investments / proposal, if any
- c) Impact of the measures at (a) and (b) above

New equipments / machines added during the year are energy efficient like earlier installations. (Also please see Directors' Report)

(A) Power and Fuel Consumption

1. Electricity

		1996-97	1995-96
(a)	Purchased Units (KWP) :	1,22,27,049	1,18,10,996
	Total amount (Rs.) :	3,54,20,273	3,14,33,701
	Rate per Unit (Rs.) :	1.97	1.97

(b) Own generation

i) Through Diesel generator

Units (KWH)

Units per Ltr. of Diesel

Oil-KWH/Ltr.

Cost/Unit

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

ii) Through Steam Turbine / Generator

Units

Units per Ltr. of Fuel

Oil/Gas

Cost/Unit

There is no Steam Turbine / Generator

Coal (Specify quality and where used)

Not Used

Quantity (Tonnes)

Total Cost

Average Cost

Furnace Oil

Not Used

Quantity (Tonnes)

Total Cost

Average Cost

Others/Internal generation

Nil

Quantity

Total Cost

Rate Unit

