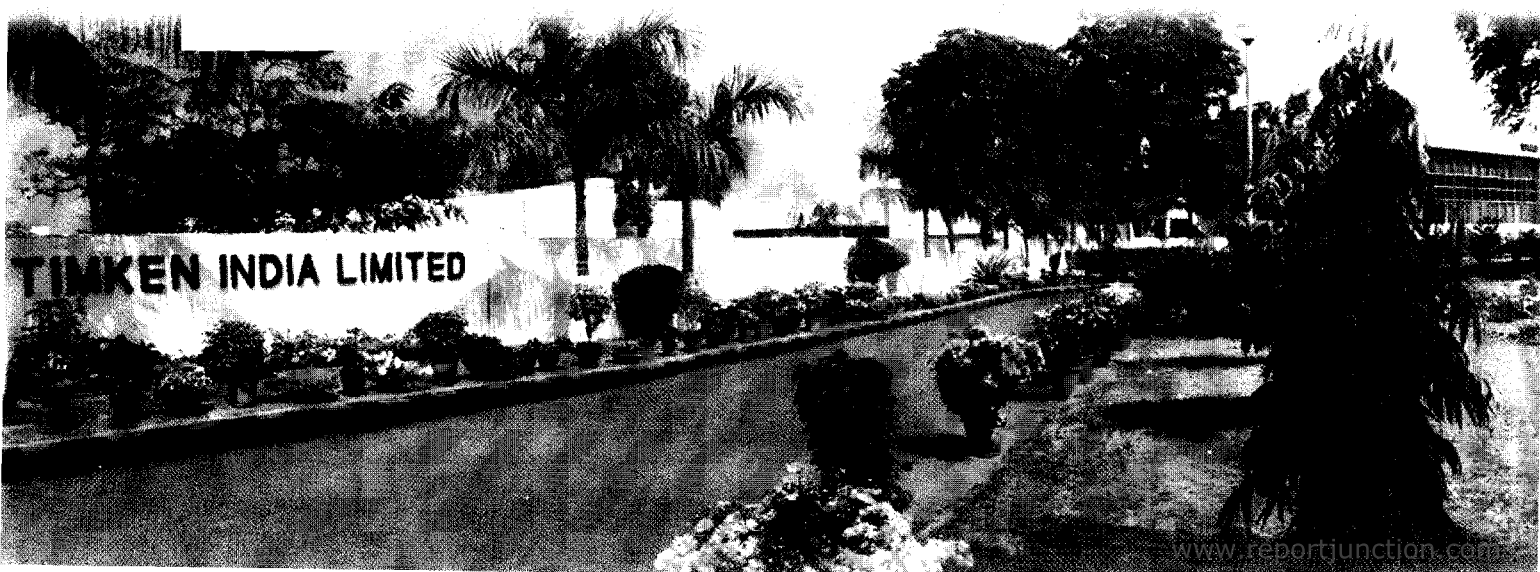


# TIMKEN

## TIMKEN INDIA LIMITED

EIGHTEENTH ANNUAL REPORT

2004



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## TIMKEN INDIA LIMITED

### BOARD OF DIRECTORS

MR G W ROBINSON	– Chairman
MR S K SINHA	– Dy. Managing Director
MR J T ELSASSER	
MR V K DASARI	
MR M J HILL	
MR N MAHANTY	
MR J S PATHAK	– Alternate to Mr M J Hill
MR P S DASGUPTA	– Alternate to Mr J T Elsasser

### COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE

MR V K DASARI	– Chairman
MR N MAHANTY	
MR J S PATHAK	

#### INVESTORS' RELATION & GRIEVANCE COMMITTEE

MR N MAHANTY	– Chairman
MR S K SINHA	
MR J S PATHAK	

#### REMUNERATION COMMITTEE

MR N MAHANTY	– Chairman
MR P S DASGUPTA	
MR J S PATHAK	

### MANAGEMENT TEAM

MR G W ROBINSON	– Chairman
MR S K SINHA	– Dy. Managing Director
MR K STHANPATI	– Director - Projects
MR A K DAS	– Director - Manufacturing
MR S HAZRA	– Finance Controller & Company Secretary
MR S VERMA	– Chief - Human Resources

### 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

*Members are requested to please note that with effect from January 1, 2003, Ami Computers (I) Limited has been appointed as the 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.*

**NOTICE**

Notice is hereby given that the Eighteenth Annual General Meeting of Timken India Limited will be held at Center for Excellence, Jubilee Road, Jamshedpur – 831 001 on Saturday, April 23, 2005 at 12.30 pm to transact the following business:

1. To receive and adopt the Profit and Loss Account for the year ended December 31, 2004 and the Balance Sheet as on that date and the reports of the Directors and the Auditors.
2. To elect Directors in place of those retiring by rotation.
3. To appoint Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

4. Appointment of Mr. Gordon William Robinson as Chairman & Managing Director of the Company

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

"RESOLVED THAT pursuant to Sections 269, 309 and other applicable provisions if any, of the Companies Act, 1956 ('the Act') and subject to approval of the Central Government and such other approvals as may be necessary, Mr. Gordon William Robinson ('Mr. Robinson') be appointed as the Chairman & Managing Director of the Company effective from the date of his obtaining the requisite employment VISA and compliance with such other formalities as may be applicable on the terms and conditions set out in an Agreement to be entered into between the Company and Mr. Robinson in terms of the draft placed before the meeting and initialled by the Chairman of the meeting for the purpose of identification and that the Board of Directors of the Company be and is hereby authorized to take all such steps in this regard as may be necessary, proper and expedient, including without restriction to entering into an Agreement on behalf of the Company with Mr. Robinson in terms of the said draft."

5. 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 Section 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 increase in the remuneration payable to Mr. Shyamal Kumar Sinha ('Mr. Sinha') as the Dy. Managing Director of the Company, as per details contained in the draft Supplementary Agreement to be entered into between the Company and Mr. Sinha in terms of the draft placed before the meeting and initialled by the Chairman of the meeting for the purpose of identification and that the Board of Directors of the Company be and is hereby authorized to take all such steps in this regard as may be necessary, proper and expedient, including without

limitation, entering into an agreement on behalf of the Company with Mr. Sinha in terms of the said draft."

6. Voluntary delisting of the Company's Equity Shares

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 as amended, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals as may be necessary and subject also to such conditions and modifications as may be prescribed while granting such approvals which may be agreed to by the Board of Directors of the Company, consent is hereby accorded to the Board to delist the Equity Shares of the Company from any one or all of the Magadh Stock Exchange Association, Patna and The Calcutta Stock Exchange Association Limited, Kolkata."

**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 nos. 4 to 6 is annexed hereto. Applicable details relating to 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 would remain closed from April 8, 2005 to April 23, 2005, both days inclusive.
4. Copy of the Draft Agreement to be executed between the Company and Mr. Gordon William Robinson in terms of the Resolution under Item No. 4 is available for inspection at the Registered Office of the Company at Bara, P.O. Agrico, Jamshedpur - 831009 on any working day prior to the date of the aforesaid meeting between the hours of 10.00 a.m. and 12.00 noon and will also be available for inspection on April 23, 2005 from 10.00 a.m. at the place of the meeting.
5. Copy of the Draft Supplementary Agreement to be executed between the Company and Mr. Shyamal Kumar Sinha in terms of the Resolution under Item no. 5 is available for inspection at the Registered Office of the Company at Bara, P.O. Agrico, Jamshedpur - 831 009 on any working day prior to the date of the aforesaid meeting between the hours of 10.00 a.m. and 12.00 noon and will also be available for inspection on April 23, 2005 from 10.00 a.m. at the place of the meeting.

By Order of the Board

Registered Office :  
Bara, P.O. Agrico  
Jamshedpur – 831 009  
March 26, 2005

**Soumitra Hazra**  
Finance Controller  
& Company Secretary

**ANNEXURE TO THE NOTICE – EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

Mr. Gordon William Robinson ('Mr. Robinson') has been appointed by the Board of Directors of the Company ('the Board') as the Chairman & Managing Director for a period of five years effective from the date of his obtaining the requisite employment VISA and compliance with such other formalities as may be applicable as per the following terms and conditions:

Salary	Gross Rs. 3,75,000/- per month
Term	5 years
Performance Incentive	As per corporate rules
Perquisites	<ul style="list-style-type: none"> <li>i) Entrance Fee and Membership Fees of one Club in Jamshedpur.</li> <li>ii) The Company shall bear all the travel and lodging related expenses to be incurred by Mr. Robinson in connection with business of Timken India Limited ('TIL'). In case, Mr. Robinson incurs any such expenses out of his own pocket, he shall be entitled to be reimbursed of all such expenses incurred for the purpose of the business of TIL.</li> <li>iii) In addition, Mr. Robinson will be entitled to be reimbursed of all other expenses incurred by him in connection with the business of TIL.</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:	<ul style="list-style-type: none"> <li>i) Mr. Robinson 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.</li> <li>ii) Salary payable to Mr. Robinson shall be subject to Indian Income Tax.</li> <li>iii) 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. Robinson and the Board of Directors.</li> <li>iv) Mr. Robinson shall not be entitled to any Sitting Fees for attending any meetings of the Board or any Committee thereof.</li> </ul>

The said appointment of Mr. Robinson, including his remuneration as referred to above is subject to and requires shareholders' approval.

The Board recommends the Resolution set out under Item no. 4 for approval of Members.

**Memorandum of Interest**

Except Mr. Robinson, no other Director is concerned or interested in the resolution.

This may be treated as an abstract of the terms and memorandum of interest and also as an abstract of the proposed Agreement between the Company and Mr. Robinson pursuant to Section 302 of the Companies Act, 1956.

**Item No. 5**

Members may please recall that 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 which was subsequently modified vide resolutions passed at the Annual General Meetings held on April 30, 2003 and April 24, 2004. It may be noted that 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 an increase in remuneration payable to Mr. Sinha as the Dy. Managing Director of the Company with effect from March 1, 2005 as per details contained in the draft Supplementary Agreement to be entered into between the Company and Mr. Sinha, an abstract of which is

## TIMKEN INDIA LIMITED

set out as follows :

"The amount of salary & other allowances to be increased from Rs. 90,700/- per month to Rs. 1,11,950/- per month. All the other terms and conditions governing his appointment as the Dy. Managing Director will however remain unchanged."

The Board of Directors recommends the Resolution set out under Item no. 5 for approval of the Members.

#### Memorandum of Interest

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

This may be treated as the Abstract of the terms and Memorandum of Interest and also as an Abstract of the Agreement between the Company and Mr. Sinha pursuant to Section 302 of the Companies Act, 1956.

#### Item No. 6

In view of wide and extensive networking centers of The National Stock Exchange, Mumbai which enables the investors to have access to online dealings in the Shares of the Company and also keeping in mind the requests received from some of the members at the last Annual General Meeting, it has been decided to enlist the shares of the Company on The National Stock Exchange, Mumbai.

A review of the trading volumes of the Company's Equity Shares at the stock exchanges at Kolkata and Patna revealed that the trading volumes are on the decline and it was considered that continued listing of the Company's Equity Shares on these two Stock Exchanges would not be necessary. Accordingly, it has been decided to delist voluntarily the Company's Equity Shares from any one or all of The Calcutta Stock Exchange Association Ltd. and Magadh Stock Exchange Association. Such delisting and the decision to enlist on The National Stock Exchange will enhance benefits and not adversely affect the liquidity options of the investors in the shares of the Company.

The listing on The Stock Exchange, Mumbai will however, continue.

The Board recommends the Resolution under Item no. 6 of the accompanying Notice for approval of the members.

#### Memorandum of Interest

No Director of the Company is concerned or interested in the said Resolution.

Registered Office :  
Bara, P.O. Agrico  
Jamshedpur – 831 009  
March 26, 2005

By Order of the Board

**Soumitra Hazra**  
Finance Controller  
& Company Secretary

APPLICABLE DETAILS OF DIRECTORS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT			
Name of Director	Mr. Gordon W Robinson	Mr. Michael J. Hill	Mr. Jon T. Elsasser
Date of Birth	August 5, 1948	October 9, 1950	August 14, 1952
Date of Appointment	July 26, 1999	February 3, 2003	September 6, 1995
Expertise in specific functional areas	<ul style="list-style-type: none"> <li>• Sales &amp; Marketing</li> <li>• Marketing Communication</li> <li>• General Management</li> </ul>	<ul style="list-style-type: none"> <li>• Global Manufacturing</li> <li>• Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>• General Management</li> <li>• Strategy</li> </ul>
Qualifications	<ul style="list-style-type: none"> <li>• Higher National Diploma in Mechanical Engineering</li> <li>• Certificate of Apprenticeship in General Mechanical Engineering with Henry Simon Ltd.</li> <li>• Advanced Management Programme INSEAD</li> </ul>	<ul style="list-style-type: none"> <li>• BSCE</li> <li>• MSCE</li> <li>• Licensed Professional Engineer</li> </ul>	<ul style="list-style-type: none"> <li>• BA – Economics – College of William &amp; Mary</li> <li>• MBA – Harvard University</li> </ul>
List of public companies in which outside Directorship held as on December 31, 2004	<ul style="list-style-type: none"> <li>• Yantai Timken Company Ltd.</li> <li>• Timken NSK Bearings (Suzhou) Co. Ltd.</li> <li>• NRB Bearings Ltd.</li> <li>• Timken Engineering Products (Shanghai) Co. Ltd.</li> <li>• Timken Wuxi Bearing Co. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Timken Romania S.A.</li> <li>• Stark State College of Technology</li> <li>• Timken Wuxi Bearing Co. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Timken Polska Sp.Zo.o</li> <li>• Timken Romania S.A.</li> </ul>
Chairman / Member of the Committees of the Board of the Companies on which he is a Director as on December 31, 2004	—	—	—
Shareholding in the Company	—	—	—

## CHAIRMAN'S STATEMENT

Dear Shareholders,

The faith placed in Timken India associates to continue the 2003 performance further into 2004 has indeed proved to be justified, as your company has been able to maintain the growth trend begun in the recent past.

Year 2004 witnessed a significant growth in the Indian Economy. Likewise, your company, with increased productivity, reduction in operating and administrative cost and with a strong customer focus could better the performance compared to the planned target.

2004 also witnessed an increase in demand for our products. The Jamshedpur plant being a focused, cost effective factory, could enlarge its role as a favoured exporter in the Timken network. Growth projections for 2005 look very encouraging in both our domestic and export markets.

However, with capacity getting saturated, capacity expansion programs should receive continuous attention. As part of it, TIL has embarked upon expansion projects. During 2004, the company completed the project of introducing a new 8" cone line. We have also undertaken a new project for manufacture of double extended cones, which will be exclusively for exports. The future indeed looks exciting.

We continue to drive Lean Six Sigma projects across all parts of our operations and business processes. Timken India received external recognition of this commitment to continually improve customer service at lower costs, when it was awarded a special award for excellence in lean Six Sigma at the Indian Manufacturing Excellence Awards (IMEA) announced annually by Frost & Sullivan.

TIL has over the years strengthened its position from a manufacturer of bearings to a complete Friction Management Solutions Provider. Over the recent years, it broadened its offerings around friction management to include an array of related products and solutions. The most significant of these is the Onsite Maintenance Services – more popularly known as Milltec – which increased its coverage to more customers. The unique repair facilities at the large bearing service centre in Jamshedpur continued to prolong useful bearing life for customers in industrial and rail segments. Preventive maintenance and machinery health management technologies continued to ensure lower operating costs through minimized downtime and improved plant efficiency. Our research facility in Bangalore grew to be a strong selling point as customers in all industries seek innovative solutions to existing problems and new product development from our experts.

However, I consider the following issues to be the points of concern for 2005: -

- Increased input costs, especially steel must be matched with suitable recovery in revenue. At the same time, as a focused factory, TIL will have to stay as cost competitive and with increased exposure in the international market, adhere to stringent quality requirements. Keeping the quality level up at high international standards will be an uncompromising commitment for TIL for this year and every year to come.
- On time delivery of materials should continue to be in focus in 2005. While right quality materials are to be procured at the right time to keep the production lines moving, we will continue to ensure that commitments to customers are strictly maintained. This will not only be valuable to customers, it will also ensure minimum inventory- resulting in better cash generation to fund business activities. The good work seen in receivables management by the sales team should continue into this year as well.
- I am pleased that the recently announced budget reflects a further move to open the Indian economy to world trade. For TIL, this could be both an opportunity and a threat. While it means less expensive raw material imports to support our manufacturing, we will also have to face greater global competition from cheaper imported finished bearings. However, it is my belief that the impeccable Timken quality and service standards will continue to set us apart in the eyes of discerning customers. As one of India's most efficient bearing manufacturers, we are well positioned to take on the challenge.

The year ahead, though challenging, fills us with excitement as it is abounding in opportunities. I am confident that with the strong support of all our customers, suppliers and associates and with your patronage, TIL would be able to do even better to further enhance shareholder value.

Thanking you,

Yours sincerely,



Kolkata  
February 4, 2005

Gordon William Robinson  
Chairman

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company together with the Financial Results for the year ended December 31, 2004.

### FINANCIAL RESULTS

	Year ended December 31, 2004 (Rs/Lakhs)	Year ended December 31, 2003 (Rs/Lakhs)
a) Gross Profit	6006.72	4307.72
b) Less: Depreciation	827.94	904.68
c) Earnings before Interest & Tax (EBIT)	5178.78	3403.04
d) Less: Interest (Net)	90.27	94.76
e) Profit before Tax (PBT)	5088.51	3308.28
f) Less: Taxes	1789.17	994.59
g) Profit after Tax (PAT)	3299.34	2313.69
h) Add: Profit brought forward from previous year	1075.62	1677.03
i) Profit available for appropriation	4374.96	3990.72
j) Less: Interim/Proposed Dividend on Preference Shares	—	315.10
k) Less: Transfer to Capital Redemption Reserve	—	2600.00
l) Balance carried forward	4374.96	1075.62

The Company continued its growth record in 2004 also. Net sales (excluding other income) grew by 23% from Rs. 218 Crores in 2003 to Rs. 267 Crores in 2004.

Exports through the Timken network grew even at a faster rate of 42% from Rs. 78 Crores in 2003 to Rs. 111 Crores in 2004. These exports mainly had been to USA with part shipments to France, Brazil, South Africa and Australia.

While overall sales growth was pegged at 23%, the Company earned PBT of Rs. 51 Crores, an increase of 54% over 2003. Such a significant improvement in profitability could be attributable to enhanced sales volume, better price realization on export sale, improved plant efficiency, and reduction in operating and administrative costs. During the year, the plant ran at full capacity enabling distribution of fixed costs over a larger volume of output and better margin.

Production during the year in terms of equivalent bearings, had increased by 19% over last year without any major investments.

### DIVIDENDS

With the kind of growth environment in horizon, your Directors intend to tap the opportunity and utilize the accumulated earnings of the Company for expansion purposes to enhance ultimately the shareholders' value in future. Accordingly, your Directors are not recommending payment of any dividend on equity shares for 2004.

### PROJECTS

In 2004, the Company has undertaken an expansion project of installing

a new 8" cone line. This new line is expected to produce a little over five lacs tapered single cones annually necessitating an approximate investment of Rs. 1.65 Crores.

Another project to manufacture double extended cones for the purpose of export to US only has been embarked upon during 2004. The double extended cone project envisages an investment of Rs. 10.50 Crores and is expected to generate sales revenue of Rs. 21 Crores when all the three cells are expected to become fully operational. This project is expected to be completed by the end of the first quarter of 2007.

### FINANCE

The efficient management of working capital comprising Inventory and Receivables coupled with low cost LIBOR linked Export Packing Credit have improved the cash flow of the Company. Pending investment of such fund in growth initiative, it has been temporarily parked in short-term investments in various high secured mutual funds. Such measures, though temporary, have resulted a significant addition to the bottom-line, further enhancing the profit earning capacity of the Company.

### LISTING / VOLUNTARY DELISTING OF EQUITY SHARES ON STOCK EXCHANGES

In order to enhance trading opportunities to the investors, it has been decided to enlist the Equity Shares of the Company on the National Stock Exchange, Mumbai. At the same time, due to low volume of trading of the Company's Equity Shares on the Calcutta and Magadh Stock Exchanges, it has been decided to delist the Company's Equity Shares from any one or all of these Stock Exchanges. In terms of applicable provisions of law, such delisting will require an approval of the shareholders and as such the agenda for the forthcoming Eighteenth Annual General meeting contains a resolution on this subject for the approval of the shareholders.

The listing of the Company's Equity Shares on The Stock Exchange, Mumbai will however continue.

The listing fees for the year 2004-05 have been paid to the Stock Exchanges.

### DIRECTORS

Mr. Gordon W. Robinson who has been acting as the Chairman of the Board of Directors ('the Board') since April 1999 has been appointed as the Chairman & Managing Director of the Company by the Board effective from the date of his obtaining the requisite employment VISA and compliance with such other formalities as may be applicable.

Mr. Scott A. Scherff has resigned as a Director of the Company with effect from 4 February, 2005. Directors wish to place on record their deep appreciation for the valuable contribution made by Mr. Scherff during his tenure as a Director of the Company.

Mr. Gordon W. Robinson and Mr. Michael J. Hill, being Non-Executive Directors as at present and being the longest in office, are liable to retire by rotation at the forthcoming Annual General Meeting of the Company; and both being eligible, offer themselves for reappointment. In case Mr. Gordon W. Robinson obtains employment VISA before the date of the Annual General Meeting, he would forthwith assume office of the Chairman & Managing Director of the Company and, therefore being an Executive Director, he will not be liable to retire at the said Annual General Meeting; and in that case, Mr. Michael J. Hill and Mr. Jon T. Elsasser, both being Non-Executive Directors of the Company being then the longest in office, will be liable to retire by rotation and being eligible, shall offer themselves for reappointment at the said Annual General Meeting of the Company.

### AUDITORS

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

Pursuant to the directions received from the Central Government, Mr. Prakash Kumar Varma has been reappointed as the Cost Auditor

## TIMKEN INDIA LIMITED

to audit the Cost Accounts of the Company for the year ended December 31, 2004.

**CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, 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 performance of the Company during the year ended December 31, 2004 could be made possible only with the dedication, hard work and commitment of all the Associates. The Directors express their appreciation for the wholehearted support 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 and far-flung places impacted by devastating Tsunami in the recent past. Associates of the Company donated one day's salary for this purpose and your Company donated twice the amount contributed by the Associates. The Timken Company, USA donated US\$ 1,00,000 for this purpose.

**PARTICULARS OF EMPLOYEES**

No employee of the Company, employed throughout the year, was in receipt of remuneration which was in excess of the limits referred to in Section 217(2A) of the Companies Act, 1956, and the Rules framed thereunder. A statement pursuant to the aforesaid provisions containing particulars of an employee employed for the part of the year and receiving remuneration for any part thereof in excess of the prescribed limits 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. Significant cost saving on cutting fluids and consumption of electricity

have been achieved by machine modifications, energy audit and efficient coolant management. 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 had been followed, in the preparation of the accompanying Accounts;
- (2) The Directors had 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 year ended December 31, 2004 and of the profit of the Company for the said period;
- (3) The Directors had 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 had prepared the accompanying Accounts on a going concern basis.

For and on behalf of the Board of Directors

Kolkata

February 4, 2005

**Gordon William Robinson**

Chairman

**ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2004**

Statement of particulars of employees pursuant to the provisions of Sec 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Sl. No.	Name	Designation & Nature of Duty	Remuneration (Rs)	Qualification	Age (Years)	Experience (Years)	Date of Commencement of Employment	Particulars of Last Employment (last post held, Employer, Period of Employment)
1	Sinha A. K.*	Director (H.R. & A.)	1,603,478.00	B.A. (Hons.), L.L.B Dip. in Personnel Mgmt.	47	24	6/8/1995	Dy. Chief Personnel Manager, SAIL Bokaro, 15 Years

\* Part of the year.

Notes :

- (1) Gross remuneration comprises Salary, Allowances and Taxable Value of Perquisites, and in applicable cases, Company's contribution to Provident & Superannuation Funds, but excludes contribution to Gratuity Fund on the basis of actuarial valuation.
- (2) The Nature of Employment of Mr. A. K. Sinha was contractual.
- (3) Mr. A. K. Sinha is not a relative of any Director of the Company.

For and on behalf of the Board of Directors

**Gordon William Robinson**

Chairman

Kolkata, February 4, 2005