

TIMKEN

27th Annual Report

2013-2014



**SERVING THE GEAR
AND BEARING AFTERMARKETS**

Stronger. Value. Timken® expertise in the service centre means worry free operation in the field. With the expansion of Timken Industrial Services to include Philadelphia Gear, Timken® is uniquely positioned in India to provide a comprehensive suite of gearbox and bearing aftermarket solutions from its 33,000 sqft. Facility in Raipur for the cement, metals and power generation markets.

Stronger. By Design.

Timken India Limited

TIMKEN INDIA LIMITED

Board of Directors

(As on 10 July 2014)

Chairman	Mr. James R. Menning
Managing Director	Mr. Sanjay Koul
Directors	Mr. N. Mahanty Mr. J. S. Pathak Mr. P. S. Dasgupta Mr. R. Ramesh

Committees of the Board

(As on 10 July 2014)

Audit Committee

Chairman	Mr. P. S. Dasgupta
Members	Mr. N. Mahanty Mr. J. S. Pathak Mr. Sanjay Koul

Stakeholders Relationship Committee

(formerly Investor Grievance Committee)

Chairman	Mr. N. Mahanty
Members	Mr. Sanjay Koul Mr. R. Ramesh

Nomination and Remuneration Committee

(formerly Remuneration Committee)

Chairman	Mr. N. Mahanty
Members	Mr. P. S. Dasgupta Mr. J. S. Pathak

CSR Committee

Chairman	Mr. James R. Menning
Members	Mr. Sanjay Koul Mr. J. S. Pathak

Registered Office

39-42, Electronic City, Phase II
Hosur Road
Bangalore - 560 100
Phone No. (080) 4136 2000
Fax No. (080) 4136 2010

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NOTICE

Notice is hereby given that the Twenty-seventh Annual General Meeting of Timken India Limited will be held at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 on Wednesday, 13 August 2014 at 10.00 am to transact the following business:

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31 March 2014 and the Balance Sheet as on that date and the reports of the Directors and the Auditors.
2. To declare and confirm the interim dividend of Rs.6.50 per equity share of Rs.10/- each fully paid, as final dividend for the year ended 31 March 2014 on Equity Share Capital of the Company.
3. To appoint a Director in place of Mr. James R Menning, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution as an ordinary resolution:
.
"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder and pursuant to the recommendation of the Audit Committee of the Board of Directors Messrs. S. R. Batliboi & Co. LLP , Chartered Accountants (Registration no. 301003E), be and they are hereby appointed as the Auditors of the Company to hold office from the conclusion of the Twenty-seventh Annual General Meeting up to the conclusion of Thirtieth Annual General Meeting (subject to ratification of the appointment by the members held at every Annual General Meeting held after this Annual General Meeting) at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

5. **Appointment of Mr. Jai S Pathak as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and the other applicable provisions of the Companies Act, 2013("the Act") and the Rules made thereunder read with Schedule IV to the Act, Mr. Jai S Pathak, Director of the Company who retires by rotation at the Annual General Meeting and in whose respect notice has been received from a member under Section 160 of the Act be and is hereby appointed as an Independent Director of the Company to hold office up to 31 March 2019 not liable to retire by rotation."

6. **Appointment of Mr. Niroop Mahanty as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and the other applicable provisions of the Companies Act, 2013("the Act") and the Rules made thereunder read with Schedule IV to the Act, Mr. Niroop Mahanty, Director of the Company who retires by rotation at the Annual General Meeting and in whose respect notice has been received from a member under Section 160 of the Act be and is hereby appointed as an Independent Director of the Company to hold office up to 31 March 2019 not liable to retire by rotation."

7. **Appointment of Mr. P. S. Dasgupta as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and the other applicable provisions of the Companies Act, 2013("the Act") and the Rules made thereunder read with Schedule IV to the Act, Mr. P. S. Dasgupta, Director of the Company in whose respect notice has been received from a member under Section 160 of the Act be and is hereby appointed as an Independent Director of the Company to hold office up to 31 March 2019 not liable to retire by rotation."

8. **Appointment of Mr. R. Ramesh as a 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 the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder Mr. R. Ramesh, in whose respect notice has been received from a member under the provisions of Section 160 of the Act, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. **Appointment of Mr. R. Ramesh as a Whole-time 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 196,197,Schedule V and such other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and such other approvals as may be necessary, Mr. R. Ramesh ('Mr. Ramesh') be and is hereby appointed as the

Whole-time Director of the Company effective from 9 May, 2014 on the terms and conditions set out in an Agreement to be entered into between the Company and Mr. Ramesh in terms of the draft placed before the Meeting and initialed by the Chairman 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, to enter into an Agreement on behalf of the Company with Mr. Ramesh in terms of the said draft.”

10. Ratification of Remuneration payable to the Cost Auditor for the year 2014-15

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

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014 remuneration of Rs.230,000 (Rupees Two Lakhs and Thirty Thousand Only) plus service tax and reimbursement of travel and other out-of-pocket expenses as determined by the Board of Directors and payable to M/s. Shome and Banerjee, Cost Auditors for the Cost Audit / certification engagements for the year 2014-15 be and is hereby ratified and approved”.

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 102(1) of the Companies Act, 2013 in respect of item no. 5 to item no. 10 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 6 August, 2014 to 13 August 2014, both days inclusive.
4. Those shareholders who have not encashed their dividend warrants sent to them on 28 November 2011, 26 August, 2013 and 29 November, 2013 respectively may please contact the Company Secretary for issue of demand drafts in lieu of the warrants not encashed by them.
5. The amount outstanding in unpaid dividend account in respect of accounting year ended 31 March, 2012, 31 March, 2013 and 31 March, 2014 will be transferred to the Investors Education and Protection Fund maintained with Central Government after the end of seven years from the date the said dividend was transferred to unpaid dividend account.
6. The Ministry of Corporate Affairs has introduced a 'Green Initiative in Corporate Governance' by allowing paperless compliances by companies. It has issued circulars stating that documents including annual reports can be sent by e-mails to its shareholders. Shareholders who are yet to get registered their e-mail addresses are requested to do so in respect of electronic holdings with the depositories through the Depository Participants. Shareholders who hold shares in physical form are requested to fill and send the e-mail registration form available at the webpage of our Registrars and Share Transfer Agents at www.cbmsl.com/green.php.
7. A copy of the draft Agreement relating to appointment of Mr. R. Ramesh as a Whole-time Director to be executed between the Company and Mr. Ramesh in terms of the resolution under item no. 9 above shall be available for inspection at the Registered Office of the Company at 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560100 on any working day prior to the date of the Annual General Meeting between the hours of 10.00 am and 12.00 noon and shall also be available for inspection from 9.00 am at the venue on the date of the meeting.
8. Members may note that pursuant to Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is providing e-voting facility for voting on the resolutions proposed to be passed at the Annual General Meeting of the members.

Registered Office:
 39-42, Electronic City
 Phase II, Hosur Road
 Bangalore - 560 100
 Tel no. 080 4136 2000
 Fax no. 080 41362010
 e-mail : soumitra.hazra@timken.com
 CIN: L29130KA1996PLC048230
 Website: www.timken.com/india

By Order of the Board

Soumitra Hazra
 Company Secretary & Chief - Compliance

10 July 2014

ANNEXURE TO THE NOTICE – EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 5

Mr. Jai S Pathak ('Mr. Pathak') is a non-executive (independent) Director of the Company. He first joined the Board on 1 January 2006. Mr. Pathak retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Pathak being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of 5 years.

The Company has received a notice from a member under the provisions of Section 160 of the Companies Act, 2013 proposing Mr. Pathak as a candidate for the office of Director.

The Company has received from Mr. Pathak:

- (a) Consent in writing in Form DIR-2
- (b) Intimation in Form DIR-8
- (c) A declaration to the effect that he meets the criteria of independence in terms of Section 149(6) of the Act.

The proposal for the appointment of Mr. Pathak as an Independent Director on the Board, is therefore, placed before the members for approval as set out under item no. 5 of the accompanying Notice. In the opinion of the Board of Directors, Mr. Pathak proposed to be appointed as the Independent Director fulfills the conditions specified in the Act and the rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Mr. Pathak as an Independent Director setting out the terms and conditions is available for inspection without fees by the members at the Registered office of the Company on any working day between 10.00 am and 12.00 noon and shall also be available for inspection from 9.00 am at the venue on the date of the meeting. The Board considers that his continued association would be of immense benefit to the Company and recommends the Resolution set out under item no. 5 for approval of members.

Memorandum of Interest

Except Mr. Pathak, no other Director, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

Item No. 6

Mr. Niroop Mahanty ('Mr. Mahanty') is a non-executive (independent) Director of the Company. He first joined the Board on 23 July 2003. Mr. Mahanty retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Mahanty being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of 5 years.

The Company has received a notice from a member under the provisions of Section 160 of the Companies Act, 2013 proposing Mr. Mahanty as a candidate for the office of Director.

The Company has received from Mr. Mahanty:

- (a) Consent in writing in Form DIR-2
- (b) Intimation in Form DIR-8
- (c) A declaration to the effect that he meets the criteria of independence in terms of Section 149(6) of the Act.

The proposal for the appointment of Mr. Mahanty as an Independent Director on the Board, is therefore, placed before the members for approval as set out under item no. 6 of the accompanying Notice. In the opinion of the Board of Directors, Mr. Mahanty proposed to be appointed as the Independent Director fulfills the conditions specified in the Act and the rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Mr. Mahanty as an Independent Director setting out the terms and conditions is available for inspection without fees by the members at the Registered office of the Company on any working day between the hours of 10.00 am and 12.00 noon and shall also be available for inspection from 9.00 am at the venue on the date of the meeting. The Board considers that his continued association with the Company would be of immense benefit to the Company and recommends the Resolution set out under item no. 6 for approval of members.

Memorandum of Interest

Except Mr. Mahanty, no other Director, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

Item No. 7

Mr. P. S. Dasgupta ('Mr. Dasgupta') is a non-executive (independent) Director of the Company. He first joined the Board on 1 January 2006. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Dasgupta being eligible is proposed to be appointed as an Independent Director for a term of 5 years.

The Company has received a notice from a member under the provisions of Section 160 of the Companies Act, 2013 proposing Mr. Dasgupta as a candidate for the office of Director.

The Company has received from Mr. Dasgupta:

- (a) Consent in writing in Form DIR-2
- (b) Intimation in Form DIR-8
- (c) A declaration to the effect that he meets the criteria of independence in terms of Section 149(6) of the Act.

The proposal for the appointment of Mr. Dasgupta as an Independent Director on the Board, is therefore, placed before the members for approval as set out under item no. 7 of the accompanying Notice. In the opinion of the Board of Directors, Mr. Dasgupta proposed to be appointed as the Independent Director fulfills the conditions specified in the Act and the rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Mr. Dasgupta as an Independent Director setting out the terms and conditions is available for inspection without fees by the members at the Registered office of the Company on any working day between 10.00 am and 12.00 noon and shall also be available for inspection from 9.00 am at the venue on the date of the meeting. The Board considers that his continued association would be of immense benefit to the Company and recommends the Resolution set out under item no. 7 for approval of members.

Memorandum of Interest

Except Mr. Dasgupta, no other Director, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

Item No. 8

Mr. R. Ramesh ('Mr. Ramesh') has been appointed by the Board of Directors of the Company ('the Board') as an Additional Director effective 9 May 2014. As per the provisions of the Companies Act, 2013, Mr. Ramesh holds office up to the date of forthcoming Annual General Meeting.

The Company has received a notice from a member under the provisions of Section 160 of the Companies Act, 2013 proposing Mr. Ramesh as a candidate for the office of Director.

The proposal for the appointment of Mr. Ramesh as Director on the Board, is therefore, placed before the members for approval as set out under item no. 8 of the accompanying Notice. The Board recommends the Resolution set out under item no. 8 for approval of members.

Memorandum of Interest

Except Mr. Ramesh, no other Director, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

Item No. 9

It may please be noted that, subject to the approval of the Members of the Company and such other approvals as may be necessary, Mr. R. Ramesh ('Mr. Ramesh') has been appointed by the Board of Directors of the Company ('the Board'), as a Whole-time Director for a period of five years effective 9 May, 2014 as per the terms and conditions appear as below:

Salary & Allowances	Total of Rs. 419,187/- per month <i>This may progressively go up by such amounts as may be approved by the Managing Director based on periodic performance review by the Managing Director / merit increase / industry trends, subject however, that in no case this amount shall exceed Rs. 7,50,000 per month.</i>
Term	5 years
Performance Incentive	as per rules of the Company
Perquisites	<ul style="list-style-type: none"> i) Free use of telephone facility at his residence ii) Medical facilities as per rules of the Company. iii) Leave – accrual and encashment - as per rules of the Company. iv) Leave Travel Concession as per rules of the Company. v) Company's contribution to Provident Fund / Pension Fund / Employee Deposit Linked Insurance / Group Insurance / Superannuation Fund etc. vi) Gratuity and Superannuation benefits as per rules of the Company.
Minimum Remuneration	The salary & allowances and perquisites 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. Ramesh will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Managing Director and/or 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. Ramesh and Managing Director and/or the Board of Directors.</p> <p>iii) Mr. Ramesh shall not be entitled to any Sitting Fees for attending any meetings of the Board or any Committee thereof.</p> <p>iv) Mr. Ramesh shall be entitled to be reimbursed for all expenses incurred by him for the purpose of business of the Company.</p>
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The proposal for the appointment of Mr. Ramesh as a Whole-time Director of the Company as per the terms and conditions referred to above, is therefore placed before the members for approval as set out under item no. 9 of the accompanying Notice. The Board recommends the Resolution set out under item no. 9 for approval of members.

Memorandum of Interest

Except Mr. Ramesh, no other Director, Key Managerial personnel or their relatives are concerned or interested in the resolution.

Item No. 10

M/s. Shome and Banerjee, Cost Auditors have been re-appointed to audit the cost records of the Company for the financial year 2014-15 at a remuneration of Rs. 230,000 (Rupees Two Lakhs Thirty Thousand Only) by the Board of Directors. Pursuant to Rule 14 of the Companies (Audit and Auditors Rules) 2014 the said remuneration payable to the cost auditors requires a ratification by the shareholders.

This item is therefore placed before the members for ratification. The Board recommends the Resolution set out under item no.10 for ratification by members.

Memorandum of Interest

No Director, Key Managerial personnel or their relatives are concerned or interested in the resolution.

Registered Office:
39-42, Electronic City
Phase II, Hosur Road
Bangalore - 560 100
Tel no. 080 4136 2000
Fax no. 080 41362010
e-mail : soumitra.hazra@timken.com
CIN: L29130KA1996PLC048230
Website: www.timken.com/india

By Order of the Board

Soumitra Hazra
Company Secretary & Chief - Compliance

10 July 2014

INSTRUCTIONS

1. Members may note that pursuant to Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement the Company is providing e-voting facility for voting on the resolutions proposed to be passed at the Annual General Meeting of the members.
2. These details and instructions form integral part of the Notice dated 10 July 2014 for the Annual General Meeting to be held on 13 August 2014.
3. Mr. R. Vijayakumar, Company Secretary in Practice, V. M. Arcade, 376/A, 4th Floor, 5th Main, 14th Cross, 6th Sector, HSR Layout, Bangalore 560102 has been appointed as the Scrutinizer for conducting the voting for e-voting for the purpose of the said Annual General Meeting.

PROCESS AND MANNER FOR MEMBERS OPTING FOR E-VOTING

Electronic Voting particulars

EVEN (E-voting event number)	User ID	Password

1. The electronic voting particulars are set out in the Annexure sent herewith.
2. The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
7 August, 2014 from 9:00 am	8 August ,2014 till 6:00 pm

3. User ID and Password for e-voting is provided in the table given on the face of the Annexure to AGM Notice. Please note that the Password is an Initial Password.
4. National Securities Depository Limited (NSDL) shall also be sending the User-ID and Password, to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/Depository Participant(s).
5. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
6. Click on Shareholder – Login.
7. Put user ID and password as initial password noted in para 3 above. Click Login.
8. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
10. Select “EVEN” of Timken India Limited.
11. Now you are ready for e-Voting as Cast Vote page opens.
12. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
13. Upon confirmation, the message “Vote cast successfully” will be displayed.
14. Once you have voted on the resolution, you will not be allowed to modify your vote.
15. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail vijaykumaracs@gmail.com with a copy marked to evoting@nsdl.co.in.
16. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
17. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
18. The e-voting period commences on 7 August 2014 (9.00 am) and ends on 8 August 2014 (6.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 2 July 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
19. The voting rights exercised by the Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 2 July 2014.
20. The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour and/or against, as the case may be, forthwith to the Chairman of the Company.
21. The Results shall be declared in the Twenty - Seventh Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.timken.com/india and on the website of NSDL.

APPLICABLE DETAILS OF DIRECTORS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	Mr. Jai S Pathak	Mr. Niroop Mahanty	Mr. P. S. Dasgupta	Mr. R Ramesh	Mr. James R Menning
Date of Birth	14 January 1959	12 January 1950	30 June 1955	17 August 1964	6 November 1959
Date of last appointment	19 July 2012	19 July, 2012	1 August 2013	9 May 2014	1 August 2013
Expertise in specific functional areas	<ul style="list-style-type: none"> Legal Profession General Management 	<ul style="list-style-type: none"> Human Resources General Management 	<ul style="list-style-type: none"> Legal profession General Management 	<ul style="list-style-type: none"> Finance & Accounting General Management 	<ul style="list-style-type: none"> Computer Science, Information Technology General Management
Qualifications	<ul style="list-style-type: none"> BA (Hons.), Delhi University MA Intl. Relation, JNU BA (Hons.), Jurisprudence, Oxford University, UK MA, Oxford University, UK LLM, University of Virginia, USA 	<ul style="list-style-type: none"> BA (Hons) - St. Stephens College, Delhi University MBA University of Colorado, USA 	<ul style="list-style-type: none"> Bachelor of Law, Faculty of Law, Delhi University B.A.- Econ. (Hons.) Post Graduate Diploma in Corporate Laws & Labour Laws, Indian Law, Institute, Delhi 	<ul style="list-style-type: none"> B.Sc Qualified Chartered Accountant Qualified Cost and Works Accountant 	<ul style="list-style-type: none"> Bachelors Degree in Computer Science & Business Management, Wittenberg University Master of Business Administration, University of Akron
List of public companies in which outside Directorship held as on 31 March 2014	Nil	<ul style="list-style-type: none"> Steel City Press Limited 	<ul style="list-style-type: none"> Cummins India Limited Otis Elevator Co. India Limited Maral Overseas Limited Bhilwara Technical Textiles Limited Tricone Projects India Limited Ester Industries Limited Asian Hotels (North) Limited Interstar Financial Services Limited RSWM Limited 	Nil	Nil

Name of Director	Mr. Jai S Pathak	Mr. Niroop Mahanty	P. S. Dasgupta	Mr. R Ramesh	Mr. James R Menning
Chairman / Member of the Committees of the Board of the Companies on which he is a Director as on 31 March 2014	<ul style="list-style-type: none"> ● Timken India Limited - Member - Audit Committee ● Timken India Limited - Member - Remuneration Committee ● Timken India Limited - Member - CSR Committee 	<ul style="list-style-type: none"> ● Timken India Limited - Chairman - Remuneration Committee ● Timken India Limited - Chairman - Investor Grievance Committee ● Timken India Limited - Member - Audit Committee 	<ul style="list-style-type: none"> ● Cummins India Limited - Member - Finance and Audit Committee, ● Cummins India Limited - Member -Shareholders/ Grievance Committee ● Tricone Projects India Limited - Member - Audit Committee ● Otis Elevator Company India Limited - Member - Audit Committee ● Otis Elevator Company India Limited - Member-Shareholders / Grievance Committee ● Timken India Limited - Member - Remuneration Committee ● Timken India Limited - Chairman - Audit Committee ● Maral Overseas Limited - Member - Audit Committee ● Maral Overseas Limited - Member - Remuneration Committee ● Bhilwara Technical Textiles Ltd - Chairman - Shareholders/ Investor Grievance Committee ● Bhilwara Technical Textiles Ltd - Chairman - Remuneration Committee ● Bhilwara Technical Textiles Ltd - Member - Audit Committee 	Nil	<ul style="list-style-type: none"> ● Timken India Limited - Member - Investor Grievance Committee ● Timken India Limited - Chairman - CSR Committee
Shareholding in the Company	—	—	1 Equity Share	—	—

Chairman's Statement

Dear Shareholders,

I am pleased to report yet another year of progress for Timken India Limited. This year we reported a sales of Rs. 720 crores which is 4.8% over last year. We have achieved this against tough market conditions and economic downturn. The projected India GDP for the current fiscal year stands between 5% and 5.5% which is even lower than the 6.7% recorded in the global financial crisis year of 2009. The drop in industry growth rates have been even steeper as compared to the services and agricultural sector.

While many believe the Indian economy has bottomed out, the India growth story is yet to gain full momentum. Despite this tough economic environment, Timken India Limited continues to maintain a healthy profit margin.

The need of the hour now is to focus on accelerating, innovating and motivating ourselves in this challenging business environment. We would continue to be focused on Customer engagement with an objective to nurture our customers with utmost quality, understanding and excellence and strive to deliver results that go well beyond our budgeted expectations and thought process.

Our strength comes from the ways in which we operate - both what we make and what we know. Our people around the globe help create an organization that is celebrated for our innovative customer solutions. To serve our stakeholders, we unite - solving problems and serving communities worldwide. It is reflected in the number of markets we serve, the reliability of our products and services, the geographies where we conduct business and in the accomplishments of our people.

Our full portfolio of products - bearings, gears, chains, and related products - can be found in a broad array of industrial machinery, wherever gears and shafts turn. Our service offerings are designed to increase uptime and lower total cost of ownership. In line with our strategy of growing both in the industrial and automotive segment we have introduced various new products in the market to cater to these segments. Effective channel and market expansion represent the foundation of an aggressive growth strategy that continues to strengthen our composition and our services.

In the changing political scenario, robust changes in sectors like transportation and communication, technology and industry are expected, thereby helping the growth of manufacturing industries like Timken. Resolution of issues in the mining sector is also expected so that responsible mining can be resumed in a sustainable manner.

We strive to continually strengthen the performance of our customers, shareholders and the communities where we do business - and we do that through our daily commitment to our many stakeholders. Our commitment to our customers comes throughout our service and trying to achieve greater satisfaction levels.

On behalf of the Board of Directors, I would like to express my sincere thanks to all our stakeholders. To our shareholders, thank you for your continued support and confidence. To my fellow board members, management team and employees, thank you for your hard work and commitment. To our customers, suppliers and business partners, we gratefully appreciate your trust and confidence in us and look forward to many more years of support.

Sincerely,

James R Menning
Chairman

10 July 2014

Directors' Report

To the Members

The Directors have pleasure in presenting the Twenty-seventh Annual Report on the business and operations of the Company together with the financial results for the period ended 31 March 2014.

Financial Results

(Rs./Million)

	Financial Year ended 31 March 2014	Financial Year ended 31 March 2013
a) Total Revenue	7310	6940
b) Total Expenditure	6486	6151
c) Earnings before Interest, Tax, Depreciation, Amortization	824	789
d) Less: Depreciation	156	139
e) Less: Amortization & Finance Costs	11	13
f) Profit before Tax (PBT)	657	637
g) Less: Tax Expenses	209	195
h) Profit after Tax (PAT)	448	442
i) Add: Profit brought forward from previous year	2403	2153
j) Profit available for appropriation	2851	2595
k) Less: Appropriations		
– Dividend including dividend distribution tax	517	159
– Transferred to General Reserve	45	33
l) Balance carried forward	2289	2,403

During the financial year under review, total Revenue grew by 5% due to increase in both revenue from operations and other income. The increase in revenue from operations can be attributed to a 32% increase in export sales though domestic sales registered a decline by 4%. Expenditures on the other hand registered an increase of 5% due to volume increase and inflationary pressures. Increase in depreciation was due to capitalization of new plant and machinery for the expansion project. Profit before taxes registered an increase of 3% to Rs.657M.

Dividends

The Company paid an interim dividend on the equity shares of the Company @ Rs.6.50 per share of Rs.10 each fully paid amounting to Rs. 441,921,571 on 29 November 2013 as against a total dividend of Rs. 2/- per equity share of Rs. 10/- each fully-paid (20%) for the year ended 31 March 2013. Payment of such interim dividend is to be considered as final dividend on the equity shares of the Company for the financial year ended 31 March 2014. Your Directors are not recommending any further dividend on the equity shares of the Company for the financial year 2013-14.

Expansion Projects

Industrial services - The Company has partially commenced operations of the Industrial Service plant in Raipur, Chattisgarh during the last quarter of 2013-14. Established at a cost of Rs.13.50 Crores, this facility aims to cater to combined Gear and Bearings services. Work on enhancing the capabilities to make this facility fully operational is currently underway and is expected to be completed during the current year.

The Raipur Service plant is the first such Timken plant outside the United States that expands the Service capabilities to new growing markets offering gear service capabilities.

Roller line expansion- Work is progressing satisfactorily and the first line is expected to be commissioned in the second quarter of the year.

Finance

Your Company continues to remain debt free and generated adequate cash flow to meet its working capital needs. Pending investment of such fund in growth opportunities it was temporarily parked in debt based schemes offered by various mutual funds.

Listing of Equity Shares on Stock Exchanges

Listing of the Company's Equity Shares on BSE Limited and National Stock Exchange of India Limited continued during 2013-14 and the listing fees for the year 2014-15 have already been paid to the Stock Exchanges.

Directors

Mr. Christopher J Holding resigned as a Director of the Company with effect from 5 February 2014. The Board placed on record its deep appreciation for the valuable contribution made by Mr. Holding as a Director.

Mr. James R. Menning, Director of the Company, is liable to retire by rotation at the forth coming Annual General Meeting and being eligible, offers himself for re-appointment at the said Annual General Meeting.

Mr. Jai S Pathak and Mr. Niroop Mahanty being non-executive (independent) Directors of the Company retire by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 ('the Act'), both Mr. Pathak and Mr. Mahanty being eligible and seeking re-appointment are proposed to be appointed as Independent Directors for a term of 5 years.

The Company has received two separate notices from members under the provisions of Section 160 of the Act proposing Mr. Pathak and Mr. Mahanty as candidates for the office of Director.

The Company has received from each of Mr. Jai S Pathak and Mr. Niroop Mahanty:

- (a) Consent in writing in Form DIR-2
- (b) Intimation in Form DIR-8
- (c) A declaration to the effect that he meets the criteria of independence in terms of Section 149(6) of the Act.

The proposals for the appointment of Mr. Pathak and Mr. Mahanty as Independent Directors on the Board, have been included in the Notice convening the next Annual General Meeting of the Company.

Mr. P. S. Dasgupta is a non-executive (independent) Director of the Company. In terms of Section 149 and any other applicable provisions of the Act Mr. Dasgupta, being eligible, is proposed to be appointed as an Independent Director for a term of 5 years.

The Company has received a notice from a member under the provisions of Section 160 of the Act proposing Mr. Dasgupta as a candidate for the office of Director.

The Company has received from Mr. Dasgupta:

- (a) Consent in writing in Form DIR-2
- (b) Intimation in Form DIR-8
- (c) A declaration to the effect that he meets the criteria of independence in terms of Section 149(6) of the Act.

The proposal for the appointment of Mr. Dasgupta as Independent Director on the Board, has been included in the Notice convening the next Annual General Meeting of the Company.

Mr. R Ramesh has been appointed as an additional director and also as a Whole-time Director by the Board of Directors with effect from 9 May 2014. In terms of relevant provisions of the Act, Mr. Ramesh holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice from a member in terms of Section 160 of the Act signifying his intention to propose the name of Mr. Ramesh for appointment as director of the Company at the next Annual General Meeting. This item has been included in the Notice convening the next Annual General Meeting of the Company.

Statutory Audit

Messrs. S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of the Twenty-seventh Annual General Meeting. The Company has received a letter dated 22 April 2014 from Messrs. S R B C & CO LLP Statutory Auditors

expressing their unwillingness to be reappointed as Auditors due to certain factors entirely internal to them. It is proposed to appoint Messrs. S. R. Batliboi & Co LLP as the Statutory Auditors of the Company subject to the approval of the shareholders at the Annual General Meeting to hold office for a period of three years commencing from the conclusion of Twenty – seventh Annual General Meeting to the conclusion of the Thirtieth Annual General Meeting at such fees as may be mutually determined between the Board of Directors of the Company and the Statutory Auditors. Messrs. S. R. Batliboi & Co LLP have furnished to the Company a Certificate, regarding their eligibility for appointment as Auditors. Accordingly, the appointment of Messrs. S. R. Batliboi & Co. LLP, Chartered Accountants is being proposed as an ordinary resolution at the Twenty-seventh Annual General Meeting of the Company in terms of applicable provisions of the Companies Act, 2013 and has been included in the Notice convening the next Annual General Meeting.

Cost Audit

The Board of Directors have appointed Messrs. Shome & Banerjee as the Cost Auditors to audit the Cost Accounts of the Company for the year ending 31 March 2015. The due date for submitting the Cost Audit Report for the current year with the prescribed authority is 30 September 2014. The Cost Audit Report for the year ended 31 March 2013 in XBRL format was submitted on 27 September 2013. Pursuant to Rule 14 of the Companies (Audit and Auditors Rules) 2014 the remuneration payable to the cost auditors requires a ratification by the shareholders. The proposal for ratification of remuneration payable to the Cost Auditors is therefore, placed before the members for approval and has been included in the Notice convening the next Annual General Meeting.

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 31 March 2014 could be made possible only with the collective contribution and excellent performance of the Associates both in terms of operational parameters and also at the market place. The Directors express their appreciation for the wholehearted support received from all sections of the Associates of the Company.

Social Responsibility

The Company and its associates have been actively participating in the promotion of social welfare activities of the communities where Timken facilities are located in India.

Particulars of Employees

Information required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (corresponding to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975) is given in the Annexure forming part of the Report. However as per the provisions of said Rules, the Report and Accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees. Such particulars shall be made available to any shareholder on a specific request made by him in writing before the date of the Annual General Meeting.

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 indigenization 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

As per Section 134(5) of the Companies Act, 2013, the Board of Directors report that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- the Directors had selected such accounting policies and applied 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 financial year and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

For and on behalf of the Board of Directors

Bangalore
10 July 2014

James R Menning
Chairman

Declaration in terms of Clause 49 – Code of Conduct

This is to confirm that the Company has adopted 'Business Ethics Policy – Code of Conduct' for its employees and members of the Board of Directors. This code is posted on Company's website.

I confirm that the Company has received from the Senior Management Team of the Company and from the members of the Board of Directors a declaration of compliance with the code for the financial year ended 31 March 2014.

For the purpose of this declaration, senior management team means members of management one level below the executive directors as on 31 March 2014.

Bangalore
9 May 2014

Sanjay Koul
Managing Director

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

<p>A. Conservation of Energy</p> <p>(a) Energy conservation measures taken</p> <p>(b) Additional investments / proposal, if any</p> <p>(c) Impact of the measures at (a) and (b) above</p>	}	<p>(a) Plant power factor continued to be maintained at 0.96 levels.</p> <p>1) All high power consuming furnace operation were closely monitored to not only reduce the overall power consumption but also to control maximum demand.</p> <p>2) Air energy audit recommendation is being implemented.</p> <p>3) Winter overhauling was done in centralized AC system & coolant chiller system to restore the efficiency.</p> <p>4) L.E.D. Lights tried out in New Roller Expansion building.</p> <p>(b) 1) Air energy audit to optimize compressed air energy.</p>
<p>(d) Total energy consumption and energy consumption per unit of production</p>		<p>As per details given below under Form A</p>
<p>B. Technology Absorption</p> <p>(e) As per details given below under Form B.</p>		
<p>C. Foreign Exchange Earnings and Outgo</p> <p>(f) Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans</p>	}	<p>During the period under review, exports grew by 8% to Rs. 2379 million mainly to US. The current indications about the export trend do not envisage a significant departure from the one noticed in previous year.</p> <p>Jamshedpur being a focused Plant, some of the Part numbers previously used to be manufactured at other Timken locations worldwide have been earmarked for production at the Company's Plant in Jamshedpur.</p>
<p>(g) Total foreign exchange used and earned (Rs./Mn)</p>		
	2013-14	2012-13
i) Foreign Exchange Earnings	2379	1804
ii) Foreign Exchange Outgo *	206	356
<p><i>* excluding part repayment of PCFC loan amounting to USD 2.9 million (Rs.142 million)</i></p>		

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and fuel consumption		
1. Electricity	2013-14	2012-13
(a) Purchased Units (KWH)	19,390,110	19,412,130
Total amount (Rs.)	79,181,101	76,023,718
Rate Per Unit (Rs.) (all inclusive)	4.08	3.92
(b) Own generation		
(i) Through diesel generator		
Unit		
Unit 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		

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

B. Consumption per unit of production

	Standards (if any)	2013-14	2012-13
Products (with details) unit			
Standard Bearings	Not applicable (Standard varies with product mix)		
Electricity		3.09	2.94
Furnace oil		Not Used	Not Used
Coal (specify quality)		Not Used	Not Used
Others (specify)		Nil	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 5 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 actions

Under the Collaboration Agreement, technology update is released from The Timken Company which is transferred to the, *inter alia*, 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 and is a continuous process.
- : 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

Bangalore
10 July 2014

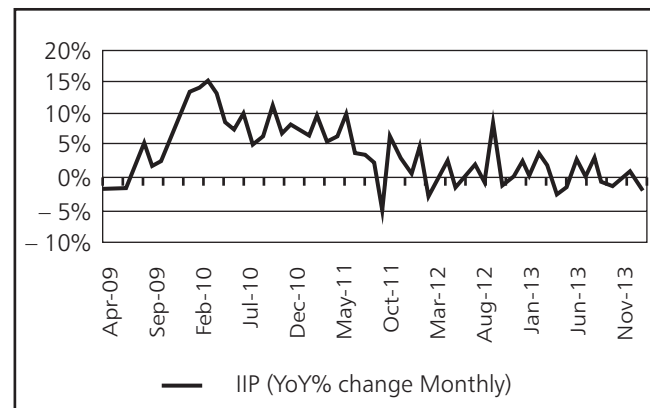
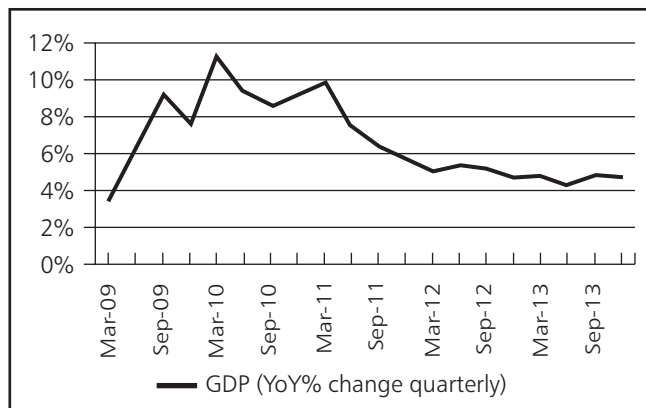
James R. Menning
Chairman

Directors' Report – Management Discussion and Analysis

Bearing Industry Structure and Development

Bearing business depends on the economic environment, Industry sector growth and performance of Mobile sector which includes automotive and rail. Year of 2013-14 is likely to be the third consecutive year of growth below 5%. Riding mostly over growth in Agriculture and Services, the government set revised GDP target of 4.9% whereas Asian Development Bank estimates 4.7% based on recent data.

For the quarters ending Jun'13, Sep'13 and Dec'13, the Indian economy posted a GDP growth rate of 4.4%, 4.8% and 4.7% respectively.



The Index of Industrial Production (IIP) recorded decline for six out of eleven months until Feb'2014. IIP contracted at 1.9% in February, plunging to a nine-month low which was well below expectations of about 0.5% growth.

Core sector (8 infrastructure industries) cumulative growth during the April – February period stood at 2.6% as against 6.4% same period a year ago. This was mostly driven by output of Electricity generation (5.7% cumulative), Steel (4.2% cumulative) and Cement (3.3% cumulative) industries.

The Medium and Heavy Commercial Vehicle production, one of the largest consumers of bearings, is going through downward curve of the business cycle. As per Society of Indian Automobile Manufacturers (SIAM), production fell by 21% over 2012-13. The previous year it had fallen by 28% over 2011-12. Weak consumer demand and lack of investment shows the recovery may be more difficult than generally believed but it may have bottomed out.

Due to monetary tightening policies of RBI, the interest rates stayed high. The average inflation (Wholesale Price Index) throughout the year was little lower compared to previous fiscal year.

In terms of exchange rates, Indian Rupee depreciated significantly from Jun'13 throughout the year. It touched the lowest of last 5 decades at 63.75 against USD (Sep'13), 85.12 against EUR (Sep'13) and 102.97 against GBP (Feb'14).

The current size of anti-friction bearings market is approximately INR 75 billion. It is estimated that around 40% of demand is catered through imports. The automotive sector accounts for approximately 45-48% of the bearing demand while the rest is consumed by the industrial sector. During the year 2013-14, domestic sale of bearings produced in India, as reported by Ball and Roller Bearing Manufacturers Association (BRBMA), grew at 1.7% over 2012-13, while production value increased by 2.6% during the same period.

Business Review

The Company is one of the leading manufacturers of tapered roller bearings and certain components of tapered roller bearings in India with manufacturing facility at Jamshedpur. The bearings produced by the Company largely cater to medium and heavy trucks, off-highway equipments, Railways and Timken Company's global requirements. The Company meets the demand for other types of bearings viz., large size tapered roller bearings, spherical roller bearings, cylindrical roller bearings and specialty ball bearings by sourcing these from other Timken Company plants globally.

Even in challenging environment, your company believes investing for future. Moving beyond bearings in Power Transmission portfolio,

TIMKEN INDIA LIMITED

your company has made another footprint in India and expanded our scope of services for gearbox repair. The facility at Raipur, Chattisgarh commenced operation during the year focusing aftermarket customer in steel, cement, power plants and marine industries. Backed up by Philadelphia Gears knowhow, your company has started gathering the requirements and customer interests.

Apart from new product launches in the bearing portfolio, your company is continuously looking at promoting other adjacent products like coupling, housed units, high performance grease to help customer improve performance and efficiency. At the same time, Company continues to expand the channel footprint in India.

Your company bagged a new MILLTEC® site at Jamshedpur. The MILLTEC® program provides around-the-clock management of a mill's roll shop to minimize operational problems and downtime. Customers can concentrate on other important issues while Timken manages its roll shop operations.

Following are some key achievements at company's Jamshedpur facility

- 1st runner up for 2 categories in the 2013 Lean awards. This competition was held across Timken plants globally.
- Capacity enhancement in 0-4.5" TS & Roller line from 1,50,000 to 1,65,000. This was achieved through lean tool deployment.
- Indigenous design of missing roller detector and one cup line connectivity.
- Produced 100,000th set of RA109 Pinion Bearings for TML Drivelines.
- Zero LTA, OSHA Recordable during financial year 2013-14.

During the financial year under review, total Revenue grew by 5% due to increase in both revenue from operations and other income. The increase in revenue from operations can be attributed to a 32% increase in export sales though domestic sales registered a decline by 4%. Expenditures on the other hand registered an increase of 5% due to volume increase and inflationary pressures. Increase in depreciation was due to capitalization of new plant and machinery for the expansion project. Profit before taxes registered an increase of 3% to Rs.657M.

Opportunities, Threats and Outlook

2014-15 will be a critical juncture as one of the largest democracies in the world will be witnessing the 16th Loksabha elections. The exiting government made efforts to pass certain key pending bills in 2013-14 like Companies Act 2013, Land Acquisition Bill, Lokpal Bill and ordinances like opening up of Retail FDI amongst other measures. Development being one of the key agenda, the new government will have to demonstrate decisive policy making, commitment towards growth and infrastructural spend. However, this may start showing effect only in H2 of 2014-15. We expect revival of Industry sector and the Heavy Commercial Vehicles production seem to have bottomed out. Asian Development Bank estimates GDP growth of 5.5% next year.

Customers are moving towards systems and solutions from products or components. Timken globally has transformed from a tapered roller bearing manufacturing company to a Power Transmission solutions company. Your company endeavors to gather and apply such application specific knowledge and value added product & services to achieve better performance & efficiency for customers.

Innovation has become the key word and experts are already working on new possibilities. It is felt that conventional systems have evolved to the point where further refinements can only result in modest performance and capacity gains. As a result, it is felt that the future will witness technologies which help in efficient ways to create, transfer and control power. These technologies can have endless societal impacts, from improved energy efficiency that saves businesses and consumers' money to reduced emissions that help sustain our environment.

There is an increasing trend of designing and manufacturing of heavy industrial equipments in India which has resulted in customers asking for design and application engineering knowledge and assistance. In many applications, bearings can be the limiting factor in increasing the power density of the equipment and also one of the first components to get damaged. Hence working with customers, to help them make optimum design choices is becoming an important customer expectation now. Customers are asking for more competitiveness and responsiveness from bearing industry, which would require companies to regionalize production bases closer to customers.

With development in infrastructure sector in India, the bearings industry is expected to witness a significant increase in demand, especially in large sized bearings. Further, consumers are becoming more demanding and with product liability and safety issues getting more stringent, there will be a need for a qualitative improvement in the performance of the bearings. Meeting these two requirements in a competitive fashion is the key challenge for the bearings industry.

Any adverse changes in the industrial environment within which any of our customers operate could lead to reduction in demand for their finished products, which in turn will have a direct adverse impact on the demand of our products.

Counterfeit products also pose a threat to the industry. Low quality duplicate bearings not only lead to crucial downtime for customers but also tarnish the quality and brand value of superior manufacturers. Efforts have to be taken by manufactures to educate customers on the importance of using genuine high quality bearings.

The principal raw materials for our products are alloy steel bars, tubes and wire rods, which are purchased by our vendors from our approved list of global suppliers, in order to leverage the Timken Company's economies of scale. The prices and supply of raw materials may depend on factors beyond our control, including economic conditions, exchange rates, competition, consumer demand, production levels, transportation costs and import duties.

Internal Control Systems

The various internal control systems operating in the Company are working satisfactorily. The adequacy and effectiveness of these systems is continuously examined by Pricewaterhouse Coopers India Private Limited - Internal Auditors 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.

HR Front

During the financial 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 remains congenial all through-out the year. The Company employed 626 Associates (including 361 Officers) as on 31 March 2014.

Cautionary Statement

Certain statements made in this report describing the industry structure and development, business outlook and opportunities may be "forward looking statement" within the meaning of applicable Securities laws and regulations. Actual results could materially differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statues and incidental factors.

Independent Auditor's Report

To the Members of Timken India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Timken India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to Fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Kamal Agarwal
Partner
Membership Number: 058652

Place of Signature: Bangalore
Date: May 9, 2014

Annexure to the Auditors' Report to the Members of Timken India Limited [Referred to in our Report of even date]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification of fixed assets.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company maintains proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, and read with our comments in clause (v) below, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered. The company inter alia, undertakes transactions of purchase of certain fixed assets, purchase and sale of goods, materials and components, and services with associate and group companies, in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. As these transactions, exceeding value of rupees five lakhs entered into during the year, relate to proprietary items manufactured by the Timken Group and fixed assets and raw materials and components in connection thereto, and / or specialized services rendered, comparative rates thereof are not always available; however as informed, considering the selling prices of such goods in the market, and margins earned by the company on purchases from associate and group companies on an overall basis in accordance with the group's internal transfer pricing guidelines, prima facie these transactions have been done at reasonable prices. For services received, there are no comparatives since as per the management's explanation such services are highly specialized in nature.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities. As informed, the provisions of Employees' State Insurance Act are not applicable to the Company.
 - i. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth-tax, Service tax, Sales-tax, Customs duty, Excise Duty, Cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

TIMKEN INDIA LIMITED

- ii. According to the records of the Company, the dues outstanding of Income-tax, Sales-tax, Wealth-tax, Service tax, Customs duty, Excise duty and Cess on account of any dispute, are as follows :

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum
Income Tax Act, 1961	Income Tax Demands	39,737,835	2002-03, 2005-06 to 2007-08	Income Tax Appellate Tribunal
		47,913,479	1998-99, 2004-05, 2008-09 to 2010-11	Commissioner of Income Tax (Appeals), Jamshedpur
Various State Sales Tax Acts	Demand relating to non-submission of local forms and other documents/ dispute related to VAT credit/dispute relating to classification of goods	2,412,670	1995-96 to 1996-97 & 2010-11	Jt. Commissioner (Appeals) Jamshedpur
		1,688,660	2009-10 & 2013-14	Commissioner Commercial Tax, Ranchi
		250,813,755	1999-00 to 2008-09	Deputy Commissioner Commercial Tax, Ranchi
		915,171	1994-95 to 1996-97	Appeal filed in Allahabad High Court
		351,716	2003-04, 2004-05 & 2008-09	Pending with Deputy Commissioner (Appeal)
		356,643	2006-07, 2007-08 & 2011-12	Pending with Assessing Authority
		304,368	1995-1996	Commissioner Sales Tax, Raipur, Chattisgarh
		2,533,324	2003-04, 2004-05, 2005-06, 2008-09 & 2009-10	Joint Commissioner (Appeal)
691,809	2009-10 & 2010-11	Deputy Commissioner (Appeal)		
Central Excise Act, 1944	Service Tax demands	27,787,040	2003-2009	Central Excise and Service Tax Appellate Tribunal, Kolkata
Central Excise Act, 1944	Excise duty demands	665,362	2008-09	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty demands	2,803,139	2008-2011	Commissioner of Central Excise
Customs Act, 1962	Custom duty demands*	5,342,875	2007	High Court, Ranchi

* The Company has received stay order from the High Court against this demand.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified that the end use of money raised by public issue is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Kamal Agarwal
Partner
Membership Number: 058652

Place of Signature: Bangalore
Date: May 9, 2014

Balance Sheet as at March 31, 2014

	Notes	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
EQUITY AND LIABILITIES			
a) SHAREHOLDERS' FUNDS			
(i) Share Capital	3	679,879,340	637,227,000
(ii) Reserves and Surplus	4	3,143,367,844	2,777,359,129
		3,823,247,184	3,414,586,129
b) NON-CURRENT LIABILITIES			
(i) Long-term Liabilities	5	16,034,987	13,335,002
(ii) Long-term Provisions	6	73,522,620	85,720,560
		89,557,607	99,055,562
c) CURRENT LIABILITIES			
(i) Short-term Borrowings	7	32,374,529	–
(ii) Trade Payables	8	730,216,556	658,220,386
(iii) Other current liabilities	8	221,437,100	205,920,820
(iv) Short-term provisions	6	100,076,845	253,452,730
		1,084,105,030	1,117,593,936
Total		4,996,909,821	4,631,235,627
ASSETS			
d) NON-CURRENT ASSETS			
(i) Fixed Assets			
– Tangible assets	9	951,156,275	790,494,823
– Intangible assets	10	13,997,793	1,044,459
– Capital Work in Progress		255,676,747	244,829,686
– Intangible assets under development		–	12,218,779
(ii) Non-current Investments	11A	300,000	300,000
(iii) Deferred tax assets (net)	12	45,015,835	44,215,932
(iv) Long-term loans and advances	13	162,913,223	125,960,880
		1,429,059,873	1,219,064,559
e) CURRENT ASSETS			
(i) Current Investments	11B	233,178,995	318,449,988
(ii) Inventories	14	1,367,614,562	1,403,296,959
(iii) Trade Receivables	15	1,485,705,820	1,294,320,556
(iv) Cash and Bank balances	16	201,453,109	140,425,498
(v) Short-term loans and advances	13	201,710,519	130,525,910
(vi) Other current assets	17	78,186,943	125,152,157
		3,567,849,948	3,412,171,068
Total		4,996,909,821	4,631,235,627
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Firm Registration No. 324982E
Chartered Accountants

Per KAMAL AGARWAL

Partner

Membership No. 058652
Bangalore, May 9, 2014

For and on behalf of the Board of Directors

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary & Chief - Compliance
Bangalore, May 9, 2014

Statement of Profit and Loss for the year ended March 31, 2014

	Notes	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
INCOME			
a) Revenue from operations (Gross)	18	7,587,780,923	7,390,606,093
Less : Excise duty recovered		386,352,073	505,444,498
Revenue from operations (Net)		7,201,428,850	6,885,161,595
b) Other Income	19	108,241,815	54,840,607
Total (I)		7,309,670,665	6,940,002,202
EXPENSES			
c) Cost of raw materials and components consumed	20	2,435,358,073	2,736,124,767
d) Purchase of traded goods	21A	2,059,475,609	1,453,134,258
e) Increase in Stock of Finished goods, Traded goods and Work in Progress	21B	(26,657,075)	(18,433,612)
f) Excise duty and cess on movement in stock of finished goods	37	(11,471,717)	3,118,622
g) Employee Benefits expense	22	528,865,037	522,717,411
h) Other Expenses	23	1,500,185,885	1,453,895,752
Total (II)		6,485,755,812	6,150,557,198
Earnings before interest, tax, depreciation and amortisation (I-II)		823,914,853	789,445,004
i) Depreciation	9	156,316,270	138,511,216
j) Amortisation expense	10	1,828,666	596,833
k) Finance costs	24	8,851,779	12,871,740
PROFIT BEFORE TAX		656,918,138	637,465,215
l) Tax Expenses			
- Current Tax (includes Rs.Nil (Rs.2,225,000 relating to previous years))		210,194,219	212,332,666
- Deferred Tax		(799,903)	(17,278,825)
Total Tax Expense		209,394,316	195,053,841
PROFIT AFTER TAX		447,523,822	442,411,374
m) EARNINGS PER SHARE - Basic & Diluted	25	6.60	6.94
Nominal value of shares Rs.10 (Previous Year Rs.10)			
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E
Chartered Accountants

Per KAMAL AGARWAL
Partner

Membership No. 058652
Bangalore, May 9, 2014

For and on behalf of the Board of Directors

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary & Chief - Compliance
Bangalore, May 9, 2014

Cash Flow Statement for the year ended March 31, 2014

	Year ended March 31, 2014 Rupees		Year ended March 31, 2013 Rupees	
A. Cash Flow from Operating Activities :				
Net Profit before Tax		656,918,138		637,465,215
Adjustments to reconcile profit before tax to net cash flows :				
Depreciation and amortisation	158,144,936		139,108,049	
Interest income	(7,443,557)		(116,108)	
Interest expense	8,851,779		12,871,740	
Profit on sale of long term investments - Non Trade	-		(11,334,600)	
Loss on sale of assets (Net)	12,113,472		1,026,984	
Provision no longer required written back	(2,228,612)		(3,046,149)	
Unrealised foreign exchange loss / (gain)	30,532,298		(2,815,589)	
Provision for Wealth Tax	70,000		70,000	
		200,040,316		135,764,327
Operating Profit before Working Capital Changes		856,958,454		773,229,542
Adjustments for movement in Working Capital:				
(Increase) in Trade receivable, Loans and Advances & Other current assets	(242,549,468)		(297,191,393)	
Decrease in Inventories	35,682,397		72,532,176	
Increase/(Decrease) in Liabilities and Provisions	46,436,976		(237,651,890)	
		(160,430,095)		(462,311,107)
Cash Generated from Operations		696,528,359		310,918,435
Direct Taxes paid		(239,500,000)		(179,564,863)
Net Cash from Operating Activities (A)		457,028,359		131,353,572
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets including capital work in progress and capital advances		(307,297,901)		(301,602,616)
Sale of Fixed Assets		173,600		4,386
Sale of Investments		-		131,334,600
Interest received		7,443,557		116,108
Net Cash used in Investing Activities (B)		(299,680,744)		(170,147,522)
C. Cash Flow from Financing Activities :				
Interest paid		(6,525,629)		(8,946,549)
Proceeds/(repayment) from/(of) short term borrowings		32,374,529		(149,214,939)
Dividend paid		(577,897,239)		-
Tax on dividend distribution		(98,226,947)		-
Sale proceeds from issue of additional shares (net)		491,142,602		-
Proceeds from Calls in arrears		1,000		1,000
Net Cash used in Financing Activities (C)		(159,131,684)		(158,160,488)
Net (Decrease) in Cash and Cash equivalents (A + B + C)		(1,784,069)		(196,954,438)
Cash and Cash equivalents - Opening Balance		458,875,486		655,829,924
Cash and Cash equivalents - Closing Balance *		457,091,417		458,875,486

Cash Flow Statement for the year ended March 31, 2014

* Includes dividend account balance Rs.32,679,414 (Rs.22,050,660) which will be utilised only for the payment of dividend.

Cash and cash equivalents consist of cash on hand, cheques in hand, balances with banks and short term investments with a maturity period of 90 days or less. Cash and cash equivalents included in the cash flow statement comprises of the following balance sheet amounts :

	As at March 31, 2014	As at March 31, 2013
Cash on hand and balances with banks (refer. Note 16)	201,453,109	140,425,498
Short term Investments (refer Note 11B)	233,178,995	318,449,988
Cash & Cash equivalents	434,632,104	458,875,486
Effect of exchange differences on cash & cash equivalents held in foreign currency	22,459,313	-
Cash and cash equivalents as restated	457,091,417	458,875,486
Summary of significant accounting policies - Refer Note 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Firm Registration No. 324982E
Chartered Accountants

Per KAMAL AGARWAL

Partner

Membership No. 058652
Bangalore, May 9, 2014

For and on behalf of the Board of Directors

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary & Chief - Compliance
Bangalore, May 9, 2014

Notes to financial statements as at and for the year ended March 31, 2014

1. CORPORATE INFORMATION

Timken India Limited ('the Company') was incorporated on 15th June 1987. The Company is primarily into manufacture and distribution of tapered roller bearings, components and accessories for the automotive sector and the railway industry. It also provides maintenance contract services and refurbishment services. The Company has also commissioned a new gear box repairing facility at Raipur where it provides repair and maintenance of industrial gear boxes.

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery to the customers. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

Income from Services

Revenue from agency commission and maintenance and service contracts are recognized as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Export incentives are recognized when the right to receive such incentives as per the applicable terms is established, in respect of the exports made and when there is no significant uncertainty regarding the ultimate realization / utilization of such incentives.

Revenue for dividend income is recognized when the right to receive payment is established by the balance sheet date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

(iv) Tangible and Intangible Assets

Tangible Assets are stated at cost of acquisition less accumulated depreciation and impairment loss (if any). Cost of acquisition includes the purchase price, duties (net of Cenvat), taxes, incidental expenses and erection / commissioning expenses which are directly attributable in bringing the asset to its working condition for the intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Notes to financial statements as at and for the year ended March 31, 2014

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

(v) Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, in hand, cheques in hand, remittances in transit and short-term investments with an original maturity of three months or less.

(vi) Depreciation/ Amortization

Depreciation / amortization is provided under straight line method as per the useful life of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

	Rates (SLM)	Schedule XIV Rates (SLM)
Building	3.34%	3.34%
Furniture & Fixtures	10%	6.33%
Plant & Machineries (Including Tools)	5%,10%,20%	4.75%
	20%	10.34%
	20%	11.31%
Computers	20%, 33.33%	16.21%
Vehicles	20%	9.5%
Office Equipment	20%	4.75%

Additions / deletions during the year are depreciated pro-rata from the date of such addition / deletion except assets costing below Rs.5,000 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.

Computer software is amortized in a straight line basis over a period of three years. The amortization period and the amortization method are reviewed at least at each financial year end.

(vii) Foreign Currency Translations

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange differences

All other exchange differences are recognized as income or as expenses in the period in which they arise.

Notes to financial statements as at and for the year ended March 31, 2014

(viii) Inventories

Inventories are valued as follows :

Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
Trading goods	Lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying at the manufacturing locations as on the balance sheet date.

(ix) Retirement Benefits

- Gratuity is administered through an approved benefit fund. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- The liability on account of long term compensated absences and death benefit scheme due to the employees are provided for on the basis of an actuarial valuation on projected unit credit method at the end of each financial year.
- Retirement benefits in the form of Provident Fund and Superannuation / Pension Schemes are charged to the statement of profit & loss of the year when an employee renders the related service. Interest shortfall, if any, on Provident Fund, which is managed through a private trust, are provided for based on year-end actuarial valuation on projected unit credit method.
- Actuarial gains/ losses are immediately taken to the Statement of Profit and Loss and are not deferred.
- The long-term and short term classification of gratuity, death benefit scheme, provident fund and compensated absence liabilities is based on the actuarial valuations.

(x) Leases

Assets taken on lease

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

Assets given on lease

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. An initial direct cost such as legal and professional cost is recognized immediately in the Statement of Profit and Loss.

(xi) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Notes to financial statements as at and for the year ended March 31, 2014

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the 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 liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized 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 realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

(xii) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current Investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(xiii) Borrowing Costs

- a) Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.
- b) Borrowing costs that are directly attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of that asset till the time it is ready to put to use.
- c) All other borrowing costs are recognized as expenditure during the period in which these are incurred.

(xiv) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(xv) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(xvi) Impairment

- a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- b) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(xvii) Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Notes to financial statements as at and for the year ended March 31, 2014

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xviii) Segment Reporting Policies

Identification of segments:

The Company's business includes manufacture and sale of bearings and related components and providing services in connection with or incidental to such sales. This is the only reportable business segment which is also the primary reportable segment. The Company has also commissioned a new gear box repairing facility at Raipur where it provides repair and maintenance services of industrial gear boxes.

Secondary reportable segments are based on geographical location of customers. The geographical segments have been disclosed based on revenues within India and outside India.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

- (xix) As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

NOTE 3 : SHARE CAPITAL

		As at March 31, 2014 Rupees		As at March 31, 2013 Rupees
Authorised :				
75,000,000 (75,000,000) Equity Shares of Rs. 10/- each		750,000,000		750,000,000
2,600,000 (2,600,000) 9% Cumulative Redeemable Preference Shares of Rs.100/- each		260,000,000		260,000,000
		1,010,000,000		1,010,000,000
Issued :				
68,015,134 (63,750,000) Equity Shares of Rs.10/- each		680,151,340		637,500,000
Subscribed and Fully Paid-up:				
67,973,784 (63,708,050) Equity Shares of Rs. 10/- each fully paid-up		679,737,840		637,080,500
Subscribed and partly paid-up:				
26,200 (26,800) Equity Shares of Rs. 10/- each	262,000		268,000	
Less: Calls in Arrears - other than directors *	120,500	141,500	121,500	146,500
		679,879,340		637,227,000

Notes:

- (i)* Calls in arrears have been computed on the basis of information certified by the Registrar & Share Transfer Agent of the Company.
- (ii) No Equity shares have been allotted during the year ended March 31, 2014 out of 15,150 shares of Rs. 10/- each kept in abeyance as at 31st March, 1998.
- (iii) During the year, the company has issued 4,265,134 no. of equity shares @ Rs 120 per share, through the Institutional Placement Program in accordance with Chapter VIII-A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, to comply with the requirement to maintain a minimum public shareholding of 25% in listed companies.

Notes to financial statements as at and for the year ended March 31, 2014

a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2014		March 31, 2013	
	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the year	63,734,850	637,227,000	63,734,850	637,226,000
Issued during the year	4,265,134	42,651,340	–	–
Outstanding at the end of the year	67,999,984	679,879,340	63,734,850	637,227,000

b Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company has paid, subject to approval of the shareholders at the next Annual General Meeting, interim dividend of Rs.6.5 (31 March 2013 -final dividend of Rs.2/-) per equity share of Rs.10 each fully paid. This dividend was paid to all the eligible shareholders whose names appeared on the Register of Members of the Company as on November 21, 2013 (being the record date fixed for the purpose) on November 29, 2013.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c Details of shareholders holding more than 5% shares in the company (Refer note (i) & (ii) below)

	March 31, 2014			March 31, 2013		
	No. of Shares	Amount in Rs.	% of share holding	No. of Shares	Amount in Rs.	% of share holding
Timken Singapore PTE Limited, the holding company	50,999,988	509,999,880	75%	50,999,988	509,999,880	80.02%

Note

- (i) Out of the total shares issued, 50,999,988 fully paid-up Equity shares of Rs. 10/- each are held by Timken Singapore PTE Limited. However, the Timken Company,USA happens to be the Ultimate Holding Company.
- (ii) As per records of the company, including its register of shareholders/ members, the above shareholding represents legal ownerships of shares.

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 4 : RESERVES & SURPLUS

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
a) Capital Redemption Reserve		
Opening balance	260,000,000	260,000,000
b) Securities premium account		
Opening balance	-	-
Add: premium on issue of equity shares during the year (Refer note i (a) below)	469,164,740	-
Less: share issue expenses adjusted (Refer note i (b) below)	33,640,394	-
Closing Balance	435,524,346	-
c) General Reserve		
Opening balance	113,837,896	80,657,043
Add: amount transferred from surplus in the statement of profit and loss	44,752,382	33,180,853
Closing Balance	158,590,278	113,837,896
d) Surplus in the statement of profit and loss		
Opening balance	2,403,521,233	2,153,375,445
Add: Profit for the year	447,523,822	442,411,374
Less: Appropriations		
Proposed Final Equity Dividend Rs. Nil per share (Previous year - Final Dividend Rs.2 per share) (Refer note ii below)	-	135,975,668
Tax on Proposed Equity Dividend	-	23,109,065
Interim Equity Dividend Rs.6.5 per share (Previous year - Rs.Nil per share) (Refer note ii below)	441,921,571	-
Tax on Interim Equity Dividend	75,117,882	-
Transfer to general reserve	44,752,382	33,180,853
Total appropriations	561,791,835	192,265,586
Net Surplus in the statement of profit and loss	2,289,253,220	2,403,521,233
Total reserves and surplus	3,143,367,844	2,777,359,129

Note i.

- a) During the year, the company has issued 4,265,134 equity shares of Rs.10/- each through an Institutional Placement Programme (IPP) to qualified institutional buyers at a premium of Rs.110/- per share to generate funds for long term capital requirements, working capital requirements and general corporate purposes. The total sum received aggregated Rs.511,816,080 (including Rs.469,164,740 towards securities premium).
- b) During the year, the Company has utilised funds amounting to Rs.300,161,149 towards procurement of fixed assets. Pending full utilization of funds for the purpose for which these funds have been raised, the unspent funds have been temporarily parked in debt based schemes offered by various mutual funds after adjusting share issue expenses of Rs.33,640,394 (including auditors remuneration of Rs.5,485,000).

Note ii. Net dividend remitted in foreign currency

Particulars	During the year ended March 31, 2014	During the year ended March 31, 2013
Number of non resident shareholders	1	1
Number of equity shares held by them	50,999,988	50,999,988
Amount remitted USD 6,892,098 (Nil)	433,499,898	Nil
Year to which the dividend relates	2012-2013 & 2013-14	Nil

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 5 : LONG-TERM LIABILITIES

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Deposit from Customers	16,034,987	13,335,002
	16,034,987	13,335,002

Note : The above are interest bearing deposits accepted from dealers / distributors which are repayable only upon termination of the dealership/distributor agreement.

NOTE 6 : PROVISIONS

	Long-term		Short-term	
	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Provision for Employees' Death Benefit Scheme (Refer note 28)	14,536,800	15,242,230	2,207,350	1,900,490
Provision for Employees' Provident Fund (Refer note 28)	8,962,400	17,980,750	1,423,660	1,740,640
Provision for Gratuity (Refer note 28)	-	-	2,123,420	1,406,430
Provision for compensated absences	50,023,420	52,497,580	7,661,250	7,291,930
Provision for Indirect taxes*	-	-	86,661,165	82,028,507
Proposed Equity Dividend	-	-	-	135,975,668
Provision for Tax on Proposed Equity Dividend	-	-	-	23,109,065
	73,522,620	85,720,560	100,076,845	253,452,730

* Disclosure required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" :

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Opening Balance	82,028,507	58,113,641
Addition during the year	13,869,314	23,914,866
Utilisation during the year	(9,236,656)	-
Closing Balance	86,661,165	82,028,507

- a) The Company has reviewed the various liabilities/claims relating to indirect taxes and estimated the provision for contingencies based on assessment of its probability.
- b) Provision for Indirect Taxes includes a liability of Rs.181,558,334 (Rs.145,499,424) towards custom duty on imports for various years. The Company has provided these liabilities based on the most recent assessments. Further, the management is of the view that this liability shall be payable only at the time of final assessment, pending which, the Company has also deposited Rs.125,096,839 (Rs.100,132,979) with customs authorities. The net provision is included in Provision for Indirect Taxes above.

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 7 : SHORT-TERM BORROWINGS

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Bills discounted with banks - Unsecured*	32,374,529	–
	32,374,529	–

* These are bills discounted with banks with recourse to the Company with various maturity dates. Interest payable ranges between 6.60% to 11.25% p.a for overdue payables.

NOTE 8 : TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
a) Trade Payables :		
i) Due to Micro and Small Enterprises (refer note (i) below)	7,102,136	9,864,973
ii) Due to Other Creditors	723,114,420	648,355,413
Total Trade Payables	730,216,556	658,220,386
b) Other Liabilities		
i) Advance from Customers	3,390,200	3,403,667
ii) Interest accrued and due on – Security deposit from customers	844,053	564,341
iii) Investor Education and Protection Fund will be credited by following amounts (as and when due) – Unpaid dividends	32,679,414	22,050,660
c) Other Payables		
– Taxes and duties payable	100,521,947	93,076,949
– Customers claims	16,164,133	13,026,331
– Selling expenses	46,735,979	47,089,428
– Capital creditors	21,101,374	26,709,444
Total Other Current Liabilities (b + c)	221,437,100	205,920,820

NOTE (i) Information in terms of section 22 of the Micro, Small and Medium Enterprises Development Act 2006:

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	As at/ For the Year Ended March 31, 2014 (Rupees)	As at/ For the Year Ended March 31, 2013 (Rupees)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	5,251,637	8,730,826
Interest	1,319	–
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
Principal	95,607,372	20,488,591
Interest	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	–	–
The amount of interest accrued for the year and remaining unpaid at the end of each accounting year.	1,850,499	1,134,147
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	1,850,499	1,134,147

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 9 : TANGIBLE ASSETS

In Rupees

	Building	Plant & Machinery* (Including Tools)	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Total
GROSS BLOCK (AT COST)							
At March 31, 2012	184,391,343	2,122,795,057	25,200,178	49,499,298	19,408,776	15,140,588	2,416,435,240
Additions	17,274,482	102,390,350	1,000,658	14,286,241	182,347	–	135,134,078
Deductions	–	(36,532,581)	(210,794)	–	–	(389,166)	(37,132,541)
At March 31, 2013	201,665,825	2,188,652,826	25,990,042	63,785,539	19,591,123	14,751,422	2,514,436,777
Additions (Note a below)	884,933	307,825,663	3,440,886	1,809,894	3,085,289	1,467,061	318,513,726
Deductions	–	(38,653,260)	(700,127)	(270,784)	(121,086)	(2,998,354)	(42,743,611)
At March 31, 2014	202,550,758	2,457,825,229	28,730,801	65,324,649	22,555,326	13,220,129	2,790,206,892
DEPRECIATION							
At March 31, 2012	83,879,206	1,450,175,978	22,272,597	39,398,899	14,702,611	11,102,617	1,621,531,908
Charge for the year	6,357,237	122,084,948	1,186,311	5,976,535	932,279	1,973,906	138,511,216
Deductions	–	(35,501,210)	(210,794)	–	–	(389,166)	(36,101,170)
At March 31, 2013	90,236,443	1,536,759,716	23,248,114	45,375,434	15,634,890	12,687,357	1,723,941,954
Charge for the year	6,744,108	138,904,136	1,117,578	7,500,283	999,563	1,050,602	156,316,270
Deductions	–	(37,185,218)	(690,091)	(270,784)	(87,797)	(2,973,717)	(41,207,607)
At March 31, 2014	96,980,551	1,638,478,634	23,675,601	52,604,933	16,546,656	10,764,242	1,839,050,617
NET BLOCK							
At March 31, 2013	111,429,382	651,893,110	2,741,928	18,410,105	3,956,233	2,064,065	790,494,823
At March 31, 2014	105,570,207	819,346,595	5,055,200	12,719,716	6,008,670	2,455,887	951,156,275

* Plant & Machinery includes machinery given on operating lease as follows. Also, refer Note 30(b).

Details	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Gross Book value	300,520,061	298,639,447
Accumulated Depreciation #	76,334,398	46,065,762
Net Book value	224,185,663	252,573,685

includes depreciation for the year Rs.30,268,636 (Rs.30,178,676)

Note a. Future minimum rentals receivable under non-cancellable operating leases are as follows :

Details	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Within one year	30,408,048	30,190,284
After one year but not more than five years	32,942,052	62,896,425
More than five years	–	–

The Company has received Rs.30,268,636 (Rs.30,178,676) as lease rentals during the year ended March 31, 2014.

Notes to financial statements as at and for the year ended March 31, 2014

Note b. Details of Expenditure on New/Expansion Projects (Pending Allocation and lying in Capital work in progress)

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Balance brought forward from previous year	2,044,314	-
Lease Rent	10,251,972	162,800
Salaries, Wages & Bonus	6,176,752	1,636,844
Insurance Charges	137,121	66,670
Legal & Professional Charges	331,954	178,000
Rates and Taxes	116,235	-
Electricity Charges	2,341,170	-
	21,399,518	2,044,314
Less : Allocated to Fixed Assets during the year	(19,379,149)	-
	2,020,369	2,044,314

NOTE 10 : INTANGIBLE ASSETS

In Rupees

	Computer Software	Total
GROSS BLOCK (AT COST)		
At March 31, 2012	1,790,500	1,790,500
Additions	-	-
Deductions	-	-
At March 31, 2013	1,790,500	1,790,500
Additions	14,782,000	14,782,000
Deductions	-	-
At March 31, 2014	16,572,500	16,572,500
AMORTISATION		
At March 31, 2012	149,208	149,208
Charge for the year	596,833	596,833
Deductions	-	-
At March 31, 2013	746,041	746,041
Charge for the year	1,828,666	1,828,666
Deductions	-	-
At March 31, 2014	2,574,707	2,574,707
NET BLOCK		
At March 31, 2013	1,044,459	1,044,459
At March 31, 2014	13,997,793	13,997,793

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 11A : NON-CURRENT INVESTMENTS

	Face Value Rupees	Holdings as at March 31, 2014		Holdings as at March 31, 2013	
		Nos	Rupees	Nos	Rupees
At Cost					
Trade (Unquoted)					
Equity Shares fully paid up					
Nicco Jubilee Park Limited	10	30,000	300,000	30,000	300,000
Total - Non-current investments			300,000		300,000

NOTE 11B : CURRENT INVESTMENTS

	Face Value Rupees	Holdings as at March 31, 2014		Holdings as at March 31, 2013	
		Nos	Rupees	Nos	Rupees
Non Trade (unquoted) (At lower of cost and fair value unless stated otherwise)					
Unquoted mutual funds					
Birla Sun Life Cash Plus - Institutional Prem. - DDR	100	407,978	40,877,398	–	–
Tata Liquid Super High Investment Fund - DDR	1,000	66,806	74,456,094	72,738	81,067,452
Reliance Liquidity Fund - DDR	10	–	–	65,912	65,945,228
Kotak Liquid Scheme Plan A - DDR	1,000	–	–	41,106	50,265,193
Reliance Liquid Fund - Treasury Plan - DDR	1,000	34,784	53,175,140	–	–
SBI Premier Liquid Fund - Regular Plan - DDR	1,000	64,461	64,670,363	120,780	121,172,115
Total			233,178,995		318,449,988

Note -

Aggregate amount of investments			
Unquoted (Current)		233,178,995	318,449,988
Unquoted (Non Current)		300,000	300,000

Note: Short-term investments with a maturity period of 90 days or less have been considered as part of cash and cash equivalents in the cash flow statement.

NOTE 12: DEFERRED TAX ASSETS (NET)

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Deferred Tax Assets		
– Disallowance u/s 43B and 40(a)(ia) of Income Tax Act, 1961	63,169,402	57,788,254
– Provision for Doubtful Debts & Advances	5,968,477	3,309,727
Gross Deferred Tax Assets	69,137,879	61,097,981
Deferred Tax Liabilities		
– On difference in depreciation/amortisation and other differences in block of fixed assets/intangible assets as per tax books and financial books	(24,122,044)	(16,882,049)
Gross Deferred Tax Liabilities	(24,122,044)	(16,882,049)
Net Deferred Tax Assets	45,015,835	44,215,932

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 13 : LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

	Non-current		Current	
	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Capital Advances	15,000	30,249,177	–	–
Security Deposits	32,682,843	11,647,907	–	–
Loans and advances to employees	5,523,666	235,954	8,717,272	8,341,108
Advances recoverable in cash or kind				
Secured, considered good	–	–	8,742,105	–
Unsecured - considered good	–	–	9,890,612	16,425,644
Other loans and advances				
– Advance Income Tax [net of provision for taxation: Rs.2,358,686,844 (Rs.2,148,492,625)]	119,878,878	80,457,038	–	–
– Prepaid Expenses	4,812,836	3,370,804	10,378,529	28,023,138
– Balance with statutory authorities/ government authorities	–	–	163,982,001	77,736,020
	162,913,223	125,960,880	201,710,519	130,525,910

NOTE 14: INVENTORIES

(Valued at lower of Cost and Net Realisable Value)

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
a) Raw materials and Components * (Refer Note 20)	190,996,000	247,529,096
b) Stores and Spares *	97,521,337	103,327,713
c) Work - in - progress (Refer Note 21B)	149,828,129	157,627,915
d) Finished stock* (Refer Note 21B)	513,414,774	561,452,109
e) Traded Goods* (Refer Note 21A and 21B)	415,854,322	333,360,126
	1,367,614,562	1,403,296,959
* Including in transit :		
Raw Materials and Components	73,946,243	111,577,742
Stores & Spares	3,383,317	3,352,369
Finished Stock	29,836,718	17,750,862
Traded Goods	110,798,161	49,526,958

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 15 : TRADE RECEIVABLES

	Current	
	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
a) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	595,727	963,655
Unsecured, considered good	34,360,757	27,387,318
– considered doubtful	17,559,524	9,737,372
	52,516,008	38,088,345
Provision for doubtful receivables	(17,559,524)	(9,737,372)
A	34,956,484	28,350,973
b) Other Receivables		
Secured, considered good	10,694,441	7,841,382
Unsecured, considered good	1,440,054,895	1,258,128,201
B	1,450,749,336	1,265,969,583
Total	A + B	1,485,705,820

NOTE 16 : CASH AND BANK BALANCES

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Cash and Cash Equivalents :		
a) Cash on Hand	–	127,414
b) Cheques on hand	2,657,552	2,677,848
c) Balance with Scheduled Banks		
On Current Accounts	58,089,359	115,569,576
In Foreign Currency Account (EEFC)	108,026,784	–
On unpaid dividend account	32,679,414	22,050,660
	201,453,109	140,425,498

Note :

Balance with scheduled banks on unpaid dividend account represents monies that can be utilised only to pay dividend to equity shareholders against dividend warrants issued to them.

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 17 : Other Current Assets

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Other Receivables :		
Export incentive receivable	63,609,215	48,451,536
Reimbursements from related parties (refer note 36)	9,514,672	61,857,070
Lease rent receivable (from related party - refer note 36)	5,063,056	14,843,551
	78,186,943	125,152,157

NOTE 18 : REVENUE FROM OPERATIONS

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Revenue from operations		
i) Sale of Products	7,200,444,208	6,973,297,711
ii) Sale of Services	288,166,406	309,977,000
Other operating revenue		
i) Operating lease rentals	30,268,636	30,178,676
ii) Export incentives	68,901,673	77,152,706
Revenue from operations (Gross)	7,587,780,923	7,390,606,093
Less: Excise duty recovered	386,352,073	505,444,498
Revenue from operations (Net)	7,201,428,850	6,885,161,595

Details of products sold / services rendered

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Finished goods sold (Net of excise duty)		
i) Bearings	2,326,767,741	2,669,535,008
ii) Components	2,152,572,769	2,081,073,089
iii) Bearing accessories	2,751,143	59,874,099
	4,482,091,653	4,810,482,196
Traded goods sold		
i) Bearings	820,994,133	497,986,298
ii) Components	1,291,849,594	1,020,795,799
iii) Bearing accessories	219,156,755	138,588,920
	2,332,000,482	1,657,371,017
Details of services rendered		
i) Maintenance and refurbishment services	239,820,964	241,501,770
ii) Agency commission	37,983,541	56,038,680
iii) Others	10,361,901	12,436,550
	288,166,406	309,977,000

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 19 : OTHER INCOME

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
i) Excess provisions no longer required written back [including provision for doubtful debts written back Rs.Nil (Rs.249,738)]	2,228,612	3,046,149
ii) Dividend from current investments - Non Trade	55,418,599	33,429,738
iii) Profit on sale of long term investments - Non Trade	-	11,334,600
iv) Insurance claims	1,490,801	2,397,850
v) Interest income	7,443,557	116,108
vi) Exchange Differences (net)	26,705,838	-
vii) Miscellaneous income	14,954,408	4,516,162
	108,241,815	54,840,607

NOTE 20 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Inventory at the beginning of the year	247,529,096	335,781,669
Add: Purchases	2,378,824,977	2,647,872,194
	2,626,354,073	2,983,653,863
Less: Inventory at the end of the year	190,996,000	247,529,096
Cost of raw materials and components consumed	2,435,358,073	2,736,124,767

Details of raw materials and components consumed

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Steel	106,885,366	89,834,697
Rings	1,136,035,673	1,022,056,001
Components and accessories*	1,192,437,034	1,624,234,069
Total	2,435,358,073	2,736,124,767

*Components and accessories include bought-out semi finished cups, cones and other components.

Details of raw materials and components Inventory

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Steel	12,944,787	9,793,251
Rings	18,237,795	32,327,301
Components and accessories*	159,813,418	205,408,544
Total	190,996,000	247,529,096

*Components and accessories include bought-out semi finished cups, cones and other components.

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 21 A : DETAILS OF PURCHASE OF TRADED GOODS

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Bearings	726,695,824	398,170,383
Components	1,157,693,794	939,754,633
Other bearing accessories	175,085,991	115,209,242
Total	2,059,475,609	1,453,134,258

NOTE 21 B : INCREASE IN STOCK OF FINISHED GOODS, TRADED GOODS AND WORK IN PROGRESS

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Opening Stock		
Work in Progress	157,627,915	208,433,430
Finished Goods	561,452,109	586,101,507
Traded Goods	333,360,126	239,471,601
	1,052,440,150	1,034,006,538
Less : Closing Stock		
Work in Progress	149,828,129	157,627,915
Finished Goods	513,414,774	561,452,109
Traded Goods	415,854,322	333,360,126
	1,079,097,225	1,052,440,150
Increase in Stock of Finished goods, Traded goods and Work in Progress	(26,657,075)	(18,433,612)
	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Details of Inventory - Work-In-Progress		
Bearings	41,845,171	40,430,622
Components	107,311,020	116,920,110
Other bearing accessories	671,938	277,183
Total	149,828,129	157,627,915
Details of Inventory - Finished Goods		
Bearings	324,775,734	319,941,461
Components	188,570,572	238,632,241
Other bearing accessories	68,468	2,878,407
Total	513,414,774	561,452,109
Details of Inventory - Traded goods		
Bearings	119,441,639	82,469,943
Components	278,255,155	237,442,109
Other bearing accessories	18,157,528	13,448,074
Total	415,854,322	333,360,126

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 22 : EMPLOYEE BENEFIT EXPENSES

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
i) Salaries, Wages and Bonus	441,018,381	422,395,025
ii) Contribution to provident and other funds	29,362,634	35,296,492
iii) Gratuity expense (note 28)	2,123,420	17,378,050
iv) Employee death benefit scheme expense (note 28)	234,730	1,588,840
v) Staff welfare expenses	56,125,872	46,059,004
	528,865,037	522,717,411

NOTE 23 : OTHER EXPENSES

		Year ended March 31, 2014 Rupees		Year ended March 31, 2013 Rupees
a) Consumption of stores and spares		278,311,972		254,725,809
b) Power		79,181,101		76,023,718
c) Repairs to Buildings		4,666,396		5,711,121
d) Repairs to Machineries		59,309,350		61,868,190
e) Repairs Others		21,100,384		18,781,933
f) Royalty		168,709,125		155,594,316
g) Rent		29,803,693		24,237,987
h) Rates and Taxes		20,567,347		27,137,637
i) Insurance		5,842,740		5,234,540
j) Commission*		89,793,640		90,461,601
k) Cash Discount		23,546,116		23,878,768
l) Travelling		74,338,128		87,719,775
m) Subcontracting charges		128,346,650		125,849,791
n) Legal & Professional Fees		73,624,849		81,823,862
o) Inter company Service Charges		123,698,933		122,626,426
p) Network & ERP Expenses		54,711,466		48,758,909
q) Exchange Differences (net)		-		12,626,714
r) Carriage and Handling		53,074,197		45,903,362
s) Provision for doubtful debts, deposits & advance		11,342,208		-
t) Excise Duty Expense #		1,594,591		1,647,069
u) Irrecoverable debtors written off	3,520,056	-	1,174,403	-
Less: Adjusted against opening provision	3,520,056	-	1,174,403	-
v) Other Expenses **		198,622,999		183,284,224
		1,500,185,885		1,453,895,752

* Commission expense includes payments made for logistics and warehouse management services rendered by a third party service provider.

** Other Expenses include:

i) Auditor's remuneration (exclusive of service tax)			
As Auditors			
- For Statutory Audit (including Rs.Nil (Rs.247,000) pertaining to earlier years)		1,775,000	1,922,000
- For Limited Reviews		1,500,000	1,300,000
- For Corporate Governance certificate		60,000	60,000
- For Travelling & out-of-pocket expenses		187,851	267,381
For Other Matters			
- For Tax Audit		600,000	600,000
- For US GAAP Reporting		600,000	526,000
- For Other Services		243,500	506,800
ii) Directors fees		285,000	385,000
iii) Loss on disposal / discarding of assets (net)		12,113,472	1,026,984

Excise duty expense (net of recovery) represents duty paid/provided for on stocks written off, burnt stock, free samples etc.

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 24 : FINANCE COST

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Interest on short term loans from bank	–	334,581
Interest other than on loans	8,851,779	12,537,159
	8,851,779	12,871,740

NOTE 25 : EARNING PER SHARE (EPS)

	Year ended March 31, 2014 Rupees	Year ended March 31, 2013 Rupees
Profit after tax	447,523,822	442,411,374
Net profit for calculation of basic and diluted EPS	447,523,822	442,411,374
Weighted Average No. of Equity Shares @ Rs. 10/- each	67,777,599	63,722,700
Earnings per share - Basic & Diluted	6.60	6.94

NOTE 26 : LEASES

Asset taken on lease

Office premises are obtained on operating leases which are generally cancellable in nature except one premise for which disclosures are given below.

The lease term is for various number of years and renewable for further periods as per the lease agreements at the option of the company. In few lease agreements, escalation clauses are present consequent to which straight lining of lease rental is done and accounted for accordingly. There are no restrictions imposed by the lease arrangements. There are no subleases.

Leases which are non-cancellable in nature

The details of non-cancellable lease rentals payable are given below :

	As at March 31, 2014	As at March 31, 2013
Within one year	480,000	6,163,857
After one year but not more than five years	–	480,000
More than five years	–	–

The Company has paid Rs.29,803,693 (Rs.24,237,987) towards lease rent.

Other Leases

Lease of Land and Building

The Company has also taken on lease, land and building thereon, for the purposes of its new facility in Raipur relating to servicing of gears/related accessories which has begun operations in this year. The significant lease terms are as follows:

- The land lease is for a period of 30 years cancellable with six months prior notice and total lease payments during the lease term amounts to Rs.239,179,851. The lease does not involve upfront payment and has terms of renewal and escalation clauses.
- The building lease is for a period of 7 years cancellable with six months prior notice and total lease payments during the lease term amounts to Rs.95,261,499. The lease does not involve upfront payment and has terms of renewal and escalation clauses.

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 27 : SEGMENT INFORMATION

Business Segment:

The Company has reviewed the disclosure of business segment wise information and is of the view that it manufactures and trades in bearings and related components, and provides services in connection with or incidental to such sales ('Bearings and components'). This segment operates out of Jamshedpur, Chennai, Mysore, Gurgaon and Pune.

In addition, during the year, the Company has also commissioned a new gear box repairing facility at Raipur where it provides repair and maintenance services of industrial gear boxes.

Bearings and components' is the only reportable segment in terms of AS-17: Segment Reporting and related disclosures are as follows:

Disclosures relating to business segment:

Year ended March 31, 2014 *	Rupees		
	Bearings & Components	Others	Total
Revenue			
External sales of products and services including operating income	7,196,164,920	5,263,930	7,201,428,850
Total Revenue	7,196,164,920	5,263,930	7,201,428,850
Results			
Segment results	582,430,046	(24,901,944)	557,528,102
Operating Profit			557,528,102
Finance costs			(8,851,779)
Other income including finance income			108,241,815
Profit before tax			656,918,138
Income taxes			(209,394,316)
Net profit			447,523,822
Segment assets	4,400,606,419	165,250,278	4,565,856,697
Unallocated assets	-	-	431,053,124
Total Assets	4,400,606,419	165,250,278	4,996,909,821
Segment liabilities	1,111,611,196	27,091,958	1,138,703,154
Unallocated liabilities	-	-	34,959,483
Total Liabilities	1,111,611,196	27,091,958	1,173,662,637
Other segment information			
Capital expenditure (excluding Capital Work-in-Progress):			
Tangible assets	219,455,715	99,058,011	318,513,726
Intangible assets	-	14,782,000	14,782,000
Depreciation	154,376,857	1,939,413	156,316,270
Amortization	596,833	1,231,833	1,828,666

* Previous years figures are not furnished since there was only one business segment in the previous year.

Geographical segments:

Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following table presents revenue and certain asset information regarding the company's geographical segments:

Secondary Segment - Geographical	Year Ended March 31, 2014 Rupees	Year Ended March 31, 2013 Rupees
Sale of products and services by Geographical Market		
India	4,723,020,781	4,973,829,878
Outside India	2,379,237,760	1,804,000,335
Total	7,102,258,541	6,777,830,213

Notes to financial statements as at and for the year ended March 31, 2014

Carrying amount of segment assets	As at March 31, 2014	As at March 31, 2013
India	3,923,842,981	3,646,520,161
Outside India	642,013,716	541,292,508
Total	4,565,856,697	4,187,812,669

Note: Since the Company has all fixed assets in India only, separate figures for additions to fixed assets for domestic and overseas segments are not furnished.

NOTE 28 - DISCLOSURES AS PER REVISED ACCOUNTING STANDARD - 15

Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan (funded). Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The Company also has a Death Benefit Scheme (unfunded) for its employees where the immediate beneficiaries are entitled to a monthly fixed sum till the date of superannuation, for death in harness.

The Company has a separate Provident Fund Trust (funded) whereby, all the employees are entitled to benefits as per Provident Fund Act / Trust Deed. Any shortfall for the Trust is borne by the Company, hence the same is treated as a defined benefit scheme. The actuary has provided a valuation and determined the fund assets and obligations as at March 31, 2014. The corresponding disclosures mentioned below are to the extent of the shortfall in the interest guaranteed on the provident fund vis-a-vis the interest rate notified by the Government.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss :

Net employee benefit expense (recognised in Employee Cost)

	GRATUITY FUND (FUNDED)		EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)		PROVIDENT FUND (FUNDED)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Current service cost	9,959,450	8,436,470	801,420	780,940	1,731,010	1,731,010
Interest cost on benefit obligation	12,031,790	10,415,790	1,362,910	1,359,590	1,597,430	1,556,970
Expected return on plan assets	(12,566,180)	(11,609,760)	–	–	–	–
Net actuarial(gain) / loss recognised in the year	(7,301,640)	10,135,550	(1,929,600)	(551,690)	(12,663,770)	(1,670,920)
Net benefit expense/ (Gain)	2,123,420	17,378,050	234,730	1,588,840	(9,335,330)	1,617,060
Actual return on plan assets	8.40%	8.83%	NA	NA	NA	NA

Notes to financial statements as at and for the year ended March 31, 2014

	GRATUITY FUND (FUNDED)		EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)		PROVIDENT FUND (FUNDED)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Balance sheet :						
Details of Plan (asset) / liability :						
Defined benefit obligation	153,137,910	150,716,080	16,744,150	17,142,720	10,386,060	19,721,390
Fair value of plan assets	151,014,490	149,309,650	–	–	–	–
Plan (asset) / liability	2,123,420	1,406,430	16,744,150	17,142,720	10,386,060	19,721,390
Changes in the present value of the defined benefit obligation are as follows:						
Opening defined benefit obligation	150,716,080	124,929,020	17,142,720	16,064,500	19,721,390	18,104,330
Interest cost	12,031,790	10,415,790	1,362,910	1,359,590	1,597,430	1,556,970
Current service cost	9,959,450	8,436,470	801,420	780,940	1,731,010	1,731,010
Benefits paid	(4,350,960)	(7,630,460)	(633,300)	(510,620)	–	–
Actuarial (gains) / losses on obligation	(15,218,450)	14,565,260	(1,929,600)	(551,690)	(12,663,770)	(1,670,920)
Closing defined benefit obligation	153,137,910	150,716,080	16,744,150	17,142,720	10,386,060	19,721,390

	GRATUITY FUND (FUNDED)		EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)		PROVIDENT FUND (FUNDED)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Changes in the fair value of plan assets are as follows:						
Opening fair value of plan assets	149,309,650	139,900,640	NA	NA	NA	NA
Expected return	12,566,180	11,609,760	NA	NA	NA	NA
Contributions by employer	1,406,430	1,000,000	633,300	510,620	NA	NA
Benefits paid	(4,350,960)	(7,630,460)	(633,300)	(510,620)	NA	NA
Actuarial gains / (losses)	(7,916,810)	4,429,710	NA	NA	NA	NA
Closing fair value of plan assets	151,014,490	149,309,650	NA	NA	NA	NA

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Gratuity fund and Provident fund are 100% invested with approved funds as per the relevant Act/ trust deed. The Company expects to contribute Rs.2,200,000 (Rs.1,500,000) to the Gratuity Fund in the next year.

Notes to financial statements as at and for the year ended March 31, 2014

Gratuity and other post-employment benefit plan

The principal assumptions used in determining provision for the Company's plans are shown below:

	GRATUITY FUND (FUNDED)		EMPLOYEE DEATH BENEFIT SCHEME (UNFUNDED)		PROVIDENT FUND (FUNDED)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate	9.25%	8.10%	9.25%	8.10%	9.25%	8.10%
Expected rate of return on assets	8.90%	8.50%	NA	NA	8.75%	8.50%
Salary escalation for respective class of employees	8%	Officer - 10 % for 1st Yr and 8 % thereafter Non Officer - 8 %	8%	Officers - N .A Non Officer- 8 %	8%	Officer - 10 % for 1st Yr and 8 % thereafter Non Officer - 8 %
Employee turnover	Officers - 10 % Non Officers		Officers - N.A Non Officers		Officers - 10 % Non Officers	
	Age	Rate	Age	Rate	Age	Rate
	20-25	: 0.50 %	20-25	: 0.50 %	20-25	: 0.50 %
	25-30	: 0.30 %	25-30	: 0.30 %	25-30	: 0.30 %
	30-35	: 0.20 %	30-35	: 0.20 %	30-35	: 0.20 %
	35-50	: 0.10 %	35-50	: 0.10 %	35-50	: 0.10 %
	50 -55	: 0.20 %	50 -55	: 0.20 %	50 -55	: 0.20 %
	55-60	: 0.30 %	55-60	: 0.30 %	55-60	: 0.30 %

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

Gratuity Fund	March 31, 2014	March 31, 2013	March 31, 2012	December 31, 2010	December 31, 2009
Defined benefit obligation	153,137,910	150,716,080	124,929,020	116,823,100	44,917,590
Plan assets	151,014,490	149,309,650	139,900,640	39,960,100	36,919,020
(Surplus) / deficit	2,123,420	1,406,430	(14,971,620)	76,863,000	7,998,570
Experience adjustments on Plan Liabilities	(1,529,220)	(7,293,430)	3,928,670	(25,509,480)	(2,240,360)
Experience adjustments on Plan Assets	(7,916,810)	4,429,710	1,055,910	(154,280)	(29,290)

Employee Death benefit scheme	March 31, 2014	March 31, 2013	March 31, 2012	December 31, 2010	December 31, 2009
Defined benefit obligation	16,744,150	17,142,720	16,064,500	6,368,880	10,152,520
(Surplus) / deficit	16,744,150	17,142,720	16,064,500	6,368,880	10,152,520
Experience adjustments on Plan Liabilities	664,350	110,430	1,806,150	808,010	3,525,240
Experience adjustments on Plan Assets	N.A	N.A	N.A	N.A	N.A

Notes to financial statements as at and for the year ended March 31, 2014

Provident fund	March 31, 2014	March 31, 2013	March 31, 2012	December 31, 2010	December 31, 2009
Defined benefit obligation	10,386,060	19,721,390	18,104,330	6,888,680	2,985,220
(Surplus) / deficit	10,386,060	19,721,390	18,104,330	6,888,680	2,985,220
Experience adjustments on Plan Liabilities	1,555,700	(9,687,980)	(9,687,980)	30,710	1,420,450
Experience adjustments on Plan Assets	NA	NA	NA	N.A	N.A

NOTE 29 : CONTINGENT LIABILITIES

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
i) Sales tax matters under dispute / appeal	15,575,963	16,545,755
ii) Income tax demands under appeal	75,274,238	75,173,399
iii) Excise and customs demand under dispute / appeal	33,795,277	27,787,040
iv) Other Claims against the Company not acknowledged as debts	8,309,615	8,309,615

Based on the discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company on above matters, no provision there against is considered necessary.

NOTE 30 : CAPITAL & OTHER COMMITMENTS :

- Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs.106,653,878 (Rs.96,838,177) [Net of advances paid Rs.15,000 (Rs.30,249,177)]
- In terms of the Memorandum of Agreement dated 9th May, 2011 entered between the Company and Timken India Manufacturing (P) Ltd, (TIMPL), TIMPL will manufacture goods using the assets owned by the Company and leased out to TIMPL (as disclosed in Note 9) and the Company in consideration of purchase of such goods from TIMPL would give an agreed mark up on the cost incurred by TIMPL for manufacturing such goods. This agreement is valid for a period of 5 years with renewal option.
- For commitments relating to lease arrangements, please refer note 26.

NOTE 31 : UNHEDGED FOREIGN CURRENCY EXPOSURE

A) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Value in Foreign Currency	Value in Rupees	Value in Foreign Currency	Value in Rupees
a) Trade Receivables, Loans & Advances	USD	10,795,731	640,726,651	9,848,532	532,411,664
b) Trade Payables and capital creditors	USD	6,199,299	374,995,612	6,514,009	357,488,806
	EURO	7,859	656,093	31,538	2,228,475
c) EEFC Bank account	USD	1,820,165	108,026,784	Nil	Nil

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 32 : C.I.F VALUE OF IMPORTS (on accrual basis)

(including in transit)

	Year Ended March 31, 2014 Rupees	Year Ended March 31, 2013 Rupees
i) Raw Materials and components	528,145,280	713,789,896
ii) Stores and spare parts	20,984,711	22,972,585
iii) Finished Products for re-sale	881,500,977	730,221,693
iv) Capital Goods	98,123,387	136,966,201

NOTE 33 : CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS & COMPONENTS AND STORES & SPARE PARTS

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

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	%	Rupees	%	Rupees
i) Raw Materials and components				
Imported	26.82	653,274,712	35.91	982,629,217
Indigenous	73.18	1,782,083,361	64.09	1,753,495,550
	100.00	2,435,358,073	100.00	2,736,124,767
ii) Stores and spare parts				
Imported	8.06	22,442,384	5.87	14,958,656
Indigenous	91.94	255,869,588	94.13	239,767,153
	100.00	278,311,972	100.00	254,725,809

NOTE 34 : EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	Year Ended March 31, 2014 Rupees	Year Ended March 31, 2013 Rupees
i) Foreign Travel	3,995,310	8,196,150
ii) Bank Charges	233,065	161,563
iii) Royalty	168,709,125	155,594,316
iv) Agency Commission	2,278,657	307,413
v) Inter company Service Charges	111,907,202	113,126,618
vi) Network & ERP Expenses	47,886,854	43,986,050
vii) Others	23,502,714	34,936,690

NOTE 35 : EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

	Year Ended March 31, 2014 Rupees	Year Ended March 31, 2013 Rupees
i) Export at F.O.B Value	2,341,254,219	1,747,961,655
ii) Agency commission	37,983,541	56,038,680

Notes to financial statements as at and for the year ended March 31, 2014

NOTE 36 : RELATED PARTY DISCLOSURE:

Name of the Holding Company – Timken Singapore PTE. Limited (with effect from March 26, 2012)

Name of the Ultimate Parent Company – The Timken Company, USA

List of related parties where control exists and transactions with such related parties and other related parties with whom transaction have taken place during the year/period, along with related balances as at March 31, 2014 and for the year then ended are presented in the following table:

(Amount in Rupees)							
Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				March 31, 2014		March 31, 2013	
1	The Timken Company, USA	Ultimate Parent Company	Purchase of goods	225,901,502	58,225,884	166,718,166	18,314,150
			Sale of Goods	538,489,088	109,494,634	355,271,400	86,892,672
			Expenses Receivable	5,289,987	399,220	2,472,246	–
			Expenses Payable	100,411,553	9,555,750	123,435,323	6,515,125
			Agency Commission (Income)	6,638,429	–	5,269,029	–
			Royalty (excluding Cess)	168,630,700	39,118,495	155,594,316	36,535,556
2	The Timken Corporation, USA	Fellow Subsidiary	Purchase of goods	347,817,308	87,324,626	385,168,624	79,620,797
			Sale of Goods	1,052,656,105	395,332,628	737,663,871	160,930,043
			Purchases of Fixed Assets	65,596,517	2,984,529	129,732,160	2,527,733
			Expenses Receivable	7,307,337	–	7,423,185	210,674
			Agency Commission (Income)	19,161,440	–	28,050,596	–
3	Timken Industrial Services, USA	Fellow Subsidiary	Purchase of goods	3,456,824	1,057,462	5,192,446	1,843,584
4	Timken UK Limited	Fellow Subsidiary	Sale of Goods	29,543,966	1,911,013	23,213,694	3,523,913
			Agency Commission (Income)	1,004,328	393,870	744,480	–
5	Timken Do Brasil COM.E.IND.LTDA	Fellow Subsidiary	Sale of Goods	320,505,515	65,526,683	181,203,484	85,243,517
			Purchase of goods	954,255	362,670	1,338,193	718,536
6	Timken Korea LLC	Fellow Subsidiary	Agency Commission (Expense)	2,278,657	607,901	307,413	–
7	Timken South Africa Limited	Fellow Subsidiary	Sale of Goods	195,341,267	18,072,723	215,322,883	79,055,295
			Purchase of goods	7,572,880	1,105,160	1,662,736	1,023,037
			Purchases of Fixed Assets	–	–	1,359,250	1,372,000
			Agency Commission (Income)	2,920,812	869,732	2,685,226	965,180
			Expenses Receivable	288,150	–	83,416	–
8	Timken Romania	Fellow Subsidiary	Purchase of goods	130,618,287	27,348,076	100,935,986	26,216,972
			Expenses Payable	–	–	2,480	2,465
			Agency Commission (Income)	–	–	98,636	62,553
9	Timken Singapore PTE. Limited	Holding Company	Sale of Goods	30,436,751	2,446,408	45,773,341	3,310,132
			Agency Commission (Income)	8,258,531	265,511	16,401,198	927,707
			Purchase of goods	29,393,530	1,706,765	30,578,726	3,928,673
			Expenses Receivable	8,577,993	2,817,476	26,281,297	4,385,361
			Expenses Payable	938,643	–	1,903,670	2,739,610
			Interim/Proposed Dividend	331,499,922	–	101,999,976	101,999,976

Notes to financial statements as at and for the year ended March 31, 2014

(Amount in Rupees)

SI No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				March 31, 2014		March 31, 2013	
10	Yantai Timken Company Limited	Fellow Subsidiary	Purchase of goods	70,460,945	10,719,435	54,018,595	7,063,346
			Purchases of Fixed Assets	1,747,386	186,904	3,218,694	1,463,956
			Expenses Receivable	171,126	843	–	–
			Sale of Goods	4,256,181	729,606	–	–
11	Australian Timken Proprietary Limited	Fellow Subsidiary	Sale of Goods	85,037,574	2,638,449	124,786,880	16,665,229
			Purchase of goods	729,487	–	917,714	–
12	Timken Polska	Fellow Subsidiary	Purchase of goods	63,435,360	15,944,444	77,937,539	19,445,992
			Purchases of Fixed Assets	–	–	879,661	–
13	Timken (China) Holding company	Fellow Subsidiary	Expenses Payable	69,513,736	2,856,205	57,797,546	2,976,563
			Expenses Receivable	9,679	–	–	–
14	Timken Wuxi Co Ltd - China	Fellow Subsidiary	Purchase of goods	463,499,975	92,392,174	373,495,652	75,711,990
			Expenses Payable	1,282	–	137,649	325,103
			Expenses Receivable	–	469,390	427,552	427,552
			Sale of Goods	1,385,052	1,295,642	–	–
			Agency Commission (Income)	–	–	2,698	21,900
15	Timken (Shanghai) Distribution & Sales Co. Ltd - China	Fellow Subsidiary	Sale of Goods	49,370,335	9,901,877	45,067,979	11,613,232
			Expenses Payable	1,235,781	–	–	–
			Purchase of Goods	5,929,787	2,823,590	8,704,281	1,999,686
16	Timken India Manufacturing Pvt. Ltd.	Fellow Subsidiary	Purchase of goods	–	–	397,302,441	3,463,844
			Sale of Goods	–	–	64,104,396	27,193,153
			Expenses Receivable	–	–	31,682,762	7,006,410
			Expenses Payable	–	–	2,430,034	593,372
			Lease rental	–	–	30,178,676	14,843,551
			Purchase of Assets	–	–	450,000	450,000
			Purchase of DEPB License	–	–	6,782,365	6,782,365
17	Timken Engineering and Research India Pvt. Ltd	Fellow Subsidiary	Expenses Receivable	41,832,970	5,827,743	11,910,626	767,622
			Expenses Payable	102,280,862	9,693,339	98,356,218	7,856,427
			Purchase of goods	756,656,599	18,996,245	–	–
			Sale of Goods	95,557,224	17,371,366	–	–
			Lease rental	30,268,636	5,063,056	–	–
			Purchase of DEPB License	14,783,714	–	–	–
18	Timken DE Mexico S A DE CV	Fellow Subsidiary	Purchase of goods	478,231	362,884	222,917	–
			Sale of Goods	1,532,855	1,499,999	–	–
19	Jiangsu TWB Bearing Co Ltd	Fellow Subsidiary	Agency Commission (Income)	–	–	2,786,817	2,760,261
20	Timken Canada LP	Fellow Subsidiary	Purchase of goods	210,090	41,713	942,769	952,159

Notes to financial statements as at and for the year ended March 31, 2014

(Amount in Rupees)

Sl No.	Name of the Related Party	Relationship	Nature of transactions	Transaction Amount	Outstanding as at	Transaction Amount	Outstanding as at
				March 31, 2014		March 31, 2013	
21	Nihon Timken KK	Fellow Subsidiary	Purchase of goods	-	-	9,587	-
22	Timken Argentina S R L	Fellow Subsidiary	Sale of Goods	1,915,860	18,720,099	14,986,428	26,207,951
			Purchase of goods	-	90,529	131,668	82,133
23	Timken Gears and Services	Fellow Subsidiary	Expenses Payable	85,621	85,621	8,465,278	7,551,957
			Purchase of Goods	2,904,442	2,875,513	-	-
			Expenses Receivable	36,835	-	759,399	-
			Royalty (excluding Cess)	78,425	58,819	-	-
			Purchases of Fixed Assets	12,909,369	9,828,307	4,684,711	4,684,711
24	Timken Chengdu Aerospace	Fellow Subsidiary	Purchase of Goods	2,303,921	2,264,383	-	-
25	Timken XEMC(Hunan) Bearings	Fellow Subsidiary	Purchase of Goods	8,613,949	-	-	-
26	Timken Housed Units Inc	Fellow Subsidiary	Purchase of Goods	1,000,642	126,479	-	-
27	Ajay Das	Managing Director (from 1st Aug 2009 till 25th Oct 2012) Key Management Personnel	Remuneration	-	-	6,297,837	-
28	Sanjay Koul	Managing Director (from 26th Oct 2012) Key Management Personnel	Remuneration	13,548,167	923,319	9,709,655	3,062,103

NOTE 37

Excise duty and cess on stock represent differential excise duty and cess thereon paid/provided on opening and closing stock of finished goods.

NOTE 38

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E
Chartered Accountants

Per KAMAL AGARWAL
Partner

Membership No. 058652
Bangalore, May 9, 2014

For and on behalf of the Board of Directors

Sanjay Koul
Managing Director

James R. Menning
Chairman

Soumitra Hazra
Company Secretary & Chief - Compliance
Bangalore, May 9, 2014

Corporate Governance Report

Company's philosophy on code of governance

The Vision Statement of the Company expresses its commitment to improve customers' performance and to deliver unparalleled value by applying our knowledge of friction management and mechanical power transmission all around the world. This, it is believed, will help the Company in maximizing the shareholders' value.

The Company's Business Ethics Policy – Code of Conduct for its employees and Board of Directors requires the business of the Company 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 these objectives, the Company has put in place a number of systems to ensure transparency in decision-making, empowerment at different levels, accountability and integrity. These systems are continuously monitored and fine-tuned so as to bring them in line with the changing requirements of the Listing Agreements.

Board of Directors

Composition:

The Company has a non-executive Chairman and the number of independent directors is 50% of the total number of directors. The number of non-executive directors is more than 50% of the total number of directors. None of the directors on the Board is a member of more than 10 Committees and no director is the Chairman of more than 5 Committees. 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 companies are given below:

Name	Category	No. of Board Meetings attended during the financial year ended 31 March 2014	Whether attended AGM held on 1 August 2013	No. of Directorships in other public limited companies*	No. of Committee positions held	
					Chairman	Member
Mr. James R Menning	Promoter Director, Non-Executive, Not Independent	4	Yes	–	1	1
Mr. Sanjay Koul	Promoter Director, Executive, Not Independent	4	Yes	–	–	2
Mr Niroop Mahanty	Non-Executive, Independent	4	Yes	1	2	1
Mr. Jai S. Pathak	Non-Executive, Independent	4	Yes	1	–	2
Mr. P S Dasgupta	Non-Executive, Independent	3	Yes	8	3	9
Mr. Christopher J Holding**	Promoter Director, Non-Executive, Not Independent	1	Yes	–	–	2
Mr. R Ramesh***	Promoter Director, Executive, Not Independent	N.A	N.A	N.A	–	–

* excluding companies registered or incorporated outside India

** resigned with effect from 5 February, 2014

*** appointed with effect from 9 May, 2014

Four Board Meetings were held during the financial year ended 31 March 2014 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

- 1) 27 May 2013
- 2) 1 August, 2013
- 3) 8 November 2013
- 3) 5 February 2014

Information as required under Annexure I to Clause 49 has been made available to the Board. Except for sitting fees paid to the non-executive resident independent directors for attending the meetings of the Board or Committees thereof, the Company does not have any pecuniary relationship or transactions with non-executive directors.

Audit Committee

The Audit Committee of the Board enjoys all the powers as mentioned in para II(C) of the 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. P S Dasgupta, an independent, non-executive director acted as the Chairman of the Audit Committee during the year ended 31 March 2014. Mr. Dasgupta, as the Chairman of the Audit Committee was present at the Twenty-sixth Annual General Meeting of the Company held on 1 August 2013.

During the year ended 31 March 2014, the composition of the Audit Committee and the details of meetings attended by the members thereof were as follows:

Name of the Members	Category	No. of Meetings attended
Mr. P S Dasgupta Chairman	Non-Executive Independent	3
Mr Niroop Mahanty, Member	Non-Executive Independent	4
Mr. Jai S. Pathak, Member	Non-Executive Independent	4
Mr. Christopher J Holding * Member	Non-Executive Not Independent	1

**resigned effective 5 February, 2014*

Audit Committee Meetings were attended by Business Controller, Controller of Accounts and representatives of Pricewaterhouse Coopers Pvt. Ltd., as Internal Auditors. Chairman of the Board of Directors and Managing Director were also present as invitees at the Audit Committee Meetings. Representatives of the Statutory Auditors had also attended these meetings. As required under law, Company Secretary & Chief – Compliance acted as the Secretary of the Audit Committee.

Four Audit Committee Meetings were held during the year ended 31 March 2014. The dates on which the said meetings were held are as follows:

- 1) 27 May 2013
- 2) 1 August, 2013
- 3) 8 November 2013
- 4) 5 February 2014

Necessary quorum was present at all these meetings.

Remuneration Committee

Broad terms of reference of the Remuneration Committee include 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 had one executive director under the designation 'Managing Director'.

In terms of the provisions of clause 49 of the Listing Agreement read with the amended provisions of Schedule XIII to the Companies Act, 1956, all the three members of the Remuneration Committee are non-executive, independent.

TIMKEN INDIA LIMITED

In 2013-14, the composition of the Remuneration Committee was as follows:

Name of the Members	Category
Mr. Niroop Mahanty, Chairman	Non-Executive Independent
Mr. P. S. Dasgupta, Member	Non-Executive Independent
Mr. Jai S. Pathak, Member	Non-Executive Independent

As per Company's policy, the independent directors of the Company were paid remuneration by way of Sitting Fees only. Accordingly, a sum of Rs. 15,000/- was paid to each independent director for attending a meeting of the Board of Directors and a sum of Rs. 10,000/- was paid to each independent director for attending a meeting of the Committee of the Board. Other directors were not paid any Sitting Fees.

The Company paid remuneration by way of salary, perquisites and allowances (fixed components) and Performance Incentive (variable component) to the Managing Director being the 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, the shareholders and in applicable cases from Central Government after complying with the requisite formalities as prescribed under the Companies Act, 1956. As per practices consistently followed by the Company, Performance Incentives (variable component) were based on the performance criteria laid down at the beginning of the year broadly taking into account the profit targets set for the year under review.

No meeting of the Remuneration Committee was required to be held in 2013-14.

Details of Remuneration of Directors for year 2013-14

Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. James R. Menning	Nil
Mr. Niroop Mahanty	1,10,000
Mr. Jai S. Pathak	1,00,000
Mr. P. S. Dasgupta	75,000
Mr. Christopher J Holding	Nil

Executive Directors

In Rupees

Name of the Director	Salary & Allowances	Perquisites	Performance Incentive	Stock Options
Mr. Sanjay Koul	96,92,541	12,91,520	25,64,106	Nil

The terms of appointment of the Managing Director are 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 Managing Director and the Board of Directors of the Company. As per terms of appointment, the Managing Director is not entitled to receive any severance fees.

Investors Grievance Committee

The terms of reference of the Investors Grievance Committee comprised looking 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.

In 2013-14, the composition of the Investors Grievance Committee was as follows:

Name of the Members	Category
Mr. Niroop Mahanty Chairman	Non-Executive Independent
Mr. Sanjay Koul Member	Executive Not Independent
Mr. Christopher J Holding* Member	Non-Executive Not Independent
Mr. James R Menning** Member	Non-Executive Not Independent

* resigned with effect from 5 February, 2014

** appointed with effect from 5 February, 2014

Company Secretary & Chief – Compliance acted as the Compliance Officer.

One meeting of the Investors Grievance Committee was held on 5 February 2014. Generally, approval of the members of Investors Grievance Committee are obtained through Circular Resolutions for effecting registration of transfer of shares, issue of duplicate / new certificates and other issues involving investor services. During the above period, an aggregate of 45 resolutions have been approved by the said Committee by way of circulation.

In addition, status reports, *inter alia*, on share price movement and investors' profile were circulated periodically to the members of the Investors Grievance Committee.

The status of investors' queries handled by the Company and also by the Registrars during the financial year ended on 31 March 2014 is given below:

Particulars	Total Received	Total Replied	Total Pending as on 31.03.2014
Dividend	344	344	–
Change of Address/PoA	164	164	–
Request for Duplicate/New Certificates	149	149	–
Request for transmission	52	52	–
Endorsement/Stickers	23	23	–
Others	13	13	–
Request for Annual Report	1	1	–
Non-receipt of interest/Redemption	11	11	–
Non-receipt of Certificates	1	1	–
Referrals from SEBI/Stock Exchanges	2	2	–
TOTAL	760	760	–

As on 31 March 2014, 13 requests for registration of transfer of Equity Shares of the Company remained outstanding in the books of the Company, partly being requests received subsequent to 21 March 2014 and partly for sellers' confirmation.

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
2010	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100	AGM	21 April 2011	Thursday	10 am	–
2011-12	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100	AGM	19 July 2012	Thursday	10 am	–
2012-13	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100	EGM	20 February 2013	Wednesday	10 am	1
2012-13	Tangerine Conference Hall Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100	AGM	1 August 2013	Thursday	10 am	–

Note : No Special Resolution was required to be passed in 2013-14 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 financial year 2013-14.

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 and 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.

The Company has not as such adopted a Whistle Blower Policy being a non-mandatory requirement in terms of Clause 49 of the Listing Agreement. However, the Associates of the Company have access to "The Timken Helpline", a toll free phone number that any Associate can call, if he has any concern or question, which he is not willing to discuss face to face with his Supervisor, Manager or a member of the Human Resource Team. This Helpline is available around the clock, every day. No call tracing or recording devices are ever used and if the Associate so wishes, he may remain completely anonymous.

The Company has complied with all the mandatory requirements in terms of Clause 49 of the Listing Agreement.

Regarding compliance with non-mandatory requirements, the following is the status:

- 1) Chairman of the Board - The Chairman of the Board of Directors being a non-executive director enjoyed all the infrastructural support during his visits in the last financial year to the offices of the Company in performance of his duties.
- 2) Remuneration Committee - The Company has a Remuneration Committee in place and it is functioning properly.
- 3) Shareholders' Rights - Half-yearly declaration of financial performance are not currently sent to each of the household of Shareholders but are published in terms of Clause 41 of the Listing Agreement in certain newspapers and also to the Stock Exchanges. Besides, all the Quarterly/Half-yearly/ Annual financial results are published on the Company's website.
- 4) Audit Qualification - The Auditors' Report on the Company's financial statements does not contain any qualification.
- 5) Board Members - The Company has not adopted any mechanism for evaluating non-executive Board Members or for their training so far.
- 6) Whistle Blower Policy - Please read our comments as above.

Means of Communication

Quarterly results were published in the leading English Daily (Economic Times) and Kannada newspaper (Samyukta Karnataka).
The financial results were also displayed on the Company’s website at www.timken.com/india.

Half-yearly results of the Company were communicated through newspaper insertions and intimation to the Stock Exchanges and were also displayed on the Company’s website.

Directors’ Shareholding

Except Mr. P S Dasgupta, no other non-executive directors hold any Equity Shares of the Company. Mr. Dasgupta holds 1 Equity Share.

General Shareholders Information

1.	AGM	13 August 2014 at 10.00 am at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore – 560 100																																							
2.	Financial Calendar	The accounting year covers 1 April 2014 to 31 March 2015. Financial reporting for: a) 1st Quarter ending 30 June 2014– end July/ early August 2014 b) Half year ending 30 September 2014 – end October/ early November 2014 c) 3rd Quarter ending 31 December 2014– end January/ early February 2015 d) Annual Accounts for 2014-15– end April/ May 2015 Note : the above calendar is indicative in nature.																																							
3.	Date of Book Closure	6 August 2014 to 13 August 2014 (both days inclusive)																																							
4.	Dividend Payment Date	-																																							
5.	Listing on Stock Exchanges	Equity Shares of the Company are presently listed on the following Stock Exchanges: The National Stock Exchange of India Limited “Exchange Plaza”, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 The Company has paid annual Listing Fees to the above Stock Exchanges for the year 2014-15. Steps have been taken to get the Equity Shares for delisting from the Magadh Stock Exchange.																																							
6.	Stock Code	522113 (Equity) (BSE), TIMKEN (NSE)																																							
7.	Market Price Data	Monthly High/Low of Market Prices of the Company’s Equity Shares, traded on the BSE Limited, Mumbai during the financial year ended 31 March 2014 (source : www.bseindia.com)																																							
		<table border="1"> <thead> <tr> <th>Month</th> <th>High (Rs.)</th> <th>Low (Rs.)</th> </tr> </thead> <tbody> <tr> <td>April 2013</td> <td>171.45</td> <td>133.00</td> </tr> <tr> <td>May 2013</td> <td>171.75</td> <td>155.45</td> </tr> <tr> <td>June 2013</td> <td>168.80</td> <td>152.25</td> </tr> <tr> <td>July 2013</td> <td>169.35</td> <td>153.00</td> </tr> <tr> <td>August 2013</td> <td>166.25</td> <td>145.55</td> </tr> <tr> <td>September 2013</td> <td>172.40</td> <td>152.00</td> </tr> <tr> <td>October 2013</td> <td>163.85</td> <td>153.00</td> </tr> <tr> <td>November 2013</td> <td>179.00</td> <td>152.30</td> </tr> <tr> <td>December 2013</td> <td>179.80</td> <td>155.55</td> </tr> <tr> <td>January 2014</td> <td>180.00</td> <td>155.00</td> </tr> <tr> <td>February 2014</td> <td>176.65</td> <td>155.20</td> </tr> <tr> <td>March 2014</td> <td>208.00</td> <td>171.30</td> </tr> </tbody> </table>	Month	High (Rs.)	Low (Rs.)	April 2013	171.45	133.00	May 2013	171.75	155.45	June 2013	168.80	152.25	July 2013	169.35	153.00	August 2013	166.25	145.55	September 2013	172.40	152.00	October 2013	163.85	153.00	November 2013	179.00	152.30	December 2013	179.80	155.55	January 2014	180.00	155.00	February 2014	176.65	155.20	March 2014	208.00	171.30
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March 2014	208.00	171.30																																							

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:																																								
<p>The graph shows two data series: Price (Rs.) on the left Y-axis (ranging from 50.00 to 300.00) and Sensex (Points) on the right Y-axis (ranging from 5,000.00 to 25,000.00). The X-axis represents time from April 2013 to March 2014. The Price (Rs.) line starts at approximately 145.00 in April 2013, fluctuates between 150.00 and 200.00, and ends at 200.00 in March 2014. The Sensex (Points) line starts at approximately 12,000.00 in April 2013, fluctuates between 15,000.00 and 20,000.00, and ends at approximately 22,000.00 in March 2014.</p>																																										
9.	Registrar & Transfer Agents	C B Management Services (P) Limited P-22, Bondel Road, Kolkata - 700 019																																								
10.	Share Transfer System	<p>Requests for registration of transfer of Shares held in physical form may be lodged with C B Management Services (P) Limited at Kolkata or may also be sent to Company Secretary & Chief – Compliance at the Registered Office of the Company at Bangalore.</p> <p>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.</p> <p>A Committee of the Board under the title "Investors Grievance Committee" has been entrusted with the authority, <i>inter alia</i>, to approve registration of transfer of shares.</p>																																								
11.	Distribution of Share holding	<p>The distribution of shareholding as on 31 March 2014 is given below :</p> <table border="1" data-bbox="673 1545 1556 1948"> <thead> <tr> <th>Range (Rs.)</th> <th>Accounts</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>1 – 5000</td> <td>51340</td> <td>5763744</td> <td>8.48</td> </tr> <tr> <td>5001 – 10000</td> <td>1013</td> <td>810650</td> <td>1.19</td> </tr> <tr> <td>10001 – 20000</td> <td>412</td> <td>616625</td> <td>0.91</td> </tr> <tr> <td>20001 – 30000</td> <td>133</td> <td>337656</td> <td>0.50</td> </tr> <tr> <td>30001 – 40000</td> <td>50</td> <td>181292</td> <td>0.27</td> </tr> <tr> <td>40001 – 50000</td> <td>45</td> <td>211273</td> <td>0.31</td> </tr> <tr> <td>50001 – 100000</td> <td>81</td> <td>582007</td> <td>0.85</td> </tr> <tr> <td>100001 and above</td> <td>65</td> <td>59496737</td> <td>87.49</td> </tr> <tr> <td></td> <td>53139</td> <td>67999984</td> <td>100.00</td> </tr> </tbody> </table>	Range (Rs.)	Accounts	Shares	%	1 – 5000	51340	5763744	8.48	5001 – 10000	1013	810650	1.19	10001 – 20000	412	616625	0.91	20001 – 30000	133	337656	0.50	30001 – 40000	50	181292	0.27	40001 – 50000	45	211273	0.31	50001 – 100000	81	582007	0.85	100001 and above	65	59496737	87.49		53139	67999984	100.00
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12.	Dematerialisation of Shares and liquidity	The Company has arrangements with National Securities Depositories Ltd. (NSDL) as well the Central Depository Services (India) Ltd. (CDSL) for Demat facility. At present around 96.12% of the Company's Equity Share Capital is dematerialised. The Shares of the Company are listed as aforesaid and are regularly traded on BSE and NSE, Mumbai.		
13.	Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	Nil		
14.	Plant location	The Company's Plants are located at : <ul style="list-style-type: none"> ● Bara, P.O. Agrico, Jamshedpur – 831 009. ● 1403/4 G. E. Road, Sy. No. 46 and 1403/5, Raipur, Chhattisgarh - 490 042. 		
15.	Address for correspondence	Any investor related queries may be addressed to the following addresses : <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Company Secretary & Chief – Compliance Timken India Limited 39-42, Electronics City Phase II, Hosur Road Bangalore – 560 100 Tel. No. 080 – 40053131 Fax No. 080-28521039 e-mail soumitra.hazra@timken.com</td> <td style="width: 40%;">C B Management Services (P) Limited P-22, Bondel Road Kolkata – 700 019 Tel. No. 033 – 40116700, 40116725, 40116729 E-mail – rta@cbmsl.com</td> </tr> </table>	Company Secretary & Chief – Compliance Timken India Limited 39-42, Electronics City Phase II, Hosur Road Bangalore – 560 100 Tel. No. 080 – 40053131 Fax No. 080-28521039 e-mail soumitra.hazra@timken.com	C B Management Services (P) Limited P-22, Bondel Road Kolkata – 700 019 Tel. No. 033 – 40116700, 40116725, 40116729 E-mail – rta@cbmsl.com
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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 year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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 explanation 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 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.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E

Per Kamal Agarwal

Partner

Membership Number: 058652

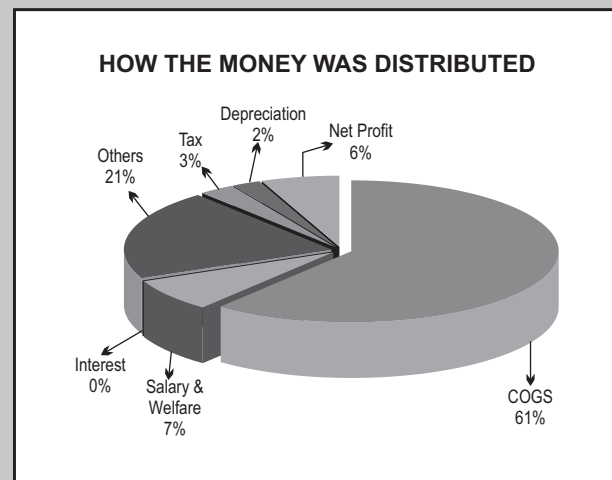
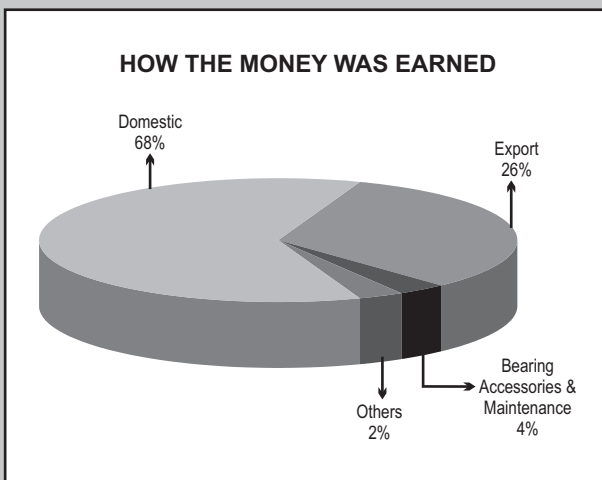
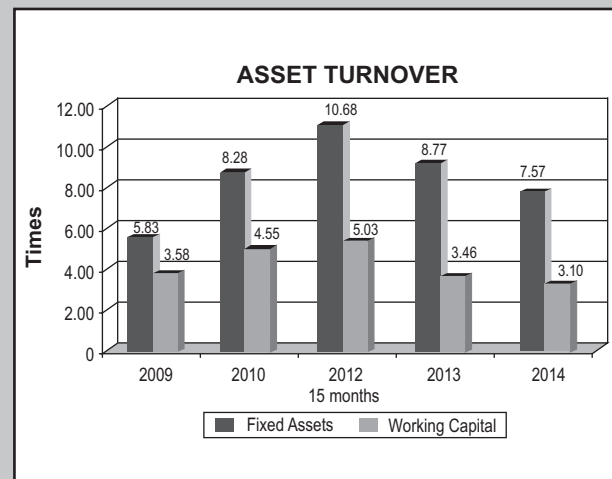
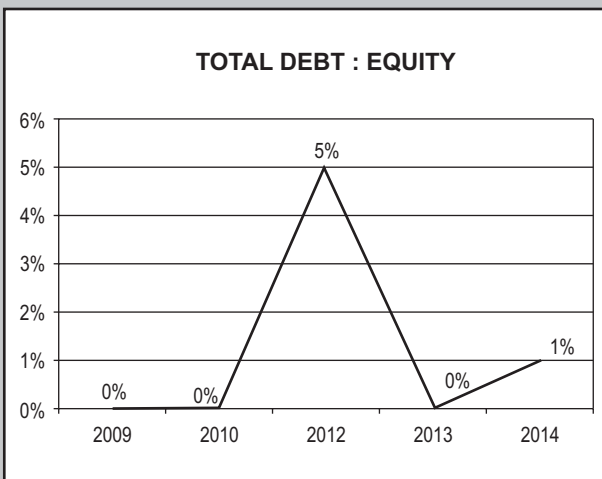
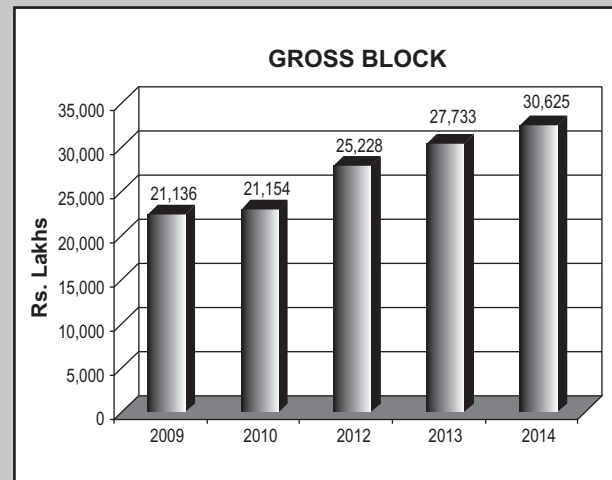
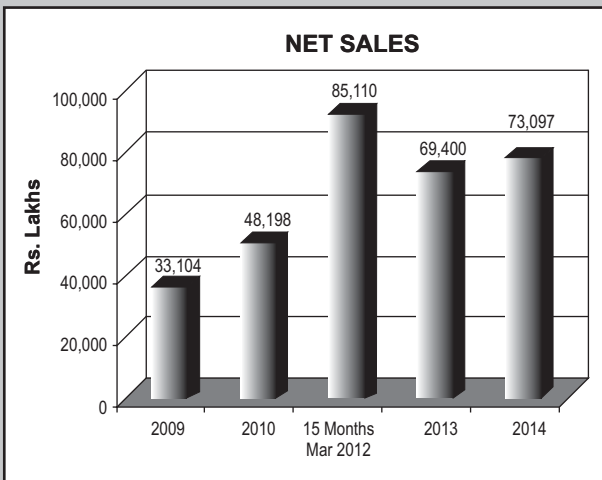
Place of Signature: Bangalore

Date : May 9, 2014

FIVE YEARS AT A GLANCE

	Year Ended 31.03.2014	Year Ended 31.03.2013	15 months Ended 31.03.2012	Year Ended 31.12.2010	Year Ended 31.12.2009
Production					
(i) Standard Roller Brgs (Equiv. Nos.)	1,777,388	1,662,962	2,627,148	1,864,926	890,288
(ii) Special Roller Bearings (Equiv. Nos.)	1,080,930	1,633,225	2,184,660	1,435,855	1,454,873
(iii) Components (Equiv.Nos.)	3,410,873	3,310,654	4,792,248	3,819,550	2,645,995
Rs/Lakhs					
Profit & Loss Account					
(i) NET Income					
(a) Domestic	49,304	51,360	64,575	33,807	25,214
(b) Export	23,792	18,040	20,535	14,391	7,890
Total (a+b)	73,097	69,400	85,110	48,198	33,104
(ii) EBIT	6,658	6,503	11,178	7,224	4,533
(iii) Profit Before Tax	6,569	6,375	11,056	7,135	4,491
(iv) Profit After Tax	4,475	4,424	8,066	5,106	3,253
Balance Sheet					
(i) Gross Block (includes CWIP)	30,625	27,733	25,228	21,154	21,136
(ii) Net Block	9,652	7,915	7,965	5,818	5,676
(iii) Net Current Asset	23,566	20,030	16,920	10,590	9,237
(iv) Capital Employed	38,109	33,704	32,521	37,693	32,908
(v) Beginning Invested Capital (BIC)	32,299	31,343	37,378	32,154	29,085
(vi) Total Debt	324	-	1,478	-	-
(vii) Equity	38,232	34,146	31,313	38,059	32,953
Other Comparative Data					
(i) PAT to Net Sales (%)	6%	6%	9%	11%	10%
(ii) EBIT / BIC (%)	21%	21%	30%	22%	16%
(iii) Return on Net Worth (%)	12%	13%	26%	13%	10%
(iv) E.P.S (Rs)	6.60	6.94	12.66	8.01	5.10
(v) Total Debt to Total Equity (%)	1%	0%	5%	0%	0%
(vi) Total Debt to Total Capital (%)	1%	0%	5%	0%	0%
(vii) Fixed Asset Turnover (times)	7.57	8.77	10.68	8.28	5.83
(viii) Working Capital Turnover (times)	3.10	3.46	5.03	4.55	3.58
(ix) Current Ratio (times)	2.98	2.65	2.29	1.98	2.56
(x) Interest Cover (times)	75.21	50.53	91.49	81.11	107.93
(xi) Net sales/Employee (Rs/Lakhs)	117	111	139	82	58

- Notes :** (i) EBIT/BIC i.e Beginning invested capital, a type of return on asset ratio, 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) Working Capital Turnover is net sales divided by net current asset as at the end of the year.
- (vi) Current ratio is current assets divided by current liabilities including current portion of long term loans, if any, repayable within one year.
- (vii) Interest Cover is profit before interest and taxation divided by net interest expenses.



TIMKEN INDIA LIMITED

CIN No - L29130KA1996PLC048230

Regd. Office : 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560 100

Website : www.timken.com/india

ATTENDANCE SLIP

Name
Folio No.
No. of Shares held

I hereby record my presence at the Twenty-seventh Annual General Meeting of the Company at Tangerine Conference Hall, Lemon Tree Hotel, Plot No. 54B/55A, Hosur Main Road, Electronic City, Phase I, Bangalore - 560 100 on Wednesday, 13 August 2014 at 10.00 am.

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

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

PROXY

CIN: L29130KA1996PLC048230

Name of the company: TIMKEN INDIA LIMITED

Registered office: 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560100

Name of the member (s):

Registered address:

E-mail Id: Folio No/ Client Id: DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name: Address:
E-mail Id: Signature:....., or failing him
2. Name: Address:
E-mail Id: Signature:....., or failing him
3. Name: Address:
E-mail Id: Signature:....., or failing him

TIMKEN INDIA LIMITED

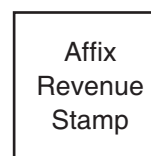
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty - seventh Annual general meeting of the company, to be held on the 13th day of August 2014 at 10.00 a.m. at Tangerine Conference Hall, Lemon Tree Hotel, Plot no. 54B/55A, Hosur Main Road, Electronic City, Phase - I, Bangalore - 560100 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolution
Ordinary Business	
1	To adopt the statement of Profit and Loss for the year ended 31 March 2014, Balance Sheet as on that date, report of the Directors and Auditors
2	To declare and confirm the interim dividend paid in November 2013 as final dividend
3	To appoint a Director in place of Mr. James R Menning, who retires by rotation and being eligible offers himself for re-appointment
4	To appoint Auditors of the Company
Special Business	
5	Appointment of Mr. Jai S Pathak as an Independent Director of the Company
6	Appointment of Mr. Niroop Mahanty as an Independent Director of the Company
7	Appointment of Mr. P. S. Dasgupta as an Independent Director of the Company
8	Appointment of Mr. R. Ramesh as a Director of the Company
9	Appointment of Mr. R. Ramesh as a Whole-time Director of the Company
10	Ratification of remuneration payable to the cost auditors for the year 2014-15

Signed this day of 2014.

Signature of shareholder :

Signature of Proxy holder(s) :



Note : The Proxy must be returned so as to reach the Registered Office of the Company at 39-42, Electronic City, Phase II, Hosur Road, Bangalore - 560 100 not less than 48 hours before the time for holding the aforesaid Meeting.

If undelivered please return to:
C B Management Service (P) Limited
P-22, Bondel Road, Kolkata - 700019.

TIMKEN

Timken engineers apply their know-how to improve the reliability and performance of machinery in diverse markets worldwide. The company designs, makes and markets industrial components, including bearings, gears, chain and related mechanical power transmission products and services.

www.timken.com/india
CIN:L29130KA1996PLC048230

Stronger. Commitment. Stronger. Value. Stronger. Worldwide. Stronger. Together. | Stronger. By Design.